MOUNTAIN HOME CITY COUNCIL REGULAR MEETING AGENDA (v.3)

THURSDAY, JUNE 6th, 2024 @ 5 P.M.
COUNCIL CHAMBERS OF THE MUNICIPAL BUILDING
720 HICKORY STREET, MOUNTAIN HOME, ARKANSAS

Pledge of Allegiance
Prayer
Roll call
Minutes from the May 16TH Council meeting
Committee reports
Bank reconciliations
Agenda additions
Announcements



OLD BUSINESS

NEW BUSINESS

CREATE LINE ITEM 101-5101-72741 The Alliance AND FUND IT WITH \$30,000 FROM LINE ITEM 101-5101-79000 Projected Carryover, presented by Alma Clark

APPROVAL OF COMPLETED 2023 WATER/SEWER AUDIT, presented by Alma Clark

A RESOLUTION EXPRESSING THE WILLINGNESS OF THE CITY OF MOUNTAIN HOME, ARKANSAS, TO UTILIZE FEDERAL-AID RECREATIONAL TRAILS PROGRAM FUNDS, presented by Daniel Baxley

AN ORDINANCE REPEALING AND DELETING SECTION 7.16.01 FROM THE MOUNTAIN HOME CITY CODE; AND DECLARING AN EMERGENCY THERETO, presented by Scott Liles and Eddie Griffin

DISCUSSION AND POSSIBLE ACTION REGARDING GOOD SAMARITAN 1978 INDUSTRIAL REVENUE BONDS, presented by Hillrey Adams and Roger Morgan

DISCUSSION AND POSSIBLE ACTION ON REAL ESTATE PROPERTY RECENTLY DONATED TO THE CITY, presented by Hillrey Adams and Roger Morgan

COMMENTS

<u>ADJOURN</u>

Respectfully submitted,

Scott Liles, City Clerk

MINUTES REGULAR CITY COUNCIL MEETING – Thursday, May 16th, 2024

- 1. The Mountain Home City Council met in regular session on May 16, 2024, in the Council Chambers of the Municipal Building. Mayor Hillrey Adams called the meeting to order at 5 p.m.
- 2. <u>CITY OFFICIALS IN ATTENDANCE</u> Mayor Hillrey Adams, City Clerk Scott Liles, City Attorney Roger Morgan, Planning Director Arnold Knox, Police Chief Eddie Griffin, Fire Chief Kris Quick and Parks Director Daniel Baxley.
- **3.** <u>MEDIA IN ATTENDANCE</u> Caroline Spears of the Baxter Bulletin and Chris Fulton of the Mountain Home Observer. The meeting was also streamed on Facebook by XL-7 TV.
- **4.** <u>ROLL CALL</u> 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.
- 5. <u>APPROVAL OF THE MAY 2ND MINUTES</u> Council member Jennifer Baker made a motion to approve the minutes from the Council's May 2nd meeting. The motion was seconded by Council member Susan Stockton. The vote was recorded as follows: Yes Bob Van Haaren, Susan Stockton, Jennifer Baker, Wayne Almond, Paige Evans and Jim Bodenhamer; Abstain Carry Manuel and Nick Reed. The motion carried, and the May 2nd minutes were adopted.

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 AN AREA ZONED AS RESIDENTIAL R-2 TO RESIDENTIAL R-4 If approved, this Ordinance would rezone property located between Coley Drive and Arkansas Avenue from Residential R-2 to Residential R-4. The property in question is owned by Winters LLC and will be developed into 20-plus single-family homes. Homes will be either 1,900 square feet or 1,550 square feet in space. Each unit will be all brick and will have an oversized garage. City attorney Roger Morgan placed the proposed Ordinance on its first reading in its entirety.

SECOND READING After the item's 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. That motion was seconded by Council member Jennifer Baker. The vote was recorded as follows: Yes – All present. The motion carried and the proposed Ordinance was 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, and drew a second from Council member Jennifer Baker. *The vote was recorded as follows: Yes – All present. The motion carried and the proposed Ordinance was read a third time.*

ADOPTION Following the item's third reading, Council member Bob Van Haaren made a motion to adopt the proposed Ordinance and was seconded by Council member Jennifer Baker. The vote was recorded as follows: Yes – All present. The Ordinance was declared adopted and numbered Ordinance No. 2024-6.

EMERGENCY CLAUSE Following the adoption of Ordinance No. 2024-6, Council member Jennifer Baker made a motion to attach the City's Emergency Clause to the item so that it immediately went into effect. That motion was seconded by Council member Bob Van Haaren. The vote was recorded as follows: Yes – All present. The motion carried and the Emergency Clause was adopted for Ordinance No. 2024-6.

AN ORDINANCE ACCEPTING THE FINAL PLAT AND DEDICATIONS FOR GLENBRIAR COMMONS PHASE 2B AND IMPROVEMENTS THEREWITH, AND FOR OTHER PURPOSES If approved, this Ordinance would accept the final plat and public dedications for Phase 2B of the Glenbriar Commons subdivision. Phase 2B includes nine units in the development and would add two new city streets — Michigan Avenue and Ontario Court. City attorney Roger Morgan placed the proposed Ordinance on its first reading 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. That motion was seconded by Council member Paige Evans. The vote was recorded as follows: Yes – All present. The motion carried and the proposed Ordinance was 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 and drew a second from Council member Wayne Almond. The vote was recorded as follows: Yes – All present. The motion carried and the proposed Ordinance was read a third time.

ADOPTION Following 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: Yes – All present. The Ordinance was declared adopted and numbered Ordinance No. 2024-7.

EMERGENCY CLAUSE Following the adoption of Ordinance No. 2024-7, Council member Jennifer Baker made a motion to attach the City's Emergency Clause to the item so that it immediately went into effect. That motion was seconded by Council member Bob Van Haaren. The vote was recorded as follows: Yes – All present. The motion carried and the Emergency Clause was adopted for Ordinance No. 2024-7.

A RESOLUTION DESIGNATING THE MAYOR AS THE CITY'S REPRESENTATIVE FOR THE PURPOSE OF MAKING APPOINTMENT TO THE BAXTER COUNTY EQUALIZATION BOARD PURSUANT TO ARKANSAS STATUTE ANNOTATED 84-701, ET.SEQ.; RATIFYING AND APPROVING ACTION TAKEN PURSUANT TO CALL; AND FOR OTHER PURPOSES If approved, this Resolution would re-appoint Randy Warlow to the Baxter County Board of Equalization to represent the Baxter County mayors. Warlow is a long-serving member of the Equalization Board, and this appointment would grant him another three-year term. Council member Jennifer Baker made a motion to adopt the proposed Resolution and was seconded by Council member Wayne Almond. The vote was recorded as follows: Yes – All present. The Resolution was declared adopted and numbered Resolution No. 2024-15.

A RESOLUTION AUTHORIZING THE CITY OF MOUNTAIN HOME TO ENTER INTO AN ECONOMIC DEVELOPMENT CONTRACT If approved, this Resolution would authorize the City to enter into a contract with the North Central Arkansas Chamber Foundation (dba the North Central Arkansas Economic Alliance) for economic development. The Alliance is a 501c3 foundation whose leadership board contains representatives from area businesses, the hospitals, Arkansas State University-Mountain Home and other community leaders.

Mayor Hillrey Adams told the audience that in February the Council had adopted a Resolution declaring economic development a professional service (Resolution No) and-6), and had since then published a Request for Qualifications seeking assistance with economic development. The City received two responses – the North Central Arkansas Economic Alliance and a private business out of Kansas – and after a panel interviewed both entities it was recommended the City enter into a contract with the Alliance for economic development services.

Terms of the contract would be for one year (backdated to Jan. 1, 2024) and cost the City \$40,000. However, Mayor Hillrey Adams said that since it was already May, the contract's price tag would instead be a prorated \$30,000. City Attorney Roger Morgan asked Alliance representatives in the audience if they understood and agreed upon the prorated amount and did not receive any dissent. Mayor Adams also noted that the Resolution calls for the contract to be funded out of the revenue collected from issuing the City's business licenses.

City resident Michele Linehan asked about the City's viability for economic development. She had attended the meeting of the Advertising and Promotion Commission earlier in the day, and thought that the consensus there was that Mountain Home did not have the infrastructure required for serious economic development. Council member Bob Van Haaren, the chairman of the A&P Commission, replied that the City having a lack of prerequisite infrastructure was the opinion of a A&P commissioner, but not that of the whole commission.

As part of its organization, the Alliance's board includes the mayor and one Council member (positions currently held by Hillrey Adams and Nick Reed, respectively). Council member Paige Evans asked City attorney Roger Morgan if there was a potential conflict of interest having city officials sit on a board while the City contracted services with that organization. Morgan replied that in his opinion, it was a good practice to have the City

represented in such an arrangement, and he would be more worried about giving an organization City funds with no municipal oversight involved. The City was darned-if-it-does and darned-if-it-doesn't, Rogers said: People opposed to the economic development contract would likely harrumph at City officials being on the Alliance's board, but then they would also criticize the City if it awarded the funds and did not receive any oversight of how those funds are used.

Council member Bob Van Haaren made a motion to adopt the proposed Resolution and was seconded by Council member Carry Manuel. *The vote was recorded as follows: Yes – All present. The Resolution was declared adopted and numbered Resolution No. 2024-16.*

CITY CLERK'S NOTE A copy of the economic development contract is included in both the printed and electronic copies of Resolution No. 2024-16. A copy of the contract is also included in the Exhibit Files from this Council meeting.

<u>PETITIONS AT CITY PARKS AND THE FARMERS MARKET</u> Council member Paige Evans asked about an update as to whether petitions are permitted to be circulated in City parks and at the City's Farmers Market. The topic had come up in discussion before the Council last month, particularly whether petitions were permitted at the Farmers Market. One applicant in the past had been told that petitions were not permitted at the Market, but several booths had been circulating petitions this year.

Jeff Quick of the North Central Arkansas Food Bank addressed the Council. The Food Bank organizes and supervises the Farmers Market on behalf of the City. Quick said last year the Food Bank decided to not allow petitions at the Farmers Market in an effort to keep the Food Bank as politically neutral as possible. This year, the decision had been made to allow petitions if the petitioner rented booth space.

Mayor Hillrey Adams said it was up to the Council to decide if they wanted to change policies but noted it might be easier to wait until the start of next year's Farmers Market season to enact changes rather than adopt new policies mid-season.

City attorney Roger Morgan noted that both the parks and the Farmers Market is City property, so ultimately the decision as to what is or isn't allowed there is up to the City. If some petitions have already been allowed at the Farmers Market, the best practice would be to allow all petitions, at least for this season, he said.

City resident Michele Linehan asked if this meant petitions could be circulated at the City Pool or inside City parks. Council member Bob Van Haaren noted that with the Farmers Market, petitioners were renting a booth space to collect signatures, so it wasn't a "free-for-all." He was not sure the City could stop people from just canvassing an area with a clipboard seeking signatures.

Council members expressed interest in revisiting the issue prior to the start of next year's Farmers Market season to craft a more formal set of guidelines as to what can and cannot be done petition-wise on City property.

FARMERS MARKET UPDATE Food Bank of North Central Arkansas CEO Jeff Quick asked t give the Council a quick update on the Farmers Market since he was in attendance. This

year, the Market has 91 season-long vendors and 22 pay-as-you-go vendors, a marked increase from the 40-something vendors the Market had when it was still located on the Baxter County courthouse square. Last season the Market had 122 vendors, and Quick said he thought this year's final numbers would meet or exceed that.

So far this season the Food Bank has provided more than \$5,000 in food benefits through SNAP and other governmental assistance programs. Vendors can now accept WIC, SNAP and Double-Up Bucks.

Last year the Farmers Market had about 12,500 visitors and the Food Bank accepted 6,600 pounds of donated food from vendors.

7. ADJOURNMENT

With no further business to come before the council, Mayor Hillrey Adams declared the meeting adjourned at 6:03 p.m.

	HILLREY ADAMS, MAYOR
ATTEST:	

Water / Wastewater Committee Meeting April 16, 2024

Roll call: Bob Van Haaren, Nick Reed, Paige Evans, Jennifer Baker, Steve Hill, Mayor Adams, Scott Liles, and Kirby Rowland.

Review of Minutes:

Steve presented minutes from the February 20th and March 19th committee meetings for review and approval. Minutes from both meetings were approved by all committee members present.

Revenue and Expense Report: Steve

March 31, 2024 – In checking we have \$2,344,005.83. We continue to contribute funds into the Water Expansion, Sewer Expansion and Depreciation accounts.

Project report: Steve

7th St. Water Main Upgrade: Currently working between Bryant and College. To date we have spent \$90,715.40 on the project. Project is progressing slowly due to rock.

Morris and Church Street Water Main Upgrade: Project has been completed. Total spent on project was \$307,487.87. Paving needs to be done and should be started in the next 2-3 weeks.

<u>10th and J St:</u> New line is complete and customers are linked. Old line has been deleted. Currently doing clean up and yard work. We put cold mix in the trench instead of gravel so there won't be gravel strewn everywhere before the Street Department does new overlay.

<u>Lead and Copper Project:</u> Kirby from Garver will give an update. There has not been much movement on the project since the last meeting.

<u>Dyer/Circle/6th Street Sewer Line Upgrade</u>: Project has been completed. Finishing up some cement and asphalt work. To date we have spent \$355,222.67 on the project.

<u>SW Sewer Extension:</u> We are digging and laying pipe. The archeologist was present to watch excavation through the archeological sensitive area and no artifacts were found in the trench, so we are clear to move forward.

There are some changes being made to the current plan. The proposed changes have previously been approved by ADH for a future expansion. It makes sense to do them now and we have the funds to accomplish it. Originally, we planned to install a 4" and 8" force main and activate the 4" immediately. We have decided not to do the top boring on the eastern side by Dollar General. We will, instead, run gravity sewer from the Big Creek Lift Station to the SW Lift Station. This will eliminate the Big Creek Lift Station and optimize the flow through the SW Lift Station. We will no longer need the 4" and there will be better flow into the SW Lift Station.

The changes will also open up additional property in Big Creek Subdivision. The estimated cost for the addition is \$350,000.

Water Loss Report: Steve

Water Loss for March went up again, but after discovering and repairing a major leak off Embassy Circle, we are anticipating a reduction at the end of this month. We continue to battle service line leaks (22 work orders currently open).

Update from Kirby (Garver):

LAKE NORFORK WATER INTAKE PROJECT

- Easement Acquisition on Mr. Dabney property still outstanding.
- Expecting information from Congressional delegation soon on parameters of the Congressionally Directed Spending grant of \$1 million for the design of the Lake Intake, Transmission Main, and Water Treatment Plant project.
- An additional amount will have to be cost-shared by the City needed to supplement the \$1 million from the Appropriation Bill for the project design.

WASTEWATER TREATMENT PLANT 2024 IMPROVEMENTS PROJECT

60% construction documents were submitted April 15, 2024. The contractor's 60% budget report is planned to be available May 13, 2024. Meetings with the Arkansas Department of Health (ADH) and the Arkansas Department of Energy and Environment (ADEE) – Division of Environmental Quality are planned to review the 60% construction documents.

SW COLLECTION SYSTEM IMPROVEMENTS

 Work continues on scheduling and coordinating materials and work for construction of the project.

2023 WATER AND SEWER MASTER PLAN UPDATE

• The final Master Plan document is being readied for publishing and distribution.

LEAD AND COPPER RULE COMPLIANCE PROJECT

 Planning is ongoing for establishing the physical inspections of the recently completed service line inventory to meet the Lead and Copper Rule Revisions (LCRR) and the Lead and Copper Rule Improvements (LCRI) as promulgated by the Environmental Protection Agency (EPA).

Updates from Steve:

<u>Highway 5 Utility Relocation Project:</u>

We have submitted all required paperwork to ARDOT and are waiting for them to sign the agreement. Just as a reminder, ARDOT will be doing a 100% reimbursement to the City for the project. We will be using 2024 carryover funds to fund the project and then be reimbursed. Steve anticipates completing the project in December or January, so it should not be a significant hit to our budget or operating expenses.

Waste Connections Contract:

The current trash collection contract we have with Waste Connections expires in October of this year. We are in early discussions and communication with them regarding future terms, costs, and services, including recycling.

Meeting adjourned at 5:15 pm.

Street Committee Meeting May 21, 2024 – 12:30 p.m.

The meeting was called to order at 12:31 p.m.

Present were Scott Manchester, Assistant Director of Streets; Steve Hill, Director of Public Works; Paige Evans, Jennifere Baker and Susan Stockton, Committee members; Scott Liles, City Clerk.

The Street Report for April was reviewed.

Scott reported the Community Center project is going well, the contractors are now working on a building and pool; he said the electric wires were going to be pulled today. Our crews were doing dirt work on another building and parking lots. The total cost of this project as of April 30, 2024, is \$1,199,176.07. The Street Department recently sent a request for partial payment to the General Fund in the amount of \$283,144.09. This amount covers May 11, 2023, through December 31, 2023, for materials, labor and equipment the Street Department used.

North Church Street has been completed. The maintenance crew paved the street last week with the new laydown machine. Scott reported that the machine works very well and will be good for the department. The cost through April 30, 2024 is \$151,995.10.

The Morris Street rebuild has also been completed. New asphalt was placed by the Street Department with the new laydown machine, and it looks good. There is a small amount of landscaping to do on Morris and it will be complete. The cost as of April 30 is \$124,529.90.

The new box culvert at Cedar Street and concrete ditch that was poured between Cedar Street and Spring Street has recently been completed. The cost to this project through April 30, 2024, is \$101,597.01. A grand total will be reported at the next meeting.

The rebuild project at 6th Street and Foster is going well. Curb and gutter has been completed and the crew is now working on pouring new sidewalk on Foster then they will pour on 6th; the cost as of April 30th is \$144,273.24.

Maintenance for the month of April totaled \$22,326.09; Maintenance consisted of mowing right of ways, cleaning culverts, sign maintenance, starting the overlay program.

Overlays have started, with the Maintenance crew milling planned streets to get new asphalt. Scott reported 4th Street will have new asphalt today, and 8th Street will be milled tomorrow.

The status of the traffic light at 6th and Main was brought up. Scott said the pole had been scheduled for delivery from Texas on Friday the 17th, but there had been a tornado, so the pole was scheduled to be shipped today.

There was a lengthy discussion of a planned rebuild at Bradley Drive. There are still some easements to acquire from some residents living on Cooper Estates Drive. Bradley Drive had a rebuild scheduled in 2016; the project began at Highway 62 and the Back 40 restaurant and ended abruptly at the top of the hill by the church as agreed by Mayor Joe Dillard and the Street Committee at that time.

The meeting was adjourned at 1:06 p.m.

REGULAR MONTHLY MEETING MAY 21, 2024

The meeting was called to order at 2:00pm, by Wayne Almond, in Council Chambers.

Committee members

Committee Chairman Wayne Almond - Present Jim Bodenhamer – Not Present Carry Manuel – Present Bob Van Haaren - Present

City officials

Mayor Hillrey Adams Fire Chief Kris Quick Police Chief Eddie Griffin City Clerk Scott Liles

City employees

Operations Manager Toni Taylor (meeting minutes)

POLICE/FIRE REPORTS Fire Chief Kris Quick and Police Chief Eddie Griffin delivered their monthly reports and figures to the Committee. The tornado siren is being replaced and relocated. A new tanker has been purchased by the Mountain Home Rural Fire Protection District to replace the 1999 tanker and is scheduled to be completed in March of 2026. Lt. Eddie Helmert retired, and Sgt. Lacy Holland has been promoted to fill that position. Hunter Whipple will fill the open patrol position and attend the academy in August. Josh Pettit has been chosen to fill the 7th SRO vacancy, transferring from a patrol sergeant position.

PROHIBITED WEAPONS Scott Liles has formally requested the repeal of city code 7.16.01. All members are in favor of advancing this request.

ADJOURN With no more business to discuss, the meeting adjourned at 2:12 pm

NEXT MEETING Will be held on July 16, 2024, at 2 pm. in Council Chambers.

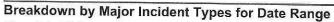
Public Safety Meeting

May 21st,2024

- 1. Safetycom came and looked at the Keller Park tornado siren and determined that we needed to replace it. While looking at it, we decided to move it to the corner of the dog park parking lot. Where it is now by the concession stand, it has limited access to it and this will be a better location.
- The Mountain Home Rural Fire Protection District has purchased a Tanker to replace the 1999 model tanker we have now. It's scheduled to be done in March of 2026.
- 3. Shift personnel are still servicing fire hydrants.
- 4. From April 1st to April 30th, we had 290 runs and in April of 2023 we had 289 runs. This year's total of runs up to April 30th is 1161 compared to the same time last year was 1077.

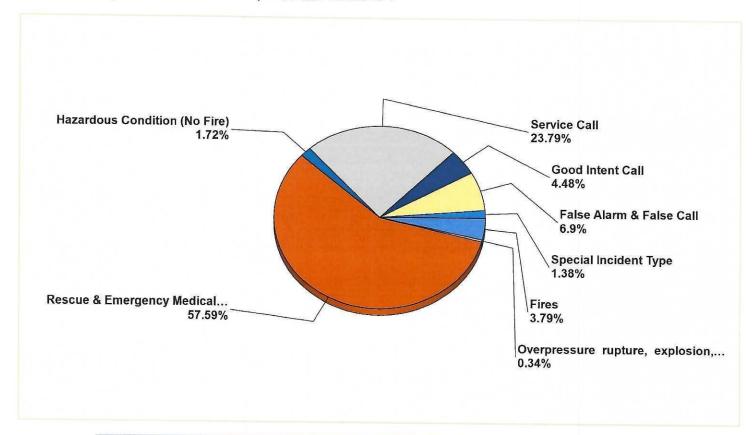
Mountain Home, AR

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Zone(s): All Zones | Start Date: 04/01/2024 | End Date: 04/30/2024





MAJOR INCIDENT TYPE	# INCIDENTS	% of TOTAL
Fires	11	3.79%
Overpressure rupture, explosion, overheat - no fire	1	0.34%
Rescue & Emergency Medical Service	167	57.59%
Hazardous Condition (No Fire)	5	1.72%
Service Call	69	23.79%
Good Intent Call	13	4.48%
False Alarm & False Call	20	6.9%
Special Incident Type	4	1.38%
TOTAL	290	100%



INCIDENT TYPE	# INCIDENTS	% of TOTAL
111 - Building fire	2	0.69%
131 - Passenger vehicle fire	4	1.38%
143 - Grass fire	4	CELECOS DOCUMENTOS
151 - Outside rubbish, trash or waste fire	1	1.38%
223 - Air or gas rupture of pressure or process vessel	1	0.34%
311 - Medical assist, assist EMS crew	151	0.34%
322 - Motor vehicle accident with injuries	7	52.07%
324 - Motor vehicle accident with no injuries.	9	2.41%
412 - Gas leak (natural gas or LPG)	2	3.1%
424 - Carbon monoxide incident	1	0.69%
141 - Heat from short circuit (wiring), defective/worn	1	0.34%
142 - Overheated motor	1	0.34%
500 - Service Call, other	2	0.34%
551 - Assist police or other governmental agency	1	0.69%
554 - Assist invalid	63	0.34%
561 - Unauthorized burning	3	21.72%
611 - Dispatched & cancelled en route		1.03%
622 - No incident found on arrival at dispatch address	8	2.76%
631 - Authorized controlled burning	1	0.34%
651 - Smoke scare, odor of smoke	1 2	0.34%
653 - Smoke from barbecue, tar kettle	1	0.69%
700 - False alarm or false call, other	1	0.34%
710 - Malicious, mischievous false call, other		0.34%
711 - Municipal alarm system, malicious false alarm	1	0.34%
735 - Alarm system sounded due to malfunction	2	0.69%
740 - Unintentional transmission of alarm, other	2	0.69%
743 - Smoke detector activation, no fire - unintentional	2	0.69%
44 - Detector activation, no fire - unintentional	4	1.38%
745 - Alarm system activation, no fire - unintentional	2	0.69%
911 - Citizen complaint	6	2.07%
TOTAL INCIDENTS:	4	1.38%
TOTAL INCIDENTS:	290	100%



Mountain Home, AR

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Incident Type Count per Station for Date Range

Start Date: 04/01/2024 | End Date: 04/30/2024

INCIDENT TYPE	# INCIDENTS
station: ST1 - STATION 1	
311 - Medical assist, assist EMS crew	121
322 - Motor vehicle accident with injuries	1
324 - Motor vehicle accident with no injuries.	1
424 - Carbon monoxide incident	1
441 - Heat from short circuit (wiring), defective/worn	1
500 - Service Call, other	2
554 - Assist invalid	52
561 - Unauthorized burning	1
611 - Dispatched & cancelled en route	4
622 - No incident found on arrival at dispatch address	1
653 - Smoke from barbecue, tar kettle	1
711 - Municipal alarm system, malicious false alarm	1
911 - Citizen complaint	2
# Incidents for ST1 - Station 1:	189
	1
tation: ST2 - STATION 2 151 - Outside rubbish, trash or waste fire	
311 - Medical assist, assist EMS crew	30
551 - Assist police or other governmental agency	1
554 - Assist invalid	11
561 - Unauthorized burning	1
745 - Alarm system activation, no fire - unintentional	1
911 - Citizen complaint	1
# Incidents for ST2 - Station 2:	46
tation: ST4 - ST-1/ST-2	
111 - Building fire	2
131 - Passenger vehicle fire	4
143 - Grass fire	4
223 - Air or gas rupture of pressure or process vessel	1
322 - Motor vehicle accident with injuries	6
324 - Motor vehicle accident with no injuries.	8
412 - Gas leak (natural gas or LPG)	2
442 - Overheated motor	1
561 - Unauthorized burning	1

Only REVIEWED incidents included.

611 - Dispatched & cancelled en route



4

INCIDENT TYPE	# INCIDENTS
631 - Authorized controlled burning	1
651 - Smoke scare, odor of smoke	2
700 - False alarm or false call, other	1
710 - Malicious, mischievous false call, other	1
711 - Municipal alarm system, malicious false alarm	1
735 - Alarm system sounded due to malfunction	2
740 - Unintentional transmission of alarm, other	2
743 - Smoke detector activation, no fire - unintentional	4
744 - Detector activation, no fire - unintentional	2
745 - Alarm system activation, no fire - unintentional	5
911 - Citizen complaint	1

Incidents for ST4 - ST-1/ST-2:

55

Mountain Home, AR

This report was generated on 5/20/2024 8:45:20 AM



Incident Statistics

Zone(s): All Zones | Start Date: 04/01/2023 | End Date: 04/30/2023

	INCID	ENT COUNT	
INCIDEN	IT TYPE	# INCID	ENTS
EM	0.000	16	
FIF		122	
TOT	The second secon	28	9
	TOTAL TRANS	SPORTS (N2 and N3)	
APPARATUS	# of APPARATUS TRANSPORTS	# of PATIENT TRANSPORTS	TOTAL # of PATIENT CONTACTS
TOTAL			
PRE-INCIDE		LOSS	SES
\$1,319,		\$151,7	50.00
401 011		CHECKS	
424 - Carbon mo	Commonwealth and state in the control of the second of the	2	
ТОТ		2	
	MUTUAL A	ID	
Aid T		Tot	al
Aid G Aid Re		1	
Ald Net		3	
# OVERL		PPING CALLS	
# OVERL	1 10000000	% OVERL	
		25.2 RESPONSE TIME (Dispatch to Arr	
Station	10 7 IND GINER - AVENAGE	EMS	
ST-1/ST-2			FIRE
Station 1		0:05:46	0:10:29
		0:05:31	0:11:33
Station 2		0:04:58	
		RAGE FOR ALL CALLS	0:05:57
	TS AND SIREN - AVERAGE	TURNOUT TIME (Dispatch to Enro	ute)
Station		EMS	FIRE
ST-1/ST-2	C	0:02:20	0:06:32
Station 1	C	0:02:05	0:04:37
Station 2	C	0:02:12	
	AVEF	RAGE FOR ALL CALLS	0:02:27
AGE		AVERAGE TIME ON	And the second
Mountain Home F		17:3	

Only Reviewed Incidents included. EMS for Incident counts includes only 300 to 399 Incident Types. All other incident types are counted as FIRE. CO Checks only includes Incident Types: 424, 736 and 734. # Apparatus Transports = # of incidents where apparatus transported. # Patient Transports = All patients transported by EMS. # Patient Contacts = # of PCR contacted by apparatus. This report now returns both NEMSIS 2 & 3 data as appropriate. For overlapping calls that span over multiple days, total per month will not equal Total count for year.



Mountain Home, AR

This report was generated on 5/20/2024 8:45:11 AM



Incident Statistics

Zone(s): All Zones | Start Date: 04/01/2024 | End Date: 04/30/2024

	INCIDE	ENT COUNT	
INCIDEN	NT TYPE	# INC	CIDENTS
	IS		167
	RE		123
TO			290
ADDADATUS		PORTS (N2 and N3)	
APPARATUS	# of APPARATUS TRANSPORTS	# of PATIENT TRANSPORT	S TOTAL # of PATIENT CONTACTS
TOTAL			
PRE-INCIDE	CONTROL OF THE PARTY OF THE PAR	LC	DSSES
\$16,2	00.00	\$9.	,600.00
404 0 1		CHECKS	
424 - Carbon mo			1
TOT			1
	MUTUAL A	D	
Aid 7			Total
Ald G			2
# OVEDI		PPING CALLS	
# OVERL		Line of the second	RLAPPING
		RESPONSE TIME (Dispatch to	26.21
Station		EMS	
ST-1/ST-2			FIRE
		:04:11	0:05:40
Station 1		:05:09	0:04:32
Station 2		:05:22	0:04:38
		AGE FOR ALL CALLS	0:05:15
	TS AND SIREN - AVERAGE	TURNOUT TIME (Dispatch to En	nroute)
Station		EMS	FIRE
ST-1/ST-2	0:	01:38	0:02:12
Station 1	0:	01:54	0:02:49
Station 2	0:	01:48	0:01:37
	AVER	AGE FOR ALL CALLS	0:01:58
AGEI	NCY	AVERAGE TIME	ON SCENE (MM:SS)
Mountain Home I	Fire Department		2:17

Only Reviewed Incidents included. EMS for Incident counts includes only 300 to 399 Incident Types. All other incident types are counted as FIRE. CO Checks only includes Incident Types: 424, 736 and 734. # Apparatus Transports = # of incidents where apparatus transported. # Patient Transports = All patients transported by EMS. # Patient Contacts = # of PCR contacted by apparatus. This report now returns both NEMSIS 2 & 3 data as appropriate. For overlapping calls that span over multiple days, total per month will not equal Total count for year.



