

City of De Queen, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DEQUEEN, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

Financial and Compliance Report

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Sen. John Payton
Senate Vice Chair



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

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

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of De Queen, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated May 11, 2023. These procedures were not performed for the Water, Sewer, and Sanitation Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2021:

Mayor: Jeff Brown
Clerk/Treasurer: Donna Jones
District Court Clerk: Phyllis Price
Police Chief: Scott Simmons

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

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
May 11, 2023
LOM102521

CITY OF DE QUEEN, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 5,735,465	\$ 173,050	\$ 739,907
Accounts receivable	347,067	46,673	
	<u>6,082,532</u>	<u>219,723</u>	<u>739,907</u>
TOTAL ASSETS	<u>\$ 6,082,532</u>	<u>\$ 219,723</u>	<u>\$ 739,907</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,511	\$ 400	
Settlements pending			\$ 62,749
Total Liabilities	<u>10,511</u>	<u>400</u>	<u>62,749</u>
Fund Balances:			
Restricted	578,282		677,158
Assigned	506,728	219,323	
Unassigned	4,987,011		
Total Fund Balances	<u>6,072,021</u>	<u>219,323</u>	<u>677,158</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,082,532</u>	<u>\$ 219,723</u>	<u>\$ 739,907</u>

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

CITY OF DE QUEEN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate - Special Revenue Fund American Rescue Plan Act
REVENUES			
State aid	\$ 113,804	\$ 533,570	
Federal aid	2,550		\$ 676,864
Property taxes	317,579	87,629	
Franchise fees	275,811		
Sales taxes	2,735,422		
Fines, forfeitures, and costs	250,840		
Interest	97,584	2,157	294
Local permits and fees	14,039		
Lease of city facilities	58,880		
Donations	480,000		
Other	366,199	13,905	
TOTAL REVENUES	4,712,708	637,261	677,158
EXPENDITURES			
Current:			
General government	700,505		
Law enforcement	1,981,122		
Highways and streets		967,185	
Public safety	402,323		
Recreation and culture	660,457		
TOTAL EXPENDITURES	3,744,407	967,185	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	968,301	(329,924)	677,158
OTHER FINANCING SOURCES (USES)			
Transfers in		360,000	
Transfers out	(360,000)		
Contribution to water department	(147,790)		
TOTAL OTHER FINANCING SOURCES (USES)	(507,790)	360,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	460,511	30,076	677,158
FUND BALANCES - JANUARY 1	5,611,510	189,247	
FUND BALANCES - DECEMBER 31	\$ 6,072,021	\$ 219,323	\$ 677,158

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

CITY OF DE QUEEN, 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, 2021
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 109,300	\$ 113,804	\$ 4,504	\$ 485,000	\$ 533,570	\$ 48,570
Federal aid	261,239	2,550	(258,689)			
Property taxes	250,000	317,579	67,579	85,000	87,629	2,629
Franchise fees	250,000	275,811	25,811			
Sales taxes	2,250,000	2,735,422	485,422			
Fines, forfeitures, and costs	256,900	250,840	(6,060)			
Interest	79,000	97,584	18,584	2,000	2,157	157
Local permits and fees	15,000	14,039	(961)			
Lease of city facilities	76,190	58,880	(17,310)			
Donations		480,000	480,000			
Other	200,402	366,199	165,797	2,500	13,905	11,405
TOTAL REVENUES	3,748,031	4,712,708	964,677	574,500	637,261	62,761
EXPENDITURES						
Current:						
General government	752,366	700,505	51,861			
Law enforcement	2,010,291	1,981,122	29,169			
Highways and streets				1,118,753	967,185	151,568
Public safety	744,853	402,323	342,530			
Recreation and culture	653,820	660,457	(6,637)			
TOTAL EXPENDITURES	4,161,330	3,744,407	416,923	1,118,753	967,185	151,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(413,299)	968,301	1,381,600	(544,253)	(329,924)	214,329
OTHER FINANCING SOURCES (USES)						
Transfers in	523,410		(523,410)	550,000	360,000	(190,000)
Transfers out		(360,000)	(360,000)			
Contribution to water department		(147,790)	(147,790)			
Contribution from water department	275,000		(275,000)			
TOTAL OTHER FINANCING SOURCES (USES)	798,410	(507,790)	(1,306,200)	550,000	360,000	(190,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	385,111	460,511	75,400	5,747	30,076	24,329
FUND BALANCES - JANUARY 1		5,611,510	5,611,510		189,247	189,247
FUND BALANCES - DECEMBER 31	\$ 385,111	\$ 6,072,021	\$ 5,686,910	\$ 5,747	\$ 219,323	\$ 213,576

