

City of Dardanelle, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DARDANELLE, ARKANSAS
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Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Dardanelle, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Dardanelle, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Dardanelle, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Dardanelle, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

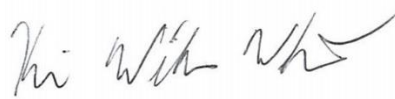
Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 19, 2024
LOM102423

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

City of Dardanelle, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Dardanelle, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated November 19, 2024. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

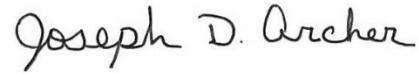
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated November 19, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer". The signature is written in a cursive, slightly slanted style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 19, 2024

Arkansas



Sen. David Wallace
Senate Chair
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Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

City of Dardanelle, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

The commentary contained in this letter relates to the following officials who held office during 2023:

Mayor: Jimmy Witt
Treasurer: Betty Smith
Clerk: Frances Cross
Police Chief: Joseph Paterak

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments are to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

Mayor

Review of leave records for vacation leave payout due to employee resignations disclosed the following, in noncompliance with City policy:

- Five employees were overpaid a total of \$3,495 for leave that had not been earned.
- Six employees were underpaid a total of \$2,863 for leave that was earned but not used.

Other Issue

Three unauthorized withdrawals totaling \$14,956 were made from the City's bank account from July to August. City personnel discovered the unauthorized withdrawals upon reconciliation of the affected bank account, and all funds were recovered from the bank.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 19, 2024

CITY OF DARDANELLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,557,968	\$ 247,909	\$ 738,436
Investments			651,507
Accounts receivable	230,528	5,386	120,306
TOTAL ASSETS	\$ 1,788,496	\$ 253,295	\$ 1,510,249
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 64,489	\$ 2,154	\$ 70,692
Settlements pending			135
Total Liabilities	64,489	2,154	70,827
Fund Balances:			
Restricted		88,944	1,257,007
Committed			182,415
Assigned	112,249	162,197	
Unassigned	1,611,758		
Total Fund Balances	1,724,007	251,141	1,439,422
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,788,496	\$ 253,295	\$ 1,510,249

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

CITY OF DARDANELLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 74,059	\$ 381,039	\$ 40,252
Federal aid	16,700	451,531	233,752
Property taxes	223,366	44,803	44,557
Franchise fees	233,782		18,270
Sales taxes	1,798,316		1,264,516
Fines, forfeitures, and costs	177,086		64,213
Interest	24,254		26,822
Local permits and fees	35,171		
Sanitation fees			293,851
Cemetery lot sales	32,698		
Recreation fees	70,466		
Concession sales	49,977		
Net increase/(decrease) in fair value of investments			52,629
Other	100,418	124	1
TOTAL REVENUES	2,836,293	877,497	2,038,863
EXPENDITURES			
Current:			
General government	698,161		
Law enforcement	1,428,563		85,363
Highways and streets	203	1,158,915	
Public safety	135,837		75,862
Sanitation			262,649
Recreation and culture	646,480		
Cemetery	32,398		
Total Current	2,941,642	1,158,915	423,874
Debt Service:			
Bond principal			345,000
Bond interest and other charges			102,262
Financed purchase principal	9,230		
Financed purchase interest	957		
TOTAL EXPENDITURES	2,951,829	1,158,915	871,136

CITY OF DARDANELLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (115,536)</u>	<u>\$ (281,418)</u>	<u>\$ 1,167,727</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		261,394	
Transfers out			(261,394)
Contribution to water department			(824,983)
Contribution from water department	<u>3,894</u>	<u>108,968</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,894</u>	<u>370,362</u>	<u>(1,086,377)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(111,642)	88,944	81,350
FUND BALANCES - JANUARY 1	<u>1,835,649</u>	<u>162,197</u>	<u>1,358,072</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,724,007</u>	<u>\$ 251,141</u>	<u>\$ 1,439,422</u>