Mountain Home, AR

This report was generated on 5/20/2024 8:47:16 AM



Daily Log Items per Personnel for Activity Code for Personnel

Activity Codes: Alarm - Alarm Response, BSR - Create Building Survey, Burn - Burning permit, Burn Pile/ Dozer Deck - Inspect burn pile or dozer deck for burn request, Class - Classroom and 26 more | Personnel: Lofton, Shawn | Start Time: 00:00 | End Time: 23:00 | Start Date: 04/01/2024 | End Date: 04/30/2024

START	END	LOG TYPE	APPARATUS	NOTES	HOURS
Lofton, Shawn					
04/09/2024 16:00:00	04/09/2024 16:30:00	DAYBOOK	207	I responded to 138 S Battlefield to check on a burn complaint. The pile of limbs burning was in a safe location and there was no danger of it spreading. Diane Force, 870-701-3225	0.50
04/10/2024 08:45:00	04/10/2024 09:15:00	INSPECTION		An inspection was completed for Lowe's by Lofton, Shawn	0.50
04/10/2024 09:30:00	04/10/2024 10:00:00	INSPECTION		An inspection was completed for McDonalds by Lofton, Shawn	0.50
04/10/2024 09:45:00	04/10/2024 10:15:00	INSPECTION		An inspection was completed for Discount Tire by Lofton, Shawn	0.50
04/10/2024 10:15:00	04/10/2024 10:30:00	INSPECTION		An inspection was completed for Arby's by Lofton, Shawn	0.25
04/10/2024 10:30:00	04/10/2024 11:00:00	INSPECTION		An inspection was completed for Chill's Restaurant by Lofton, Shawn	0.50
04/10/2024 14:39:24	04/10/2024 14:43:18	INCIDENT	207	Incident 2024-957 - Dispatched & cancelled en route: Apparatus 207 responded to 124 CHARLES BLACKBURN ST	0.07
04/11/2024 16:00:00	04/11/2024 16:15:00	INSPECTION		An inspection was completed for The Artistic Dance Company by Lofton, Shawn	0.25
04/11/2024 16:16:00	04/11/2024 16:25:00	INSPECTION		An inspection was completed for Sharp Edges Axe Throwing by Lofton, Shawn	0.15
04/11/2024 16:30:00	04/11/2024 16:40:00	INSPECTION		An inspection was completed for Retro Skate Rink by Lofton, Shawn	0.17
04/11/2024 16:40:00	04/11/2024 16:50:00	INSPECTION		An inspection was completed for Little B's Restaurant by Lofton, Shawn	0.17
04/11/2024 16:45:00	04/11/2024 16:55:00	INSPECTION		An inspection was completed for Bobs BBQ by Lofton, Shawn	0.17
04/11/2024 16:45:00	04/11/2024 16:55:00	INSPECTION		An inspection was completed for Family Billiards by Lofton, Shawn	0.17
04/11/2024 16:55:00	04/11/2024 17:05:00	INSPECTION		An inspection was completed for Mountain Home Lodge # 225 by Lofton, Shawn	0.17
04/16/2024 08:33:38	04/16/2024 09:01:01	INCIDENT	207	Incident 2024-1015 - Gas leak (natural gas or LPG): Apparatus 207 responded to 2887 HWY 62 E	
04/16/2024 12:30:00	04/16/2024 12:40:00	INSPECTION		An inspection was completed for OM Greek by Lofton, Shawn	
04/16/2024 12:45:00	04/16/2024 12:55:00	INSPECTION		An inspection was completed for Wendy's Restaurant by Lofton, Shawn	
04/16/2024 13:00:00	04/16/2024 13:30:00	INSPECTION		An inspection was completed for Petco by Lofton, Shawn	0.50
04/16/2024 13:30:00	04/16/2024 14:00:00	INSPECTION		An inspection was completed for Peaceful Heart Boutique by Lofton, Shawn	0.50
04/16/2024 14:00:00	04/16/2024 14:30:00	INSPECTION		An inspection was completed for Beall's Outlet by Lofton, Shawn	0.50
04/16/2024 14:30:00	04/16/2024 15:00:00	INSPECTION		An inspection was completed for Rack Room Shoes by Lofton, Shawn	0.50
04/16/2024 15:00:00	04/16/2024 15:30:00	INSPECTION		An inspection was completed for Buffalo Wild Wings/ VACANT by Lofton, Shawn	0.50
04/16/2024 15:45:00	04/16/2024 16:00:00	DAYBOOK	207	Updated keys in Knox Box at Marchant Building Center on S College Spur	0.25
04/17/2024 15:08:28	04/17/2024 15:40:00	INCIDENT	237	Incident 2024-1026 - Motor vehicle accident with injuries: Apparatus 237 responded to 1301 S COLLEGE ST S	0.53
04/18/2024 09:00:00	04/18/2024 10:00:00	INSPECTION		An inspection was completed for Home Depot by Lofton, Shawn	1.00
04/18/2024 15:30:23	04/18/2024 15:50:27	INCIDENT	207	Incident 2024-1039 - Alarm system activation, no fire - unintentional: Apparatus 207 responded to 105 S CARDINAL DR	0.33
04/22/2024 12:30:00	04/22/2024 12:45:00	INSPECTION		An inspection was completed for T Mobile by Lofton, Shawn	0.25
04/22/2024 12:47:00	04/22/2024 13:10:00	INSPECTION		An inspection was completed for Mobilized Wireless (Verizon by Lofton, Shawn	
04/22/2024 13:15:00	04/22/2024 13:30:00	INSPECTION		An inspection was completed for West Plains Bank by Lofton, Shawn	0.25
04/22/2024 13:35:00	04/22/2024 13:45:00	INSPECTION		An inspection was completed for Kona Grill by Lofton, Shawn	0.17
04/22/2024 13:45:00	04/22/2024 14:00:00	INSPECTION	7	An inspection was completed for Tidy Tails by Lofton, Shawn	0.25
04/22/2024 14:00:00	04/22/2024 14:10:00	INSPECTION		An inspection was completed for Tropical Sno by Lofton, Shawn	0.17

Lists the Daily Log items, grouped by Personnel, corresponding to the selected Activity Code and Personnel.



START	END	LOG TYPE	APPARATUS	NOTES	HOURS
04/22/2024 14:10:00	04/22/2024 14:25:00	INSPECTION	1	An inspection was completed for Mountain Home Burger Company by Lofton, Shawn	0.25
04/22/2024 14:30:00	04/22/2024 14:40:00	INSPECTION		An inspection was completed for Brewed Awakening by Lofton, Shawn	0.17
04/23/2024 12:30:00	04/23/2024 12:45:00	INSPECTION		An inspection was completed for Ozark MTN BBQ by Lofton, Shawn	0.25
04/23/2024 12:45:00	04/23/2024 13:00:00	INSPECTION		An inspection was completed for Mountain Home Spine and Health Solutions by Lofton, Shawn	0.25
04/23/2024 13:00:00	04/23/2024 13:15:00	INSPECTION		An inspection was completed for Salon Contrast by Lofton, Shawn	0.25
04/23/2024 13:15:00	04/23/2024 13:30:00	INSPECTION		An inspection was completed for Yoshi Steak House and Sushi by Lofton, Shawn	0.25
04/23/2024 13:30:00	04/23/2024 13:40:00	INSPECTION		An inspection was completed for PostNet by Lofton, Shawn	0.17
04/23/2024 13:40:00	04/23/2024 13:50:00	INSPECTION		An inspection was completed for Posh Boutique by Lofton, Shawn	0.17
04/23/2024 13:50:00	04/23/2024 14:00:00	INSPECTION		An inspection was completed for Sally Beauty Supply by Lofton, Shawn	0.17
04/23/2024 14:00:00	04/23/2024 14:10:00	INSPECTION		An inspection was completed for LA Nails by Lofton, Shawn	0.17
04/23/2024 14:10:00	04/23/2024 14:20:00	INSPECTION		An inspection was completed for Hot Stone Massage and Spa by Lofton, Shawn	0.17
04/23/2024 14:20:00	04/23/2024 14:25:00	INSPECTION		An inspection was completed for VACANT by Lofton, Shawn	0,08
04/23/2024 14:25:00	04/23/2024 14:35:00	INSPECTION		An inspection was completed for Anytime Fitness by Lofton, Shawn	0.17
04/23/2024 14:35:00	04/23/2024 14:50:00	INSPECTION		An inspection was completed for Factory Connection by Lofton, Shawn	0.25
04/23/2024 14:50:00	04/23/2024 15:00:00	INSPECTION		An inspection was completed for CATO by Lofton, Shawn	0.17
04/23/2024 15:00:00	04/23/2024 15:10:00	INSPECTION		An inspection was completed for Dollar Tree by Lofton, Shawn	0.17
04/23/2024 15:10:00	04/23/2024 15:30:00	INSPECTION		An inspection was completed for Maurices by Lofton, Shawn	
04/24/2024 08:44:59	04/24/2024 08:53:06	INCIDENT	207	Incident 2024-1093 - Alarm system sounded due to malfunction: Apparatus 207 responded to 665 HWY 62 E	0.33 0.15
04/24/2024 09:17:37	04/24/2024 09:41:50	INCIDENT	207	Incident 2024-1095 - Passenger vehicle fire: Apparatus 207 responded to 1499 E ARKANSAS AVE	0.40
04/24/2024 13:04:18	04/24/2024 13:23:46	INCIDENT	207	Incident 2024-1097 - Grass fire: Apparatus 207 responded to 2361 WEST RD	0.32
04/25/2024 09:00:00	04/25/2024 09:30:00	INSPECTION		An inspection was completed for Harbor Freight by Lofton, Shawn	0.50
04/25/2024 10:00:00	04/25/2024 10:50:00	INSPECTION		An inspection was completed for T.J. Maxx by Lofton, Shawn	0.83
04/25/2024 10:50:00	04/25/2024 11:00:00	INSPECTION		An inspection was completed for Rent A Center by Lofton, Shawn	0.17
04/25/2024 11:00:00	04/25/2024 11:10:00	INSPECTION		An inspection was completed for Hibbett Sports by Lofton, Shawn	0.17
04/25/2024 11:10:00	04/25/2024 11:20:00	INSPECTION		An inspection was completed for Century 21 by Lofton, Shawn	0.17
04/25/2024 11:20:00	04/25/2024 11:30:00	INSPECTION		An inspection was completed for Brads Home Entertainment by Lofton, Shawn	0.17
04/25/2024 11:45:00	04/25/2024 11:50:00	INSPECTION		An inspection was completed for VACANT by Lofton, Shawn	0.08
04/25/2024 11:50:00	04/25/2024 11:55:00	INSPECTION		An inspection was completed for VACANT by Lofton, Shawn	0.08
04/25/2024 11:55:00	04/25/2024 12:05:00	INSPECTION		An inspection was completed for H and R Block by Lofton, Shawn	0.17
04/25/2024 12:05:00	04/25/2024 12:15:00	INSPECTION		An inspection was completed for Subway by Lofton, Shawn	0.17
04/25/2024 12:15:00	04/25/2024 12:30:00	INSPECTION		An inspection was completed for Cricket Wireless by Lofton, Shawn	0.25
04/25/2024 12:30:00	04/25/2024 12:50:00	INSPECTION		An inspection was completed for El Chico by Lofton, Shawn	0.33
04/25/2024 13:00:00	04/25/2024 13:10:00	INSPECTION		An inspection was completed for Live Edge Bar and Grill by Lofton, Shawn	0.17
04/25/2024 13:15:00	04/25/2024 13:20:00	INSPECTION		An inspection was completed for Oh So Pretty by Lofton, Shawn	0.08
				Total Hours for: Lofton, Shawn	18.61

Lists the Daily Log items, grouped by Personnel, corresponding to the selected Activity Code and Personnel.



18.61

Total of all Personnel Hours



- A duty to serve, an honor to protect-

424 West 7th Street • Mountain Home, Arkansas 72653 Office 870.425.6336 • Fax (870) 425.6092

www.mtnhomepolice.com

Edward Griffin, Chief of Police



PUBLIC SAFETY COMMITTEE 05/21/2024

- School Resource Officer, Lieutenant Eddie Helmert retired 05/17/2024. Sergeant Lacy Holland was promoted to Lieutenant.
- Sergeant Josh Pettit has been chosen to be the new School Resource Officer; this will require Pettit to relinquish his Sergeant's rank.
- The three new police vehicles have been equipped and are operational.
- Hunter Whipple will be filling the vacant patrol position and will attend the police academy in August.
- Statistics
 - Criminal Investigation Division (CID)
 - Code Enforcement
 - Patrol Division
 - School Resource Officer Division (SRO)
 - Uniform Code Report (UCR)
 - Nature Code Report (Dispatch)





Detective Classification Assigned/Cleared

Dates From 04/01/2024 Through 04/30/2024

Page 1 of 1

Classification	Count	% To Total	Assigned	Cleared
ASSAULT-F	1	1.54	1	2
ASSIST OTHER AGENCY	5	7.69	5	5
BATTERY-F	2	3.08	2	1
BATTERY-M	2	3.08	2	2
BREAKING OR ENTERING FROM VEHI	1	1.54	1	4
COMMERCIAL BURGLARY	2	3.08	2	0
DEATH INVESTIGATION-ACCIDENTAL	1	1.54	1	1
FLEEING	1	1.54	1	1
FORGERY	4	6.15	4	3
HARASSMENT	3	4.62	3	1
INCIDENT	8	12.31	8	9
MINOR IN POSSESSION	1	1.54	1	1
POSS OF CONTROLLED SUBSTANCE-F	7	10.77	7	2
POSSESSION OF FIREARMS BY CERT	1	1.54	1	0
SEXUAL ASSAULT-F	4	6.15	4	1
SEXUAL MISCONDUCT	1	1.54	1	1
TERRORISTIC THREATENING	1	1.54	1	1
THEFT-F	12	18.46	14	5
THEFT-M	7	10.77	7	7
VIOLATION OF PROTECTION ORDER	1	1.54	1	0
	Reported Cases 65		67	47



2022-29 UNSANITARY CONDITIONS

Mountain Home Police Department

Code Enforcement Stats - By Report Type

Report Dates From 04/01/2024 Through 04/30/2024

Page 1

of

1

Report TypeCount% To Total1993-021 STREETS & SIDEWALKS (DRAINAGE, ROW
MAINTENANCE)10.591996-018 ANIMAL CONTROL / LICENSING DOGS &CATS10.592020-20 MAINTENANCE OF REAL PROPERTY16396.452020-4 BOARDING & SECURING BUILDINGS10.59

3

1.78

Report Count: 169

Print Date: May 02 2024 - 13:49:21

Powered by iSOMS(c) Driven by Values

Mountain Home Police Department, From 04/01/2024, Through 04/30/2024

Code-Enforcement_Stats_ByReportType

TLTAYLOR



Activity Summary - By Activity Type - Patrol Dates From 04/01/2024 Through 04/30/2024

Page 1 of 2

DOMESTIC VIOLENCE 14 BUILDING CHECK 120 CITIZEN CONTACT 18 SECURED WEAPONS 252 SEARCH - VEHICLE 26 TRAFFIC ARREST 29 ANIMAL CALL / TRAPS 1 OTHER DISTURBANCE 43 PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 3 FUENERAL ESCORT 8 NOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER DEPARTMENT ARREST 3 OTHER DEPARTMENT ARREST 3	Description	Count
CITIZEN CONTACT 18 SECURED WEAPONS 252 SEARCH - VEHICLE 26 TRAFFIC ARREST 29 ANIMAL CALL / TRAPS 1 OTHER DISTURBANCE 43 PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SEARCH - SO 15 DRE EVALUATION 1 WARRANT OF ARREST 3	DOMESTIC VIOLENCE	14
SECURED WEAPONS 252 SEARCH - VEHICLE 26 TRAFFIC ARREST 29 ANIMAL CALL / TRAPS 1 OTHER DISTURBANCE 43 PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5	BUILDING CHECK	120
SEARCH - VEHICLE 26 TRAFFIC ARREST 29 ANIMAL CALL / TRAPS 1 OTHER DISTURBANCE 43 PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 5 <tr< td=""><td>CITIZEN CONTACT</td><td>18</td></tr<>	CITIZEN CONTACT	18
TRAFFIC ARREST 29 ANIMAL CALL / TRAPS 1 OTHER DISTURBANCE 43 PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60	SECURED WEAPONS	252
ANIMAL CALL / TRAPS OTHER DISTURBANCE PARK CHECK #81 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION BREATH TEST ADMINISTERED DRE EVALUATION 1 WARRANT OF ARREST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE WEIGHT STORM SISSIST 19 OTHER PUBLIC SERVICE WEIGHT SISSIST 101 ADMINISTRATIVE DUTIES 128 WELFARE HORE 60 RESIDENT ASSIST 5 DRUG ARREST 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE	SEARCH - VEHICLE	26
OTHER DISTURBANCE 43 PARK CHECK 481 FIRGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10 <td>TRAFFIC ARREST</td> <td>29</td>	TRAFFIC ARREST	29
PARK CHECK 481 FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	ANIMAL CALL / TRAPS	1
FINGERPRINT 10 FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	OTHER DISTURBANCE	43
FIRE DEPARTMENT ASSIST 10 ANIMAL CALL 34 MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	PARK CHECK	481
ANIMAL CALL MEDICAL ASSIST ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 41 WOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 34 THE DEPARTMENT ARREST 37 OTHER PUBLIC SERVICE WARNING GIVEN VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 5 DRUG ARREST 5 DRUG ARREST 5 DRUG ARREST 5 COURT APPEARANCE	FINGERPRINT	10
MEDICAL ASSIST 33 ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	FIRE DEPARTMENT ASSIST	10
ALARM CALL 37 TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	ANIMAL CALL	34
TRAFFIC STOP 360 ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	MEDICAL ASSIST	33
ACCIDENT INVESTIGATION 71 TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 5 DRUG ARREST 5 COURT APPEARANCE 104	ALARM CALL	37
TRAINING 14 SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	TRAFFIC STOP	360
SEARCH - K9 14 SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	ACCIDENT INVESTIGATION	71
SCHOOL CHECK 75 CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	TRAINING	14
CAR SEAT CHECK / INSTALLATION 1 BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	SEARCH - K9	14
BREATH TEST ADMINISTERED 5 DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	SCHOOL CHECK	75
DRE EVALUATION 1 WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	CAR SEAT CHECK / INSTALLATION	1
WARRANT OF ARREST 34 FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	BREATH TEST ADMINISTERED	5
FUNERAL ESCORT 8 MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	DRE EVALUATION	1
MOTORIST ASSIST 19 OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	WARRANT OF ARREST	34
OTHER DEPARTMENT ARREST 3 OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	FUNERAL ESCORT	8
OTHER PUBLIC SERVICE 41 WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	MOTORIST ASSIST	19
WARNING GIVEN 256 VEHICLE UNLOCK 58 INCIDENT / OFFENSE REPORT 101 ADMINISTRATIVE DUTIES 128 WELFARE CHECK 60 RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	OTHER DEPARTMENT ARREST	3
VEHICLE UNLOCK58INCIDENT / OFFENSE REPORT101ADMINISTRATIVE DUTIES128WELFARE CHECK60RESIDENT ASSIST5DRUG ARREST3COURT APPEARANCE10	OTHER PUBLIC SERVICE	41
INCIDENT / OFFENSE REPORT101ADMINISTRATIVE DUTIES128WELFARE CHECK60RESIDENT ASSIST5DRUG ARREST3COURT APPEARANCE10	WARNING GIVEN	256
ADMINISTRATIVE DUTIES WELFARE CHECK RESIDENT ASSIST DRUG ARREST COURT APPEARANCE 128 60 7 7 7 7 7 7 7 7 7 7 7 7 7	VEHICLE UNLOCK	58
WELFARE CHECK60RESIDENT ASSIST5DRUG ARREST3COURT APPEARANCE10	INCIDENT / OFFENSE REPORT	101
RESIDENT ASSIST 5 DRUG ARREST 3 COURT APPEARANCE 10	ADMINISTRATIVE DUTIES	128
DRUG ARREST 3 COURT APPEARANCE 10	WELFARE CHECK	60
COURT APPEARANCE 10	RESIDENT ASSIST	5
	DRUG ARREST	3
COMPLAINT 294	COURT APPEARANCE	10
	COMPLAINT	294



Activity Summary - By Activity Type - Patrol

Dates From 04/01/2024 Through 04/30/2024

Page 2 of 2

Description	Count	
OFFICER ASSIST	282	
VEHICLE / EQUIPMENT INSPECTION / MAINTENANCE	233	
CRIMINAL ARREST	40	

Count: 3224





Activity Summary - By Activity Type - SRO

From 04/01/2024 Through 04/30/2024

Page 1 of 3

Activity / Event	Count	% To Total
Accidents - Parking Lot	1	0.12
Accidents - Pedestrian/Vehicle	0	0.00
Accidents - Property Damage	0	0.00
Accidents - Street	1	0.12
Administrative Duties	26	3.24
Alcohol Arrest - (notate citation # in note section)	0	0.00
Assist F. D.	1	0.12
Assist Other Agency	5	0.62
Assist School Admin.	144	17.93
Athletic Event (Other) - notate quantity	1	0.12
Baseball Game(s) - notate quantity	8	1.00
Basketball Game(s) - notate quantity	1	0.12
Classes Given	42	5.23
Classroom Activity	2	0.25
Classroom Lectures - MHPS	0	0.00
Classroom Lectures - Public	0	0.00
Consultation - Female Students	65	8.09
Consultation - Male Students	101	12.58
Consultation - Parents	33	4.11
Court Appearances	1	0.12
Criminal Arrest - (notate citation # in note section)	5	0.62
DRE - call out/investigation	0	0.00
Drug Arrest - (notate citation # in note section)	2	0.25
Faculty Assist - (MHPS)	115	14.32
Football Game(s) - notate quantity	0	0.00
Incident Report - (notate report # in note section)	4	0.50
K-9 Training (Monthly)	5	0.62
Medical Assist	6	0.75
Meetings - Department/City Wide (only)	2	0.25

Print Date: May 02 2024 - 12:47:40

Mountain Home Police Department, From 04/01/2024, Through 04/30/2024

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Juvenile-Activity_Summary_ByActivity

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Activity Summary - By Activity Type - SRO

From 04/01/2024 Through 04/30/2024

Page 2 of 3

Activity / Event	Count	% To Total
Meetings - Other	7	0.87
Meetings - School	3	0.37
Meetings - SRO Divisional	3	0.37
MHPS Building or Property Perimeter Check	105	13.08
Miscellaneous	6	0.75
Motorist Assist	0	0.00
Offense Report - (notate report # in note section)	5	0.62
Officer Assist	34	4.23
Public Service	12	1.49
Referrals/Other agency assist	1	0.12
Soccer Game(s) - notate quantity	4	0.50
Softball Game(s) - notate quantity	7	0.87
Special Events - Non Athletic	9	1.12
Time Off - Bereavement - (+ 1 for each day off - notate hrs in note section)	0	0.00
Time Off - Comp (+1 for each day off - notate hrs in the note section)	1	0.12
Time Off - Personal Day - (+1 for each day off - notate hrs in note section)	3	0.37
Time Off - Sick - (+1 for each day off - notate hrs in note section)	3	0.37
Time Off - Vacation - (+1 for each day off - notate hrs in note section)	7	0.87
Track Meet(s) - notate quantity	1	0.12
Traffic Arrest - (notate citation # in note section)	0	0.00
Training - (notate training/class name in note section)	17	2.12
Trespass Warning	0	0.00
Vehicle Unlock	2	0.25
Vehicle/Equipment Inspection/Maintenance	2	0.25
Volleyball Game(s) - notate quantity	0	0.00
Warrant - MHPD	0	0.00
Warrant - Other Agency	0	0.00
Wrestling Match(es) - notate quantity	0	0.00





Activity Summary - By Activity Type - SRO

From 04/01/2024 Through 04/30/2024

Page 3 of 3

Activity / Event Count % To Total

Total Activity / Events: 803



Incidents Reported Statistics By Charge From UCR (by Month)

Dates From 04/01/2024 00:00 Through 04/30/2024 23:59

Page 1 of 3

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total	% Total
AGGRAVATED ASSAULT	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
ANIMAL BITE	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
ASSAULT - 3RD DEGREE CLASS C MISD	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
ASSISTING OTHER AGENCY	0	0	0	5	0	0	0	0	0	0	0	0	5	2.75
BATTERY - 2ND DEGREE / INJURES PERSONS D	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
BATTERY - 3RD DEGREE CLASS A MISD	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
BREAKING OR ENTERING(BUILDING, STRUCTURE, VEHICLE)	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
BURGLARY / COMMERCIAL	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
COMMUNICATING FALSE ALARM	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
COMPUTER FRAUD	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
CONTROLLED SUBSTANCE, POSSESSION	0	0	0	12	0	0	0	0	0	0	0	0	12	6.59
CRIMINAL MISCHIEF 2ND DEGREE(RECKLESSLY)	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
CRIMINAL TRESPASS - CLASS A MISD	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
CRIMINAL TRESPASS - CLASS C MISD	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
DELIVERY OF A SCHEDULE I OR SCHEDULE II CONTROLLED SUBSTANCE THAT IS NOT METHAMPHETAMINE OR COCAINE	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
DISORDERLY CONDUCT	0	0	0	8	0	0	0	0	0	0	0	0	8	4.40
DOMESTIC BATTERY-3RD-CLASS A MISD	0	0	0	3	0	0	0	0	0	0	0	0	3	1.65
DRIVING WHILE LIC SUSP OR REV (NON-DWI)	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
DRIVING WHILE LICENSE SUSP/REV FOR DWI	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
DRUG PARAPHERNALIA, POSSESSION	0	0	0	6	0	0	0	0	0	0	0	0	6	3.30
DWI 1ST DRUGS	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
DWI 1ST OFF	0	0	0	3	0	0	0	0	0	0	0	0	3	1.65
DWI 2ND OFF	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
ENDANGERING THE WELFARE OF MINOR IN THE THIRD DEGREE	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
EVIDENCE ONLY	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
FLEEING	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
FORGERY	0	0	0	4	0	0	0	0	0	0	0	0	4	2.20
FRAUDULENT USE OF A CREDIT CARD / OTHER	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55

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Mountain Home Police Department, From 04/01/2024 00:00, Through 04/30/2024 23:59

CaseManagementReports_SummaryByCharge_Month

TLTAYLOR



Incidents Reported Statistics By Charge From UCR (by Month)

Dates From 04/01/2024 00:00 Through 04/30/2024 23:59

Page 2 of 3

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total	% Total
HARASSING COMMUNICATIONS	0	0	0	5	0	0	0	0	0	0	0	0	5	2.75
HARASSMENT-STRIKE/SHOVE/KICK/THREATEN TO	0	0	0	3	0	0	0	0	0	0	0	0	3	1.65
INCIDENT	0	0	0	19	0	0	0	0	0	0	0	0	19	10.44
INTERFERENCE WITH CUSTODY	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
MINOR IN POSSESSION OF - TOBACCO PRODUCTS, VAPOR PRODUCTS, ALTERNATIVE NICOTINE PRODUCTS, E-LIQUID P	0	0	0	3	0	0	0	0	0	0	0	0	3	1.65
OBTAINING A SIGNATURE BY DECEPTION	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
POSSESSION OF FIREARM BY CERTAIN PERSONS	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
PUBLIC INTOXICATION - CLASS C	0	0	0	5	0	0	0	0	0	0	0	0	5	2.75
SEXUAL ASSAULT IN 2ND DEGREE	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
SEXUAL ASSUALT 3RD DEGREE	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
SEXUAL EXTORTION	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
SEXUAL INDECENCY WITH A CHILD	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
TERRORISTIC THREATENING	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
THEFT BY DECEPTION	0	0	0	4	0	0	0	0	0	0	0	0	4	2.20
THEFT BY RECEIVING	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
THEFT OF PROPERTY-ALL OTHER	0	0	0	19	0	0	0	0	0	0	0	0	19	10.44
THEFT OF PROPERTY-FROM A BUILDING	0	0	0	5	0	0	0	0	0	0	0	0	5	2.75
THEFT OF PROPERTY-FROM MOTOR VEH-NO PART	0	0	0	2	0	0	0	0	0	0	0	0	2	1.10
THEFT OF PROPERTY-MOTOR VEH PARTS/ACCESS	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
THEFT OF PROPERTY LOST, MISLAID, OR DELIVERED BY MISTAKE.	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
VIOLATION OF A PROTECTION ORDER CLASS A MISD	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
VIOLATION OF NO CONTACT ORDER	0	0	0	3	0	0	0	0	0	0	0	0	3	1.65
WARRANT-COC FAIL TO PAY FINE	0	0	0	9	0	0	0	0	0	0	0	0	9	4.95
WARRANT-CONTEMPT OF COURT	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
WARRANT-FAILURE TO APPEAR	0	0	0	13	0	0	0	0	0	0	0	0	13	7.14
WARRANT-OTHER	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
WARRANT-OTHER AGENCY-MISDEMEANOR	0	0	0	4	0	0	0	0	0	0	0	0	4	2.20
WARRANT-OTHER AGENCY FELONY	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55

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Mountain Home Police Department, From 04/01/2024 00:00, Through 04/30/2024 23:59

CaseManagementReports_SummaryByCharge_Month

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Incidents Reported Statistics By Charge From UCR (by Month)

Dates From 04/01/2024 00:00 Through 04/30/2024 23:59

Page 3 of 3

Description	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total	% Total
WARRANT-PROBATION VIOLATION	0	0	0	1	0	0	0	0	0	0	0	0	1	0.55
	Totals: 0	0	0	182	0	0	0	0	0	0	0	0	182	

Baxter County 911 815 HWY 62 W Mountain Home , AR 72653

Saving Lives Behind The Scenes

CFS By Department - Select Department By Date For MOUNTAIN HOME POLICE DEPARTMENT 04/01/2024 00:00 - 04/30/2024

AIN HOME POLICE DEPARTMENT	Count	Percen
Abandoned Vehicle	3	0.27%
Abuse	1	0.09%
Accident (Entrapment/Rollover)	1	0.09%
Accident (Hit & Run)	1	0.09%
Accident (No Injuries)	41	3.64%
Accident (Parking Lot)	19	1.69%
Accident (Property Damage)	1	0.09%
Accident (Unknown Injuries)	11	0.98%
Accident (With Injuries)	3	0.27%
Alarm (Business)	29	2.58%
Alarm (Residential)	9	0.80%
Alarm (Smoke/Fire)	2	0.18%
Alcohol Related	3	0.27%
Animal Call	36	3.209
Assault	2	0.189
Assist Ambulance	1	0.099
Assist Other Agency	20	1.78
Attempt To Locate	14	1.24
Break In	5	0.44
Burn Complaint	1	0.09
Child Custody	4	0.36
Civil Matter	10	0.89
Civil Stand-By	7	0.62
Code / Ordinance Violation	1	0.09
Death	1	0.09
Direct Traffic	1	0.09
Disorderly Conduct	2	0.189
Dispute	8	0.71
Disturbance	16	1.42
Domestic (Physical)	8	0.71
Domestic (Verbal)	10	0.89
Drug Related	6	0.539
Duplicate Call	2	0.189
Extra Patrol Request	2	0.18
Fight In Progress	1	0.09
Fire (Structure)	1	0.09
Fire (Vehicle)	2	0.18
Follow-Up	13	1.16
Fraud	1	0.09
Funeral Escort	6	0.539
Gas Odor/Break	1	0.099

NTAIN HOME POLICE DEPARTMENT	Count	Perce
Gun Call	2	0.18
Gunshots/Sounds of	1	0.09
Hang Up Call	3	0.27
Harassment	6	0.53
Identity Theft	1	0.09
Lift Assist	2	0.18
Lockout	62	5.51
Loitering	2	0.18
Lost Property	3	0.27
Medical Dispatch	3	0.27
Missing Juvenile	1	0.09
Missing Person	4	0.36
Motorist Assist	7	0.62
Noise Complaint	2	0.18
Non-Emergency	12	1.07
Open Line	1	0.0
Overdose	1	0.0
Panhandling	3	0.27
Property Damage	2	0.18
Property Found Or Recovered	1	0.0
Psychiatric/Behavioral	3	0.27
Pursuit	3	0.27
Reckless Driver	32	2.84
Rescue Medical	10	0.89
Road Rage	2	0.18
Runaway	1	0.0
SCAM CALL	3	0.27
Service Call	7	0.62
Sexual Assault	1	0.0
Shooting	1	0.0
Shoplifting	11	0.98
Stolen Vehicle	1	0.0
Suicidal	7	0.62
Suspicious Activity	22	1.96
Suspicious Person	42	3.73
Suspicious Vehicle	6	0.53
Theft	25	2.22
Threats	6	0.53
Traffic Hazard	15	1.33
Traffic Stop	401	35.64
Trespassing	25	2.22
Unattended Juvenile	12	1.07
Unlawful Dumping	2	0.18
Unruly Juvenile	6	0.53
Water Leak	1	0.0
Welfare Check	55	4.89

CHAPTER 7.16

PROHIBITED WEAPONS

Sections:

A.

7.16.01 Unlawful to carry, exchange 7.16.02 Firearm discharge prohibited ACA 5-73-120

Krife = 3 incht

birstrument

7.16.01 Unlawful to carry, exchange

- A. It shall be unlawful for any person to carry any knife, the blade of which is over three (3) inches in length, or to carry any instrument commonly called a crabapple switch, dirk, dagger, pick or any other dangerous or deadly weapon within the city. It shall further be unlawful for any firm or corporation to sell, barter, exchange or otherwise dispose of such knives, crabapples switches, dirks, daggers or picks, or instruments to be used for a weapon within the corporate limits of the city.
- B. Possession of Firearms or Air Guns Within City Parks; and Hunting and/or Trapping Within City Recreational Facilities.

It shall be unlawful for an individual to carry a firearm or an air gun within any recreational facility owned by the city. Furthermore, it shall be unlawful to hunt or trap animals within recreational facilities owned by the city. If any person shall be deemed in violation of this section, he/she shall be deemed guilty of a misdemeanor and, upon conviction, be subject to a maximum fine of Two Hundred Fifty Dollars (\$250.00). (Ord. No. 90-36, Sec. 1)

7.16.02 Firearm discharge prohibited

Definitions.

This only addresses
firearms and solely
relates to 7.16.01 (B)

- 1. Firearms: An instrument used in the propulsion of shot, shell or bullets by the action of gunpowder exploded within it. This word comprises but is not limited to rifles, carbines, shotguns, revolvers and pistols.
- 2. Air Guns: An instrument used in the propulsion of a pellet, B-B or any other projectile by the action of air, gas or spring.