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

CITY OF DE QUEEN, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020
(UNAUDITED)

Exhibit A-1

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 5,355,025	\$ 145,315	\$ 121,146
Accounts receivable	274,067	44,505	
	<u>5,629,092</u>	<u>189,820</u>	<u>121,146</u>
TOTAL ASSETS	<u>\$ 5,629,092</u>	<u>\$ 189,820</u>	<u>\$ 121,146</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,582	\$ 573	\$ 66,529
Settlements pending			54,617
Total Liabilities	<u>17,582</u>	<u>573</u>	<u>121,146</u>
Fund Balances:			
Restricted	95,000		
Assigned	466,154	189,247	
Unassigned	5,050,356		
Total Fund Balances	<u>5,611,510</u>	<u>189,247</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,629,092</u>	<u>\$ 189,820</u>	<u>\$ 121,146</u>

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

CITY OF DE QUEEN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Exhibit B-1

	General	Street	Other Funds In the Aggregate - Trust Fund - Municipal Employee's Retirement Plan
REVENUES			
State aid	\$ 124,871	\$ 690,679	
Federal aid	261,239		
Property taxes	301,154	83,097	
Franchise fees	198,100		
Sales taxes	2,421,812		
Fines, forfeitures, and costs	231,234		
Interest	110,853	2,340	\$ 252
Local permits and fees	14,709		
Lease of city facilities	53,293		
Other	294,527	8,257	
TOTAL REVENUES	4,011,792	784,373	252
EXPENDITURES			
Current:			
General government	728,366		100,844
Law enforcement	1,717,624		
Highways and streets		894,997	
Public safety	439,444		
Recreation and culture	432,433		
TOTAL EXPENDITURES	3,317,867	894,997	100,844
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	693,925	(110,624)	(100,592)
OTHER FINANCING SOURCES (USES)			
Transfers in		78,410	
Transfers out	(78,410)		
Contribution to water department	(125,000)		
TOTAL OTHER FINANCING SOURCES (USES)	(203,410)	78,410	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	490,515	(32,214)	(100,592)
FUND BALANCES - JANUARY 1	5,120,995	221,461	100,592
FUND BALANCES - DECEMBER 31	\$ 5,611,510	\$ 189,247	\$ 0

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

CITY OF DE QUEEN, 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, 2020
(UNAUDITED)