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

CITY OF DARDANELLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 75,000	\$ 74,059	\$ (941)	\$ 380,000	\$ 381,039	\$ 1,039
Federal aid	55,000	16,700	(38,300)	951,665	451,531	(500,134)
Property taxes	175,000	223,366	48,366	38,000	44,803	6,803
Franchise fees	225,000	233,782	8,782			
Sales taxes	1,850,000	1,798,316	(51,684)			
Fines, forfeitures, and costs	175,000	177,086	2,086			
Interest	1,616	24,254	22,638	70		(70)
Local permits and fees	25,000	35,171	10,171			
Cemetery lot sales	26,000	32,698	6,698			
Recreation fees		70,466	70,466			
Concession sales	108,000	49,977	(58,023)			
Other	268,700	100,418	(168,282)		124	124
TOTAL REVENUES	2,984,316	2,836,293	(148,023)	1,369,735	877,497	(492,238)
EXPENDITURES						
Current:						
General government	797,051	698,161	98,890			
Law enforcement	1,823,980	1,428,563	395,417			
Highways and streets		203	(203)	1,360,526	1,158,915	201,611
Public safety	139,045	135,837	3,208			
Recreation and culture	667,023	646,480	20,543			
Cemetery	56,500	32,398	24,102			
Total Current	3,483,599	2,941,642	541,957	1,360,526	1,158,915	201,611
Debt Service:						
Financed purchase principal		9,230	(9,230)			
Financed purchase interest		957	(957)			
TOTAL EXPENDITURES	3,483,599	2,951,829	531,770	1,360,526	1,158,915	201,611

CITY OF DARDANELLE, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (499,283)	\$ (115,536)	\$ 383,747	\$ 9,209	\$ (281,418)	\$ (290,627)
OTHER FINANCING SOURCES (USES)						
Transfers in	11,000		(11,000)		261,394	261,394
Contribution from water department		3,894	3,894		108,968	108,968
TOTAL OTHER FINANCING SOURCES (USES)	11,000	3,894	(7,106)		370,362	370,362
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(488,283)	(111,642)	376,641	9,209	88,944	79,735
FUND BALANCES - JANUARY 1	632,000	1,835,649	1,203,649	100,000	162,197	62,197
FUND BALANCES - DECEMBER 31	\$ 143,717	\$ 1,724,007	\$ 1,580,290	\$ 109,209	\$ 251,141	\$ 141,932

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for the Pension Trust Fund reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and money market accounts, and certificates of deposit.

Investments

Investments are reported at fair value.

Settlements Pending

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

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

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

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

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

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

Basis of Accounting

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 640,460	\$ 640,460
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	1,897,732	1,985,922
	\$ 2,538,192	\$ 2,626,382
Total Deposits		

The above total deposits do not include cash with investment broker covered by SIPC insurance of \$6,121.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2023 Fair Value
Firemen's Pension	\$ 651,507

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City's investments are composed of the following:

December 31, 2023 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Stocks and Exchange-Traded funds	\$ 238,037
Mutual funds	413,470
Total	\$ 651,507

The fair value of stocks, mutual funds, and exchange-traded funds is measured on a recurring basis and is based on quoted marked prices obtained from independent pricing sources. As a result, these were classified as Level I inputs.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid	\$ 1,365		
Property taxes	26,931	\$ 5,386	\$ 5,385
Franchise fees	12,762		4,474
Sales taxes	156,450		107,049
Fines, forfeitures, and costs	8,096		3,398
Recreation fees	200		
Other	24,724		
Totals	\$ 230,528	\$ 5,386	\$ 120,306

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 64,489	\$ 2,154	\$ 70,692

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 1,020
Law enforcement			187,828
Highways and streets		\$ 88,944	
Public safety			249,862
Pension benefits			706,494
Debt service			111,803
Total Restricted		<u>88,944</u>	<u>1,257,007</u>
Committed for:			
Sanitation			<u>182,415</u>
Assigned to:			
General government	\$ 29,964		
Law enforcement	22,885		
Highways and streets		162,197	
Recreation and culture	22,985		
Cemetery	36,415		
Total Assigned	<u>112,249</u>	<u>162,197</u>	
Unassigned	<u>1,611,758</u>		
Totals	<u>\$ 1,724,007</u>	<u>\$ 251,141</u>	<u>\$ 1,439,422</u>

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$8,781,005. There were no property tax secured bond issues.