5-73-120 (2)
Offerse of carrying a Knife... for use with a purpose to altempt to unlowfully employ ... Knife ... as a weapon against a person 202

Attempting to unlawfully employ the Knife is the violetion, not the simple act of possessing the Knife

< Previous

Next >

A.C.A. § 5-73-120

Copy Citation

Current through all legislation of the 2023 Regular Session and the 2023 First Extraordinary Session.

AR - Arkansas Code Annotated Title 5 Criminal Offenses Subtitle 6. Offenses Against Public Health, Safety, or Welfare Chapter 73 Weapons Subchapter 1 - Possession and Use Generally

5-73-120. Carrying a weapon.



- (a) A person commits the offense of carrying a weapon if he or she possesses a handgun, knife, or \sim club on or about his or her person, in a vehicle occupied by him or her, or otherwise readily available for use with a purpose to attempt to unlawfully employ the handgun, knife, or club as a weapon against a person.
 - (b) As used in this section:
- (1) "Club" means any instrument that is specially designed, made, or adapted for the purpose of inflicting serious physical injury or death by striking, including a blackjack, billie, and sap;
- (2) "Handgun" means any firearm with a barrel length of less than twelve inches (12") that is designed, made, or adapted to be fired with one (1) hand; and



- (3) "Knife" means any bladed hand instrument three inches (3") or longer that is capable of inflicting serious physical injury or death by cutting or stabbing, including a dirk, a sword or spear in a cane, a razor, an ice pick, a throwing star, a switchblade, and a butterfly knife.
 - (c) A person is presumed to be carrying a weapon with a lawful purpose under this section if at the time of the act of carrying the weapon:
 - (1) The person is in his or her own dwelling, in his or her personal vehicle, in his or her place of business, or on property in which he or she has a possessory or proprietary interest;
 - (2) The person is a law enforcement officer, correctional officer, member of a municipal fire department bomb squad who is authorized to carry a concealed handgun under § 12-15-204, or member of the armed forces, acting in the course and scope of his or her official duties;
 - (3) The person is assisting a law enforcement officer, correctional officer, or member of the armed forces acting in the course and scope of his or her official duties pursuant to the direction or request of the law enforcement officer, correctional officer, or member of the armed forces;
 - (4) The person is carrying a weapon when upon a journey, unless the journey is through a commercial airport when presenting at the security checkpoint in the airport or is in the person's checked baggage and is not a lawfully declared weapon;
 - (5) The person is a registered commissioned security guard acting in the course and scope of his or her duties;
 - (6) The person is hunting game with a handgun that may be hunted with a handgun under rules and regulations of the Arkansas State Game and Fish Commission or is en route to or from a hunting area for the purpose of hunting game with a handgun;

- (B) If the person is an off-duty law enforcement officer, he or she may be required by a public school or publicly supported institution of higher education to be in physical possession of a valid identification identifying the person as a law enforcement officer;
- (8) The person is in possession of a concealed handgun and has a valid license to carry a concealed handgun under \S 5-73-301 et seq., or recognized under \S 5-73-321 and is not in a prohibited place as defined by \S 5-73-306;
- (9) The person is a prosecuting attorney or deputy prosecuting attorney carrying a firearm under § 16-21-147;
- (10) The person is in possession of a handgun and is a retired law enforcement officer with a valid concealed carry authorization issued under federal or state law;
- (11) The person is in possession of a concealed handgun and is a current or former district court judge, circuit court judge, Court of Appeals judge, or Supreme Court justice, with a valid license to carry a concealed handgun under § 5-73-301 et seq.; or
- (12) The person:
- (A) Is an employee of the Department of Corrections;
- (B) Is in his or her personal vehicle in a parking lot owned or operated by the department;
- (C) Has stored the weapon in a locked storage container that is attached to his or her personal vehicle; and
- (D) Has declared in writing to the department his or her intent to carry a weapon and received approval to carry a weapon under this subdivision (c)(12) in writing from the Secretary of the Department of Corrections or his or her designee.
- (d) Carrying a weapon is a Class A misdemeanor.

History

Acts 1975, No. 696, § 1; 1981, No. 813, § 1; A.S.A. 1947, § 41-3151; Acts 1987, No. 266, § 1; 1987, No. 556, § 1; 1987, No. 734, § 1; 1995, No. 832, § 1; 2003, No. 1267, § 2; 2005, No. 1994, § 293; 2013; No. 539, § 2; 2013, No. 746, § 2; 2015, No. 1155, § 14; 2019, No. 472, § 2; 2021, No. 766, § 1; 2021, No. 956, § 2; 2023, No. 166, § 2; 2023, No. 174, § 4; 2023, No. 752, § 1.

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ORDINANCE NO. 2024-x

AN ORDINANCE REPEALING AND DELETING SECTION 7.16.01 FROM THE MOUNTAIN HOME CITY CODE; AND DECLARING AN EMERGENCY THERETO

WHEREAS, the Mountain Home City Council did adopt Ordinance No. 121 on September 21, 1954, to create a unified City Code and said Code has been updated numerous times since that initial adoption; and

WHEREAS, Section 7.16.01 of the current City Code prohibits the carrying of an edged weapon with a blade longer than three (3) inches as well as prohibits the sale of such weapons in the City; and

WHEREAS, recent court decisions have possibly rendered the City's ability to enforce Section 7.16.01 as untenable; and

WHEREAS, Arkansas Code Annotated §5-73-120 does address the legalities of carrying weapons;

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

SECTION 1. REPEAL AND REMOVAL FROM CODIFICATION Section 7.16.01 of the Mountain Home City Code is hereby repealed and deleted in its entirety.

SECTION 2. EMERGENCY CLAUSE Proper and correct administration of the laws of the State of Arkansas and the City of Mountain Home are vital to the continued health, safety and welfare of Mountain Home's citizens, and therefore an emergency is hereby declared, and this Ordinance shall be in full force and effect from and after its passage.

PASSED AND APPROVED THIS 6TH DAY OF JUNE, 2024

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	HILLREY ADAMS, MAYOR

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

BALLARD & COMPANY, LTD.

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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 water and wastewater department's internal control. Accordingly, no such opinion is
 expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are no conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mountain Home water and wastewater department's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the water and wastewater department of the City of Mountain Home, Arkansas, and do not purport to, and do not present fairly the financial position of the City of Mountain Home as of December 31, 2023, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Department's Proportionate Share of the Net Pension Liability and the Schedule of Department Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion of the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Mountain Home water and wastewater department's basic financial statements. The Schedule of Operating Expenses, Schedule of Revenue Bonds Outstanding, and the Schedules of Water and Wastewater Usage Rates and Consumption are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses, the Schedule of Revenue Bonds Outstanding, and the Schedules of Water and Wastewater Usage Rates and Consumption are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of City Council City of Mountain Home, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the water and wastewater department of the City of Mountain Home, Arkansas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the water and wastewater department of the City of Mountain Home, Arkansas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the City of Mountain Home water and wastewater department as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 water and wastewater department 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 water and wastewater department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt 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 opinion. 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of City Officials 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 April 30, 2023, on our consideration of the City of Mountain Home, Arkansas water and wastewater department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mountain Home water and wastewater department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mountain Home, Arkansas water and wastewater department's internal control over financial reporting and compliance.

Ballard & Company, Ltd.

Ballard & Company, Ltd. Mountain Home, Arkansas April 30, 2023

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT STATEMENT OF NET POSITION DECEMBER 31, 2023

ASSETS Current assets: Cash and cash equivalents	\$ 2,450,312
Accounts receivable Inventory	 891,548 483,678
Total current assets	 3,825,538
Restricted assets - cash and cash equivalents	 15,524,250
Capital assets: Nondepreciable assets Depreciable assets, net of accumulated depreciation	9,673,422 33,797,160
Total capital assets	 43,470,582
Total assets	 62,820,370
DEFERRED OUTFLOWS OF RESOURCES Deferred outflows related to pensions Deferred outflows related to bonds	 1,102,892 96,685
Total deferred outflows of resources	 1,199,577
LIABILITIES Current liabilities - payable from current assets: Accounts payable Payroll liabilities Sanitation fees payable	58,380 103,903 250,585
Compensated absences Other current liabilities	 149,411 16,144
Total from current assets	578,423
Current liabilities - payable from restricted assets: Meter deposits Current maturities - refunding bonds payable	 714,229 1,217,000
Total from restricted assets	 1,931,229
Long-term liabilities: Compensated absences Revenue and refunding bonds payable, net of current maturities, discounts and premium Unspent proceeds - ARPA funds Net pension liability	277,477 15,682,712 1,924,888 3,349,091
Total long-term liabilities	 21,234,168
Total liabilities	 23,743,820
DEFERRED INFLOWS OF RESOURCES Deferred inflows related to pensions	 30,188
NET POSITION Net investment in capital assets Restricted: Debt service	36,677,722 38,158
Capital projects	1,532,829
Other Unrestricted	 17,425 1,979,805
Total net position	\$ 40,245,939

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Water service	\$ 5,553,122
Wastewater service	3,587,140
New service charges	119,217
Billing fees	50,244
Penalties	99,637
Expansion charges	41,150
Other	 23,356
Total operating revenue	9,473,866
OPERATING EXPENSES	
Water department	3,756,290
Wastewater department	2,926,547
Depreciation expense	 2,402,499
Total operating expenses	 9,085,336
Operating income (loss)	 388,530
NONOPERATING REVENUES (EXPENSES)	
Interest income	749,848
Gain on disposal of assets	69,070
Interest expense	(527,471)
Fiscal agent fees	 (3,600)
Total nonoperating revenues (expenses)	287,847
Income (loss) before capital contributions and transfers	 676,377
Capital contributions	719,561
Transfers in	 350,000
Total capital contributions and tranfers	 1,069,561
CHANGE IN NET POSITION	1,745,938
Net Position - Beginning of Year	 38,500,001
NET POSITION - END OF YEAR	\$ 40,245,939

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMEN' STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIE: Receipts from customers Payments for employee service: Payments to other funds Payments for supplies and service:	\$ 9,395,391 (3,300,374) (440,112) (2,857,471)
Net Cash Provided by (Used in) Operating Activitie	2,797,434
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIE Transfers in from other funds	350,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIE	
Principal paid on bonds payable Interest paid on bonds payable and deposit Fiscal agent fees paic Cash received from grant proceeds Cash received from sale of assets Cash paid to purchase and construct assets Net Cash Provided by (Used in) Capital and Relates	(1,202,000) (508,819) (3,600) 40,392 64,714 (4,471,526)
Financing Activities	(6,080,839)
Cash received from interest earner	749,848
NET INCREASE (DECREASE) IN CASH	(2,183,557)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAF	20,158,119
CASH AND CASH EQUIVALENTS - END OF YEAR Reconciliation of Operating Income (Loss) to Net Cash Provide	\$ 17,974,562
(Used In) Operating Activities Operating income (loss) Depreciation expense (Increase) Decrease in Assets and Increase (Decrease) in Liabilitie	\$ 388,530 2,402,499
Accounts receivable Inventory Deferred outflows of resources Accounts payable Accrued salaries and compensated absence Other accrued liabilities Deferred inflows of resources Net pension liablity Meter deposits refundable	(95,412) 24,093 (40,246) (47,412) (1,362) 4,275 (66,543) 212,075 16,937
Net Cash Flows from Operating Activities	\$ 2,797,434
Reconciliation of Total Cash and Cash Equivalents - End of Yea Current assets - cash and cash equivalents Restricted assets - cash and cash equivalents	\$ 2,450,312 15,524,250
Reconciliation of Total Cash and Cash Equivalents - Beginning of Yea Current assets - cash and cash equivalents	\$ 17,974,562 \$ 2,682,924
	\$ 17,974,562

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Mountain Home, Arkansas, (the City) was incorporated in 1888 and operates under a Mayor - Council form of government. The water and wastewater department (the Department) is responsible for the operation and maintenance of the City's water supply, treatment and distribution system as well as its wastewater treatment system.

The financial statements of the Department have been prepared and are presented herewith, separately from the comprehensive financial statements of the City of Mountain Home, Arkansas. These financial statements are intended to present only the financial position, results of operations and cash flows attributable to the Department and are not intended to, and do not, reflect the financial position, results of operation and cash flows of the City of Mountain Home, Arkansas as a whole.

Basis of Accounting

The water and wastewater department is used to account for the operations of the City of Mountain Home, Arkansas' proprietary fund and is an enterprise fund. Enterprise funds are for operations which are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public be financed or recovered primarily through user charges.

The financial statements of the Department are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to enterprise funds of governmental entities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Basis of Presentation

The presentation of the Department's financial statements follows the requirement of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB Statement No. 34) – applicable to enterprise funds, as amended. In accordance with the requirements of GASB Statement No. 34, the Department's net position is categorized into net investment in capital assets, restricted and unrestricted, as applicable. In addition, operating income reported in the financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues are charges to customers for water, wastewater, and related services. Principal operating expenses include the costs of providing these services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the notes. Actual results could differ from those estimates.

Budget and Budgetary Accounting

Enterprise fund service delivery levels are determined by the extent of consumer demand. Because enterprise fund revenues and expenses fluctuate with the changing service delivery levels, accounting principles generally accepted in the United States of America do not require the financial statements to include budgetary comparisons. Accordingly, such comparisons have not been included.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Cash is considered to be cash on hand, demand deposits, and cash with fiscal agents. Cash equivalents consist of money market funds investing in U.S. Treasury Securities and are stated at cost.

Accounts Receivable

Consumer accounts receivable reflects the balances due from the individuals and entities using the water and wastewater services provided by the Department. These consumers are substantially all local residents and business, as well as other municipalities and public water authorities that purchase treated water for resale to their residents.

Management closely monitors outstanding balances and evaluates collectability of its accounts receivable on a per-customer basis. Customer accounts are typically collected within a short period of time, and based on its assessment of current conditions, management believes realization losses on the amount outstanding at the end of 2023 will be immaterial. Accordingly, the account balance is reported at the full amount outstanding.

Inventories

Inventories held by the water and wastewater department are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets which are purchased or constructed are reported at historical cost. Contributed assets are reported at fair market value as of the date received. All capital assets are depreciated by the straight-line method over their estimated useful lives. Maintenance, repairs and minor renewals are charged against earnings when incurred. Additions, betterments and major renewals are capitalized.

Estimated useful lives are as follows:

Structures and Improvements 20-50 Years Water and Wastewater System 20-50 Years Machinery and Equipment 5-20 Years

Accounts Payable

Accounts payable consists of various trade accounts which are generally payable within thirty (30) days.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are financial statement elements distinct from assets and liabilities and represent a consumption or production of net position that applies to future periods and so will not be recognized as an outflow or inflow of resources until then. The Department's deferred outflows and inflows of resources consist of deferred outflows and inflows of resources related to the Department's pension plan activities, as further discussed in Note 10, and the deferred loss on refunding of bonds payable. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding bonds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (APERS) have been determined on the same basis as they are reported by APERS.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-term Debt

Long-term debt is reported net of any applicable discounts and premiums. Discounts and premiums are deferred and amortized over the life of the bonds.

Compensated Absences

Based on the City's personnel policies, employees are allowed to accumulate earned but unused vacation, compensatory time, and sick leave benefits. In the event of termination, an employee is paid for accumulated vacation leave, compensatory time, and vested accumulated sick leave. The maximum number of hours that can be accumulated for vacation and sick leave and vesting of sick leave by employees are dependent upon an employee's years of service. A liability has been recorded for the value of accumulated vacation leave, compensatory time and sick leave payable.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources, and is classified into the following categories:

- * Net Investment in Capital Assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- * Restricted net position net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- * *Unrestricted net position* consists of all other net position that does not meet the definition of the above two components and is available for general use of the Department.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The City's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

NOTE 2: CASH AND INVESTMENTS

State law generally provides 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 certificates of deposit. Public funds may also be invested in direct obligations of the United States of America and obligations on which the principal and interest are fully guaranteed by the United States of America.

The carrying amount of the Department's cash deposits was \$17,974,562 and the respective bank balances totaled \$18,285,201. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the water and wastewater department of the City of Mountain Home, Arkansas will not be able to recover deposits or will not be able to recover collateral securities. The Department's policy is to place deposits only in collateralized or insured accounts. As of December 31, 2023, all bank balances of the Department were fully insured or collateralized.

Cash equivalents consist of funds invested in the Northern Institutional Treasury Portfolio Money Market Fund, and are held by First Security Bank, trustee for the Series 2017 and 2020 Revenue Refunding Bonds and the Series 2022 Revenue Bonds. The funds as of December 31, 2023 totaled \$11,296,718.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets, not being depreciated:				
Land and land rights	\$ 257,857	\$ -	\$ -	\$ 257,857
Construction in progress	7,294,167	2,571,593	(646,595)	9,219,165
Water storage rights	196,400	-	-	196,400
	7,748,424	2,571,593	(646,595)	9,673,422
Capital assets, being depreciated:				
Structures and improvements	31,223,005	_	-	31,223,005
Mains and lines	30,480,589	1,704,058	_	32,184,647
Machinery and equipment	8,577,543	830,364	(76,604)	9,331,303
•	70,281,137	2,534,422	(76,604)	72,738,955
Less accumulated depreciation for:				
Structures and improvements	(15,415,878)	(905,257)	-	(16,321,135)
Mains and lines	(15,101,841)	(832,313)	_	(15,934,154)
Machinery and equipment	(6,091,038)	(664,929)	69,461	(6,686,506)
	(36,608,757)	(2,402,499)	69,461	(38,941,795)
Total capital assets, being				
depreciated, net	33,672,380	131,923	(7,143)	33,797,160
Capital assets, net	\$ 41,420,804	\$ 2,703,516	\$ (653,738)	\$ 43,470,582

Depreciation expense was charged to the water and wastewater departments as follows:

Water department Wastewater department	\$ 1,384,569 1,017,930
	\$ 2,402,499

NOTE 4: RESTRICTED ASSETS

Restricted assets consist of cash and equivalents restricted by various bond ordinances and the City Council for debt service and other specific uses. Restricted assets as of December 31, 2023 were as follows:

Debt service funds	\$	38,158
Depreciation funds		1,090,121
Expansion funds		330,139
Meter deposit fund		731,654
Capital project funds	1	3,334,178
Total restricted assets	\$ 1	5,524,250

NOTE 5: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2023 are as follows:

									Α	MOUNTS
	BE	GINNING					E	NDING	Dι	JE WITHIN
	B	ALANCE	AD	DITIONS	RE	DUCTIONS	BA	LANCE	0	NE YEAR
Bonds Payable:										
2017 refunding bonds	\$	252,000	\$	0	\$	(252,000)	\$	0	\$	0
2020 refunding bonds		7,904,000		0		(950,000)	(6,954,000		1,217,000
2022 revenue bonds	1	0,000,000		0		0	1(0,000,000		0
Total long-term debt	\$ 1	8,156,000	\$	0	\$	(1,202,000)	\$ 10	6,954,000	\$	1,217,000
		_								
Other Liabilities:	Φ.	405.004	Φ.	000 000	Φ.	(004.040)	Φ.	400.000	Φ.	440 444
Compensated absences	\$	425,901	\$	292,929	\$	(291,942)	\$	426,888	\$	149,411

BONDS PAYABLE

2017 Revenue Refunding Bonds

Under the authority of Ordinance 2017-16, dated September 21, 2017, the City issued revenue refunding bonds in the amount of \$3,463,000, bearing interest at 2.10% per annum through April 15, 2023, to refund the 2013 Series Bonds. The net proceeds of \$3,394,803 (after discount and the payment of bond issuance costs), were deposited with an escrow agent to immediately refund the outstanding principal, plus accrued interest, of the Series 2013 Bonds. As a result, the 2013 Series Bonds were considered defeased and the funds and all related liabilities were removed from the accounts of the water and wastewater department.

The City refunded the 2013 Bonds to reduce its total debt service requirements over the next 6 years. The refunding resulted in a difference in the amount of \$47,678 between the reacquisition price and the net carrying amount of the old debt. This difference was being amortized over the life of the bonds.

The Series 2017 bonds were secured by a pledge of the system revenues and were issued at a discount of \$31,167 with total issuance costs of \$37,000. The discount were being amortized over the life of the bonds. The issuance costs were expensed during the year ended December 31, 2017.

The Series 2017 bonds were retired during the year ended December 31, 2023.

NOTE 5: LONG-TERM LIABILITIES - Continued

BONDS PAYABLE - Continued

2020 Revenue Refunding Bonds

Under the authority of Ordinance 2020-14, dated October 01, 2020, the City issued revenue refunding bonds in the amount of \$8,809,000, bearing interest at varying rates through June 15, 2029, to refund the 2004 and 2019 Series Bonds. The net proceeds of \$8,632,257 (after discount and the payment of bond issuance costs), were deposited with an escrow agent to immediately refund the outstanding principal, plus accrued interest, of the Series 2004 and Series 2019 Bonds. As a result, the 2004 and 2019 Series Bonds were considered defeased and the funds and all related liabilities were removed from the accounts of the water and wastewater department.

The City refunded the 2004 and 2019 Bonds to reduce its total debt service requirements over the next 9 years. The refunding resulted in a difference in the amount of \$63,328 between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized over the life of the bonds.

The Series 2020 bonds are payable from and secured by a lien on the system revenues on a parity basis with the lien securing the City's Series 2017 Bonds. The 2020 Bonds were issued at a discount of \$128,666 with total issuance costs of \$45,265. The discount is being amortized over the life of the bonds. The issuance costs were expensed during the year ended December 31, 2020.

2022 Revenue Improvement Bonds

Under the authority of Ordinance 2022-24, dated May 19, 2022, the City issued revenue improvement bonds in the amount of \$10,000,000, bearing interest at varying rates through June 01, 2042, for the purpose of financing the upgrading and improving the City's wastewater treatment plant. The net proceeds of \$9,779,758 (after premium and the payment of bond issuance costs), were deposited into the 2022 bond construction project fund.

The Series 2022 bonds are payable from and secured by a lien on the system revenues on a parity basis with the lien securing the City's Series 2017 and the 2020 Bonds. The 2022 Bonds were issued at a premium of \$29,585, which will be amortized over the life of the bonds. A portion of the bond proceeds, totaling \$61,077, was used to purchase a municipal bond insurance policy and a municipal bond debt service reserve insurance policy. These prepaid insurance policies will be written off over the life of the bonds. The remaining issuance costs, in the amount of \$187,231, were expensed during the year ended December 31, 2022.

Combined redemption requirements of all the bonds payable subsequent to December 31, 2023 are as follows:

	Principal			Interest
12-31-2024	\$	1,217,000	\$	490.329
12-31-2024	Ψ	1,217,000	Ψ	474,315
12-31-2026		1,260,000		456,417
12-31-2027		1,278,000		436,225
12-31-2028		1,301,000		413,749
2029 – 2033		3,226,000		1,778,927
2034 – 2038		3,790,000		1,147,594
2039 – 2042		3,645,000		308,652
Total	\$	16,954,000	\$	5,506,208

NOTE 6: DEBT SERVICE COVERAGE

Various debt covenants require that the net revenues of the system shall equal not less than a certain percentage of the maximum annual debt service requirements of all outstanding bonds including any additional bonds proposed.

The actual percentage at December 31, 2023 was 206%, computed as follows:

Operating Income	\$ 388,530
Plus Depreciation Expense	2,402,499
Plus Other Income	749,848
Funds Available for Debt Service	\$ 3,540,877
Maximum Annual Debt Service Requirement on	
on the 2020 and 2022 Bonds	\$ 1,716,417
Debt Service Coverage Percentage	206%

NOTE 7: FUND REQUIREMENTS

The Series 2017, 2020, and 2022 Bond documents established certain funds and the manner in which revenues are to be deposited and transferred between the various funds. Cash funds were deposited and transferred as required.

Meter deposits are customer deposits for which reserves in an amount sufficient to refund the deposits in total must be held. Meter deposits reserves at December 31, 2023 were \$731,654, a surplus in the amount of \$17,425 from the total customer deposits of \$714,229.

NOTE 8: TRANSFERS FROM OTHER FUNDS

Authorized through a general election by the vote of the electors of the City of Mountain Home, \$350,000 per year is distributed from the City's sales tax monies for the water and wastewater department. Transfers and payments within the City of Mountain Home's funds are substantially for the purposes of subsidizing operating functions.

NOTE 9: RISK MANAGEMENT

The water and wastewater department of the City of Mountain Home, Arkansas has purchased insurance coverage to cover potential losses due to the various risks related to the damage to and/or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Department participates in the Arkansas Municipal League Program for its workers' compensation coverage. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission. The Department also participates in the Arkansas Municipal League Program for its building and contents, vehicle, and general liability coverage. The amount of settlements has not exceeded the insurance coverage in the past three years. Further, there were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

NOTE 10: ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (APERS)

Plan Description

The water and wastewater department of the City of Mountain Home, Arkansas provides pension benefits for its eligible employees through the Arkansas Public Employees Retirement System (APERS). APERS is a cost-sharing, multiple-employer, defined benefit plan that covers municipal employees whose municipalities have elected coverage under this system. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The City of Mountain Home, Arkansas elected to commence retirement coverage through APERS on August 1, 2003. Actual plan participation began with the eligible wages reported for September 2003.

The general administration and responsibility for the proper operation of the System is vested in the thirteen members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes five state and five non-state employees, all appointed by the Governor, and three exofficio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

Benefits Provided

Benefit provisions are established by state law and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service.

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 01, 2005),
- at age 55 with 35 credited service for local elected officials and public safety members.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service or at any age with at least 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option.

APERS Fiduciary Net Position

Detailed information about APERS' fiduciary net position is available in the separately issued APERS Financial Report available at http://www.apers.org/publications.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C. A. 24-2-701(a)). Members who began service prior to July 1, 2005, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to contribute of percentage of their salary, currently 5.50%. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(C)(3)). Employers contributed 15.32% for the fiscal year ended June 30, 2023. The Department contributed 15.32% of compensation for the year ended December 31, 2023, which totaled \$383,012.

NOTE 10: ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (APERS) - Continued

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions</u>

As of December 31, 2023, the Department reported a liability of \$3,349,091 for its proportionate share of the net pension liability. The collective net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions - Continued</u>

For the year ended December 31, 2023, the Department recognized pension expense of \$463,814. As of December 31, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,049	\$ (18,399)
Changes of assumptions	157,449	0
Net difference between projected and actual earnings on pension plan investments	416,842	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	154,625	(11,789)
Department contributions subsequent to the measurement date	184,927	0
Total	\$ 1,102,892	\$ (30,188)

\$184,927 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction of the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows
2024	263,089
2025	119,349
2026	533,469
2027	(28,130)
Total	887,777

NOTE 10: ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (APERS) - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.00%
Wage Inflation Rate	3.25%
Investment Rate of Return (net of investment and administrative expenses)	7.00%
Salary Increases	3.25 – 11.00%, including inflation
Mortality Table	See Below

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables for males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to the paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above-described tables.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022, and were applied to all prior periods included in the measurement.

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 – 2032 were based upon capital market assumptions provided by the plant's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity International Equity Real Assets Absolute Return Domestic Fixed	37% 24% 16% 5% 18%	6.19% 6.77% 3.34% 3.36% 1.79%
Total	100%	_

NOTE 10: ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (APERS) - Continued

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage point-higher (8.00%) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Department's proportionate share of the net pension			
liability	5,338,150	3,349,091	1,710,295

NOTE 11: ARKANSAS DIAMOND DEFERRED COMPENSATION PLAN

Plan Description

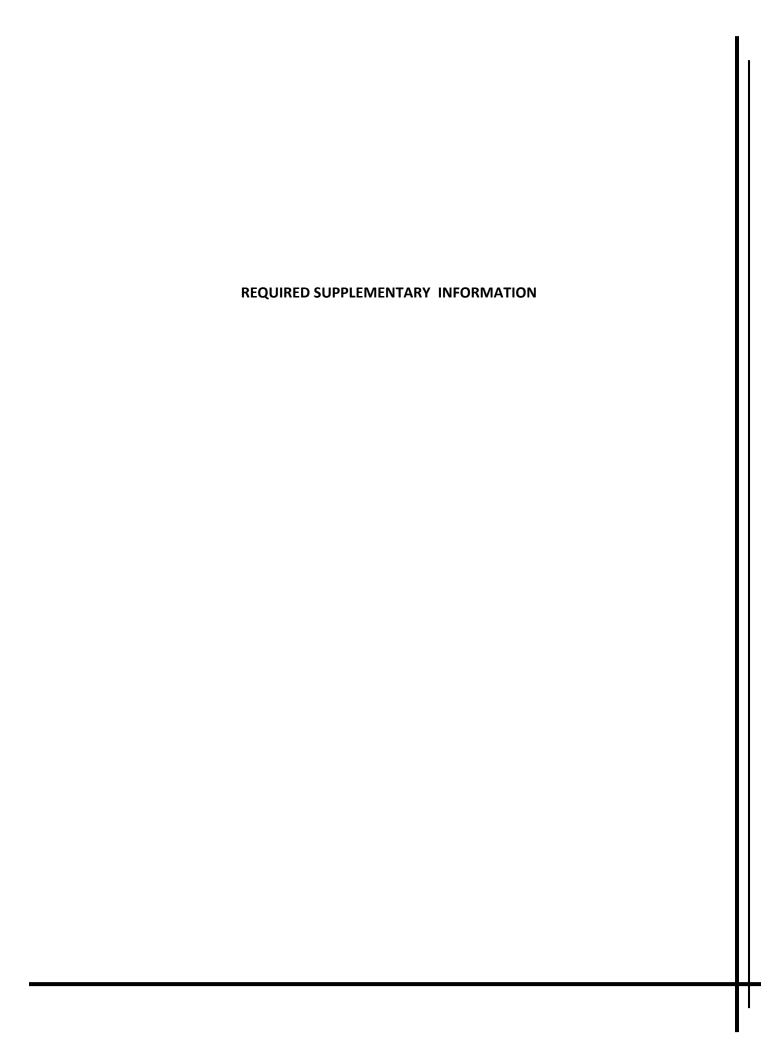
The City elected to become a participating employer in the Arkansas Diamond Deferred Compensation Plan, a Section 457B defined contribution pension plan. The City adopted the plan on October 27, 2022 and elected to commence this retirement option for all active employees on January 01, 2023. Voya Financial is the administrator of the plan.

Eligibility

Employees are eligible to participate in the plan when they begin employment with the City. Further, the City does not require a minimum number of hours per week that an employee is required to work in order to participate in the plan.

Contributions

Contributions to the plan are to be made by the employees only. The City does not make employer contributions (matching or non-matching) to the plan.



WATER AND WASTEWATER DEPARTMENT SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Arkansas Public Employees Retirement System Last 9 Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Department's proportion of the net pension liability (asset)	0.1083%	0.1082%	0.1151%	0.1118%	0.1196%	0.1098%	0.1199%	0.1189%	0.1149%
Department's proportionate share of the net pension liability (asset)	\$ 1,993,872	\$ 2,763,965	\$ 2,974,026	\$ 2,465,871	\$ 2,823,739	\$ 3,074,499	\$ 901,948	\$ 3,137,016	\$ 3,349,091
Department's covered payrol	\$ 2,040,802	\$ 2,087,790	\$ 2,081,845	\$ 2,227,922	\$ 2,078,039	\$ 2,277,745	\$ 2,263,973	\$ 2,428,952	\$ 2,500,076
Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	97.70%	132.39%	142.86%	110.68%	135.88%	134.98%	39.84%	129.15%	133.96%
Plan fiduciary net position as a percentage of the total pension liability	80.39%	75.50%	75.65%	79.59%	78.55%	75.38%	93.57%	78.31%	77.94%

Ten years worth of data will be presented as it is available. Actuarial assumptions and disclosures can be found in Note 10 of the financial statements.