Exhibit C-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 109,300	\$ 124,871	\$ 15,571	\$ 441,000	\$ 690,679	\$ 249,679
Federal aid		261,239	261,239			
Property taxes	250,000	301,154	51,154	85,000	83,097	(1,903)
Franchise fees	250,000	198,100	(51,900)			
Sales taxes	2,250,000	2,421,812	171,812			
Fines, forfeitures, and costs	251,000	231,234	(19,766)			
Interest	79,000	110,853	31,853	2,000	2,340	340
Local permits and fees	15,000	14,709	(291)			
Lease of city facilities	83,982	53,293	(30,689)			
Other	269,713	294,527	24,814	3,000	8,257	5,257
TOTAL REVENUES	3,557,995	4,011,792	453,797	531,000	784,373	253,373
EXPENDITURES						
Current:						
General government	822,367	728,366	94,001			
Law enforcement	1,917,428	1,717,624	199,804			
Highways and streets				950,247	894,997	55,250
Public safety	529,677	439,444	90,233			
Recreation and culture	611,206	432,433	178,773			
TOTAL EXPENDITURES	3,880,678	3,317,867	562,811	950,247	894,997	55,250
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(322,683)	693,925	1,016,608	(419,247)	(110,624)	308,623
OTHER FINANCING SOURCES (USES)						
Transfers in	360,000		(360,000)	230,000	78,410	(151,590)
Transfers out		(78,410)	(78,410)			
Contribution to water department		(125,000)	(125,000)			
TOTAL OTHER FINANCING SOURCES (USES)	360,000	(203,410)	(563,410)	230,000	78,410	(151,590)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	37,317	490,515	453,198	(189,247)	(32,214)	157,033
FUND BALANCES - JANUARY 1		5,120,995	5,120,995		221,461	221,461
FUND BALANCES - DECEMBER 31	\$ 37,317	\$ 5,611,510	\$ 5,574,193	\$ (189,247)	\$ 189,247	\$ 378,494

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

CITY OF DE QUEEN , ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUND	CUSTODIAL FUNDS					
	American Rescue Plan Act	District Court - City Division	District Court - County Division	District Court - Civil Division	District Court - Small Claims	Utility	Totals
ASSETS							
Cash and cash equivalents	\$ 677,158	\$ 52,333	\$ 4,643	\$ 997	\$ 37	\$ 4,739	\$ 739,907
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending		\$ 52,333	\$ 4,643	\$ 997	\$ 37	\$ 4,739	\$ 62,749
Fund Balances:							
Restricted	\$ 677,158						677,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 677,158	\$ 52,333	\$ 4,643	\$ 997	\$ 37	\$ 4,739	\$ 739,907

CITY OF DE QUEEN , ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020
 (UNAUDITED)

Schedule 2

CUSTODIAL FUNDS

	District Court - City Division	District Court - County Division	District Court - Civil Division	District Court - Small Claims	Utility	Totals
ASSETS						
Cash and cash equivalents	\$ 51,925	\$ (262)	\$ 1,157	\$ 37	\$ 68,289	\$ 121,146
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable					\$ 66,529	\$ 66,529
Settlements pending	\$ 51,925	\$ (262)	\$ 1,157	\$ 37	1,760	54,617
Total Liabilities	51,925	(262)	1,157	37	68,289	121,146
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,925	\$ (262)	\$ 1,157	\$ 37	\$ 68,289	\$ 121,146

CITY OF DE QUEEN, ARKANSAS
NOTES TO SCHEDULES 1 and 2
DECEMBER 21, 2021 AND 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
District Court - City Division	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court - County Division	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court - Civil Division	Ark. Code Ann. § 16-17-707 established account to receive fees relating to civil claims and civil case filings.
District Court - Small Claims	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.
Utility	Created as a clearing account for accounts payable and payroll.

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

1. A. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and 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. The Special Revenue Fund presented on Schedule 1 is reported with other funds in the aggregate.

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. The Pension Trust Fund presented on the Exhibit B-1 is reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The Custodial Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

B. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. 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.

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

1: (Continued)

B. Basis of Accounting – Regulatory (Continued)

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

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. 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.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

D. Property Taxes

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

E. 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.

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

1: (Continued)

E. Budget Law (Continued)

Basis of Accounting

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

F. 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.

There were no committed fund balances at year-end.