CITY OF DARDANELLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 8: Legal Debt Limit (Continued)

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$2,326,206. The amount of short-term financing obligations was \$7,401, leaving a legal debt margin of \$2,318,805.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 3,671,537

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds, Series 2017, dated January 18, 2017, in the amount of \$5,695,000, due in annual installments of \$235,000 - \$430,000, plus interest of 2.55%, through November 1, 2032. Payments are to be made from the 2017 Sales and Use Tax Refunding Bonds Fund.	\$ 3,515,000
<u>Direct Borrowings</u>	
Financed purchase with KS StateBank, dated June 30, 2019, in the amount of \$42,183, for the LED lighting conversion projects, interest rate of 7.682%, with sixty (60) monthly payments of \$849. Payments are to be made from three funds: General Fund, General Fund (Recreation), and contributions from the water department.	7,401
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	149,136
Total Long-term liabilities	\$ 3,671,537

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

The City's outstanding bonds payable of \$3,515,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding direct borrowings of \$7,401 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
1/18/17	11/1/32	2.55%	\$ 5,695,000	\$ 3,515,000	\$ 2,180,000
<u>Direct Borrowings</u>					
6/30/19	6/30/24	7.682%	42,183	7,401	34,782
Total Long-Term Debt			<u>\$ 5,737,183</u>	<u>\$ 3,522,401</u>	<u>\$ 2,214,782</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 3,860,000	\$ 0	\$ 345,000	\$ 3,515,000
<u>Direct Borrowings</u>				
Financed purchases	16,631	0	9,230	7,401
Total Long-Term Debt	<u>\$ 3,876,631</u>	<u>\$ 0</u>	<u>\$ 354,230</u>	<u>\$ 3,522,401</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 355,000	\$ 87,401	\$ 442,401	\$ 7,401	\$ 239	\$ 7,640
2025	360,000	78,285	438,285			
2026	370,000	69,041	439,041			
2027	380,000	59,542	439,542			
2028	390,000	49,789	439,789			
2029 through 2032	1,660,000	96,518	1,756,518			
Totals	<u>\$ 3,515,000</u>	<u>\$ 440,576</u>	<u>\$ 3,955,576</u>	<u>\$ 7,401</u>	<u>\$ 239</u>	<u>\$ 7,640</u>

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Interfund Transfers

Other Funds in the Aggregate transferred \$261,394 to the Street Fund to reimburse prior year expenditures in accordance with Federal Emergency Management Agency (FEMA) guidelines.

NOTE 11: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$5,695,000 in bonds that were issued in 2017 to refund bonds issued in 2011. Total principal and interest remaining on the bonds are \$3,515,000 and \$440,576, respectively, payable through November 1, 2032. For 2023, principal and interest paid were \$345,000 and \$96,263, respectively.

The Debt Service Fund received \$1,264,516 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to operate and maintain the City's water system and to acquire, construct, and equip extensions, betterments, and improvements to the system.