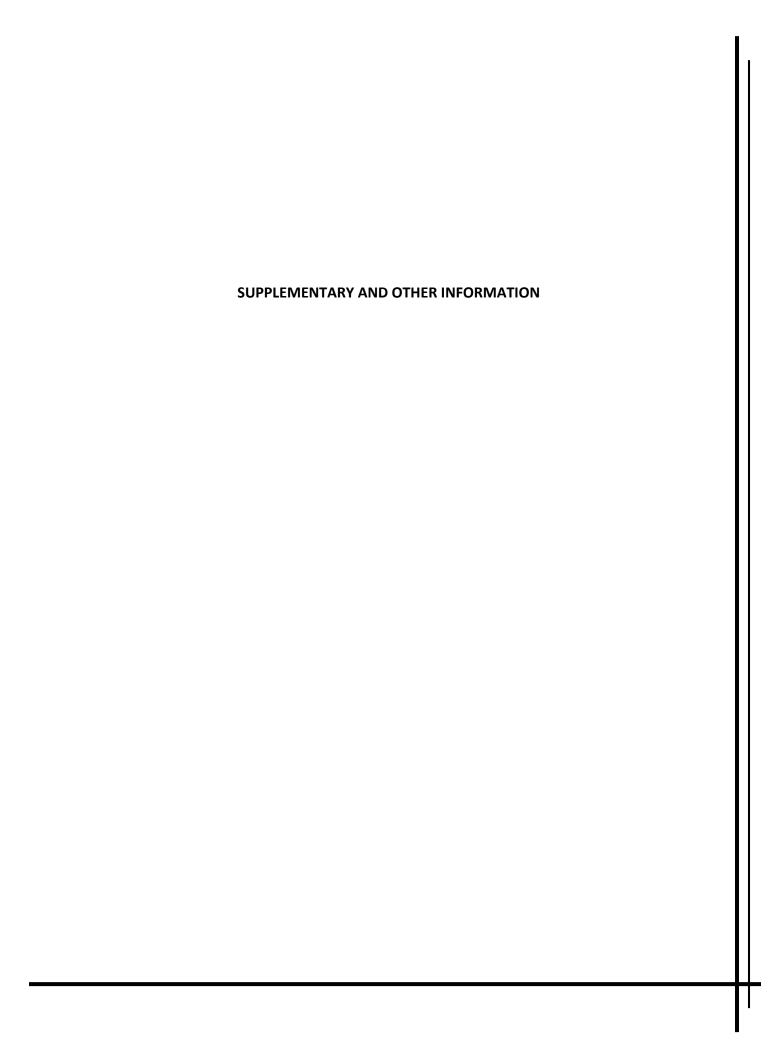
CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS

Arkansas Public Employees Retirement System

Last 9 Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 298,508	\$ 302,729	\$ 304,320	\$ 334,620	\$ 317,829	\$ 348,523	\$ 346,841	\$ 372,116	\$ 383,012
Contributions in relation to the contractually required contribution	(298,508)	(302,729)	(304,320)	(334,620)	(317,829)	(348,523)	(346,841)	(372,116)	(383,012)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department's covered payroll	\$ 2,040,802	\$ 2,087,790	\$ 2,081,845	\$ 2,227,922	\$ 2,078,039	\$ 2,277,745	\$ 2,263,973	\$ 2,428,952	\$ 2,500,076
Contributions as a percentage of covered payroll	14.63%	14.50%	14.62%	15.02%	15.29%	15.32%	15.32%	15.32%	15.32%

Ten years worth of data will be presented as it is available. Actuarial assumptions and disclosures can be found in Note 10 of the financial statements.



CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	D	Water epartment	 astewater epartment
Administrative Services	\$	220,234	\$ 219,888
Chemicals		334,896	43,569
Data Processing		111,584	107,618
Dues, Subscriptions, and Publications		1,339	2,267
Fuel, Vehicles and Equipment		54,675	51,425
Insurance - General		59,530	56,980
Insurance - Employees		214,849	200,008
Laboratory Expense		19,477	21,319
Miscellaneous		6,475	6,258
Pension Expense		236,545	227,269
Permits and Fees		50,298	18,396
Postage		2,576	2,473
Professional Fees		111,829	89,224
Repairs and Maintenance		665,377	212,453
Salaries, Net of Capitalized Wages		1,193,158	1,085,679
Supplies - Office		7,810	7,098
Supplies - Operating		36,126	32,426
Taxes		94,116	90,840
Telephone		12,139	12,791
Travel and Training		6,507	10,452
Uncollectible Accounts		13,748	-
Uniforms		13,312	17,252
Utilities		289,690	 410,862
Total Operating Expenses	\$	3,756,290	\$ 2,926,547

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF REVENUE BONDS OUTSTANDING FOR THE YEAR ENDED DECEMBER 31, 2023

	SI	ERIES 2020 BOND	<u>s</u>			SERIES 2022 BONDS	3
DUE DATE	PRINCIPAL	INTEREST	COUPON	<u>DUE DATE</u>	PRINCIPAL	INTEREST	COUPON
2024 2025 2026 2027 2028 2029	\$ 1,217,000 1,237,000 1,260,000 1,278,000 1,301,000 661,000	\$ 102,329 86,315 68,417 48,225 25,749 3,799	1.250% 1.375% 1.500% 1.700% 1.800% 1.970%	2024 2025 2026 2027 2028 2029	\$ -	\$ 388,000 388,000 388,000 388,000 388,000 388,000	0.0700/
Totals	\$ 6,954,000	\$ 334,834		2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041	610,000 630,000 650,000 675,000 700,000 725,000 790,000 820,000 855,000 890,000 930,000	378,088 357,938 336,731 314,372 288,981 260,481 230,881 199,981 167,269 132,722 96,731 59,194 20,006	3.250% 3.250% 3.375% 4.000% 4.000% 4.000% 4.125% 4.126% 4.125% 4.125%
				Totals	\$ 10,000,000	\$ 5,171,375	

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF WATER USAGE RATES AND CONSUMPTION FOR THE YEAR ENDED DECEMBER 31, 2023

Residential and Commercial Rates

For the first 3 months of the year, the monthly water usage rates were as follows:

Minimum Charge - first 2,000 gallons or less per month.

Excess over 2,000 gallons per month - \$2.87 per 1,000 gallons inside the City; \$5.70 per 1,000 gallons outside the City

	Meter M	<u>linimums</u>	<u>Demand</u>	<u>Charges</u>
Minimum Charges:	<u>Per</u>	<u>Month</u>	Per l	<u>Month</u>
	<u>Inside</u>	<u>Outside</u>	<u>Inside</u>	<u>Outside</u>
Residential Customers: 3/4" meter	\$ 8.04	\$ 16.08	\$ 7.34	\$ 14.71
Commercial Customers:				
3/4" meter	16.08	32.12	11.94	23.86
1" meter	27.54	55.05	22.92	45.89
1 1/4" meter	41.28	82.58	33.50	66.97
1 1/2" meter	56.20	112.38	47.70	95.42
2" meter	113.54	227.08	85.33	170.64
3" meter	228.21	456.43	192.19	384.37
4" meter	342.90	685.78	344.03	688.08
6" meter	672.00	1,344.00	761.53	1,532.09
8" meter	1,394.47	2,753.62	1,362.36	2,724.75

Effective 30 days after the passage of Ordinance 2023-10 approved on March 16, 2023, monthly water usage rates were as follows:

Minimum Charge - first 2,000 gallons or less per month.

Excess over 2,000 gallons per month - \$3.07 per 1,000 gallons inside the City; \$6.10 per 1,000 gallons outside the City

Minimum Charges:		<u>linimums</u> Month		<u> Charges</u> <u>Month</u>
	Inside	Outside	Inside	Outside
Residential Customers: 3/4" meter	\$ 8.59	\$ 17.21	\$ 7.85	\$ 15.74
Commercial Customers:				
3/4" meter	17.21	34.37	12.78	25.53
1" meter	29.47	58.90	24.52	49.10
1 1/4" meter	44.17	88.36	35.85	71.65
1 1/2" meter	60.13	120.25	51.04	102.10
2" meter	12149	242.98	91.30	182.58
3" meter	244.18	488.38	205.64	411.28
4" meter	366.90	733.79	368.11	736.25
6" meter	719.04	1,438.08	814.84	1,639.34
8" meter	1,492.08	2,946.37	1,457.73	2,915.48

During the year ended December 31, 2023, the total gallons of treated water billed were 928,432,812.

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF WATER USAGE RATES AND CONSUMPTION FOR THE YEAR ENDED DECEMBER 31, 2023

Wholesale Water Rates

Effective with water metered after July 15, 2022, rates charged to wholesale water purchasers were established by Ordinance 2021-21 as follows:

Purchases from the water plant	\$4.49 per 1,000 gallons
Purchases from the 960-elevation system	\$5.01 per 1,000 gallons
Purchases from the 1,080-elevation system	\$5.24 per 1,000 gallons

Effective with water metered after September 15, 2023, rates charged to wholesale water purchasers were established by Ordinance 2022-25 as follows:

Purchases from the water plant	\$4.82 per 1,000 gallons
Purchases from the 960-elevation system	\$5.30 per 1,000 gallons
Purchases from the 1,080-elevation system	\$5.51 per 1,000 gallons

Water Usage by Class

During the year ended December 31, 2023, usage by class of water users was as follows:

Customer Type	Average Users in Each Class Per Month	Water Usage by Each Class
Residential	6,664	350,348,369
Commercial	979	291,120,977
Industrial/Other	36	9,830,496
Wholesale	4	277,132,970

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF WASTEWATER USAGE RATES AND CONSUMPTION FOR THE YEAR ENDED DECEMBER 31, 2023

Wastewater Rates

For the first three months of the year, monthly wastewater usage rates were as follows:

Minimum Charge - first 2,000 gallons or less per month.

Excess over 2,000 gallons per month - \$3.68 per 1,000 gallons for residential, commercial and industrial users; \$5.33 per 1,000 gallons for all Baxter County Industrial Park users.

<u>Customer</u> <u>Minimum Charges</u> :	<u>Re</u>	sidential	Commercial/ <u>Industrial</u>	Baxter County Industrial Park
3/4" meter 1" meter	\$	19.74 24.65	\$ 29.40 43.08	\$ 42.14 55.81
1 ½" meter			73.82	86.53
2" meter			120.48	133.21
3" meter			252.55	
4" meter			441.54	
6" meter			965.25	
8" meter			1,705.27	

Effective 30 days after the passage of Ordinance 2023-11, approved on March 16, 2023, monthly wastewater usage rates were as follows:

Minimum Charge - first 2,000 gallons or less per month.

Excess over 2,000 gallons per month - \$4.12 per 1,000 gallons for residential, commercial and industrial users; \$5.97 per 1,000 gallons for all Baxter County Industrial Park users.

<u>Customer</u>			Commercial/	Baxter County
Minimum Charges:	<u>Re</u>	<u>sidential</u>	<u>Industrial</u>	Industrial Park
3/4" meter	\$	22.11	\$ 32.93	\$ 47.20
1" meter		31.04	48.25	62.51
1 ½" meter			82.68	96.91
2" meter			134.94	149.20
3" meter			282.86	
4" meter			494.52	
6" meter			1,081.08	
8" meter			1,909,90	

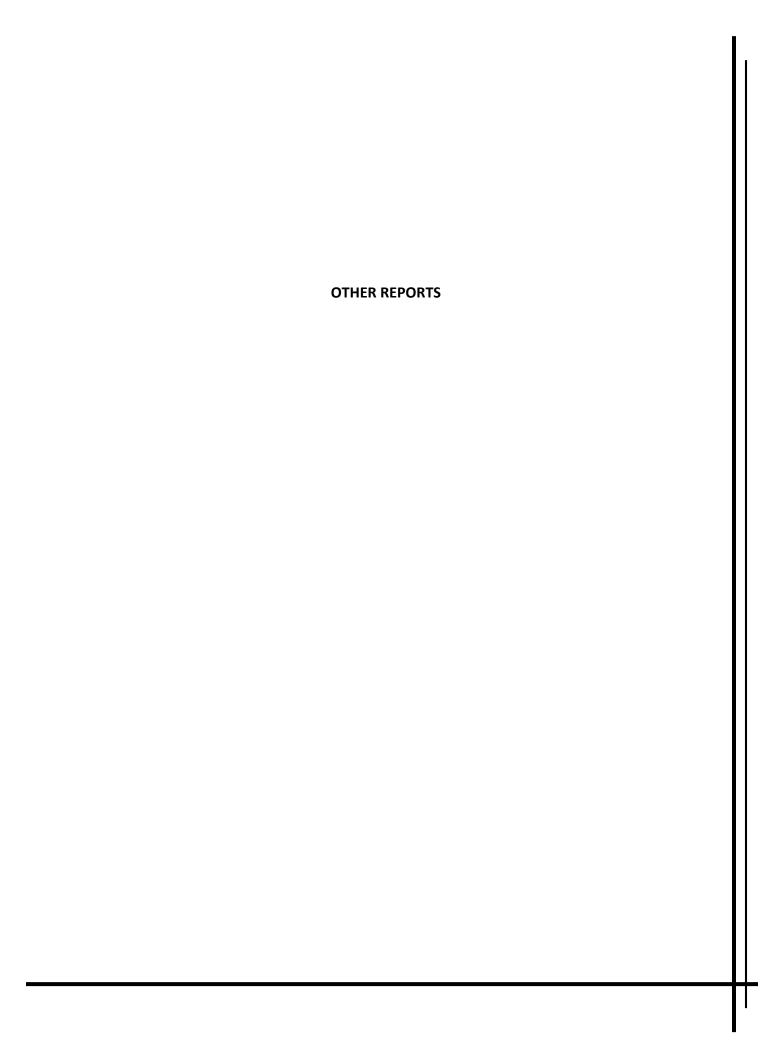
During the year ended December 31, 2023, usage by class of wastewater users was as follows:

	Average Users in	
	Each Class	Water Usage by
Customer Type	Per Month	Each Class
Residential	5,343	272,767,797
Commercial	848	250,472,082
Industrial Park	17	1,876,273

Residential wastewater users for the six months of January, February, March, October, November and December averaged 5,345 per month. Residential water gallons for those months totaled 132,951,192, an average of 22,158,532 gallons per month.

CITY OF MOUNTAIN HOME, ARKANSAS WATER AND WASTEWATER DEPARTMENT SCHEDULE OF CITY OFFICIALS FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Position</u>	<u>Official</u>
Ward 1, Pos. 1	Bob Van Haaren
Ward 1, Pos. 2	Susan Stockton
Ward 2, Pos. 1	Jennifer Baker
Ward 2, Pos. 2	Wayne Almond
Ward 3, Pos. 1	Paige Evans
Ward 3, Pos. 2	Carry Manuel
Ward 4, Pos. 1	Jim Bodenhamer
Ward 4, Pos. 2	Nick Reed
Mayor	Hillrey Adams





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

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

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 Members of City Council City of Mountain Home, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the water and wastewater department of the City of Mountain Home, Arkansas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Mountain Home, Arkansas water and wastewater department's basic financial statements, and have issued our report thereon dated April 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the water and wastewater department of 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 water and wastewater department of the City of Mountain Home, Arkansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the water and wastewater department 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 water and wastewater department of 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*.

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.

Ballard & Company, Ltd. Mountain Home, Arkansas April 30, 2024

RESOLUTION NO. 2024-x

A RESOLUTION EXPRESSING THE WILLINGNESS OF THE CITY OF MOUNTAIN HOME TO UTILIZE FEDERAL-AID RECREATIONAL TRAILS PROGRAM FUNDS

WHEREAS, the City of Mountain Home understands Federal-Aid Recreational Trails Program Funds are available at 80 percent federal participation and 20 percent local match/in-kind labor to develop or improve the McCabe Park trails system;

WHEREAS, the City of Mountain Home understands that Federal-Aid Funds are available for this project on a reimbursable basis, requiring work to be accomplished and proof of payment prior to actual monetary reimbursement;

WHEREAS, this trails project, using federal funding, will be open and available for use by the public and maintained by the applicant for the life of the project;

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

SECTION 1. The City of Mountain Home will participate in accordance with its designated responsibility, including maintenance of this project.

SECTION 2. Mayor Hillrey Adams is hereby authorized and directed to execute all appropriate agreements and contracts necessary to expedite the construction of the above stated project.

SECTION 3. The City Council of the City of Mountain Home pledges its full support and hereby authorizes the Arkansas Department of Transportation to initiate action to implement this project.

PASSED AND ADOPTED THIS 6TH DAY OF JUNE, 2024

HILLREY ADAMS, MAYOR

TTEST:		

ORDINANCE NO. 2024-x

AN ORDINANCE REPEALING AND DELETING SECTION 7.16.01 FROM THE MOUNTAIN HOME CITY CODE; AND DECLARING AN EMERGENCY THERETO

WHEREAS, the Mountain Home City Council did adopt Ordinance No. 121 on September 21, 1954, to create a unified City Code and said Code has been updated numerous times since that initial adoption; and

WHEREAS, Section 7.16.01 of the current City Code prohibits the carrying of an edged weapon with a blade longer than three (3) inches as well as prohibits the sale of such weapons in the City; and

WHEREAS, recent court decisions have possibly rendered the City's ability to enforce Section 7.16.01 as untenable; and

WHEREAS, Arkansas Code Annotated §5-73-120 does address the legalities of carrying weapons;

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

<u>SECTION 1.</u> REPEAL AND REMOVAL FROM CODIFICATION Section 7.16.01 of the Mountain Home City Code is hereby repealed and deleted in its entirety.

<u>SECTION 2.</u> EMERGENCY CLAUSE Proper and correct administration of the laws of the State of Arkansas and the City of Mountain Home are vital to the continued health, safety and welfare of Mountain Home's citizens, and therefore an emergency is hereby declared, and this Ordinance shall be in full force and effect from and after its passage.

PASSED AND APPROVED THIS 6TH DAY OF JUNE, 2024

HILLREY ADAMS, MAYOR
IIILLKE I ADAMS, MAI OK

ATTEST:				
SCOTT LI	LES (TITV (T.FRK	

CHAPTER 7.16

PROHIBITED WEAPONS

Sections:

7.16.01 Unlawful to carry, exchange 7.16.02 Firearm discharge prohibited ACA 5-73-120

Krife = 3 incht

binstrument

7.16.01 Unlawful to carry, exchange

- A. It shall be unlawful for any person to carry any knife, the blade of which is over three (3) inches in length, or to carry any instrument commonly called a crabapple switch, dirk, dagger, pick or any other dangerous or deadly weapon within the city. It shall further be unlawful for any firm or corporation to sell, barter, exchange or otherwise dispose of such knives, crabapples switches, dirks, daggers or picks, or instruments to be used for a weapon within the corporate limits of the city.
- B. Possession of Firearms or Air Guns Within City Parks; and Hunting and/or Trapping Within City Recreational Facilities.

It shall be unlawful for an individual to carry a firearm or an air gun within any recreational facility owned by the city. Furthermore, it shall be unlawful to hunt or trap animals within recreational facilities owned by the city. If any person shall be deemed in violation of this section, he/she shall be deemed guilty of a misdemeanor and, upon conviction, be subject to a maximum fine of Two Hundred Fifty Dollars (\$250.00). (Ord. No. 90-36, Sec. 1)

7.16.02 Firearm discharge prohibited

This only addresses
firearms and solely
relates to 7.16.01 (B)

- A. Definitions.
 - 1. Firearms: An instrument used in the propulsion of shot, shell or bullets by the action of gunpowder exploded within it. This word comprises but is not limited to rifles, carbines, shotguns, revolvers and pistols.
 - 2. Air Guns: An instrument used in the propulsion of a pellet, B-B or any other projectile by the action of air, gas or spring.

5-73-120 (2)
Offense of carrying a Knife... for use with a purpose to attempt to unlawfully employ ... Knife... as a weapon against a person 202

Attempting to unlawfully employ the Knife is the violation, not the simple act of possessing the Knife

Previous

Next >

A.C.A. § 5-73-120

Copy Citation

Current through all legislation of the 2023 Regular Session and the 2023 First Extraordinary Session.

AR - Arkansas Code Annotated
Public Health, Safety, or Welfare
and Use Generally

Title 5 Criminal Offenses
Chapter 73 Weapons
Subtitle 6. Offenses Against
Subchapter 1 — Possession

5-73-120. Carrying a weapon.



- (a) A person commits the offense of carrying a weapon if he or she possesses a handgun, knife, or club on or about his or her person, in a vehicle occupied by him or her, or otherwise readily available for use with a purpose to attempt to unlawfully employ the handgun, knife, or club as a weapon against a person.
 - (b) As used in this section:
 - (1) "Club" means any instrument that is specially designed, made, or adapted for the purpose of inflicting serious physical injury or death by striking, including a blackjack, billie, and sap;
 - (2) "Handgun" means any firearm with a barrel length of less than twelve inches (12") that is designed, made, or adapted to be fired with one (1) hand; and



- (3) "Knife" means any bladed hand instrument three inches (3") or longer that is capable of inflicting serious physical injury or death by cutting or stabbing, including a dirk, a sword or spear in a cane, a razor, an ice pick, a throwing star, a switchblade, and a butterfly knife.
 - (c) A person is presumed to be carrying a weapon with a lawful purpose under this section if at the time of the act of carrying the weapon:
 - (1) The person is in his or her own dwelling, in his or her personal vehicle, in his or her place of business, or on property in which he or she has a possessory or proprietary interest;
 - (2) The person is a law enforcement officer, correctional officer, member of a municipal fire department bomb squad who is authorized to carry a concealed handgun under § 12-15-204, or member of the armed forces, acting in the course and scope of his or her official duties;
 - (3) The person is assisting a law enforcement officer, correctional officer, or member of the armed forces acting in the course and scope of his or her official duties pursuant to the direction or request of the law enforcement officer, correctional officer, or member of the armed forces;
 - (4) The person is carrying a weapon when upon a journey, unless the journey is through a commercial airport when presenting at the security checkpoint in the airport or is in the person's checked baggage and is not a lawfully declared weapon;
 - (5) The person is a registered commissioned security guard acting in the course and scope of his or her duties;
 - **(6)** The person is hunting game with a handgun that may be hunted with a handgun under rules and regulations of the Arkansas State Game and Fish Commission or is en route to or from a hunting area for the purpose of hunting game with a handgun;



Document: A.C.A. § 5-73-120

- **(B)** If the person is an off-duty law enforcement officer, he or she may be required by a public school or publicly supported institution of higher education to be in physical possession of a valid identification identifying the person as a law enforcement officer;
- (8) The person is in possession of a concealed handgun and has a valid license to carry a concealed handgun under § 5-73-301 et seq., or recognized under § 5-73-321 and is not in a prohibited place as defined by § 5-73-306;
- (9) The person is a prosecuting attorney or deputy prosecuting attorney carrying a firearm under § 16-21-147;
- (10) The person is in possession of a handgun and is a retired law enforcement officer with a valid concealed carry authorization issued under federal or state law;
- (11) The person is in possession of a concealed handgun and is a current or former district court judge, circuit court judge, Court of Appeals judge, or Supreme Court justice, with a valid license to carry a concealed handgun under § 5-73-301 et seq.; or
- (12) The person:
- (A) Is an employee of the Department of Corrections;
- (B) Is in his or her personal vehicle in a parking lot owned or operated by the department;
- **(C)** Has stored the weapon in a locked storage container that is attached to his or her personal vehicle; and
- (**D**) Has declared in writing to the department his or her intent to carry a weapon and received approval to carry a weapon under this subdivision (c)(12) in writing from the Secretary of the Department of Corrections or his or her designee.
- (d) Carrying a weapon is a Class A misdemeanor.

History

Acts 1975, No. 696, § 1; 1981, No. 813, § 1; A.S.A. 1947, § 41-3151; Acts 1987, No. 266, § 1; 1987, No. 556, § 1; 1987, No. 734, § 1; 1995, No. 832, § 1; 2003, No. 1267, § 2; 2005, No. 1994, § 293; 2013; No. 539, § 2; 2013, No. 746, § 2; 2015, No. 1155, § 14; 2019, No. 472, § 2; 2021, No. 766, § 1; 2021, No. 956, § 2; 2023, No. 166, § 2; 2023, No. 174, § 4; 2023, No. 752, § 1.

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⟨ Previous Next ⟩



Established 1895 . Member New York Stock Exchange, Inc.

September 21, 1978

Mr. Ron Patterson Mr. Duane Anderson

Gentlemen:

Enclosed please find the final Official Statement on the \$1,950,000 City of Mountain Home, Arkansas, Nursing and Retirement Home Facilities Board Revenue Bonds (The Evangelical Lutheran Good Samaritan Society Project). If you have any substantive changes to this document, please call me at 612-371-8345, and we will attempt to sticker the documents. In the future, we shall attempt to get your final approval before printing the final Official Statement, which was not possible on this issue due to the constraints in time.

Sincerely,

PIPER, JAFFRAY & HOPWOOD INCORPORATED

Marjorie A. Loeffler

Public Finance Department

Midge Loeffle

MAL:mr

Enclosures

NEW ISSUE FITCH RATING: A

In the opinion of Co-Bond Counsel, interest on the Series 1978 Bonds is exempt from all Federal and State of Arkansas income taxes and the Bonds are not subject to taxation as property by the State of Arkansas or Arkansas Cities, Counties or School Districts.

\$1,950,000

CITY OF MOUNTAIN HOME, ARKANSAS NURSING AND RETIREMENT HOME FACILITIES BOARD (The Ev. Lutheran Good Samaritan Society Project)

Revenue Bonds Series 1978

DATED: July 1, 1978

DUE: July 1, as shown below

The Bonds are not a charge against the general credit or taxing powers of the City or the Board. The Bonds will be payable solely from and secured by a pledge of revenues derived from and a mortgage on and security interest in the Home financed by the Bonds as described herein, including the amounts to be received pursuant to a lease agreement with, and an unconditional guarantee of the payment of principal, premium, if any, and interest on the Bonds by

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY

The Bonds will be issued pursuant to, and will be equally and ratably secured by, a Mortgage and Indenture of Trust between the Board and First National Bank & Trust Co. of Mountain Home, as Trustee. Principal and semi-annual interest (July 1 and January 1, commencing January 1, 1979) will be payable at First National Bank & Trust Co. of Mountain Home, in Mountain Home, Arkansas, Paying Agent, except that interest on any fully registered Bond is payable by check.

The Bonds will be subject to redemption prior to maturity as set forth herein.

MATURITY SCHEDULE

Amount	Due (July 1)	Coupon	Amount	Due (July 1)	Coupon
\$35,000	1980	5.50%	\$50,000	1987	6.90%
35,000	1981	5.75	55,000	1988	7.00
40,000	1982	6.00	60,000	1989	7.10
40,000	1983	6.20	65,000	1990	7.20
40,000	1984	6.40	65,000	1991	7.30
45,000	1985	6.60	70,000	1992	7.40
50,000	1986	6.75	80,000	1993	7.40

1,220,000 8.00% due 2003

(Plus accrued interest from July 1, 1978)

All Bonds sold at 100%

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriters, subject to the opinion as to validity and certain other matters by Dorsey, Windhorst, Hannaford, Whitney & Halladay, Minneapolis, Minnesota, and Friday Eldredge & Clark, Little Rock, Arkansas and certain other conditions. It is expected that delivery of the Bonds will be made in Minneapolis, Minnesota, on or about September 28, 1978 against payment therefor.

No dealer, broker, salesman or any other person has been authorized by the City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), The Ev. Lutheran Good Samaritan Society or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer, solicitation or sale in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of The Ev. Lutheran Good Samaritan Society since the date hereof.

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THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER JURISDICTIONS SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

INTRODUCTORY STATEMENT

The City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) (the "Board") is issuing its Revenue Bonds, Series 1978, in the aggregate principal amount of \$1,950,000 (the "Bonds") pursuant to a Mortgage and Indenture of Trust, dated as of July 1, 1978 (the "Indenture"), between the Board and the Trustee named on the cover page hereof (the "Trustee"). The Bonds are being issued to provide funds to acquire, construct and equip a combination nursing home and retirement home (the "Project" or the "Home").

Pursuant to a Lease dated as of July 1, 1978 (the "Lease"), between the Board and The Ev. Lutheran Good Samaritan Society (the "Society"), the proceeds of the sale of the Bonds will be applied to finance the Project and the Project will be leased to the Society. The Bonds will be payable and secured as described under "The Bonds". The amount of Basic Rent provided in the Lease is sufficient, if collected in full, to pay the principal of, premium, if any, and interest on the Bonds. The Society will also unconditionally guarantee payment of all principal of, premium, if any, and interest on the Bonds pursuant to a Guaranty Agreement dated as of July 1, 1978 (the "Guaranty Agreement") between the Society and the Trustee.

Brief descriptions of the Board, the Project, the Bonds, the Lease, the Guaranty Agreement and the Indenture are included in this Official Statement, and a brief description of the Society is included as an Appendix to this Official Statement. All references herein to such documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in such documents, all of which are available for inspection in the offices of the Underwriters. All information contained under the heading "The Project" and all information included in the Appendix hereto has been furnished by the Society.

The Lease, the Guaranty Agreement and the Indenture will be entered into and the legal opinions referred to herein will be delivered on or prior to the closing date specified on the cover of this Official Statement.

THE BOARD

The Board is a public instrumentality of the City of Mountain Home, Arkansas (the "City"), lawfully created by ordinance of the governing body of the City pursuant to Act No. 142 of the Acts of Arkansas of 1975, as amended (the "Act"). The Board has all requisite power and authority under the Act, the ordinance creating the Board, and other applicable laws of the State of Arkansas, to enter into the Lease and the Indenture and issue the Bonds and to carry out its obligations under the Lease, the Indenture and the Bonds.

THE PROJECT

The Project consists of a nursing home of 70 intermediate care beds, 42 retirement apartments and combined dining facilities for the nursing homes and the apartments, located on a 15.7 acre site. The apartments include 20 one-bedroom and 22 two-bedroom units to be available for life-time use at initial fees of \$22,000 and \$28,500, respectively. In addition to these initial fees, monthly payments are \$240 and \$295 for the one-bedroom apartments and \$275 and \$330 for the two-bedroom apartments depending on whether occupancy is by one or two persons. These payments include utilities, carpet and drapes, one meal a day, heavy cleaning twice a month, 10 days per year free care in the health center, plus maintenance of all common areas. As of July 15, 1978, 25 of these apartments had been committed for with \$135,865.30 paid in (on a 25% down basis); and a fund drive totaling \$10,125 had been collected for the Project.

Construction on the Project started July 9, 1978 and is expected to be completed within 10 to 12 months. The Project is estimated to cost approximately \$2,721,000 comprised of the following estimated amounts:

Land and Building Costs	\$2,347,000
Equipment	119,000
Capitalized Interest	150,000
Legal, Underwriting & Other	
Miscellaneous Costs	105,000
	\$2,721,000

The cost of the Project not financed from the proceeds of the Bonds and investment earnings thereon is to be paid from (i) donations and grants from residents of the City of Mountain Home and the surrounding area; (ii) initial payments for retirement apartments committed for; and (iii) proceeds of the interim loan described below. Title to the retirement apartments is not actually transferred to the occupant, but the occupant is required to pay an initial fee prior to occupancy. For the retirement apartments committed for, 25% of the initial fee has already been collected by the Society and the other 75% will be due and payable upon completion of construction of the retirement apartments. The Society has made arrangements for an interim loan in an amount not to exceed \$585,000 (equal to the unpaid 75% of the initial payment for the retirement apartments), secured by a mortgage on the Project. Upon completion of the Project the principal amount of the interim loan will be paid from the proceeds of the 75% balance due on initial payments for already committed for retirement apartments and other funds of the Society (including retirement apartments hereafter committed for), and the interim mortgage discharged.

To the extent that the funds described above are insufficient to complete the Project the Society agrees to pay the remaining cost, but may request the Board to issue additional bonds to the extent necessary to finance completion of the Project. (See "The Lease - Construction of Project" and "The Bonds - Additional Bonds".)

CERTAIN BONDHOLDER RISKS

Non-profit health care facilities under non-governmental ownership and management, including nursing homes and hospitals, are subject to various factors that may adversely influence their capabilities to punctually and fully meet their financial obligations when due and payable. Such factors, include, but are not limited to: reliance upon volunteers to provide certain services without pay, and reliance upon donors to contribute a portion of necessary moneys; future uncertainties of contributory payments by Medicaid and similar private and governmental entities and plans, lack of need for certain or all services because of unforeseeable over-supply of such services caused by future over-construction of related facilities or population shifts to other geographical service areas; restrictions on operations imposed by governmental bodies; need to provide beds and services to indigents lacking resources to pay for services provided; and inflated costs of labor, services and materials. The nature of such factors is such that their influence is not predictable or controllable either by health care facility administrators or by consultants or other experts.

As a non-profit corporation, the Society is subject to factors such as those mentioned above and which, at one or more times, may adversely affect the Society's capability to punctually and fully perform its obligations under the Lease and the Guaranty Agreement.

In the event that the Board repossesses the Home because of default of the Society, there is no assurance that the Board will be able to sell the Home or to re-let the Home in return for rents and other obligations that will be adequate to punctually and fully pay the Bonds and the interest thereon; moreover, there can be no assurance as to the effectiveness of the remedies provided by the Indenture since, among other things, the rights of the users of the Home may be deemed paramount to the rights of the Board, the Trustee and the Bondholders, for reasons of public policy or otherwise.