NOTE 12: Jointly Governed Organizations

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Alma, Atkins, Booneville, Charleston, Clarksville, Dardanelle, Morrilton, Ozark, Paris, Russellville, Waldron, and Van Buren entered into an agreement in 1991 to form the West River Valley Solid Waste Management District (District) in accordance with Ark. Code Ann. § 8-6-708. The City did not provide any funding to the District. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

Fifteenth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifteenth Judicial District, the Sheriffs' Departments of Conway, Logan, Scott, and Yell Counties, and the Police Departments of Booneville, Danville, Dardanelle, Magazine, Mansfield, Menifee, Morrilton, Ola, Oppelo, Paris, Plainview, Plumerville, and Waldron entered into an agreement to establish the Fifteenth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney, of the Fifteenth Judicial District Drug Task Force. Financial statements of the Fifteenth Judicial District Drug Task Force are not available. The City did not contribute any funding to the Fifteenth Judicial District Drug Task Force.

NOTE 13: Risk Management

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

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13: Risk Management (Continued)

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed, or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

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

NOTE 14: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14: Firemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$44,557 for the year ended December 31, 2023. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2023, actuarial valuation, the plan has a net pension liability of \$0.

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

Funding Policy

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

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$113,774 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$74,809 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$1,660,598.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 16: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$195,014.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$1,673,680.

NOTE 17: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayor, Carolyn McGee, \$15,802 for the year ended December 31, 2023.

NOTE 18: Interlocal Agreement

9-1-1 Communication System

Yell County entered into an interlocal agreement dated September 5, 2023, with the City of Dardanelle. The purpose of this agreement is to establish a permanent and perpetual relationship in order to provide all persons, businesses, and residences in Yell County, Arkansas, the services of an enhanced 9-1-1 emergency telephone system. The Yell County Sheriff's office will act as 911 administrator under the supervision and control of the Yell County Judge. The County will initially pay all expenses incurred for operation and management of the program. The City of Dardanelle agrees to pay Yell County \$8,300 per month. The cost sharing will allocate the expenses for the 911 Emergency Dispatch. This agreement will terminate on or about December 31, 2024.

NOTE 19: Subsequent Event

On October 9, 2024, the City signed a contract for \$1,298,362 with Bowden Specialties, Inc. for construction of the multi-use trail system expansion.

CITY OF DARDANELLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TRUST FUND	CUSTODIAL FUND	Totals
	Fire Equipment and Training (Act 833)	Refuse	District Court Automation	Police Department Ordinance	Federal Emergency Management (FEMA)	2017 Sales and Use Tax Refunding Bonds	Firemen's Pension and Relief	Police Bond and Fine	
ASSETS									
Cash and cash equivalents	\$ 249,862	\$ 177,941	\$ 147,417	\$ 37,013	\$ 1,020	\$ 75,446	\$ 49,602	\$ 135	\$ 738,436
Investments							651,507		651,507
Accounts receivable		4,474	2,302	1,096		107,049	5,385		120,306
TOTAL ASSETS	<u>\$ 249,862</u>	<u>\$ 182,415</u>	<u>\$ 149,719</u>	<u>\$ 38,109</u>	<u>\$ 1,020</u>	<u>\$ 182,495</u>	<u>\$ 706,494</u>	<u>\$ 135</u>	<u>\$ 1,510,249</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable						\$ 70,692			\$ 70,692
Settlements pending								\$ 135	135
Total Liabilities						<u>70,692</u>		<u>135</u>	<u>70,827</u>
Fund Balances:									
Restricted	\$ 249,862		\$ 149,719	\$ 38,109	\$ 1,020	111,803	\$ 706,494		1,257,007
Committed		\$ 182,415							182,415
Total Fund Balances	<u>249,862</u>	<u>182,415</u>	<u>149,719</u>	<u>38,109</u>	<u>1,020</u>	<u>111,803</u>	<u>706,494</u>		<u>1,439,422</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 249,862</u>	<u>\$ 182,415</u>	<u>\$ 149,719</u>	<u>\$ 38,109</u>	<u>\$ 1,020</u>	<u>\$ 182,495</u>	<u>\$ 706,494</u>	<u>\$ 135</u>	<u>\$ 1,510,249</u>