THE BONDS

Security

The Bonds are special obligations of the Board, payable solely from and secured by a pledge by the Board of Basic Rent and other amounts derived under the Lease and by a mortgage of the real properties included in and a security interest on the personal properties included in the Project, granted by the Board to the Trustee. However, until the interim loan described under the caption "The Project" is fully satisfied, the mortgage on the Project securing such interim loan will be prior to the mortgage securing the Bonds. Moreover, the interim mortgage lender is also the Trustee for the Bondholders, and as a result there exists a potential conflict between the interest of the First National Bank & Trust Co. of Mountain Home as interim lender and as Trustee for the Bondholders since the interim loan made by the First National Bank & Trust Co. is secured by a first mortgage on the Home while, during the period the interim loan remains unpaid, the Bonds are secured by a second mortgage on the Home, and such bank is both administering its own loan and acting as Trustee for The Bonds do not constitute a general obligation of the the Bondholders. Board or a charge against the general credit or taxing power of the

City of Mountain Home or the State of Arkansas. No Bondholder shall have the right to demand payment of the principal of, premium if any, and interest on the Bonds out of any funds to be raised by taxation or from any source other than those specified above.

Under certain circumstances unimproved portions of the Home Site and items of Home Equipment can be released from the lien of the Indenture. (See "The Lease - Society's Options.")

Upon certain terms and conditions specified in the Indenture, the Bonds or any portion thereof shall be deemed to be paid and the security provided in the Indenture for the Bonds may be discharged prior to maturity or redemption thereof upon the provision for the payment of such Bonds in the manner set forth in the Indenture. (See "The Indenture - Discharge of Lien.") In that case the Bonds will be secured by the cash and/or securities deposited with the Trustee.

Details

The Bonds will be dated as of July 1, 1978, and will bear interest from their date at the rates and mature on the dates set forth on the cover page of this Official Statement. Interest will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 1979.

The Bonds will be issued as coupon bonds, registrable as to principal only, in the denomination of \$5,000 each, or as fully registered bonds without coupons, in any denomination which is an integral multiple of \$5,000. Principal of, premium, if any, and interest on the Bonds are payable at the place or places specified on the cover page of this Official Statement, except that interest on fully registered bonds will be paid by check or draft mailed to the registered holder.

Redemption

The Bonds are callable for redemption as follows:

(a) Bonds maturing in 1987 and later years are callable on July 1, 1986, and any interest payment date thereafter, in inverse order of maturity dates, and by lot as to Bonds having the same maturity date, at their principal amount and accrued interest plus a premium expressed as a percentage of the principal amount being redeemed, as follows:

Redemption Date

July 1, 1986 or January 1, 1987

July 1, 1987 or January 1, 1988

July 1, 1988 and thereafter

Redemption Premium

2%

1%

No premium

- (b) in whole, but not in part, at par and accrued interest, upon (i) certain events of damage to, destruction or condemnation of the Home or occurrence of events rendering the covenants of the Lease impossible of performance, and (ii) the exercise by the Society of its option to direct the Board to redeem all outstanding Bonds. (See "The Lease Society's Options.")
- (c) bonds maturing in 2003 are subject to mandatory sinking fund redemption, by lot, at their principal amount and accrued interest, on July 1, as follows:

Amount	
\$ 85,000	
90,000	
95,000	
105,000	
115,000	
125,000	
135,000	
145,000	
155,000	
170,000 (F:	inal Maturity)
	\$ 85,000 90,000 95,000 105,000 115,000 125,000 135,000 145,000

No further interest shall accrue on the principal of any Bonds duly called for redemption after the redemption date if payment therefor has been duly provided. All coupons for interest thereon maturing subsequent to such date shall be void.

Additional Bonds

One or more series of Additional Bonds may be issued to finance completion of the Project, refund Outstanding Bonds or finance any additions, expansions, enlargements or modifications to the Home, including installation of items of personal property to be located permanently or used exclusively on the Home Site. Additional Bonds shall be payable solely from and secured by a pledge of Basic Rent and other amounts derived from the Lease and a mortgage of and security interest in the Home pursuant to the Indenture, on a parity with the then Outstanding Bonds.

Each series of such Additional Bonds shall be executed, authenticated and delivered as provided in the Indenture upon there being filed with the Trustee:

(a) Original executed counterparts of a supplemental indenture and an amendment to the Lease, together with such additional certificates, opinions and other documents as deemed necessary by counsel. The amendment to the Lease must provide for increasing the Basic Rent to amounts sufficient to pay the interest when due on the Additional Bonds and on all then Outstanding Bonds,

and to redeem all such Bonds at maturity or when required by the Indenture and any supplemental indenture.

(b) A written opinion of nationally recognized bond counsel that the issuance of such Additional Bonds will not cause the interest payable on the then Outstanding Bonds to become subject to Federal income taxes.

THE LEASE

The following is a summary of certain provisions of the Lease.

Construction of Project

The Board authorizes the Society to construct the Project in accordance with the plans on file with the Trustee, subject to such modifications as are reasonably determined by the Society to be necessary or desirable, and to equip the Project so as to be fully operable in the conduct of the Society's normal business.

The Board agrees that the net proceeds of the Bonds other than the amount representing accrued interest received from the original purchase (which is to be credited to the Bond Fund) shall be deposited in the Construction Fund with the Trustee. The Trustee is authorized to make disbursements from the Construction Fund from time to time, in reimbursement of Project costs, upon receipt by the Trustee of certificates signed by a representative of the Society. If the money in the Construction Fund is not sufficient to pay the cost of the Project in full, the Society agrees to complete the Project and pay the entire cost, without further reimbursement and without abatement or diminution of Basic Rent due under the Lease. The Board, Society and Trustee may agree to the issuance of Additional Bonds to finance completion of the Project, if necessary. (See "The Bonds - Additional Bonds".)

Lease Term and Rent

The Lease Term commences July 1, 1978, and extends to July 1, 2003, unless sooner terminated in accordance with the Lease.

The Society agrees to pay as Basic Rent, directly to the Trustee for deposit in the Bond Fund, commencing on December 15, 1978, and on each June 15 and December 15 thereafter, an amount equal to the interest, plus the principal and premium, if any, payable on all Outstanding Bonds on the next succeeding interest payment date, including any Bonds called for redemption on that date. The Society also agrees to pay as additional rent all fees of the Trustee, reasonable expenses of the Board incurred in relation to the Home, and advances made by the Board or Trustee. References to the unqualified word "rent" shall be deemed references to both Basic Rent and Additional Rent.

Obligation to Pay Rent

The Lease is a "net lease". The Board is under no obligation to operate, maintain, replace or improve the Home, and the obligation of the Society to pay rent is absolute and unconditional, free of deductions and without abatement or setoff, except that if at any time the aggregate amount of balances in all Funds in the hands of the Trustee is sufficent to discharge all of the Bonds then outstanding and satisfy the Trustee's and Paying Agent's charges, the obligation of the Society to pay further rent is abated.

Maintenance

During the Lease Term, the Society will, at its own expense, keep the Home and all parts thereof in good repair and good operating condition and in as safe condition as its operations will reasonably permit, making all repairs, renewals and replacements which may be necessary for this purpose.

Insurance

The Society agrees to procure and maintain at its expense throughout the Lease Term, insurance against such risks and in such amounts as are customary for a prudent owner of properties comparable to those comprising the Home. Without limiting that general requirement, the Society shall specifically maintain insurance against loss from or damage by vandalism, fire, or other casualty, on no less than on an eighty percent co-insurance completed value basis during the course of construction and on no less than an eighty percent full replacement cost of the Home basis subsequent to the Completion Date; and workmen's compensation insurance. The Society also agrees to maintain liability insurance in amounts not less than \$300,000 for death or injury to one person, \$1,000,000 for all injuries and deaths resulting from one accident, and \$100,000 for property damage in any The Society also specifically agrees to maintain one accident. malpractice insurance in such amounts and against such risks as are customary for a prudent owner of property comparable to the Home.

Damage, Destruction and Condemnation

If the Home or any portion thereof is destroyed in whole or in part or is damaged by fire or other casualty, or if the Home or any part thereof is taken by condemnation, the Society shall promptly repair, rebuild or restore the Home to substantially the same condition as existed before the event, and shall continue to be obligated to pay rent under the Lease, unless the Society exercises its option to direct the redemption of all Bonds. All Net Proceeds if in excess of \$10,000 of any insurance recovery or condemnation award shall be paid to the Trustee for deposit in the Property Insurance and Award Fund and disbursed by the Trustee in payment of the costs of such repair, rebuilding or restoration. Any balance remaining

after all such costs are paid shall be transferred to the Bond Fund, or if no Bonds are then outstanding, paid to the Society.

Assignment, Sublease, Merger and Consolidation

Subject to certain conditions the Society may assign, sublease or otherwise dispose of the Home in whole or in part without the prior consent of the Board or Trustee; but no sale, lease or other disposition shall relieve the Society of its primary liability under The Society agrees that it will not dissolve the Lease or Indenture. or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit any other corporation to consolidate with or merge into it unless the surviving, resulting or transferee corporation is organized under the laws of the one of the United States, has a net worth at least equal to that of the Society immediately prior to such consolidation or merger, is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and exempt from tax under Section 501(a) of such Code, and is duly qualified to do business in Arkansas, and assumes all obligations of the Society under the Lease, and then only if a result thereof is not to subject the interest payable on the Bonds to federal income taxation.

Society's Options

The Society is given the following options:

- (i) to purchase the Home at any time upon payment to the Trustee of \$1.00 plus a sum of cash, or cash and eligible securities, sufficient to discharge all of the Bonds under the Indenture. (See "The Indenture Discharge of Lien.");
- (ii) to sell to any person any part of the Home Site upon which no building, structure or permanently installed Home Equipment has been placed since the date of the Lease and upon certain other conditions set forth in the Lease at a price of \$2,000 per acre, payable to the Trustee;
- (iii) to remove any items of Home Equipment which the Society in its sound discretion determines are inadequate, obsolete, worn out, undesirable or unnecessary for operation of the Home, in which case the Society must, unless it exercises the option discussed in (iv) below, either substitute other items of property as Home Equipment not necessarily having the same function, applying the amounts received by disposition of the removed items to the cost of acquisition and installation of the substituted items with any amounts not so applied being transmitted to the Trustee, or not substitute other items of property, with all amounts received from the disposition of the removed items being transmitted to the Trustee;
- (iv) to substitute or replace items of Home Equipment with other items of furniture, machinery, equipment or other personal property and elect not to have the substituted or replacement

items become Home Equipment and a part of the Home, in which event the Board, Trustee and Bondholders would have no interest in such items; provided that the aggregate of such items may never exceed at any one time \$15,000 on the basis of purchase price; and

- (v) to direct the Board to call all Outstanding Bonds for redemption on the earliest date upon which notice of such redemption may be given in accordance with the provisions of the Indenture if:
 - (a) in the reasonable judgment of the Society the Home is damaged, destroyed or taken by condemnation to such extent that it cannot reasonably be restored within six months to a condition permitting normal operations and, with respect to condemnation of the Home, at a cost not exceeding the net proceeds of the condemnation award, or, with respect to damage or destruction of the Home, at a cost not exceeding by more than \$25,000 the available insurance proceeds; or
 - (b) as a result of changes in the Arkansas or United States Constitution, or legislative or administrative action, or judicial or administrative decree, judgment or order, State or Federal, the Lease is impossible of performance in accordance with the intent and purposes of the parties.

Defaults

Any one of the following events constitutes an Event of Default under the Lease:

- 1. failure by the Society to pay Basic Rent on or before the date the payment is due, and continuation of such default for ten days after notice of failure to pay given to the Society by the Board or Trustee or until an interest payment date on the Bonds, whichever is earlier;
- 2. failure by the Society to observe and perform any other covenant, condition or agreement under the Lease and continuation of such failure for a period of thirty days after written notice given to the Society by the Board or Trustee;
- 3. if certain representations and warranties made by the Board or the Society prove to be incorrect or misleading in any material respect; or
- 4. certain events of bankruptcy, dissolution, liquidation or reorganization by the Society.

Remedies

Upon the happening and continuation of an Event of Default the Board may with the prior written consent of the Trustee:

- 1. declare all installments of Basic Rent for the remainder of the Lease Term (being an amount equal to that necessary to pay in full all Outstanding Bonds assuming acceleration thereof and to pay all other indebtedness under the Indenture) to be immediately due and payable;
- 2. re-enter and take possession of the Home without termination of the Lease, and use its best efforts to lease the Home for the account of the Society, holding the Society liable for the difference in the rent and other amounts payable by the sublessee and the rents and other amounts payable by the Society under the Lease;
- 3. terminate the Lease, exclude the Society from the use or possession of the Home, and use its best efforts to lease the Home to another for the account of the Society, holding the Society liable for the difference between the rent received and the rent which would have been received under the Lease;
- 4. require the Society to furnish copies of all books and records of the Society pertaining to the Home;
- 5. exercise any remedies available to a secured party under the Arkansas Uniform Commerical Code; and
- 6. take whatever action at law or in equity may appear necessary or appropriate to collect the Basic Rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Society under the Lease.

The Trustee may, but except as otherwise provided in the Indenture is not obligated to, exercise any or all rights of the Board upon the occurrence of an Event of Default, upon notice duly given.

Amendments

Except as otherwise specifically provided in the Lease or in the Indenture, the Lease may not be amended, changed, modified, altered or terminated without the written consent of the Trustee. Pursuant to the provisions of the Indenture, the consent of the holders of not less than a majority in aggregate principal amount of all Bonds then outstanding is also required for any such amendment, change or modification of the Lease except for amendments, changes or modifications (i) required by the provisions of the Lease or the Indenture, (ii) for the purpose of curing any ambiguity or formal

defect or omission, (iii) so as to more precisely identify additional property which may be acquired and which may constitute part of the Home or substitute or add additional machinery and equipment supplied for the Home pursuant to the Lease, (iv) required in connection with the issuance of a series of Additional Bonds, or (v) which in the judgment of the Trustee is not to the prejudice of the Trustee or the Bondholders.

THE GUARANTY AGREEMENT

The following is a summary of certain provisions of the Guaranty Agreement from the Society to the Trustee.

The Society unconditionally guarantees to the Trustee for the benefit of the holders from time to time of the Bonds and of the interest coupons appertaining thereto (a) the full and prompt payment of the principal of and premium, if any, on all Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, and (b) the full and prompt payment of the interest on all Bonds when and as the same shall become due. All payments by the Society under the Guaranty Agreement shall be paid in lawful money of the United States of America to the Trustee for the benefit of the Bondholders. Each and every default in payment of the principal of, premium, if any, or interest on any Bond shall give rise to a separate cause of action under the Guaranty Agreement, and separate suits may be brought thereunder as each cause of action arises.

The obligations of the Society under the Guaranty Agreement shall be absolute and unconditional, and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bonds shall have been paid or provided for, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event.

No set-off counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature which the Society has or may have against the Board or the Trustee shall be available to the Society against the Trustee in any proceeding under the Guaranty Agreement.

The Trustee shall not be obligated to proceed under the Guaranty Agreement unless it shall have been offered reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in proceeding under the Guaranty Agreement. Upon tender of such security or indemnity, the holders of a majority in principal amount of Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for enforcement of any remedy available to the Trustee under the Guaranty Agreement, providing such direction is not in conflict with any rule of law, the Indenture or the Guaranty Agreement, the Trustee shall not have determined that the action as directed would be

unjustly prejudical to other Bondholders; and the Trustee may take other action deemed proper which is not inconsistent with such direction.

The Society covenants to maintain its corporate existence, its qualification to do business in Arkansas and its status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and that it will not dispose of all or substantially all of its assets or consolidate with or merge into another corporation, nor permit any other corporation to consolidate with or merge into it, except under the same conditions which would permit disposition, consolidation or merger under the Lease.

THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Mortgage and Assignment

The Board grants a mortgage and pledges to the Trustee in trust the Home and grants to the Trustee a security interest in all personal property acquired from Bond proceeds to be included in the Home. In addition, the Board assigns to the Trustee in trust all rights and interests of the Board in the Lease, including rent, but excluding amounts payable to the Board as indemnification or for reimbursement of expenses.

Among other covenants made by it, the Board has agreed that, so long as any of the Bonds are outstanding, it will, and the Trustee may, enforce all rights of the Board and all obligations of the Society under the Lease for the benefit of the holders of the Bonds. So long as any Bonds are outstanding, the Board will not sell, convey, mortgage, encumber or otherwise dispose of the Home, except as provided in the Indenture and Lease.

Application of the Bond Fund

The Bond Fund, into which the Basic Rent received under the Lease and certain other amounts specified in the Indenture will be deposited, will be maintained with the Trustee. While any Bonds are outstanding, money in the Bond Fund will be used and withdrawn by the Trustee solely for the payment of principal of, premium, if any, and interest on the Bonds, for the redemption of Bonds which may be redeemed prior to maturity, or to purchase Bonds on the market pursuant to the Indenture.

Investment of Funds

Any money held as part of established funds under the Indenture shall be invested or reinvested by the Trustee in such securities as are authorized by applicable laws, giving full consideration to any recommendations of the Society. However, no investment shall ever be made by the Trustee in such a manner as to cause the Bonds to be considered artibrage bonds pursuant to Section 103(c) of the Internal Revenue Code of 1954, as amended.

Discharge of Lien

The lien of the Indenture shall be discharged if:

- (1) all fees and expenses of the Trustee and Paying Agent have been paid and the Board shall have performed all of its other covenants in the Bonds and the Indenture; and
- (2) cash or securities which are general obligations of the United States or unconditionally guaranteed by the United States, or both, for the payment or redemption of all the Bonds at or prior to maturity shall have been deposited with the Trustee in accordance with the Indenture and, if the Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given.

Default and Remedies

Any of the following events shall be an "Event of Default" under the Indenture:

- (1) default in the due and punctual payment of interest on any Bond;
- (2) default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or at the date fixed for redemption thereof, or upon the maturity thereof by declaration;
- (3) default in the due and punctual payment of any other money required to be paid to the Trustee under the provisions of the Indenture and failure to remedy such default within thirty days after written notice given pursuant to the terms of the Indenture;
- (4) default in the performance or observance of any of the other covenants, agreements or conditions on the part of the Board in the Bonds or in the Indenture and failure to remedy such default within thirty days after written notice thereof pursuant to the Indenture; or
 - (5) any Event of Default under the Lease.

Upon the occurrence of an Event of Default, the Trustee may pursue the following remedies:

- 1. it may declare the principal amount of and interest accrued on all outstanding Bonds immediately due and payable;
- 2. it may take possession of the Home and hold, operate and manage it;
 - 3. it may lease the Home or any part thereof;
- 4. it may pursue any available remedy by suit at law or equity to enforce the payment of principal of and interest on the Bonds then outstanding;
- 5. it shall be entitled to the appointment through judicial proceedings of a receiver of the mortgaged property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making the appointment shall confer; or
- 6. it may foreclose on the lien of the Home either by public sale or by proceedings in equity.

Upon the written request of the holders of not less than 25% in aggregate principal amount of the Outstanding Bonds and the furnishing of a satisfactory indemnity bond, the Trustee must pursue one or more of the foregoing remedies or any remedies available under the Lease; provided, however, that the Trustee may decline to pursue such action, when advised to do so would be unlawful, or it is determined that such action would be unjustly prejudicial to Bondholders not parties to the request.

Holders of a majority in aggregate principal amount of the Bonds outstanding under certain conditions may direct the method and place of conducting all proceedings under the Indenture providing that such direction is not contrary to law or the provisions of the Indenture.

Rights and Remedies of Bondholders

No holder of any Bonds may institute any suit or proceeding to enforce the Indenture unless an Event of Default arises and the Trustee receives the requisite request and notice from the Bondholders, is given reasonable time to pursue the remedy, is given an indemnity bond, and thereafter fails or refuses to institute the action. The foregoing will not impair the rights of the Bondholders to enforce payment of principal and interest at and after maturity.

Waiver of Events of Default

Upon certain conditions, the Trustee may in its discretion, waive any Event of Default and rescind any declaration of maturity of principal, and shall waive an Event of Default upon written request of the holders of a majority in aggregate principal amount of all Bonds outstanding except that no Event of Default arising from the nonpayment of interest or principal on any Bond shall be waived unless prior to such waiver sums sufficient to pay such principal and interest have been deposited with the Trustee.

Supplemental Indentures

The Trustee and the Board, with consent of the Society, may enter into supplemental indentures without consent of or notice to the holders of the Bonds for any one of the following purposes:

- (1) to cure any ambiguity or formal defect or omission in the Indenture;
- (2) to grant to the Trustee for the benefit of the holders of the Bonds any additional rights;
- (3) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral;
- (4) to authorize the issuance of Additional Bonds pursuant to the provisions of the Indenture;
- (5) to release items of Home Equipment or unimproved land from the lien of the Indenture, or authorize the granting of easements, as provided in the Indenture;
- (6) to evidence the appointment of a separate Trustee, co-Trustee, or the succession of a new Trustee; or
- (7) to modify, eliminate and/or add to the provisions of the Indenture to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted; or
- (8) to make any other change in the Indenture which, in the judgement of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Exclusive of supplemental indentures for the purposes set forth in the preceding paragraph, with written consent of the Society and the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding and not otherwise, the Trustee shall join with the Board to approve any supplemental indenture, except no such supplemental indenture shall permit or be construed to permit:

- (1) an extension of the maturity of the principal of, or the interest on, any bond;
- (2) a reduction in the principal amount of, or redemption premium on, any Bond, or the rate of interest thereon;
- (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;
- (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures;
- (5) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as therein expressly permitted;
- (6) the holder of any Bond then outstanding to be deprived of the lien thereby created on the Trust Estate; or
- (7) modification of any provisions of the section of the Indenture dealing with supplemental indentures requiring Bondholder consent.

RATING

Fitch Investors Service, Financial Plaza, 46 A Denver Technological Center, Englewood, Colorado 80110, telephone 303-770-7800, has given the Bonds a rating of A. Any explanation of the significance of such rating may only be obtained from the rating agency furnishing the same. The Society has furnished to the rating agency certain information and materials respecting the Bonds and itself. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the rating agencies. There is no assurance that such rating will remain in effect for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

In the opinion of Dorsey, Windhorst, Hannaford, Whitney & Halladay and Friday, Eldredge & Clark, according to present State of Arkansas and Federal laws, regulations now in effect, rulings and decisions, the interest on the Bonds is not includible in the gross income of the recipient for United States or State of Arkansas income tax purposes, and interest on the Bonds is exempt from Arkansas income taxes and the Bonds are not subject to taxation as property by the State of Arkansas or Arkansas Cities, Counties or School Districts. In rendering such opinion, Dorsey, Windhorst, Hannaford, Whitney & Halladay and Friday, Eldredge & Clark will rely upon representations of the Society and the opinion of Christopherson, Bailin & Anderson as to the status of the Society as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and exempt from tax under Section 501(a) of the Code, and as to the nature of the trade or business to be carried on at the Home and the application of the Bond proceeds.

UNDERWRITING

The Underwriters have agreed, subject to the terms of a Bond Purchase Agreement, to purchase from the Board the \$1,950,000 aggregate principal amount of Bonds offered hereby.

The Underwriters must take and pay for all Bonds if any are purchased. The aggregate purchase price payable by the Underwriters is \$1,872,000 plus accrued interest from July 1, 1978, to the date of delivery of the Bonds. The Bonds are being offered for sale to the public at the initial price stated on the cover of this Official Statement plus accrued interest. Concessions from the initial price may be allowed to selected dealers and special purchasers. The intial price is subject to change after the date hereof. Some of the Underwriters have in the past dealt with the Society on other financings and have made commissions on those financings customary in the industry, and may deal with the Society in the future on other financings.

ENFORCEABILITY OF OBLIGATIONS

On the closing date, Dorsey, Windhorst, Hannaford, Whitney & Halladay and Friday, Eldredge & Clark will deliver their opinion that the Lease, Guaranty Agreement, and Indenture are valid instruments legally binding on the parties thereto and enforceable in accordance with their terms, and Christopherson, Bailin & Anderson, counsel to the Society, will deliver their opinion that assuming due authorization, execution and delivery by the Board and the Trustee, the Lease and Guaranty Agreement are valid and legally binding instruments enforceable against the Society in accordance with their terms. Each of the above opinions will be expressly subject to an exception to the extent that the enforceability may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.

LEGAL MATTERS

The validity of the Bonds, the tax exempt status thereof and certain other matters will be passed upon by Dorsey, Windhorst, Hannaford, Whitney & Halladay, Minneapolis, Minnesota and Friday, Eldredge & Clark, Little Rock, Arkansas. Copies of such opinion will be available at the time of delivery of the Bonds. Certain legal matters pertaining to the Board will be passed upon by the Board's counsel, Poynter, Huckaba & Gearhart, Mountain Home, Arkansas. Certain legal matters pertaining to the Society will be passed upon by the Society's counsel, Christopherson, Bailin & Anderson, Sioux Falls, South Dakota. Dorsey, Windhorst, Hannaford, Whitney & Halladay and Friday, Eldredge & Clark will rely as to certain matters respecting the Lease and Guaranty Agreement, including the validity and enforceable nature thereof against the Society, as to the status of the Society as an organization described in Section 501 (c) (3) of the Internal Revenue Code of 1954, as amended, and exempt from tax under Section 501 (a) of the Code, and as to the nature of the trade or business to be carried on at the Home, upon the opinion of Christopherson, Bailin & Anderson; and will rely upon the opinion of Poynter, Huckaba & Gearhart as to certain matters relating to the Board and its status, and as to matters of title.

EXPERTS

The financial statements for each of the two years in the period ended December 31, 1977 included herein and elsewhere in this Official Statement have been examined by Henry Scholten & Company, independent certified public accountants, as set forth in their report appearing herein, and have been so included in reliance on such report given upon their authority as experts in accounting and auditing.

The execution and distribution of this Official Statement has been duly authorized by the Board and the Society.

APPENDIX

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY

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The information contained in this Appendix has been furnished by The Ev. Lutheran Good Samaritan Society.

THE SOCIETY

The Ev. Lutheran Good Samaritan Society (the "Society") is a non-profit corporation, founded in 1922 under the laws of the State of North Dakota. The Society is engaged primarily in operating nursing homes and other health care facilities. Nursing home operations constituted more than 90% of the Society's operating revenue for each of the five years ended December 31, 1977. As of June 30, 1978, the Society owned 166 health care facilities, managed 15 health care facilities owned by others and leased 4 health care facilities, in 25 states.

The table below summarizes by major type the health care facilities owned, managed and leased by the Society:

Health Care Facilities
As of June 30, 1978

	Nursing Homes	Apartments (1)	Boys & Girls Homes	<u> Hospital</u>	Total
Owned Managed Leased	153 13 4	37 1 -	12 - -	1	166 15 4
Total	170	38	12	1	185

⁽¹⁾ With one exception, apartments have common locations with nursing homes, and the nursing home and apartments are considered a single location.

The following table gives certain statistical information concerning health care facilities owned and leased by the Society for the past five years.

Facilities Owned And Leased By The Society

	<u>1973</u>	<u>1974</u>	<u> 1975</u>	<u>1976</u>	1977
Number of facilities, as of December 31	157	158	160	167	169
Available beds, as of December 31	14,088	14,740	15,320	16,417	16,535
Annual resident days	4,240	4,573	4,860	5,056	5,262
<pre>(in thousands) Occupancy percentage(1)</pre>	82.5%	85.0%	86.9%	84.2%	167 169 417 16,535 ,056 5,262 .2% 87.2% 5.24 \$17.01
Average daily operating revenue	\$10.43	\$12.00	\$13.63	\$15.24	\$17.01
Average daily operating expenses	\$10.27	\$11.89	\$13.46	\$15.06	\$16.53

⁽¹⁾ Occupany percentage is calculated in the following manner: annual resident days divided by the available beds at the end of the year times the number of days in the year. This method of calculation has the effect of understating the occupancy percentage because it assumes that all beds added during the year were available the entire year.

The nursing homes operated by the Society provide health care treatment and convalescent facilities for in-patient adults, including those who are admitted as an intermediate step after hospitalization and before returning to their homes. Admission is ordinarily under the supervision of the patient's personal physician. Charges for services normally consist of a daily room rate, which includes all medical care, except for certain minor ancillary services offered by some Centers.

The Society's executive offices are located at 1000 West Avenue North, Sioux Falls, South Dakota 57104, and its telephone number is (605) 336-2998.

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY STATEMENT OF REVENUES AND EXPENSES

The following statement of revenues and expenses of The Ev. Lutheran Good Samaritan Society for the years ending December 31, 1976 and 1977 were audited. Statements for the years ending December 31, 1973, 1974 and 1975 are unaudited. The statement should be read in conjunction with the accompanying financial statements and the following paragraphs.

As a first step towards an audit of the statement of revenues and expenses for the year ended December 31, 1976, an audit of the Society's balance sheet as of December 31, 1975, was performed. In connection therewith, there was an adjustment of \$5,299,235 to the fund balance due to the overstatement of the carrying values of real property (including accumulated depreciation) and deferred finance fees. Because this account was overstated, depreciation expenses for the years ending December 31, 1973 and 1974 in the following statement of revenues and expenses, are overstated.

In accordance with generally accepted accounting principles, gift income of \$354,543, \$384,889 and \$506,697 for the years ended December 31, 1975, 1976 and 1977, respectively, represents all gifts and bequests received in these years upon which there are no donor imposed restrictions. For the years prior to 1975, all gifts, whether or not donor restricted, were included in the statement of revenues and expenses.

Because of uncertainity as to the cost of certain furniture and equipment and motor vehicles acquired prior to January 1, 1973, depreciation expense in each of the years shown below may not be correct and is probably overstated.

Contrary to generally accepted accounting principles, the Society does not accrue income (or payables) resulting from year-end adjustments for services provided under various third-party payor agreements. Management of the Society does not believe that these amounts in the aggregate are material.

While the pertinent opinion of the Accounting Principles Board requires that the statement of revenues and expenses be restated to reflect the correction of errors therein described above, the accounting records of the Society are not sufficiently complete to allow computation of the amount of depreciation and gifts that should have been included in the statement for the years 1973 and 1974. Because depreciation expense is overstated, operating income would have been greater in each year if there were a restatement.

In the opinion of management of the Society, the statement of revenues and expenses presents fairly the results of operations of the Society in conformity with generally accepted accounting principles (except as described above) applied on a basis consistent with the prior year, except for changes described above for 1975, 1976 and 1977 from previous years.

Year Ended December 31 (In Thousands)

			i		
	(U	Jnaudited)		(Aud	ited)
	1973	<u>1974</u>	<u>1975</u>	1976	<u> 1977</u>
perating Revenue	\$44,209	\$54 ,71 8	\$66,692	\$7 8, 067	\$90,586
perating Expenses					
Administrative	6,131	7,613	9,143	10,888	12,393
Nursing	14,697	18,275	23,999	28,411	32,894
Laundry-Housekeeping	3,186	3,956	4,828	5,643	6,358
Dietary	8,396	10,497	12,539	14,219	16,012
Plant Operation &					
Maintenance	3,173	3,972	4,958	5,950	6,941
Depreciation	2,688	3,280	3,338	4,271	4,877
Interest	3,204	4,096	5,234	5,518	6,429
Other Operating Expense	es 2,064	2,695	1,381	1,491	1,675
Total Operating Expense	es\$43,539	\$54,384	\$65,420	\$76,391	\$87 , 579
xcess of Operating Reven	ıes				
Over Operating Expense:	s 670	335	1,271	1,676	3,007
on-Operating Revenue					
Unrestricted Gifts	731	1,212	355	385	507
Other Income, Net	137	422	107	441	612
			<u> </u>	<u> </u>	
xcess of Revenues Over					
Expenses	<u>\$1,538</u>	\$1,969	<u>\$1,733</u>	<u>\$2,502</u>	\$4,126
atio of Earnings to					
Fixed Charges (b)	1.47	1.48	1.33(c)	1.45(c)	1.64(c)

a) Certain classification changes have been made to the previously reported tatement of revenues and expenses for the year ended December 31, 1975 in rder to enhance comparability to the statement of revenues and expenses for he year ended December 31, 1976 and to present the statement in accordance ith generally accepted accounting principals.

b) For purposes of the ratio of earnings to fixed charges, "earnings" consist of (a) excess of evenues over expenses and (b) fixed charges represents interest expense ith no provision made for rental expense since management believes that uch rental is immaterial.

c) If the restricted gifts had been included in income for 1975, 976 and 1977 as it was in 1973 - 1974, the ratio of earnings to fixed charges would be 1.55 in 1975, 1.99 in 1976 and 1.84 in 1977.

INTERIM FINANCIAL DATA

Interim financial data of the Society at June 30, 1978, and for the six months ended June 30, 1977 and 1978, are presented below. These amounts are unaudited and are prepared on a cash basis which is not consistent with the method used in the statement of revenues and expenses or other financial statements presented elsewhere herein for 1975, 1976 and 1977. Management believes that these figures, if they were prepared on an accrual basis, would not be less than those shown below.

The results of the operations for the six months ended June 30, 1978 should not be regarded as necessarily indicative of the results that may be expected for the entire year.

Interim Operating Results (Unaudited) (In Thousands)

	Six Months	Ended June 30	,
	<u> 1977</u>	<u> 1978</u>	
Operating Revenues	\$43,138	\$49,522	
Total Operating Expenses	\$42,469	\$48,577	
Non-Operating Revenue	803	868	
Excess of Revenues Over Expenses	1,472	1,833	

Condensed Balance Sheet (Unaudited) As of June 30, 1978 (In Thousands)

Assets		Liabilities and	Fund Balance
Total Property 108	8,550 Long	ent Liabilities Term Debt Balance	\$14,462 80,879 41,481
Total Assets \$13		Liabilities nd Balance	\$136,822

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE STATEMENT OF REVENUES AND EXPENSES

1973-1974

For the year ending December 31, 1974, as compared to the year ending December 31, 1973, operating revenue increased 23.8%. This increase in operating revenue was due to: (a) an increase in the average daily resident rate from \$10.19 during 1973 to \$11.55 during 1974, an increase of 13.3%; and (b) an increase in the total number of resident days from approximately 4,240,000 in 1973 to approximately 4,573,000 in 1974, an increase of 7.9% The higher total resident days in 1974 resulted primarily from an increase in the number of total beds available as of December 31, 1974 of 15,885, as compared to 14,374 beds available as of December 31, 1973. Operating expenses increased 24.9%, somewhat more than operating revenues. These increases resulted principally from substantial increases in salary and employee benefit costs, increases in the number of employees because of more residents and government requirements for staffing and increases in the cost of supplies. Restricted and unrestricted gifts increased \$481,000.

1974-1975

For the year ending December 31, 1975, operating revenues increased 21.9% as compared to the year ending December 31, 1974. This increase in operating revenues was due to: (a) an increase in the average daily resident rate from \$11.55 during 1974 to \$13.26 during 1975, an increase of 14.8%; (b) an increase in the total number of resident days from approximately 4,573,000 in 1974 to approximately 4,860,000 in 1975, an increase of 6.3%. The higher total resident days in 1975 resulted primarily from an increase in the number of total beds available as of December 31, 1974. Operating expenses increased 20.3%, somewhat less than operating revenue. These increases resulted principally from substantial increases in salary and employee benefit costs, increases in the number of employees because of more residents and government requirements for staffing and increases in the cost of supplies. Depreciation as a percentage of operating revenue decreased because depreciation is a method of allocating historic costs of property to operating expenses and these costs are not subject to inflation as are other operating expenses, and because of the decrease in the cost basis of certain Society properties. These adjustments are more fully discussed in Note 1 and in Note 2 of Notes to Financial Statements. decreased from \$1,212,000 to \$355,000 because during the year ending December 31, 1975, the Society did not take into income restricted gifts as was done in prior years. In addition, during 1975, the Society classified donor restricted gifts of food and other supplies as other operating revenue, whereas in 1974, these gifts were classified as unrestricted gifts. Restricted gifts for the year totaled \$1,175,965. Other income decreased \$315,000 due principally to accounting reclassifications from 1974.

1975-1976

For the year ending December 31, 1976, operating revenues increased 17.1% as compared to the year ending December 31, 1975. This increase in operating revenues was due to: (a) an increase in the average daily resident rate from \$13.26 during 1975 to \$15.00 during 1976, an increase of 13.1%; (b) an increase in the total number of resident days from approximately 4,860,000 in 1975 to approximately 5,056,000 in 1976, an increase of 4.0%. The higher total resident days in 1976 resulted primarily from an increase in the number of total beds available as of December 31, 1976 of 17,081, as compared to 16,288 beds available as of December 31, 1975. Operating expenses increased 16.8%, approximately the same as operating revenue. These increases resulted principally from the substantial increases in salary and employee benefit costs (18.5% over 1975), increases in the number of employees because of more residents and government requirements for staffing and increases in the cost of supplies. Unrestricted gift income remained at approximately the same level in 1976 as in 1975. In addition, donor restricted gifts of food and other supplies, classified as other operating revenue, decreased from \$74,946 to \$13,694 in 1975 to 1976, respectively. Other income increased from \$107,000 in the year ending December 31, 1975 to \$441,000 in the year ending December 31, 1976 because of increases in investment income.

1976-1977

For the year ending December 31, 1977, operating revenues increased 16.0% as compared to the year ending December 31, 1976. This increase in operating revenues was due to: (a) an increase in the average daily operating revenue from \$15.24 during 1976 to \$17.01 during 1977, an increase of 11.6%; (b) an increase in the total number of resident days from approximately 5,056,000 in 1976 to approximately 5,262,000 in 1977, an increase of 4.1%. More important, the occupancy rate increased from 84.2% in 1976 to 87.2% in 1977. Operating expenses increased 14.6%. These increases resulted principally from the substantial increases in salary and employee benefit costs, increases in the number of employees because of more residents and government requirements for staffing and increases in the cost of supplies. Total other income including unrestricted gifts increased from \$825,000 in the year ending December 31, 1976 to \$1,120,000 in the year ending December 31, 1977. The two largest sources of this additional income are gifts and interest income.

CAPITALIZATON

The capitalization of the Society as of June 30, 1978, and as adjusted to reflect the issuance of the Bonds offered hereby, is as follows:

	As of June 30, 1978 (In Thousands)	As <u>Adjusted</u> (In Thousands)
Long term debt (including current maturities) (1) (2) Mortgage notes Mortgages bonds & capitalized leases Unsecured notes payable Other long term liabilities Bonds Offered hereby	\$30,153	\$30,153 43,018 12,054 1,252 1,950
Total long term debt	\$86,477 \$41,481	\$88,427 \$41,481

⁽¹⁾ For the range of interest rates and terms of long term debt as of December 31, 1977, see Note (5) of Notes to Financial Statements.

⁽²⁾ The Society anticipates incurring additional long term debt. See "Expansion Policy and Plans".

OPERATIONS

The Society primarily provides long term health care services to the residents of its Good Samaritan Centers (the "Centers").

The Society has a central management to coordinate and control each of its Centers and to supply support services. These support functions include financing, accounting, data processing, social services, construction and building maintenance, personnel recruitment and training, purchasing, printing and public relations. Charges for central management services are made to each Center. During 1978, this fee is 2 1/4% of a Center's operating expenses from resident care. Insurance is also provided to each Center through a blanket policy for which an additional charge is made.

Each Center is managed by an administrator who is responsible for the Center's daily operations. The administrator is responsible to regional directors of the Society, who in turn report to the Executive Director. Most of the Centers have a local advisory board, which provides assistance and support to the Center. As of June 30, 1978, there were 11 regional directors. Each Center is professionally staffed to meet Federal and state requirements. Such staffing may include nurses, nurses aides, physical therapists aides, food service specialists, activity directors and social workers. The largest Center has over 1,400 residents and 300 employees. The smallest Center has 23 residents and 6 employees.

Each Center's financial resources are left to itself and each Center operates on a self-sufficient basis. The Society's national office is intended to assist individual Centers that need temporary financial aid, by guaranteeing the Center's borrowings as well as by making advances to them from their own resources and from excess resources at the other Centers.

The Society had 49 Centers which had a net operating loss for the year ended December 31, 1977 after charges for central management services total \$2,058,000. The following table categorizes the Centers by the amount of operating loss:

Net Operating Loss for Year ended December 31, 1977
less than \$10,000
\$10,000 to \$50,000
\$50,000 to \$100,000
\$100,000 and above

Nursing Home Operations

The Society, as of June 30, 1978 owned 153 nursing homes, leased 4 nursing homes and managed 13 other homes, which provided a total of 14,625 nursing home beds consisting of skilled, intermediate and basic care beds. All of these Centers provide long term health care treatment for the aged.

The following table shows nursing home bed capacity by level of care, and by mode of ownership:

	Nursing Home Beds As of June 30, 1978		
	Skilled and Intermediate Beds	Basic Care Beds	<u>Total</u>
Owned	12,634	730 210	13,364 1,027
Managed	817 234	_	234
Total	13,685	940	14,625

The table below shows the distribution of the 156 homes owned and leased as of December 31, 1977, by size:

	Owned and Leased Nursing Home Facilities	
	by Size	
Bed Size	0 - 39 40 - 79 80 - 119 120 - 159	160 and over
Number of Homes	4 89 40 15	9

A Center's beds are licensed pursuant to state regulations that prescribe the level of care which must be offered; the terms used to define these levels of care vary from state to state. The Society refers to skilled and intermediate care beds, even though specific states may license these beds under a different title, as those beds that are licensed to receive considerable nursing care. Basic care beds are those that receive either minimal or no nursing care.

The Center's charge for services normally consist of a daily rate which includes all services except extraordinary medical costs and drugs. The daily rate varies depending upon the specific operating costs of the Center and the level of care provided to the resident. Residents either pay from private sources or the cost of their care is reimbursed to the Center by state or Federal programs. The daily rate in most instances is intended to meet anticipated cash requirements of the Center.

The budget for each Center is prepared in September of the preceding year by the Center's administrator. The unaudited financial statements as of August 31 are extended in order to arrive at a projected income and expense statement for the entire year preceding the year for which the budget is being prepared. The administrator then makes projections of costs for the succeeding year and determines the rates which must be charged residents of the Center to meet projected expenses. This projected statement of income and expense and the rates are reviewed, modified if necessary, and approved by the Center's regional director. In some cases, the rates and budgets are adjusted during the year.

Other Operations

The Society, as of June 30, 1978, owned 1,895 housekeeping apartment units and managed 38 such apartment units. These facilities have a total of 1,933 units and based upon an estimated 1.5 residents per unit, provide 2,905 residents with apartments. These apartments are one or two bedroom apartments which may have cooking facilities. All but one of the apartments are located in proximity to a Society nursing home, and generally the residents of the apartments have access to the amenities of the nursing home.

The Society owns 12 homes for boys and girls. These homes provide live-in care of problem children, primarily those with severe emotional and physical problems.

The Society, as of June 30, 1978, managed one hospital with a total of 40 beds.

Sources of Payment for Patient Services

The Society provides services to residents on a non-denominational and non-discriminatory basis. A majority of the residents in the Society's nursing homes are covered by state and county welfare programs providing for full or partial payments, which vary according to the program but which are generally established through a reimbursable cost formula. Under the Medicaid program, the federal government provides funds to participating states for medical assistance to "medically indigent" persons. Reimbursement under Medicaid/welfare programs varies for each state. Welfare payments to nursing homes often do not represent full reimbursement for cost or charges to private patients, even though expenses incurred by the Society for welfare residents are not materially less than the expenses incurred in the care of private residents. Many states have a maximum reimbursable daily rate that effectively limits the amount paid to the Society for Medicaid/welfare patients, regardless of cost. A table showing the percentage of the Society's revenue from resident care in 1977 by specific source of payment follows:

Private Pay		 .52.4%
Medicaid		
Other Government Sources	S	 8

Each of the above programs requires the filing of annual cost reimbursement reports which are subject to audit by the third party payors. As noted elsewhere herein, the property, related accumulated depreciation and certain other assets were restated as a result of bringing these assets into conformity with generally accepted accounting principles. These restatements may have an adverse effect on the settlement of the cost reports for December 31, 1975 and certain prior years to the extent that depreciation at certain Centers may have been overstated. Although the resulting settlement of the above described cost reports, subject to the effect (if any) of the restatement of certain balance sheet accounts, is not determinable as of the date herein, it is the opinion of Society management that no significant adverse effect will result from the settlements.

The degree of completion of audits varies by states. Certain states that have purported to reimburse costs have asserted that home office management fees should be disallowed to the extent they result in "profit" to the home office. The Society does not believe that audits for prior years will result in any material liabilities.

Employees

The Society had over 12,000 full and part time employees as of December 31, 1977. During the year ending December 31, 1977, the Society's labor costs accounted for approximately 60.9% of the Society's total operating expense. The following table shows the percentage of the Society's total salary and wage expense broken down by job category:

Nursing56.3%
Dietary14.7
Administrative and Clerical10.0
Housekeeping 5.8
Rehabilitation & Social Services 5.0
Laundry 3.8
Maintenance 3.2
Other 1.2
Total100.0%

The Society has experienced generally satisfactory labor relations at its Centers. At the present time, employees at three Centers are represented by unions. Other organizational attempts may be made in the future. The Society provides a pension plan, health, life and disability insurance covering all administrators and certain other key personnel. See Note (1) of Notes to Financial Statements. Employee benefits vary from Center to Center but most of the employees have Society paid life insurance coverage, and some have contributory health insurance.

In the past few years the Society has increased substantially the wages of its employees in response to inflationary factors and to attract and maintain qualified personnel. The Fair Labor Standards Act provides that the minimum wage be paid to the Society's employees. Further increases in minimum wages will have an impact on the Society's costs. To date, the Society has been able to recover increased wage costs by increased daily charges and through Medicaid cost reimbursements. The Society believes that it will be able to recover future wage increases in a similar manner, but there can be no assurance of that fact.

Taxation

The Society is exempt from Federal income taxation as a charitable organization described by Section 501(c)(3) of the Internal Revenue code of 1954, as amended, and from state income taxation by comparable provisions of state law. In connection with a recent Federal income tax audit, the Internal Revenue Service informed the Society that for future periods it would consider income from the management of certain Centers as unrelated business income on which the Society would be taxed. The Society would contest any future taxation on this basis, but does not believe it could have a material affect on it.

Certain jurisdictions have sought to impose ad valorem property taxes on Society facilities and in Iowa have been successful. The Society does not believe this will have a material affect on it.

Charitable Contributions

The individual Centers receive gifts from various sources and in many cases designated for specific purposes. In keeping with the Society's philosophy that the Centers should be viewed as independent, the Centers retain control over these gifts.

Total gifts received by the Society's Centers were \$1,716,203, \$3,345,973, \$1,605,454 and \$1,211,764 for 1977, 1976, 1975 and 1974, respectively. As noted elsewhere, prior to the year ending December 31, 1975, the Society treated all gifts as income. Beginning in the year ending December 31, 1976, in accordance with generally accepted accounting principles, the Society treats restricted gifts as a direct addition to Fund Balance, while unrestricted gifts are treated as income. In determining the Center's daily rate for services, the individual Center does not take into consideration the possibility of receiving any gifts.

Possible Regulatory and Other Changes Affecting the Society

Operation of the Centers is subject to continuing compliance with various Federal, state and local statutes, ordinances, rules and regulations regarding licensing, building standards and fire prevention. Centers are subject to periodic inspections by state licensing agencies to determine whether the standards of care and maintenance necessary for continued licensing are being met. Each of the Centers possesses all licenses that are necessary for operations. Changes in the applicable statutes, ordinances, rules and regulations could require changes in the facilities, equipment, personnel or services of Centers, which might adversely affect the Society's business and earnings.

Other factors may adversely affect the Society's operations to an extent that cannot be determined at this time, including wage and price controls; reductions in Federal or state funding of the Medicaid programs; or changes in the Medicaid reimbursement regulations.

The Society's Centers are subject to various other factors that may adversely influence their capabilities to punctually and fully meet their financial obligations. Such factors include, but are not limited to, reliance upon donors to contribute a portion of necessary moneys; lack of need for services because of unforeseeable oversupply of such services caused by future over-construction of similar facilities or population shifts to other service areas; need to provide beds and services to indigents lacking resources to repay the provider; and inflated costs of labor, services and materials.

Competition

The Society's Centers compete with other profit and non-profit nursing homes in their service areas. This competition may adversely affect the occupancy rate of the Society's Centers.

PROPERTIES

Owned Facilities

The Society, as of June 30, 1978, owned facilities in 22 states. The following table shows the location and type of the owned facilities:

Classification and Capacity of Owned Facilities
As of June 30, 1978

State	Number of Location	Nursing Beds	Apartments (1) (2)	Basic Care Beds (2)	Boys & Girls Homes	Total Capacity
				100		343
Arizona	2	196	47	100	204	204
California	12			15/	204	
Colorado	5	611	363	154		1,128
Florida	1	120	104			224
Hawaii	1	32	105			137
Idaho	4	429	104	59		592
Illinois	3	208	18			226
Indiana	2	171				171
Iowa	20	1,669	44	40		1,753
Kansas	14	1,263	65			1,328
Minnesota	21	1,752	39			1,791
Nebraska	24	2,187	1,529	40		3,756
New Mexico	4	287	45	20		352
North Dakota	15	911	11	94		1,016
Ohio	1	50				50
Oklahoma	$\frac{1}{2}$	88				88
Oregon	3	295		24		319
South Dakota	21	1,288	56	199		1,543
Texas	4	414	135			549
	3	378	159			537
Washington	1	60	137			60
West Virginia	3	225	24			249
Wisconsin						
Total	166	12,634	2,848	730_		16,4]6
Locations (2)	166	149	37			

⁽¹⁾ Apartments capacity calculated at 1.5 residents per unit.

The original cost, by date of acquisition, of the Society's land, land improvements and buildings through December 31, 1977 are shown below:

Date Acquired	Cost	
1940 and prior	\$ 95,000	
1941 - 1945 1946 - 1950	116,000	
1951 - 1955 1956 - 1960	511,000 3,731,000	
1961 - 1965 1966 - 1970	12,242,000 25,472,000	
1971 - 1975 1976 - 1977	47,540,000 23,532,000	
19/0 - 19//	\$113,239,000	

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⁽²⁾ With on exception, apartments have common locations with skilled and ICF nursing homes. Four basic care facilities do not have common location with skilled and ICF homes.

In the past five years, the Society has emphasized additions and renovations to existing Centers.

Many of the Society's Centers are basic structures to which additions have been constructed from time to time. The Society believes that all of its Centers are in substantial compliance with all applicable Federal, state and local regulations.

Types and Capacity of Managed Facilities As of June 30, 1978

				Basic		
	Number of	Nursing	Apartments	Care		Total
State	Locations	Beds	(1) (2)	Beds (2)	Hospital	Capacity
						180
Illinois	2	180				
Indiana	2	200		60	全数 医电流压力	260
Iowa	1				40	40
Kansas	1	60				60
Kentucky	1	100				100
Minnesota	2	50		65		115
Missouri	1	60				60
Montana	1	40				40
West Virginia	3	60	57	85		202
Wisconsin	1	67				67
					<u> </u>	
Total	<u>15</u>	817	<u>143</u>	<u>210</u>	<u>40</u>	$\frac{1,124}{}$
						
Locations (2)	<u>15</u>	11	<u>1</u>	<u>3</u>	1	

The Society also operates 4 leased facilities which are all located in Kansas and have a total of 234 skilled and intermediate care beds.

⁽¹⁾ Apartments capacity calculated at 1.5 residents per unit.

⁽²⁾ With two exceptions, all apartments and basic care facilities have common locations with the skilled and intermediate care nursing homes.

LITIGATION

There is not now pending or threatened any material litigation against the Society or any of its properties.

EXPANSION POLICY AND PLANS

The Society does not actively seek new locations. The Society presently requires that local community leaders request that the Society build a health care facility in its community and that the community become financially involved by contributing 30% of the project cost and the land to the Society.

The Society's board of directors had approved the construction of the following new locations additions, remodeling and refinancing which the Society believes will be financed by the end of 1978. The cost of these facilities, additions and remodeling is estimated to be approximately \$12,349,000 of which it is anticipated \$7,516,000 will be financed through the issuance of additional debt. The amount of needed borrowing and the timing of the construction is subject to change. In many cases, the required 30% contribution of the project cost by the local community has not yet been fulfilled.

New Units And Additions Planned For 1978 Which Will Require Financing

Facilities

	New		Nursing or Board	
State	Location	Additions	& Care Beds	Apartments (1)
Arizona		$oldsymbol{1}$. $oldsymbol{1}$		98
Arkansas	1	기가 가꾸는 그 남의 살이라고	70	40
Idaho		2	50	50
Kansas	하는 경기 높다 기법	1		
Minnesota			하고 이 말이 된다. 등 그 맛이 말이 당	
Montana	1		60	15
Nebraska		2	1 회의 : 기계 : 1 기계 위 그는 것 같아 가고	[[설로 : 18] + <mark>-</mark> [[여기 시간 [18
New Mexico	1		60	교실했다. 작업등 다 가게 다
Oregon	<u> -</u>	3	85	
South Dakota		1	에 가는 사람이 보 <mark></mark> 고 아름다고 있다. 이 대한 사람들이 되고 있는 사람들이 있다.	13
Total	3	<u> 11</u>	325	<u>216</u>

⁽¹⁾ Apartments capacity calculated at 1.5 residents per unit.

The Society anticipates other capital expenditures in addition to the constructing and equipping of new facilities in 1978 will be made. These expenditures are primarily for the purchase of replacement equipment at the Centers, renovating and remodeling existing Centers and additions to Centers.

The Society anticipates additional construction of new Centers in 1979 and thereafter, which will result in additional capital costs and additional borrowing, primarily long term indebtedness.

MANAGEMENT

BOARD OF DIRECTORS:

The present members of the Board of Directors of the Society, their occupation, and place of residence are as follows:

Name

Maurice O. Nelson, Chairperson Dr. Elliot H. Thoreson, Vice Chairperson

Rev. Albert E. Erickson, First Vice Chairperson

John M. Lundblad, 2nd Vice Chairperson Mrs. Bonnie Brown

John R. Burkholder Omer H. Hille

Ron Klipping

A. Robert Langemo Armin Lauck Rev. Orval K. Moren Mrs. Irma Person

Henry J. Reith

Robert V. Siebel

Norman Stordahl

Occupation; Residence

Attorney; Fort Collins, Colorado College Professor, Sioux Falls, South Dakota

Director of Lutheran Housing Coalition; Washington, D. C. Attorney; Jackson, Minnesota Administrator of Center; Peoria, Arizona Realtor; Ames, Iowa Administrator of Center; Calvert City, Kentucky Administrator of Tacoma Lutheran Home; Tacoma, Washington Pharmacist; Albert Lea, Minnesota Administrator of Center; Algona, Iowa Clergyman; Albuquerque, New Mexico Retired Teacher; Sioux Falls, South Dakota Administrator of Center; Arthur, North Dakota Administrator of Center; Greeley, Colorado Administrator of Center; Sioux Falls, South Dakota

The following are principal administrative personnel of the Society:

Name

Rev. A. J. Hoeger
Rev. John Hoeger
Ronald W. Patterson
Mrs. Nordiss Winge
Al Brown
Vinton U. Bruflat
Mrs. Betty Chell
Erwin F. Chell
Craig De La Barre
Clinton C. Gehring
Pierce O. Hanson
Herman Knutson
Knut Mehl
Charles E. Peterson
Melvin F. Reynolds

Position

President
Executive Vice President
Vice President & Treasurer
Secretary
Regional Director

Rev. Harry Anderson

Eduard B. Kilen

David E. Walters

Rev. Jacob B. Jerstad Terry J. Bolger Donald G. Gohl Jerry Jacobsen Robert Doescher Leslie E. Kleeb Mel Risting Director for Administrative
Personnel & Education
Director for Resident &
Community Services
Director for Facility Services
& Purchasing
Director of Spiritual Ministries
Director of Data Processing
Director of Accounting Services
Director of Auditing
Director of Field Auditing
Director of New Development

A. J. Hoeger, President, age 51, has served as Executive Director of the Society since 1964. He received a B.A. degree from Concordia College, Moorhead, Minnesota; an M.A. from the University of Missouri, Kansas City, Missouri; and a B.D. from Wartburg Theological Seminary in Dubuque, Iowa. He is a former board member of the National Geriatrics Society, the American Association of Homes for the Aging and the American Health Care Association.

John Hoeger, Executive Vice President, age 55, has held the position of Associate Director of the Society since 1972. Prior to that date he served as Administrator of the Society's Center in Hastings, Nebraska. He received a B.A. degree from Concordia College in Moorhead, Minnesota and a B.D. degree from Wartburg Theological Seminary in Dubuque, Iowa. Mr. Hoeger has been an official in both the American Health Care Association and the Nebraska Health Care Association.

FINANCIAL STATEMENTS

Included on the following pages is the audit report of Henry Scholten and Company, certified public accountants, which includes the balance sheet, the statement of revenues and expenses, and changes in fund balances and changes in financial position for the years ended December 31, 1976 and December 31, 1977 of the Society.

HENRY SCHOLTEN AND COMPANY

L. H. RITZ, CPA
RICHARD WESTHOFF, CPA
HENRY A. SCHOLTEN, CPA

CERTIFIED PUBLIC ACCOUNTANTS

100 BOUTH PHILLIPS AVE.

SIOUX FALLS, SOUTH DAKOTA 57102

TELEPHONE (605) 336-0916

MEMBERS

AMERICAN INSTITUTE OF

CERTIFIED PUBLIC ACCOUNTANTS

May 12, 1978

Board of Directors The Ev. Lutheran Good Samaritan Society 1000 West Avenue North Sioux Falls, South Dakota

We have examined the balance sheets of The Ev. Lutheran Good Samaritan Society (a North Dakota non-profit corporation) as of December 31, 1977 and 1976 and the related statements of revenues and expenses, changes in fund balances and changes in financial position for the years then ended. Except as explained in the following paragraphs, our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As explained in Notes 1 and 8 the accompanying balance sheets do not recognize a receivable or payable for the final settlement of services rendered to certain residents and reimbursed by various third-party payor programs. Final settlements under the Welfare/Medicaid programs of the various states and the Medicare program are based on allowable costs which must be reported to and reviewed by these third-party payors. Sufficient data was not available to evaluate the effect, if any, which the final determination of reimbursable costs may have upon receivables or payables and accordingly on resident operating revenue and the excess of revenues over expenses.

Furniture and equipment and motor vehicles are indicated as being stated at cost in the balance sheets. Because of incomplete property records at certain centers prior to January 1, 1973, as explained in Note 2, we were unable to obtain sufficient evidence to form an opinion on whether these assets were stated at cost at January 1, 1973. Accordingly no opinion is expressed on furniture and equipment and motor vehicles acquired prior to January 1, 1973 with a net book value of \$1,394,710 and \$1,975,157 at December 31, 1977 and 1976 respectively.

In our opinion, except for the effect of any adjustments that might be required with respect to the final settlement of third-party payor cost reports and to the recording of furniture and equipment and motor vehicles acquired prior to January 1, 1973, the balance sheets of The Ev. Lutheran Good Samaritan Society as of December 31, 1977 and 1976 and the related statements of revenues and expenses, changes in fund balances and changes in financial position for the years then ended present fairly the financial position of The Ev. Lutheran Good Samaritan Society as of December 31, 1977 and 1976, and the results of its operations, changes in fund balances and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HENRY SCHOLTEN & COMPANY

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY BALANCE SHEETS DECEMBER 31, 1977 AND 1976

### Total Current Assets ### PROPERTY (Notes 1, 2 and 8) Land and Land Improvements Buildings Furniture and Equipment Motor Vehicles Less - Accumulated Depreciation Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 Total Property #### ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets **TOTAL UNRESTRICTED FUND ASSETS** **DONOR RESTRICTED FUND ASSETS** **DONOR RESTRICTED ASSETS** **TOTAL UNRESTRICTED FUND ASSETS** **TOTAL UNRESTRICTED ASSETS** **TOTAL STATES** **TOTAL STATES** **TOTAL STATES** **TOTAL STATES** **TOTAL STATES** **TOTAL STATES** **TOTAL UNRESTRICTED ASSETS** **TOTAL UNRESTRICTED ASSETS** **TOTAL UNRESTRICTED ASSETS** **TOTAL UNRESTRICTED ASSETS** **TOTAL STATES** **TOTAL STATES** **TOTAL UNRESTRICTED ASSETS** **TOTAL STATES** **TOTAL UNRESTRICTED ASSETS** **TOT	<u>ASSETS</u>	1977	1976
Cash Cash in Savings and Certificates of Deposit Cash in Savings and Certificates of Deposit Accounts Receivable (Notes 1 and 8) 3,952,920 3,464,847 (Notes and Other Current Receivables Supplies Inventory (Note 1) 13,460 49,000 13,460 49,000 17,000 35,965 (Note 1) 13,460 49,000 17,000 35,965 (Note 1) 13,460 49,000 17,000 35,965 (Note 1) 106,101,437 (Note 1) 102,433,81 16,312,98 (Note 1) 106,101,437 (Note 1) 102,433,81 16,312,98 (Note 1) 106,101,437 (Note 1) 102,433,81 (Note 1) 106,101,437 (Note 1) 106,101,437 (Note 1) 107,101 (Note 1) 107,1	UIDDENT ASSETS	. 700 166	c 1 639 842
Cash in Savings and Certificates of Leposit (Notes 1 and 8) 3,952,920 3,464,847 Accounts Receivable (Notes and 0ther Current Receivables Supplies Inventory (Note 1) 1,385,995 1,258,635 1	Cach		
Accounts Receivable Notes and Other Current Receivables Supplies Inventory Prepaid Interest Prepaid Interest Total Current Assets PROPERTY (Notes 1, 2 and 8) Land and Land Improvements Buildings Furniture and Equipment Motor Vehicles Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 Total Property ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets Total UNRESTRICTED FUND ASSETS Cash, Restricted ASSETS Cash, Restricted for Property Replacements Long RESTRICTED ASSETS Cash, Restricted for Property Replacements (Note 1) 1,345,995 1,258,634 49,094 106,101,437 106	Garbain Cowings and Certificates of Deposit	9,552,248	
Notes and Other Current Receivables Supplies Inventory Prepaid Interest Total Current Assets PROPERTY (Notes 1, 2 and 8) Land and Land Improvements Buildings Furniture and Equipment Motor Vehicles Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 Total Property ASSETS NOT AVAILABLE FOR CURRENT NEEDS Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976 Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total UNRESTRICTED FUND ASSETS NONG RESTRICTED FUND ASSETS Cash, Restricted for Property Replacements None Restricted for Property Replacements 102,438,81 17,585,193 102,433,81 17,585,193 106,101,437 106,101,437 106,101,437 106,101,437 107,585,193 107,385,193 107,312,98 399,477 299,237,089 106,101,437 107,585,193 107,217,561 299,237,089 2100,423,81 2100,423,81 2100,433,81 2100,443,81 2102,433,81 2102	(Notes 1 and 8)	3,952,920	
Supplies Inventory (Note 1) 13,460 49,000 Prepaid Interest 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 35,960 17,003 17,003 35,960 17,003	Accounts Receivables		
Prepaid Interest Prepaid Insurance Total Current Assets **ROPERTY** (Notes 1, 2 and 8)** Land and Land Improvements Buildings Furniture and Equipment Motor Vehicles **Less - Accumulated Depreciation **Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 **Total Property** **ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets **Total UNRESTRICTED FUND ASSETS** **DONOR RESTRICTED ASSETS** Cash, Restricted for Property Replacements **169,386** **15,701,999** \$14,089,944** \$0,61,54,299** 106,101,437** 102,433,81** 104,312,93** 104,312,93** 24,512,59** 24,512,59** 29,237,089** 219,237,089** 24,512,59** 29,237,089** 219,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,0642,18** 29,237,089** 210,102,433,81 210,24,312,924 21,112,59 21,514,712 29,237,089 21,512,59			1,230,034
Total Current Assets \$15,701,999 \$14,089,94-10	Supplies inventory		
Total Current Assets		17,003	35,965
ROPERTY (Notes 1, 2 and 8)		\$ 15,701,999	\$ 14,089,944
Land and Land Improvements Buildings Furniture and Equipment 17,585,193 16,312,98 399,477 253,67 253,67 253,67 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,089 29,237,099 29,237,	Total Current Assets		
Land and Land Improvements 106,101,437 102,433,81 17,585,193 16,312,98 399,477 253,67 253,67 253,67 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 24,512,59 29,237,089 29,2	ROPERTY (Notes 1, 2 and 8)	e 7 137 916	s 6,154,295
## Buildings Furniture and Equipment	Land and Land Improvements		102,433,814
Furniture and Equipment 399,477 253,677 Motor Vehicles \$\frac{1}{399,477}\$ 253,677 Less - Accumulated Depreciation \$\frac{1}{311,224,023}\$ \frac{1}{24,512,599}\$ \frac{2}{24,512,599}\$ \frac{1}{29,237,089}\$ \frac{2}{24,512,599}\$ \frac{1}{3101,986,934}\$ \$\frac{1}{3101,986,934}\$ \$\frac{1}{3101,986			
Motor Vehicles	Furniture and Equipment		
Construction in Progress, Including Construction	Motor Vehicles	399,477	
Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 7,271,561 2,429,83 707 7,271,561 7,271,5	MOLOI VEHICLES	\$131,224,023	\$125,154,775
Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 \$109,258,495 \$103,072,01		29,237,089	24,512,595
Construction in Progress, Including Construction Funds of \$3,242,924 in 1977 and \$753,307 in 1976 Total Property ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 109,386 7,271,561 7,271,501 7,2	Less - Accumulated Depreciation		\$100,642,180
ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 \$103,072,093 \$3,320,811 \$ 617,99 \$104,521 125,5 496,964 246,6 \$17,99 \$1,719,10 \$5,754,532 \$2,709,20 \$130,715,026 \$119,871,20 \$130,715,026 \$119,871,20 \$1,9871,2	Construction in Progress, Including Construction	7,271,561	2,429,835
ASSETS NOT AVAILABLE FOR CURRENT NEEDS Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 S 3,320,811 \$ 617,99 \$ 1,4521		\$109,258,495	\$103,072,015
Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 \$3,320,811 \$ 617,99 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$496,964 \$246,6 \$10,715,026 \$119,871,2	Total Property		
Cash and Time Deposits, \$2,599,331 in 1977 is Restricted as Collateral to Long-Term Debt Investments, Principally in Stocks, Bonds and Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 \$3,320,811 \$ 617,99 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$496,964 \$246,6 \$10,000 \$1,832,236 \$1,719,1 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$496,964 \$246,6 \$1,832,236 \$1,719,1 \$2,709,20 \$3,320,811 \$ 617,99 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$496,964 \$246,6 \$1,832,236 \$1,719,1 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,320,811 \$ 617,99 \$104,521 \$125,5 \$2,709,20 \$3,719,10 \$3,715,026 \$119,871,20 \$3,709,2	ASSETS NOT AVAILABLE FOR CURRENT NEEDS		
Land Held in Trust, at Cost (Market Approximates \$219,000 in 1977 and \$238,000 in 1976) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 104,521 496,964 246,6 496,964 246,6 1,719,1 1,832,236 1,719,1 \$5,754,532 \$2,709,2 \$130,715,026 \$119,871,2	Cash and Time Deposits, \$2,599,331 in 1977	\$ 3,320,811	\$ 617,956
\$219,000 in 1977 and \$238,000 in 1970) Notes Receivable and Other Assets (Note 3) Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 246,6 246,6 246,6 35,754,532 \$1,719,1 36,715,026 \$119,871,2	Investments, filled party in the Cost (Market Approximates	10/ 501	125 518
Notes Receivable and Other Assets Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 Rote 37 1,719,1 \$ 5,754,532 \$ 2,709,2 \$ 130,715,026 \$ 119,871,2	calo 000 in 1977 and \$238,000 in 1976)	_	
Deferred Finance Fees, Less Accumulated Amortization of \$554,999 in 1977 and \$370,926 in 1976 (Note 1) Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 1,832,236 1,719,1 \$ \$ 5,754,532 \$ 2,709,2 \$ \$ 130,715,026 \$ \$ 119,871,2 \$ \$ 169,386 \$ 855,8	w to Booginghie and Other Assets (Note 3)	496,964	240,000
Total Other Assets TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 855,8	B. C. and Finance Fees Less Accumulated Amortization	1,832,236	
TOTAL UNRESTRICTED FUND ASSETS DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 855,8		\$ 5,754,532	\$ 2,709,261
DONOR RESTRICTED ASSETS Cash, Restricted for Property Replacements 169,386 855,8		\$130,715,026	\$119,871,220
Cash, Restricted for Property Replacements 169,386 855,8			
Cash, Restricted for Property Replacements 169,386 855,8 and Expansion	DONOR RESTRICTED ASSETS		
and Expansion	Cash, Restricted for Property Replacements	169,386	855,87
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\$130,884,412 \$120,727,099