CITY OF DARDANELLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TRUST FUND	Totals
	Fire Equipment and Training (Act 833)	Refuse	District Court Automation	Police Department Ordinance	Federal Emergency Management (FEMA)	2017 Sales and Use Tax Refunding Bonds	Firemen's Pension and Relief	
REVENUES								
State aid	\$ 36,940						\$ 3,312	\$ 40,252
Federal aid					\$ 233,752			233,752
Property taxes							44,557	44,557
Franchise fees		\$ 18,270						18,270
Sales taxes						\$ 1,264,516		1,264,516
Fines, forfeitures, and costs			\$ 33,086	\$ 31,127				64,213
Interest	1,504	164	873	53	50	4,894	19,284	26,822
Sanitation fees		293,851						293,851
Net increase/(decrease) in fair value of investments							52,629	52,629
Other					1			1
TOTAL REVENUES	38,444	312,285	33,959	31,180	233,803	1,269,410	119,782	2,038,863
EXPENDITURES								
Current:								
Law enforcement			53,649	31,714				85,363
Public safety	11,686						64,176	75,862
Sanitation		262,649						262,649
Total Current	11,686	262,649	53,649	31,714			64,176	423,874
Debt Service:								
Bond principal						345,000		345,000
Bond interest and other charges						102,262		102,262
TOTAL EXPENDITURES	11,686	262,649	53,649	31,714		447,262	64,176	871,136
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,758	49,636	(19,690)	(534)	233,803	822,148	55,606	1,167,727
OTHER FINANCING SOURCES (USES)								
Transfers out					(261,394)			(261,394)
Contribution to water department						(824,983)		(824,983)
TOTAL OTHER FINANCING SOURCES (USES)					(261,394)	(824,983)		(1,086,377)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,758	49,636	(19,690)	(534)	(27,591)	(2,835)	55,606	81,350
FUND BALANCES - JANUARY 1	223,104	132,779	169,409	38,643	28,611	114,638	650,888	1,358,072
FUND BALANCES - DECEMBER 31	<u>\$ 249,862</u>	<u>\$ 182,415</u>	<u>\$ 149,719</u>	<u>\$ 38,109</u>	<u>\$ 1,020</u>	<u>\$ 111,803</u>	<u>\$ 706,494</u>	<u>\$ 1,439,422</u>

CITY OF DARDANELLE, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utility costs.
Refuse	Dardanelle Ordinance no. 1995-03 (February 6, 1995) established fund to account for revenues and disbursements related to the City's trash service.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used for district court-related technology.
Police Department Ordinance	Ark. Code Ann. § 16-17-129 established fund to receive \$20 additional fee from each defendant who pleads guilty, nolo contendere, is found guilty of, or forfeits bonds for any misdemeanor or traffic violation to be used for expenses of incarcerating city prisoners.
Federal Emergency Management (FEMA)	Established to account for federal disaster relief assistance received.
2017 Sales and Use Tax Refunding Bonds	Dardanelle Ordinance no. 2016-05 (December 5, 2016) established fund to accumulate resources for the payment of interest and principal on 2017 Sales and Use Tax Refunding Bonds as required by the bond issue.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established fund to receive fines, forfeitures, and costs collected by the police department.