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

LIABILITIES AND FUND BALANCES	1977	1976
CURRENT LIABILITIES		
Short-Term Notes and Contracts (Note 4)	\$ 1,267,423	\$ 722,663
Current Maturities of Long-Term Debt (Note 5)	5,639,601	5,014,619
Prepaid Resident Rents	242,012	235,582
Accounts Payable -	1 (70 102	1 500 /75
Suppliers	1,678,103	
Construction Projects	528,427	396,852
Accrued Salaries and Wages	1,568,831	1,876,421
Accrued Payroll Taxes and Other Expenses Accrued Interest	616,003	488,480
	1,133,615	1,135,328
Current Maturity Deferred Apartment Entry Fees (Note 6)	258,874	197,064
Total Current Liabilities	\$ 12,932,889	\$ 11,655,484
- 정보시키트 경우 전문을 보고 하는데 모양		
보고 있는데 보고 있는데 하는데 하는데 그를 보고 있다.		
LONG-TERM DEBT - Less Current Maturities		
Shown Above (Notes 5 and 7)	\$ 77,643,161	\$ 74,167,396
DEFERRED APARTMENT ENTRY FEES - Less Current		
Maturities Shown Above (Note 6)	\$ 1,042,429	\$ 1,024,411
CONTINGENCIES AND COMMITMENTS (Note 8)		
CONTINGENCIES AND COMMITMENTS (Note 8)		
TOTAL LIABILITIES	\$ 91,618,479	\$ 86,847,291
EUND DAI ANGEG		
FUND BALANCES	20 006 547	22 022 020
Unrestricted Funds (Note 1)	39,096,547	33,023,929
Donor Restricted Funds Restricted for	160 206	055 070
Property Replacement and Expansion	169,386	855,879
Total Fund Balances	\$ 39,265,933	\$ 33,897,808

\$130,884,412 \$120,727,099

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY STATEMENTS OF REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	1977	1976
OPERATING REVENUE		
Resident Routine Care	\$ 87,845,158	\$ 75,687,789
Ancillary Services	777,722	755,506
Administrative Services, Principally from		
Managed Centers	322,735	198,380
Employee and Guest Meals	867,833	763,833
Other Operating Revenue	772,325	661,665
Total Operating Revenue	\$ 90,585,773	\$ 78,067,173
OPERATING EXPENSES		
Salaries and Wages	\$ 49,802,411	\$ 43,252,779
Payroll Taxes and Employee Benefits	3,883,111	3,399,033
Cost of Food and Supplies	12,029,330	10,808,744
Maintenance and Repairs	1,182,848	1,075,278
Insurance	1,313,557	1,452,802
Utilities and Communications	4,242,968	3,613,096
Interest	6,429,235	5,518,249
Depreciation	4,877,465	4,271,431
Other Operating Expenses	3,818,339	2,999,316
Total Operating Expenses	\$ 87,579,264	\$ 76,390,728
EXCESS OF OPERATING REVENUES OVER		
OPERATING EXPENSES	\$ 3,006,509	\$ 1,676,445
NON-OPERATING REVENUE (EXPENSES)	\$ 506 607	6 201 000
Unrestricted Gifts	\$ 506,697	\$ 384,889
Income from Investments	637,988	442,441
Miscellaneous Income and Expense - Net	(25,004)	(2,258)
Total Non-Operating Revenue	\$ 1,119,681	\$ 825,072
EXCESS OF REVENUES OVER EXPENSES	\$ 4,126,190	\$ 2,501,517

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

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY STATEMENTS OF CHANGES IN FUND BALANCES FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

	1977	1976
UNRESTRICTED FUNDS		
Balance at Beginning of Year	\$ 33,023,929	\$ 28,410,901
Excess of Revenues over Expenses	4,126,190	2,501,517
Annuities: (Note 1) Issued Terminated and Transferred to Unrestricted Gifts	3,000 (32,000)	20,000
Transferred from Property Replacement and Expansion Funds for Property Additions	1,975,428	2,091,511
Balance End of Year	\$ 39,096,547	\$ 33,023,929
DONOR RESTRICTED FUNDS		
Specific Purpose Funds:		
Balance at Beginning of Year	\$ -	\$ -
Donations of Food and Other Supplies	14,381	13,694
Transferred to Other Operating Revenue	(14,381)	(13,694)
Balance End of Year	<u>\$</u> -	\$ -
Property Replacement and Expansion Funds:		
Balance at Beginning of Year	\$ 855,879	
Restricted Gifts and Bequests	1,288,935	2,947,390
Transferred to Unrestricted Funds	(1,975,428)	(2,091,511)
Balance End of Year	\$ 169,386	\$ 855,879

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

THE EV. LUTHERAN GOOD SAMARITAN SOCIETY STATEMENTS OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976

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SOURCE OF FUNDS	\$ 4,126,190	\$ 2,501,517
Excess of Revenues Over Expenses	4,877,465	4,271,431
Add - Provision for Depreciation	228,023	144,448
- Amortization of Deferred Finance Fees	220,023	144,440
Less - Amortization of Deferred Apartment	(259, 183)	(143, 290)
Entry Fees		(143,290)
- Annuities Terminated	(32,000)	
Funds Provided by Operations	\$ 8,940,495	\$ 6,774,106
	218,139	594,922
Property Retirements Proceeds from Long-Term Debt Borrowings	11,328,072	5,887,223
Proceeds from Deferred Apartment Entry Fees	385,863	640,801
Proceeds from Deferred Apartment Entry rees	3,000	20,000
Proceeds from Annuities Issued		
Community and Individual Donations of and		
for Property, Including \$686,493 Transferred		
from Donor Restricted Assets in 1977 and Less		
\$855,879 Included in Donor Restricted Assets	1,975,428	2,091,511
in 1976		
Total Funds Provided	\$22,850,997	\$16,008,563
APPLICATION OF FUNDS		
Property Additions	\$11,282,084	\$ 9,198,746
Increase in Other Assets	3,273,294	257,680
Reduction in Long-Term Debt, Including \$624,982		
in 1977 and \$345,453 in 1976 Transferred to		
Current Maturities	7,852,307	4,813,528
Reduction in Deferred Apartment Entry Fees	108,662	174,723
Total Funds Applied	\$22,516,347	\$14,444,677
	¢ 33/ 650	\$ 1,563,886
INCREASE IN WORKING CAPITAL	\$ 334,650	<u> </u>
ANALYSIS OF CHANGES IN WORKING CAPITAL		
Increase (Decrease) in Current Assets		
Cash	\$ (937,376)	
Cash in Savings and Certificates of Deposit	2,063,034	2,562,375
Accounts Receivable	488,073	518,530
Notes and Other Current Receivables	(74,531)	103,087
Supplies Inventory	127,361	145,511
Prepaid Interest and Insurance	(54,506)	(99,055)
(Increase) Decrease in Current Liabilities		
Short-Term Notes and Contracts	(544,760)	
Current Maturities of Long-Term Debt	(624,982)	
Prepaid Resident Rents	(6,430)	(97,109)
Accounts Payable	(221, 203)	(618,730)
Accounts rayable Accrued Salaries and Wages	307,590	(1,872,171)
Accrued Payroll Taxes and Other Expenses	(127,523)	
Accrued Interest	1,713	(470,910)
Current Maturities - Deferred Apartment Entry Fees	(61,810)	
INCREASE IN WORKING CAPITAL	\$ 334,650	\$ 1,563,886

statements.

(1) SUMMARY OF ACCOUNTING POLICIES

PRINCIPLES OF REPORTING

The financial statements of the Society represent the combination of the Society's 165 operating centers in 1977 and 163 operating centers in 1976 and its central office. All material inter-company balances, transactions and earnings have been eliminated. The statements do not include the financial statements of 12 centers in 1977 and 11 centers in 1976 that are managed on a fee basis by the Society.

TAX EXEMPT STATUS

The Society is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has, however, elected to cover its employees under Federal Social Security.

ACCOUNTS RECEIVABLE

The Society maintains its accounts receivable on a cash basis during the year and, at year-end, records all collectible accounts receivable. In addition, starting in 1977, the Society has provided an allowance for estimated uncollectible accounts of \$100,000, and this amount is recorded as a deduction from accounts receivable at December 31, 1977.

The Society does not record a computed receivable or payable for the final settlement of services rendered to certain residents and reimbursed by third-party payor programs. These programs reimburse the Society for the cost of services in accordance with principles of reimbursement prescribed by the programs. Medicare and Medicaid/Welfare, in certain states, reimburse the Society on a tentative basis during the year and require a final settlement after year end. In addition Medicare and several state Medicaid/Welfare programs require subsequent program audits that can result in further adjustment to these settlements. - Note 8.

SUPPLIES INVENTORY

Supplies inventory consists principally of food, unused linens, office supplies and housekeeping supplies. Inventories are valued at cost determined by the first-in first-out (FIFO) method.

PROPERTY

Property is recorded at cost except that the value of land and other property items donated by communities and individuals is recorded at the estimated value of the asset at the time it is donated. The cost of furniture, equipment and motor vehicles acquired prior to January 1, 1973 is estimated in the accompanying financial statements since the Society's property records at certain centers make it impractical to ascertain the cost of these items. - Note 2.

The property at certain centers is financed in part by the proceeds of industrial revenue bond issues and a privately placed tax exempt mortgage secured by long-term leases. Lease payments net of interest associated with such leases, have been capitalized and are included in the accompanying balance sheet as property and long-term debt. - Note 7.

Maintenance, repairs and replacements which do not improve the asset or extend the asset lives are expensed as incurred. Cost of additions and improvements are added to the land, land improvements, buildings and furniture and equipment accounts.

Depreciation of property is provided on the straight-line basis. Depreciation rates are based on the estimated useful lives of the assets and/or the rates allowed by the Medicare and Medicaid/Welfare regulations applicable to each state. The lives used are as follows:

PROPERTY	USEFUL LIFE
Land Improvements	15 - 20 years
Buildings	15 - 40 years
Furniture and Equipment	3 - 20 years
Vehicles	4 years

Construction in progress includes the contractor costs, capitalized interest and other construction costs accrued to year end, at existing and new center locations. In addition, funds that are committed to pay for uncompleted construction are included in construction in progress.

DEFERRED FINANCE FEES

Deferred finance fees represent the cost of underwriter fees, legal fees, printing expenses and other costs associated with obtaining long-term debt financing. These costs are amortized on a straight-line basis over the terms of the related indebtedness.

PENSION PLAN

The Society provides a pension plan covering all administrators and certain other key personnel. The plan is funded through the Pension and Benefits Plan for Clergy and Lay Workers of the American Lutheran Church, Minneapolis, Minnesota. The plan provides principally that the eligible employee and the Society shall contribute 3% and 5% respectively of the employee's salary to the plan. The plan also provides that the cumulative amount in each employee's account upon retirement and reaching age 65 shall be used to purchase a life annuity. No prior service cost or unfunded vested benefits exist under the plan. The Society's policy is to fund pension costs as accrued. The Society funded approximately \$246,000 and \$196,000 to the plan during the years ended December 31, 1977 and 1976 respectively. This amount included employees' shares of pension contributions of approximately \$91,000 in 1977 and \$74,000 in 1976 paid by the Society as additional employee compensation and recognized in the financial statements as a pension expense rather than a salary expense item.

ANNUITIES

The unrestricted fund balance of the Society at December 31, 1977 and 1976 includes annuities aggregating \$107,700 and \$136,700 respectively. These annuities bear interest varying from 4% to 8.4%. The principal amounts, however, do not have to be repaid to the annuity owners. Upon the death of an owner the related annuity is terminated and no further obligations exist to the deceased owner's estate.

(2) FURNITURE, EQUIPMENT AND MOTOR VEHICLES ESTIMATED COST

As indicated in Note 1, property is stated at cost in the accompanying financial statements. Incomplete property records at certain centers of the Society for periods prior to January 1, 1973, made it impractical to properly determine the cost of furniture, equipment and motor vehicles acquired prior to that date. Accordingly the cost of these assets is estimated in the accompanying financial statements. This estimate was determined by Society management through recognition of the estimated cost of these assets at January 1, 1964 and the cumulative total of additions recorded in the Society's financial statements from that date to December 31, 1972. Furniture, equipment and motor vehicles acquired prior to January 1, 1973 are included in the accompanying financial statements at December 31, 1977 and 1976 as follows:

	1977 1976
Estimated Cost	\$ 8,792,944 \$ 8,875,216
Accumulated Depreciation	(7,398,234) (6,900,059)
Net Book Value	\$ 1,394,710 \$ 1,975,157

Depreciation is provided on the above assets on a straight-line basis with useful lives of 10 years assigned to furniture and equipment and 4 years assigned to motor vehicles.

(3) NOTES RECEIVABLE AND OTHER ASSETS

Notes receivable and other assets consist principally of miscellaneous notes receivable and a \$250,000 advance in 1977 to the Christian Action Ministry Center for Human Development. This center is currently in the process of building a skilled nursing care center in Chicago, Illinois. Upon completion this center will be managed by the Society; and an amount equal to 2% of the gross operating income of the center will be paid to the Society for a period of 10 years to amortize the advance. The 2% fee, described above, is in addition to the customary fee charged by the Society for managing an unrelated nursing home facility.

(4) SHORT-TERM NOTES AND CONTRACTS

At December 31, 1977 and 1976 short-term notes and contracts are summarized as follows:

경기 (1981년 - 1982년 - 1984년 - 1 - 1984년 - 1984	1977	1976
Unsecured Notes and Contracts \$	988,423(a)	\$ 591,613
Secured Notes and Contracts	279,000(b)	131,050
<u> </u>	1,267,423	\$ 722,663

- (a) Unsecured notes bear interest varying from 8%-10%.
- (b) Secured notes bear interest varying from 8%-9 3/4% and are secured by cash, accounts receivable and property.

(5)	LONG-TERM DEBT	1977	1976
	Debt Secured with Mortgages of Certain Property:		
	Mortgage Notes Mortgage Bonds Obligations Under Capitalized Leases Other Secured Notes	\$27,210,413(a) 21,627,700(b) 18,498,000(c) 2,599,331(d)	\$29,256,105 22,966,900 12,388,000
		\$69,935,444	\$64,611,005
	Unsecured Debt: Notes Payable to Individuals Other Unsecured Notes Direct Obligation Notes	\$ 5,390,058(e) 518,260(f) 7,439,000(g)	\$ 5,635,609 707,401 8,228,000
		\$13,347,318	\$14,571,010
		\$83,282,762	\$79,182,015
	Less - Current Maturities of Long-Term Debt	5,639,601	5,014,619
		<u>\$77,643,161</u>	\$74,167,396

- (a) Mortgage notes bear interest varying from $4\ 1/2\%-10.16\%$ and require principally, monthly principal and interest payments.
- (b) Mortgage bonds bear interest varying from $4\ 1/2\%-9\ 3/4\%$ and require principally, semi-annual interest payments.
- (c) Certain Society property is financed by the proceeds of industrial revenue bond issues and a privately placed tax exempt mortgage secured by long-term leases. All of the leases provide that the Society may, at its option, purchase the property by payment of the related revenue bond issue plus a nominal additional consideration or that the lease term at least equals the economic life of the related property. All of these leases have been capitalized in accordance with generally accepted accounting principles and accordingly the cost of the property and the related indebtedness applicable to the bond issue or mortgage are recorded in the Society's

financial statements. - Note 7. The revenue bonds and mortgage bear interest varying from 4 1/2%-9 1/2% and require semi-annual interest payments and monthly principal and interest payments, respectively.

- (d) Other secured notes bear interest at 8% and require monthly interest payments with the principal due in 1987.
- (e) Notes payable to individuals bear interest varying from 5%-8% and require monthly, quarterly, semi-annual or annual interest payments.
- (f) Other unsecured notes bear interest varying from 0%-10% and require principally, monthly principal and interest payments.
- (g) Direct obligation notes bear interest varying from 7%-10% and require semi-annual interest payments.

LONG-TERM DEBT PRINCIPAL REPAYMENT SUMMARY AT DECEMBER 31, 1977

YEAR PAYABLE 1978 1979 1980 1981 1982	MORTGAGE NOTES \$ 1,631,857 1,673,417 1,708,609 1,788,574 1,812,300	MORTGAGE BONDS \$ 1,219,200 1,650,000 6,300,000 3,145,000 753,812	OBLIGATIONS UNDER CAPITALIZED LEASES \$ 356,332 541,305 602,214 658,196 704,258	OTHER SECURED NOTES \$	NOTES PAYABLE TO INDIVIDUALS \$ 1,781,784 810,062 790,450 511,660 645,512	OTHER UNSECURED NOTES \$ 208,428 156,827 77,997 29,578 15,465	DIRECT OBLIGATION NOTES \$ 442,000 2,381,000 1,032,000 662,000 203,000	TOTAL \$ 5,639,601 7,212,611 10,511,270 6,795,008 4,134,347
1983 1984 1985 1986 1987 1988 1989 1990 1991	Balance of \$18,595,656 Subject To Periodic Amortization	655,750 828,250 721,250 1,194,438 1,484,000 2,368,000 185,000 193,000 170,000 125,000	755,404 831,643 887,981 924,427 1,010,990 1,097,678 1,169,502 1,251,472 1,263,601 1,190,901	2,599,331	259,340 127,950 57,000 248,400 157,900	13,399 9,066 7,500	221,000 240,000 260,000 282,000 431,000 1,285,000	
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003		140,000 150,000 165,000 180,000	1,273,386 1,246,071 1,125,972 647,106 535,492 149,151 53,103 57,374 61,988 66,973 35,480					

(6) DEFERRED APARTMENT ENTRY FEES

Apartment entry fees represent deposits made by apartment residents. The deposits are amortized to revenue in accordance with the terms of each deposit contract. Although the terms of the deposit contracts vary, the contracts provide principally that the Society shall earn from 1% to 2% of the deposit each month the depositing resident resides in a Society apartment. Refunds are made of unamortized deposits on principally all of the contracts when the respective residents vacate an apartment unit.

The current maturities portion of the above deposits represents the estimated portion of these fees to be refunded and to be amortized to income in the year subsequent to December 31, 1977 and 1976.

(7) CAPITALIZED LEASES

As described in Notes 1 and 5, certain operating centers are financed in part by the proceeds of industrial revenue bond issues and a privately placed tax exempt mortgage secured by long-term leases. These long-term leases have been capitalized in accordance with generally accepted accounting principles and are reflected in the accompanying balance sheet as a part of the property and long-term debt of the Society.

The lease agreements require payments sufficient to amortize all principal and interest applicable to the related bond issues or mortgage.

Aggregate minimum lease commitments at December 31, 1977, for the capitalized leases described above, are payable as follows:

YEARS ENDING	
DECEMBER 31	AMOUNT
1978	\$ 1,722,031
1979	1,920,007
1980	1,944,027
1981	1,959,199
1982	1,960,503
Remainder Through	
2003	25,640,480
Total Minimum Obligation	\$35,146,247
Less Amount Representing Interest	16,648,247
Present Value of Minimum Obligation	\$18,498,000

(8) CONTINGENCIES AND COMMITMENTS

SETTLEMENT OF THIRD-PARTY REIMBURSEMENT PROGRAMS

The services provided at certain Society centers are paid for by third-party payors on the basis of the cost of providing such services. These costs are determined in accordance with the principles of reimbursement of the respective third parties in the states in which the centers are located. The following programs provide for reimbursement at various defined cost levels which result in reductions from normal resident charges:

	OF TOTAL RESIDENT ROUTINE CARE REVENUE FOR THE YEAR ENDED DECEMBER 31	
THIRD PARTY PAYOR	1977	1976
Medicaid/Welfare	47.1%	48.0%
Medicare	.4	.5
	47.5%	48.5%

APPROXIMATE PERCENT

Each of the above programs require the filing of annual cost reimbursement reports which are subject to audit by the third party payors. As stated in Note 1, the accompanying financial statements do not reflect the estimated settlements on a cost reimbursement basis for services rendered to residents under these programs. Sufficient evidence was not available to evaluate the effect, if any, which final determination of reimbursable costs may have upon accounts receivable and resident revenue.

Although the resulting settlement of the above described cost reports is not determinable at December 31, 1977 and 1976, it is the opinion of Society management that no significant adverse effect will result from the settlements.

UNEMPLOYMENT TAXES SELF INSURED

The Society self insures its own liability for unemployment taxes at a substantial number of its centers. As a result, these centers do not participate in the various state unemployment tax programs in the states where the centers are located. Since the inception of this self insurance program in 1972, unemployment claims totaling \$709,175 have been paid from the program.

CONSTRUCTION IN PROGRESS COMMITMENTS

The Society at December 31, 1977, has entered into construction contracts for projects which have uncompleted work of approximately \$3,498,903. In the opinion of Society management the unexpended construction funds of \$3,242,924 and available bank lines of credit should be adequate to cover the above uncompleted work and all remaining additional costs to be incurred on these projects.

In addition, in the opinion of Society management, no construction contracts or commitments have been entered into subsequent to December 31, 1977 that will have a significant effect on the financial statements of the Society.

EXHIBIT A

Part of the NW% SW%, Section 14, and part of the NE% SE%, Section 15, Twp. 19 N., Range 13 West, Mountain Home, Baxter County, Arkansas described as follows: Starting at the SW corner of the said NE% SE%, Section 15, thence N. 0 deg. 15' W. 535.5 feet; thence N. 89 deg. 03' E. 485.6 feet; thence S. 1 deg. 42' 30" E. 94.6 feet; thence N. 88 deg. 30' E. 124.8 feet; thence S. 17 deg. 38' 30" E. 135.4 feet; thence N. 88 deg. 53' 30" E. 589.6 feet to the point of beginning; thence N. 88 deg. 17' E. 30" E. 259.4 feet; thence S. 0 deg. 40' 30' E. 108.9 feet; thence S. 89 deg. 17' E. 123.8 feet; thence S. 0 deg. 40' 30" E. 104.2 feet; thence S. 89 deg. 17' E. 302.5 feet; thence N. 0 deg. 13' 30" E. 622.5 feet; thence N. 89 deg. 17' 30" E. 50.0 feet; thence N. 1 deg. 10' W. 588.3 feet; thence S. 1 deg. 01' 30" E. 402.2 feet; thence N. 89 deg. 48' W. 259.4 feet; thence N. 89 deg. 48' W. 259.4 feet; thence S. 0 deg. 04' W. 587.0 feet to the point of beginning; containing 15.70 acres, more or

266 A



Policy of Title Insurance

A TICOR COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, PIONEER NATIONAL TITLE INSURANCE COMPANY (a Stock Company), a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

- 1. Title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
- 2. Any defect in or lien or encumbrance on such title;
- 3. Lack of a right of access to and from the land;
- 4. Unmarketability of such title;
- 5. The invalidity or unenforceability of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity or unenforceability, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
- a. usury, or
- b. any consumer credit protection or truth in lending law;
- 6. The priority of any lien or encumbrance over the lien of the insured mortgage;
- 7. Any statutory lien for labor or material which now has gained or hereafter may gain priority over the lien of the insured mortgage, except any such lien arising from an improvement on the land contracted for and commenced subsequent to Date of Policy not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance; or
- 8. The invalidity or unenforceability of any assignment, shown in Schedule A, of the insured mortgage or the failure of said assignment to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

This policy shall not be valid or binding until countersigned below by a validating officer of the Company.

Issued By: Beach Abstract & Guaranty Company 100 Center Street Little Rock, Arkansas (501) 376-3301

AGENT FOR Counters igned PIONEER NATIONAL TITLE INSURANCE

Signatory

Pioneer National Title Insurance Company

Schedule of Exclusions from Coverage

The following matters are expressly excluded from the coverage of this policy:

- 1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
- 2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
- 3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material).
- 4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

Conditions and Stipulations

- 1. Definition of Terms
- The following terms when used in this policy mean:
 (a) "insured": the insured named in Schedule A. The term
 "insured" also includes (i) the owner of the indebtedness
 secured by the insured mortgage and each successor in
 ownership of such indebtedness (reserving, however, all
 rights and defenses as to any such successor who acquires
 the indebtedness by operation of law as distinguished from
 purchase including, but not limited to, heirs, distributees,
 devisees, survivors, personal representatives, next of kin
 or corporate or fiduciary successors that the Company would
 have had against the successor's transferor), and further
 includes (ii) any governmental agency or instrumentality
 which is an insurer or guarantor under an insurance contract
 or guaranty insuring or guaranteeing said indebtedness, or
 any part thereof, whether named as an insured herein or not,
 and (iii) the parties designated in paragraph 2 (a) of these
 Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage

hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by

reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this

policy.
(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

- (f) "public records": those records which by law impart constructive notice of matters relating to said land.
- 2. Continuation of Insurance after Acquisition of Title (a) This policy shall continue in force as of Date of Policy in favor of an insured who acquires all or any part of the estate or interest in the land described in Schedule A by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage, and if the insured is a corporation, its transferee of the estate or interest so acquired, provided the transferee is the parent or wholly owned subsidiary of the insured; and in favor of any governmental agency or instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage; provided that the amount of insurance hereunder after such acquisition, exclusive of costs, attorneys' fees and expenses which the Company may become obligated to pay, shall not exceed the least of:
- (i) the amount of insurance stated in Schedule A;
- (ii) the amount of the unpaid principal of the indebtedness as defined in paragraph 8 hereof, plus interest thereon, ex-

penses of foreclosure and amounts advanced to protect the lien of the insured mortgage and secured by said insured mortgage at the time of acquisition of such estate or interest in the land; or

(iii) the amount paid by any governmental agency or instrumentality, if such agency or instrumentality is the insured claimant, in the acquisition of such estate or interest in satisfaction of its insurance contract or guaranty.

(b) Continuation of Insurance after Conveyance of Title The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

3. Defense and Prosecution of Actions — Notice of Claim to be Given by an Insured Claimant

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in all litigation consisting of actions or proceedings commenced against such insured, or defenses, restraining orders or injunctions interposed against a foreclosure of the insured mortgage or a defense interposed against an insured in an action to enforce a contract for a sale of the indebtedness secured by the insured mortgage, or a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged defect, lien, encumbrance, or other matter in-

sured against by this policy.
(b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defen or restraining order or injurious is interrosed as set forth

ing (i) in case any action or proceeding is begun or defense or restraining order or injunction is interposed as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability

(Conditions and Stipulations continued and concluded on last page of this policy)

Schedule A

No. L-A 10373	Date of Policy: November 2, 1978 @ 10:00 A.M.
Amount of Insurance: \$ 1,950,000.00	Agent's Reference No.:

1. Name of Insured:

FIRST NATIONAL BANK AND TRUST CO. OF MOUNTAIN HOME AS TRUSTEE OF THE MORTGAGE AND INDENTURE OF TRUST BETWEEN CITY OF MOUNTAIN HOME, ARKANSAS NURSING AND RETIREMENT HOME FACILITIES BOARD (THE EV. LUTHERAN GOOD SAMARITAN SOCIETY PROJECT) AND SAID BANK, AS TRUSTEE, DATED AS OF JULY 1, 1978.

2. The title to the Fee Simple estate in said land is at the date hereof vested in:

City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project)

3. The mortgage and assignments, if any, covered by this policy are described as follows:

Mortgage and Indenture of Trust from City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) to First National Bank & Trust Co. of Mountain Home, as Trustee of the Mortgage and Indenture of Trust between City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) and said bank, as Trustee, dated as of July 1, 1978, filed for record September 28, 1978 and recorded in Book 102, page 202, records of Baxter County, Arkansas.

4. The land referred to in this policy is located in the County of
State of Arkansas and described as follows:

As shown on Rider attached hereto.

No.

L-A 103739

Part of the NW SW Section 14 and part of the NE SE, Section 15, Township 19 North, Range 13 West, described as follows: Starting at the Southwest corner of the said NE14 SE14, Section 15, thence North O degree 15 minutes West 535.5 feet; thence North 89 degrees 03 minutes East, 485.6 feet; thence South 1 degree 42 minutes 30 seconds East, 94.6 feet; thence North 88 degrees 30 minutes East 124.8 feet; thence South 17 degrees 38 minutes 30 seconds East 135.4 feet; thence North 88 degrees 53 minutes 30 seconds East, 589.6 feet to the point of beginning; thence North 88 degrees 53 minutes 30 seconds East 259.4 feet; thence South 0 degree 40 minutes 30 seconds East 108.9 feet; thence South 89 degrees 17 minutes East, 123.8 feet; thence South O degree 40 minutes 30 seconds East, 104.2 feet; thence South 89 degrees 17 minutes East, 302.5 feet, thence North 0 degree 13 minutes 30 seconds East, 622.5 feet; thence North 89 degrees 17 minutes 30 seconds East 50.0 feet; thence north 1 degree 10 minutes West, 588.8 feet; thence South 88 degrees 49 minutes 30 seconds West, 475.9 feet; thence South 1 degree 01 minutes 30 seconds East, 402.2 feet; thence North 89 degrees 48 minutes West, 259.4 feet; thence South O degree O4 minutes West 587.0 feet to the point of beginning; containing 15.70 acres, more or less.

Subject to 50 foot easement for road purposes granted to Joseph Keller as set out in Deed 159, page 83 of the records of Baxter County, Arkansas.

Chal Dong

No. L-A 103739

Part I

This policy does not insure against loss or damage by reason of the following:

1. General taxes for the year 1978 and subsequent years and future assessments of the following special improvement districts:

WATER & SEWER IMPROVEMENT DISTRICT #3 OF MOUNTAIN HOME, ARKANSAS.

- 2. Rights and claims of parties in possession adverse to the insured.
- 3. Any state of facts an accurate survey would show.
- 4. Mechanics' and materialmen's liens not shown of record.
- 5. Roads, ways and easements, if any, not shown of record.
- The title to appliances installed on deferred payments whether attached to or otherwise used in connection with the premises hereby insured.
- 7. Mortgage executed June 21, 1978 by Ev. Lutheran Good Samaritan Society to First National Bank & Trust Co. of Mountain Home, Arkansas, filed June 26, 1978, and recorded in Book 100, page 197, records of Baxter County, Arkansas.
- 8. A 50-foot easement for road purposes as described in Quitclaim executed September 27, 1978 by The City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), to Joseph Keller, filed Sept. 27, 1978 and recorded in Book 173, page 267, records of Baxter County, Arkansas.
- 9. Lease by and between City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), and Ev. Lutheran Good Samaritan Society, a North Dakota non-profit corporation, filed September 28, 1978 and recorded in Misc. Record AA, page 263, records of Baxter County, Arkansas, which has been assigned to First National Bank & Trust Co. of Mountain Home, in Mountain Home, Arkansas, as Trustee, under the Mortgage and Indenture of Trust, dated as of July 1, 1978, from the Board.

Charles Dongon

(Conditions and Stipulations continued and concluded from reverse side of Policy Face)

or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgement or order.

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense. and the Company shall reimburse such insured for any expense so incurred.

4. Notice of Loss — Limitation of Action

In addition to the notices required under paragraph 3 (b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

5. Options to Pay or Otherwise Settle Claims
The Company shall have the option to pay or otherwise
settle for or in the name of an insured claimant any claim
insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering
payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment by the insured claimant and authorized by the Company. In case loss or damage is claimed under this policy by an insured, the Company shall have the further option to purchase such indebtedness for the amount owing thereon together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as here-in provided, the owner of such undebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided.

6. Determination and Payment of Loss

(a) The liability of the Company under this policy shall in no case exceed the least of:

(i) the actual loss of the insured claimant; or

(ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in paragraph 2 (a) hereof; or

(iii) the amount of the indebtedness secured by the insured mortgage as determined under paragraph 8 hereof, at the time the loss or damage insured against hereunder

occurs, together with interest thereon.
(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization

of the Company. (c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. Limitation of Liability

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice;
(b) in the event of litigation until there has been a final

determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or

(c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

8. Reduction of Liability
(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2 (a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder except to the extent that such payments reduce the amount of the indebtedness secured by the insured mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in paragraph 2 (a)

hereof.

(b) The liability of the Company shall not be increased by additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to protect the lien of the insured mortgage and secured thereby. No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

9. Liability Noncumulative

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

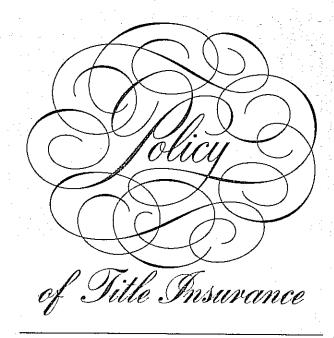
10. Subrogation upon Payment or Settlement Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal lighting of any debter or quarantee or extend or therevies insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by the insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to the insured mortgage. If loss of priority should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. Liability Limited to this Policy

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy. No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

12. Notices, where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to its Home Office, Claims Department, 433 South Spring Street, P.O. Box 54730, Los Angeles, California 90054.





PIONEER NATIONALTITLE INSURANCE

FRIDAY, ELDREDGE & CLARK

ATTORNEYS AT LAW

THE FIRST NATIONAL BUILDING, TWENTIETH FLOOR LITTLE ROCK, ARKANSAS 72201

TELEPHONE

501-376-2011

January 12, 1979

LEWIS MATHIS HERMANN IVESTER PAUL B. BENHAM, III OVERTON S. ANDERSON DAVID A. ORSINI LARRY W. BURKS A. WYCKLIFF NISBET, JR. JAMES E. HARRIS JOSEPH E. KILPATRICK, JR. J. PHILLIP MALCOM JAMES DERRELL HOLLAND JAMES M. SIMPSON MEREDITH P. CATLETT JAMES M. SAXTON J. SHEPHERD RUSSELL III TUCKER RANEY DONALD H. BACON

COUNSEL WILLIAM J. SMITH JOHN T. WILLIAMS

Mr. C. F. Vandegrift Vice President First National Bank & Trust Co. of Mountain Home P. O. Drawer F Mountain Home, Arkansas 72653

> Re: \$1,950,000 City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) Revenue Bonds, Series 1978, dated July 1, 1978

Dear Chuck:

HERSCHEL H. FRIDAY

WILLIAM L. TERRY

ROBERT V. LIGHT

BOYCE R. LOVE

JOE D. BELL

WILLIAM H. SUTTON JERRY T. LIGHT

GEORGE E. PIKE, JR.

WILLIAM L. PATTON, JR.

BYRON M. EISEMAN, JR.

MICHAEL G. THOMPSON G. ROSS SMITH

JAMES W. MOORE

JOHN C. ECHOLS

JAMES A. BUTTRY FREDERICK S. URSERY

H. T. LARZELERE, JR.

OSCAR E. DAVIS, JR.

JAMES C. CLARK, JR. THOMAS P. LEGGETT JOHN DEWEY WATSON

B. S. CLARK

WILLIAM A. ELDREDGE, JR.

I am enclosing the Title Insurance Policy.

Sincerely yours,

John C. Echols

JCE/eb
Enclosure
Cc: James A. Flader) with enclosure
Ingolf Hermann) with enclosure
Duane Anderson) with enclosure
Terry Poynter) with enclosure



A TICOR COMPANY

Policy of Title Insurance

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, PIONEER NATIONAL TITLE INSURANCE COMPANY (a Stock Company), a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

- 1. Title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
- 2. Any defect in or lien or encumbrance on such title;
- 3. Lack of a right of access to and from the land;
- 4. Unmarketability of such title;
- 5. The invalidity or unenforceability of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity or unenforceability, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
- a. usury, or
- b. any consumer credit protection or truth in lending law;
- 6. The priority of any lien or encumbrance over the lien of the insured mortgage;
- 7. Any statutory lien for labor or material which now has gained or hereafter may gain priority over the lien of the insured mortgage, except any such lien arising from an improvement on the land contracted for and commenced subsequent to Date of Policy not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance; or
- 8. The invalidity or unenforceability of any assignment, shown in Schedule A, of the insured mortgage or the failure of said assignment to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

This policy shall not be valid or binding until countersigned below by a validating officer of the Company.

Issued By:
Beach Abstract & Guaranty
Company
100 Center Street
Little Rock, Arkansas 72201
(501) 376-3301

AGENT FOR

PIONEER NATIONAL

Counters gred:

Validating Signatory

Pioneer National Title Insurance Company

y John & Flood, M

PRESIDENT

Attest

SECRETARY

Schedule of Exclusions From Coverage

The following matters are expressly excluded from the coverage of this policy:

- 1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
- 2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
- 3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material).
- 4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

Conditions and Stipulations

1. Definition of Terms

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A. The term
"insured" also includes (i) the owner of the indebtedness
secured by the insured mortgage and each successor in
ownership of such indebtedness (reserving, however, all
rights and defenses as to any such successor who acquires
the indebtedness by operation of law as distinguished from
purchase including, but not limited to, heirs, distributees,
devisees, survivors, personal representatives, next of kin
or corporate or fiduciary successors that the Company would
have had against the successor's transferor), and further
includes (ii) any governmental agency or instrumentality
which is an insurer or guarantor under an insurance contract
or guaranty insuring or guaranteeing said indebtedness, or
any part thereof, whether named as an insured herein or not,
and (iii) the parties designated in paragraph 2 (a) of these
Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage

hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

policy.
(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": those records which by law impart constructive notice of matters relating to said land.

2. Continuation of Insurance after Acquisition of Title (a) This policy shall continue in force as of Date of Policy in favor of an insured who acquires all or any part of the estate or interest in the land described in Schedule A by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage, and if the insured is a corporation, its transferee of the estate or interest so acquired, provided the transferee is the parent or wholly owned subsidiary of the insured; and in favor of any governmental agency or instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage; provided that the amount of insurance hereunder after such acquisition. exclusive of costs, attorneys' fees and expenses which the Company may become obligated to pay, shall not exceed the least of:

(i) the amount of insurance stated in Schedule A; (ii) the amount of the unpaid principal of the indebtedness as defined in paragraph 8 hereof, plus interest thereon, expenses of foreclosure and amounts advanced to protect the lien of the insured mortgage and secured by said insured mortgage at the time of acquisition of such estate or interest in the land; or

(iii) the amount paid by any governmental agency or instrumentality, if such agency or instrumentality is the insured claimant, in the acquisition of such estate or interest in satisfaction of its insurance contract or guaranty.

(b) Continuation of Insurance after Conveyance of Title The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

3. Defense and Prosecution of Actions - Notice of Claim to be Given by an Insured Claimant

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in all litigation consisting of actions or proceedings commenced against such insured, or defenses, restraining orders or injunctions interposed against a foreclosure of the insured mortgage or a defense interposed against an insured in an action to enforce a contract for a sale of the indebtedness secured by the insured mortgage, or a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged defect, lien, encumbrance, or other matter insured against by this policy.

sured against by this policy. (b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defense or restraining order or injunction is interposed as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability

(Conditions and Stipulations continued and concluded on last page of this policy)

No. L-A 103739	Date of Policy: November 2, 1978 @ 10:00 A.M.
Amount of Insurance: \$ 1,950,000.00	Agent's Reference No.:

1. Name of Insured:

FIRST NATIONAL BANK AND TRUST CO. OF MOUNTAIN HOME AS TRUSTEE OF THE MORTGAGE AND INDENTURE OF TRUST BETWEEN CITY OF MOUNTAIN HOME, ARKANSAS NURSING AND RETIREMENT HOME FACILITIES BOARD (THE EV. LUTHERAN GOOD SAMARITAN SOCIETY PROJECT) AND SAID BANK, AS TRUSTEE, DATED AS OF JULY 1, 1978.

2. The title to the Fee Simple estate in said land is at the date hereof vested in:

City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project)

3. The mortgage and assignments, if any, covered by this policy are described as follows:

Mortgage and Indenture of Trust from City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) to First National Bank & Trust Co. of Mountain Home, as Trustee of the Mortgage and Indenture of Trust between City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project) and said bank, as Trustee, dated as of July 1, 1978, filed for record September 28, 1978 and recorded in Book 102, page 202, records of Baxter County, Arkansas.

4. The land referred to in this policy is located in the County of
State of Arkansas and described as follows:

As shown on Rider attached hereto.

No.

L-A 103739

Part of the NW4 SW4 Section 14 and part of the NE4 SE4, Section 15, Township 19 North, Range 13 West, described as follows: Starting at the Southwest corner of the said NE4 SE4, Section 15, thence North O degree 15 minutes West 535.5 feet; thence North 89 degrees 03 minutes East, 485.6 feet; thence South 1 degree 42 minutes 30 seconds East, 94.6 feet; thence North 88 degrees 30 minutes East 124.8 feet; thence South 17 degrees 38 minutes 30 seconds East 135.4 feet; thence North 88 degrees 53 minutes 30 seconds East, 589.6 feet to the point of beginning; thence North 88 degrees 53 minutes 30 seconds East 259.4 feet; thence South 0 degree 40 minutes 30 seconds East 108.9 feet; thence South 89 degrees 17 minutes East, 123.8 feet; thence South 0 degree 40 minutes 30 seconds East, 104.2 feet; thence South 89 degrees 17 minutes East, 302.5 feet, thence North 0 degree 13 minutes 30 seconds East, 622.5 feet; thence North 89 degrees 17 minutes 30 seconds East 50.0 feet; thence north 1 degree 10 minutes West, 588.8 feet; thence South 88 degrees 49 minutes 30 seconds West, 475.9 feet; thence South 1 degree 01 minutes 30 seconds East, 402.2 feet; thence North 89 degrees 48 minutes West, 259.4 feet; thence South O degree O4 minutes West 587.0 feet to the point of beginning; containing 15.70 acres, more or less.

Subject to 50 foot easement for road purposes granted to Joseph Keller as set out in Deed 159, page 83 of the records of Baxter County, Arkansas.

Challe Donge

Schedule B

No. L-A 103739

Part 1

This policy does not insure against loss or damage by reason of the following:

1. General taxes for the year 1978 and subsequent years and future assessments of the following special improvement districts:

WATER & SEWER IMPROVEMENT DISTRICT #3 OF MOUNTAIN HOME, ARKANSAS.

- 2. Rights and claims of parties in possession adverse to the insured.
- 3. Any state of facts an accurate survey would show.
- 4. Mechanics' and materialmen's liens not shown of record.
- 5. Roads, ways and easements, if any, not shown of record.
- The title to appliances installed on deferred payments whether attached to or otherwise used in connection with the premises hereby insured.
- 7. Mortgage executed June 21, 1978 by Ev. Lutheran Good Samaritan Society to First National Bank & Trust Co. of Mountain Home, Arkansas, filed June 26, 1978, and recorded in Book 100, page 197, records of Baxter County, Arkansas.
- 8. A 50-foot easement for road purposes as described in Quitclaim executed September 27, 1978 by The City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), to Joseph Keller, filed Sept. 27, 1978 and recorded in Book 173, page 267, records of Baxter County, Arkansas.
- 9. Lease by and between City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), and Ev. Lutheran Good Samaritan Society, a North Dakota non-profit corporation, filed September 28, 1978 and recorded in Misc. Record AA, page 263, records of Baxter County, Arkansas, which has been assigned to First National Bank & Trust Co. of Mountain Home, in Mountain Home, Arkansas, as Trustee, under the Mortgage and Indenture of Trust, dated as of July 1, 1978, from the Board.

Charles Dongon

(Conditions and Stipulations continued and concluded from reverse side of Policy Face)

or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgement

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals there-in, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense so incurred.

4. Notice of Loss - Limitation of Action

In addition to the notices required under paragraph 3 (b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

5. Options to Pay or Otherwise Settle Claims The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy topayment or the amount of insurance under this policy to-gether with any costs, attorneys' fees and expenses in-curred up to the time of such payment or tender of pay-ment by the insured claimant and authorized by the Com-pany. In case loss or damage is claimed under this policy by an insured, the Company shall have the further option to purchase such indebtedness for the amount owing there-on together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as here-Company offers to purchase said indebtedness as herein provided, the owner of such undebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided.

6. Determination and Payment of Loss

(a) The liability of the Company under this policy shall

in no case exceed the least of: (i) the actual loss of the insured claimant; or

(ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in para-

graph 2 (a) hereof; or (iii) the amount of the indebtedness secured by the insured mortgage as determined under paragraph 8 hereof. at the time the loss or damage insured against hereunder occurs, together with interest thereon.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization

(c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

7. Limitation of Liability

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice;
(b) in the event of litigation until there has been a final

determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or

(c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

8. Reduction of Liability (a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2 (a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder except to the extent that such payments reduce the amount of the indebtedness secured by the insured mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in paragraph 2 (a)

hereof.

(b) The liability of the Company shall not be increased by additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to pro-tect the lien of the insured mortgage and secured thereby. No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

9. Liability Noncumulative

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

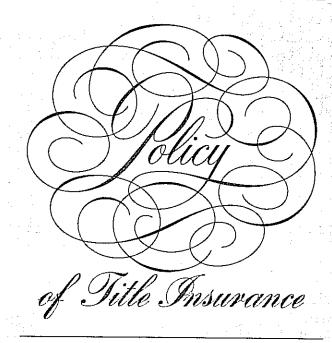
10. Subrogation upon Payment or Settlement Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Com-pany unaffected by any act of the insured claimant, ex-cept that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by the insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the in-sured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation perty necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to the insured mortgage. If loss of prior the payment of the proportion of the insured mortgage. ity should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

11. Liability Limited to this Policy

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy. No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

12. Notices, where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to its Home Office; Claims Department, 433 South Spring Street, P.O. Box 54730, Los Angeles, California 90054.





PIONEER NATIONALTITLE INSURANCE

ATICOR COMPANY

COMMITMENT FOR TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

SCHEDULE A

Please read the exceptions and the terms shown or referred to herein carefully. The exceptions are meant to provide you with notice of matters that are not covered under the terms of the title insurance policy and should be carefully considered.

This report is a written representation as to the condition of title for purposes of providing title insurance and lists all liens, defects, and encumbrances filed of record within the last thirty (30) years that have not been released of record or that are not statutorily expired.

No title insurance agent or any other person other than a licensed Arkansas attorney may provide legal advice concerning the status of title to the property described in the title commitment.

- 1. Commitment Date: March 30, 2024, 8:00 am
- 2. Policy to be issued:

File No: 24-038973-750

(a) 2021 ALTA® Owner's Policy

Proposed Insured: Mountain Home SNF Realty LLC

Proposed Policy Amount: \$28,300,000.00

(b) 2021 ALTA® Loan Policy

Proposed Insured: To Be Determined

Proposed Policy Amount:

- The estate or interest in the land described or referred to in this Commitment is Fee Simple.
- 4. Title to the Fee Simple estate or interest in the land is at the Effective Date <u>vested in:</u> Tract 1: City of Mountain Home, Arkansas, Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project)

Tract 2: The Evangelical Lutheran Good Samaritan Society

The land referred to in this Commitment is described as follows:

SEE ATTACHED EXHIBIT "A"

Countersigned by: American Abstract & Title Company 7325 North Hills Blvd, Suite 120 North Little Rock, AR 72116 Arkansas Title Agency License No. 100103940

Arkansas Title Agency License No. 100103940

By: Karrie F Sharp Title Agent License No.: 9921013

This page is only a part of a 2021 ALTA® Commitment for Title Insurance. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I-Requirements; and Schedule B, Part II-Exceptions.

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EXHIBIT "A"

Tract 1

Part of the Northeast Quarter (NE1/4) of the Southeast Quarter (SE1/4) of 15, Township 19 North, Range 13 West, and part of the Northwest Quarter (NW1/4) of the Southwest Quarter (SW1/4) of Section 14, Township 19 North, Range 13 West, Baxter County, Arkansas, more specifically described as follows: From the Southwest corner of the said NE1/4 SE1/4 of Section 15, as marked by a county survey monument, go North 00° 21' 19" West 556.78 feet to a 3/8 inch rebar at the Northwest corner of Lot 197, Carlile Highlands Fourth Section, as shown on Baxter County Survey Instrument No. RS-19-91; then go North 88° 43' 37" East 487.23 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar on the East line of Partipilo Street; then go South 00 ° 30' 55" East 97.63 feet along the East line of Partipilo Street, to a pipe at the Northwest corner of Lot 201, Carlile Highlands Fourth Section, as shown on said Survey Instrument RS-19-91; then go North 88° 31' 42" East 124.72 feet along the North line of Carlile Highlands Fourth Section; then go South 17° 36' 37" East 135.31 feet along the North line of Carlile Highlands Fourth Section; then go North 88° 53' 43" East 589.47 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar and the Point of Beginning; then go North 89° 00' 21" East 259.41 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar; then go South 00° 40' 30" East 108.92 feet; then go South 89° 17' 00" East 123.68 feet to a 3/8 inch rebar at the Northeast corner of Lot 211, Carlile Highlands Fourth Section; then go South 00° 40' 30" East 103.67 feet; then go South 89° 13' 35" East 302.62 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar; then North 00° 13' 30" East 622.5 feet; thence North 89° 17' 30" East 50.0 feet; thence North 01° 10' West 588.8 feet to the South right of way of Rossi Road: thence South 88° 49' 30" West 475.9 feet along the South right of way of Rossi Road; thence South 01° 01' 30" East 402.2 feet; thence North 89° 48' West 259.4 feet; thence South 00° 04' West 587.0 feet to the Point of Beginning.

TOGETHER WITH Seaman's Lane, previously Turnage Trail (by Quitclaim Deed from John W. Partipilo and Marybeth Partipilo, his wife, and Quitclaim Deed from Linda Saletto f/k/a Linda Partipilo and Vincent Saletto, her husband, to The Evangelical Lutheran Good Samaritan Society, North Dakota Non-Profit Corporation), described as follows: Part of the Northwest Quarter (NW1/4) of the Southwest Quarter (SW1/4) of Section 14, Township 19 North, Range 13 West, Baxter County, Arkansas, more specifically described as follows: From the Southwest corner of the NE1/4 SE1/4 of Section 15, Township 19 North, Range 13 West, as marked by a county survey monument, go North 00° 21' 19" West 556.78 feet to a 3/8 inch rebar at the Northwest corner of Lot 197 Carlile Highlands Fourth Section, as shown on Baxter County Survey Instrument RS-19-91; then go North 88° 43' 37" East 487.23 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar on the East line of Partipilo Street; then go South 00° 30' 55" East 97.63 feet along the East line of Partipilo Street, to a pipe

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at the Northwest corner of Lot 201, Carlile Highlands Fourth Section, as shown on said Survey Instrument RS-19-91; then go North 88° 31' 42" East 124.72 feet along the North line of Carlile Highlands Fourth Section; then go South 17° 36' 37" East 135.31 feet along the North line of Carlile Highlands Fourth Section; then go North 88° 53' 43" East 589.47 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar; then go North 00° 00' 32" East 586.59 feet to a one inch square iron rod at the Southwest corner of one acre parcel depicted on Survey Instrument RS-291-86; then go along the South line of said one acre parcel 210.45 feet to the Southeast corner of said parcel, being the Southwest corner of the right of way of Seamans Lane, previously referred to as Turnage Trail, Point of Beginning of tract being described; then go along the West right of way line of said Seamans Lane North 01° 04' 48" West 401.26 feet to the South right of way line of Rossi Road; then leaving the West right of way line of Seamans Lane, go along the South right of way line of Rossi Road North 88° 49' 30" East 49.8 feet to the Northwest corner of the Good Samaritan Village property as depicted on Survey Instrument RS-G-49; then leaving the South right of way line of Rossi Road, go along the boundary of the Good Samaritan Village property, being the East right of way line of Seamans Lane, South 01° 04' 48" East 402.38 feet to a corner of the Good Samaritan Village property; then continue along the boundary of the Good Samaritan Village property North 89° 53' 16" West 49.8 feet along the South right of way line of Seamans Lane to the Point of Beginning.

Tract 2

Part of the Northwest Quarter (NW1/4) of the Southwest Quarter (SW1/4) of Section 14, Township 19 North, Range 13 West, Baxter County, Arkansas, more specifically described as follows: From the Southwest corner of the NE1/4 SE1/4 of Section 15, Township 19 North, Range 13 West, as marked by a county survey monument, go North 00° 21' 19" West 556.78 feet to a 3/8 inch rebar at the Northwest corner of Lot 197 Carlile Highlands Fourth Section, as shown on Baxter County Survey Instrument RS-19-91; then go North 88° 43' 37" East 487.23 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar on the East line of Partipilo Street; then go South 00 ° 30' 55" East 97.63 feet along the East line of Partipilo Street, to a pipe at the Northwest corner of Lot 201, Carlile Highlands Fourth Section, as shown on said Survey Instrument RS-19-91; then go North 88° 31' 42" East 124.72 feet along the North line of Carlile Highlands Fourth Section; then go South 17° 36' 37" East 135.31 feet along the North line of Carlile Highlands Fourth Section: then go North 88° 53' 43" East 589.47 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar; then go North 89°00' 21" East 259.41 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar; then go South 00° 40' 30" East 108.92 feet; then go South 89° 17' 00" East 123.68 feet to a 3/8 inch rebar at the Northeast corner of Lot 211, Carlile Highlands Fourth Section; then go South 00° 40' 30" East 103.67 feet; then go South 89° 13' 35" East 302.62 feet along the North line of Carlile Highlands Fourth Section to a 3/8 inch rebar, Point of Beginning for the tract being described; then continue South 89° 13' 35" East 683.63 feet along the North line of Carlile Highlands Fourth Section to a one-half inch rebar at the Northeast corner of Lot 219, Carlile Highlands Fourth Section, said point lying on the

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West right of way line of Arkansas State Highway 5; then leaving the North line of Carlile Highlands Fourth Section, go North 26° 00' 09" West 320.80 feet along said West right of way line to a 3/8 inch rebar; then leaving said West right of way line, go North 88° 59' 44" West 541.87 feet to a 3/8 inch rebar on the East line of the tract of land shown on Baxter County Survey Instrument RS-G-49; then go South 00° 13' 30" West 288.60 feet along said East line to the Point of Beginning.

AND, Lot 219, Carlile Highlands, Section 4, Baxter County, Arkansas, as shown by the recorded plat thereof.

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COMMITMENT FOR TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

SCHEDULE B Requirements

All of the following Requirements must be met:

- 1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
- 2. Pay all taxes, charges, and assessments affecting the Land that are due and payable.
- 3. Pay the agreed amount for the estate or interest to be insured.
- 4. Pay the premiums, fees, and charges for the Policy to the Company.
- 5. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
- 6. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
- 7. Prior to closing the transaction, an updated search of the Public Records must be performed. The Company reserves the right to raise such further exceptions and requirements as an examination of the information revealed by such search requires.
- 8. Furnish executed Owner's Disclosure & Agreement.
- 9. Warranty Deed from the City of Mountain Home, Arkansas, Nursing and Retirement Home Facilities Board (The Ev. Lutheran Good Samaritan Society Project), vesting fee simple title in Mountain Home SNF Realty, LLC.
- 10. Warranty Deed from The Evangelical Lutheran Good Samaritan Society, vesting fee simple title in Mountain Home SNF Realty, LLC.

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11. Duly authorized (mortgage) (deed of trust) from Mountain Home SNF Realty LLC to To Be Determined Lender.

- 12. Furnish a copy of the Articles of Organization and Operating Agreement, including any and all amendments thereto, of Mountain Home SNF Realty LLC. All necessary instruments must be executed in conformity with said Operating Agreement. Unless the necessary instruments are executed by all members, we must be furnished with evidence satisfactory to American Abstract & Title Company that all necessary consents, authorizations, resolutions, notices and actions relating to the subject transaction have been provided and/or taken.
- 13. Furnish a current membership roster of Mountain Home SNF Realty LLC.
- 14. Furnish a Certificate of Good Standing for Mountain Home SNF Realty LLC from the Arkansas Secretary of State.

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SCHEDULE B, PART II Exceptions

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Policy treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document will be excepted from coverage.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

 Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I-Requirements are met.

2. Standard Exceptions:

- (a) Rights or claims of parties in possession not shown by the public records.
- (b) Easements or claims of easements, not shown by the public records.
- (c) Any encroachments, encumbrances, overlaps, boundary line disputes, violations, variations, or adverse circumstances and any matters which would be disclosed by an accurate survey and inspection of the premises. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
- (d) Any lien or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
- 3. Taxes and special assessments for the current and future years which are not yet due and payable or taxes not shown as existing liens in the public records and any supplemental real estate taxes or special assessments not previously assessed against the land for any period before the Date of Policy, plus any penalties and interest which may accrue.
- 4. Loss arising from any Oil, Gas or Mineral interests, conveyed, retained, assigned or any activity on or damage to the insured land caused by the exercise of sub-surface rights or ownership, including but not limited to the right of ingress and egress for said sub-surface purposes.

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5. Loss arising from any judgment liens or other liens of record in any United States District Court or Bankruptcy Court in the State of Arkansas as of the Effective Date hereof that are not reflected in the real property records of the county in which the property is located.

- 6. This property lies within the boundaries of the Baxter County Water Improvement District as recorded at Circuit Court I, at page 221, and is subject to assessments, if any.
- 7. This property lies within the boundaries of the North Baxter County Water Distribution District as recorded at <u>Instrument No. ICR-2635-2009</u>, and is subject to assessments, if any.
- 8. This property lies within the jurisdiction of the City of Mountain Home Subdivision Regulations and the City of Mountain Home Planning Commission.
- 9. This property lies within the boundaries of the City of Mountain Home Water & Sewer Improvement District, and is subject to assessments for the same.
- 10. Building setback lines and easements as shown on plat of record in <u>Slide No. 191</u> in the real property records of Baxter County, Arkansas.
- 11. Right of Way Grant in favor of Arkansas Western Gas Company recorded in Instrument No. 10025-2001, in Baxter County, Arkansas.
- 12. Easement in favor of James Brian Cox and Amy Cox, his wife, recorded in Instrument No. <u>L202107183</u>, in Baxter County, Arkansas.
- 13. Easement in favor of Water and Sewer Improvement District No. 3 of Mountain Home recorded in Misc Book R at page 161, in Baxter County, Arkansas.
- 14. Right of Way Easement in favor of Mountain Home Telephone Company recorded in Instrument No. 184-94, in Baxter County, Arkansas.

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This Instrument Prepared By and after Recording Return to:1

The Evangelical Lutheran Good Samaritan Society 4800 W. 57th Street Sioux Falls, SD 57108

Attention: Michael Rogers

QUITCLAIM DEED²

City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board ("Grantor"), for and in consideration of the sum of One and No/100 United States Dollars (\$1.00) and other good and valuable consideration in hand paid by The Evangelical Lutheran Good Samaritan Society f/k/a The Ev. Lutheran Good Samaritan Society ("Grantee"), the receipt and sufficiency of which is hereby acknowledged, does hereby grant, convey and quitclaim unto Grantee, and unto his heirs, successors and assigns forever, all Grantor's right, title, interest and claim in and to the real property situated in Baxter County, Arkansas, described in Exhibit 1 attached hereto and incorporated herein.

TO HAVE AND TO HOLD the same unto Grantee, and unto its heirs, successors and assigns forever, with all appurtenances thereunto belonging.

EFFECTIVE this	day of, 2024.
	City of Mountain Home, Arkansas Nursing and Retirement Home Facilities Board
	Name:

Until amended, tax information should be sent to:

The Evangelical Lutheran Good Samaritan Society, 4800 West 57th St, Internal Route 5787, Sioux Falls, SD 57108

On this day, before me, a Notary Public, duly commissioned, qualified and acting, w and for said County and State, appeared in person the within named, to me w known, who stated and acknowledged that he/she was the of City of Mounta Home, Arkansas Nursing and Retirement Home Facilities Board, a/an and had so signed, executed and delivered said foregoing instrument for the consideration, us and purposes therein mentioned and set forth. IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of, 20	STATE OF ARKANSAS	,		
and for said County and State, appeared in person the within named, to me we known, who stated and acknowledged that he/she was the of City of Mounta Home, Arkansas Nursing and Retirement Home Facilities Board, a/an and had so signed, executed and delivered said foregoing instrument for the consideration, us and purposes therein mentioned and set forth. IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of, 20 Notary Public My Commission Expires:	COUNTY OF BAXTER) ss.)	ACKNOWLEDGMENT	
and had so signed, executed and delivered said foregoing instrument for the consideration, us and purposes therein mentioned and set forth. IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of, 20 Notary Public My Commission Expires:	and for said County and State known, who stated and acknown	, appeared in powledged that	person the within named he/she was the	, to me wel
day of, 20 Notary Public My Commission Expires:	and had so signed, executed a	and delivered	said foregoing instrument	
My Commission Expires:		IEREOF, I ha	ve hereunto set my hand a	nd official seal this
			Notary Public	
(SEAL)	My Commission Expires:			
(SEAL)	(SEAL)			

EXHIBIT 1

Legal Description

Part of the NW¼ SW¼, Section 14, and part of the NE¼ SE¼, Section 15, Twp. 19 N., Range 13 West, Mountain Home, Baxter County, Arkansas described as follows:

Starting at the SW corner of the said NE¼ SE¼, Section 15, thence N. 0 deg. 15' W. 535.5 feet; thence N. 89 deg. 03' E. 485.6 feet; thence I deg. 42' 30" E. 94.6 feet; thence N. 88 deg. 30' E. 124.8 feet; thence S. 17 deg. 38' 30" E. 135.4 feet; thence N. 88 deg. 53' 30" E. 589 .6 feet to the point of beginning; thence N. 88 deg. 53' 30" E. 259.4 :feet; thence S. 0 deg. 40' 30" E. 108.9 feet; thence S. 89 deg. 17' E' 123.8 feet; thence S. 0 deg. 40' 30" E. 104.2 feet, thence S. 89 deg. 17' E. 302.5 feet; thence N. 0 deg. 13' 30' E. 622.5 feet; thence N. 89 deg 17' 30" E. 50.0 feet; thence N. 1 deg. 10' W. 588.8 feet; thence S. 88 deg. 49' 30" West 475.9 feet; thence S 1 deg. 01' 30" E. 402.2 feet, thence. N. 89 deg. 48' W. 259.4 feet; thence S. 0 deg. 04' W. 587.0 feet to the point of beginning; containing 15.70 acres more or less