CITY OF DARDANELLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

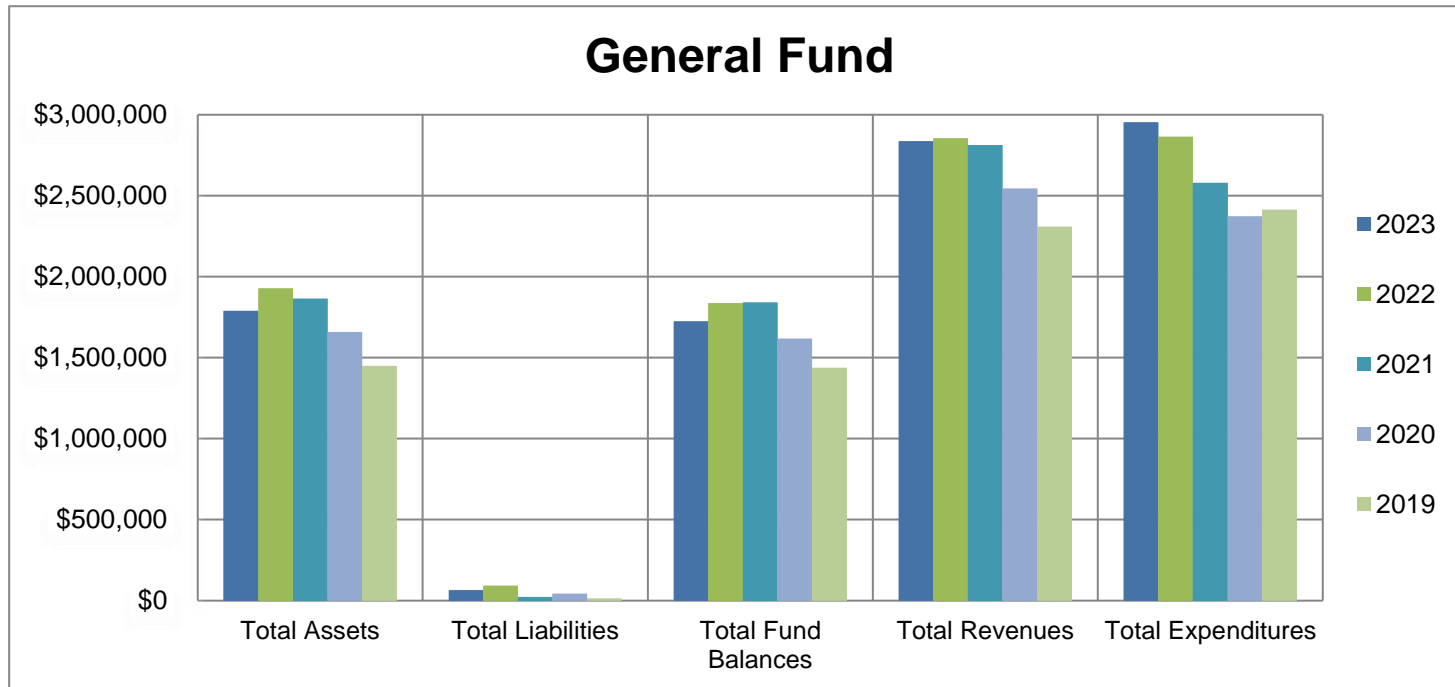
Schedule 3

	December 31, 2023
Land	\$ 947,143
Buildings	7,699,554
Equipment	<u>2,563,928</u>
Total	<u>\$ 11,210,625</u>

CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-1

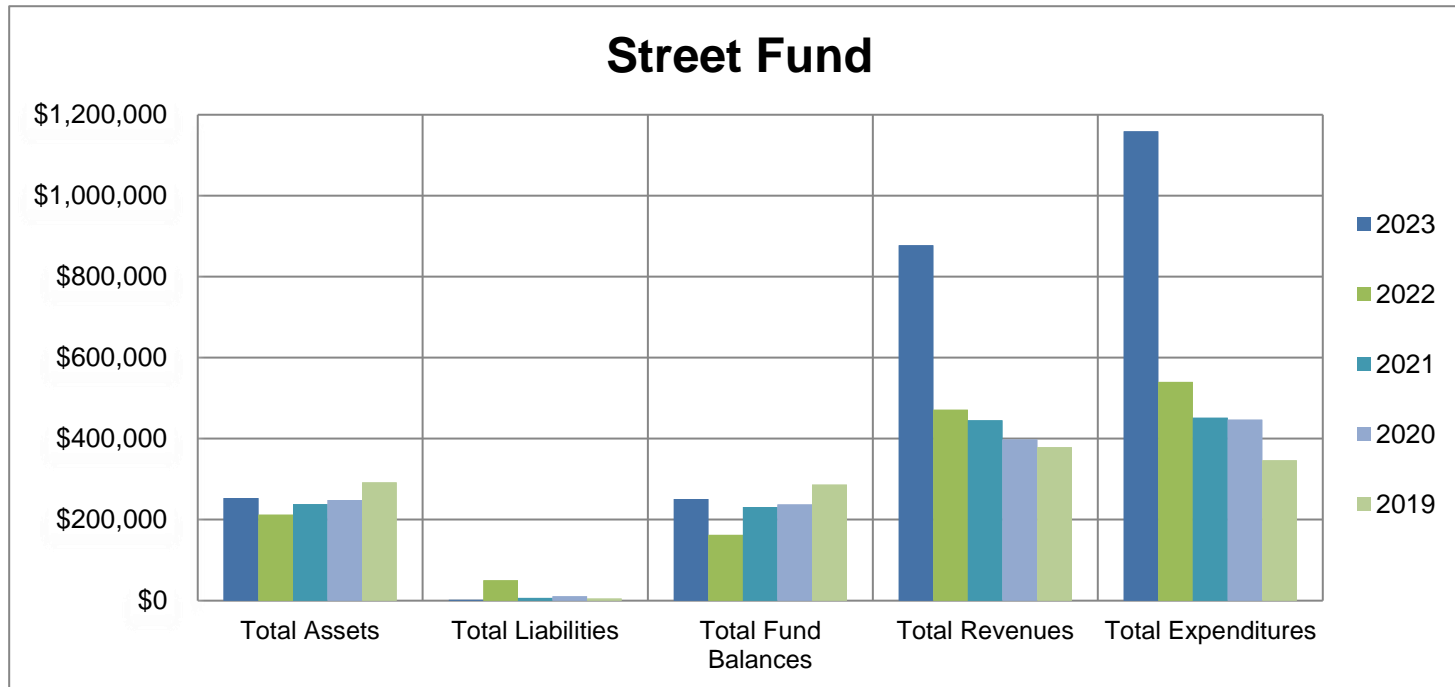
General	2023	2022	2021	2020	2019
Total Assets	\$ 1,788,496	\$ 1,927,427	\$ 1,864,799	\$ 1,659,255	\$ 1,449,973
Total Liabilities	64,489	91,778	23,728	42,529	13,400
Total Fund Balances	1,724,007	1,835,649	1,841,071	1,616,726	1,436,573
Total Revenues	2,836,293	2,854,372	2,812,618	2,543,519	2,307,873
Total Expenditures	2,951,829	2,863,687	2,578,922	2,372,760	2,413,791
Total Other Financing Sources/Uses	3,894	3,893	3,893	9,394	968



CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-2

Street	2023	2022	2021	2020	2019
Total Assets	\$ 253,295	\$ 212,220	\$ 237,997	\$ 248,606	\$ 292,297
Total Liabilities	2,154	50,023	6,966	10,924	5,449
Total Fund Balances	251,141	162,197	231,031	237,682	286,848
Total Revenues	877,497	471,395	445,018	398,067	378,617
Total Expenditures	1,158,915	540,229	451,669	447,233	346,383
Total Other Financing Sources/Uses	370,362				



CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

Other Funds in the Aggregate	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 1,510,249	\$ 1,416,759	\$ 1,843,220	\$ 1,324,251	\$ 1,356,363
Total Liabilities	70,827	58,687	65,619	54,992	58,825
Total Fund Balances	1,439,422	1,358,072	1,777,601	1,269,259	1,297,538
Total Revenues	2,038,863	2,037,067	2,145,929	1,663,849	1,599,243
Total Expenditures	871,136	1,699,246	923,489	1,091,461	892,186
Total Other Financing Sources/Uses	(1,086,377)	(757,350)	(712,623)	(600,667)	(506,350)