2. **Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 578,282		\$ 677,158
Assigned to:			
General government	506,728		
Highways and streets		\$ 219,323	
Total Assigned	506,728	219,323	
Unassigned	4,987,011		
Totals	\$ 6,072,021	\$ 219,323	\$ 677,158

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

2. Details of Fund Balance Classifications (Continued)

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Street Fund
Fund Balances:		
Restricted for:		
General government	\$ 95,000	
Assigned to:		
General government	466,154	
Highways and streets		\$ 189,247
Total Assigned	466,154	189,247
Unassigned	5,050,356	
Totals	\$ 5,611,510	\$ 189,247

3. Commitments

Total commitments consist of the following at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Long-term liabilities	\$ 283,602	\$ 264,528
Construction contracts	448,140	
Total Commitments	\$ 731,742	\$ 264,528

Long-term liabilities

Long-term liabilities at December 31, 2021 and 2020, are comprised of the following:

	December 31, 2021	December 31, 2020
Compensated absences	\$ 283,602	\$ 264,528

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2021:

Project Name	Completion Date	Contract Balance December 31, 2021
Splash Pad	April 30, 2022	\$ 448,140

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

4. Transfers

The General Fund transferred \$360,000 and \$78,410, to the Street Fund, respectively to 2021 and 2020.

5. Jointly Governed Organization

The Prosecuting Attorneys of the Ninth-West and Eighth-South Judicial Districts, the Sheriffs' Departments of Sevier, Little River, Howard, Pike and Lafayette counties, and the Police Departments of De Queen, Nashville and Ashdown entered into an agreement to establish the South Central Drug Task Force. The agreement covers the period of July 1, 2021 to June 30, 2022, and may be extended upon written mutual agreement. Funding is provided through federal and state grants in addition to contributions from participating entities. The City of De Queen contributed \$7,000 to the Nine West Judicial District Drug Task Force in 2021 and \$7,000 in 2020. Financial statements of the South Central Drug Task Force were not available.

**6. 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.

On December 21, 2018, administration of the City of De Queen's Firemen's Pension and Relief Fund and the City of Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

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 for the years ended December 31, 2021 and December 31, 2020 were \$133,929 and \$109,635, respectively, and the amount of insurance tax paid by the state to the plan for the benefit of the City were \$83,685 and \$78,345, respectively.

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, 2021 and December 31, 2020 (actuarial valuation date and measurement date) was \$1,198,496 and \$1,444,631, respectively.

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

7. Municipal Employee's Retirement Plan (A Defined Contribution Plan)

Plan Description

On November 20, 2018, the De Queen City Council approved Ordinance no 1052 authorizing a contract with John Hancock to provide services for the Municipal Employee's Retirement Plan a 401(a) and 457(b) governmental plan to be effective January 1, 2019.

Plan Description

The current plan consists of the employer's discretionary matching contribution to the 401(a) plan and the employee's contribution to the 457(b) plan. Employees become eligible to enter the plan when they have reached age 21 and have completed twelve months of service, with the exception of police officers, fire fighters and the District Court Clerk and Judge who are not eligible. Vesting is the portion of the City's discretionary matching contributions to the 401(a) plan that the employee has the right to receive and is based upon years of service with the City; one year – 20%, 2 years – 40%, and five years – 100%. Currently, the discretionary matching contribution made by the City is 10% of the employee's gross annual compensation contingent upon the employee contributing a minimum of 5% of the employee's gross annual compensation.

Distribution of benefits: Upon termination of employment, attainment of retirement age, death, or disability, participants may take their benefits in a lump sum or rollover.

The City's contributions to the 401(a) plan were \$130,894 and \$123,751 for the years ended December 31, 2021 and 2020, respectively.

8. 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. 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 years ended June 30, 2021 and June 30, 2020 were \$17,411 and \$17,194, respectively.

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, 2021 and June 30, 2020 (actuarial valuation date and measurement date) were \$43,757 and \$164,711, respectively.

CITY OF DEQUEEN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021 AND 2020

9. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2021	December 31, 2020
Land	\$ 726,282	\$ 726,282
Buildings	5,830,327	5,820,663
Equipment	<u>3,971,086</u>	<u>3,599,616</u>
Totals	<u>\$ 10,527,695</u>	<u>\$ 10,146,561</u>

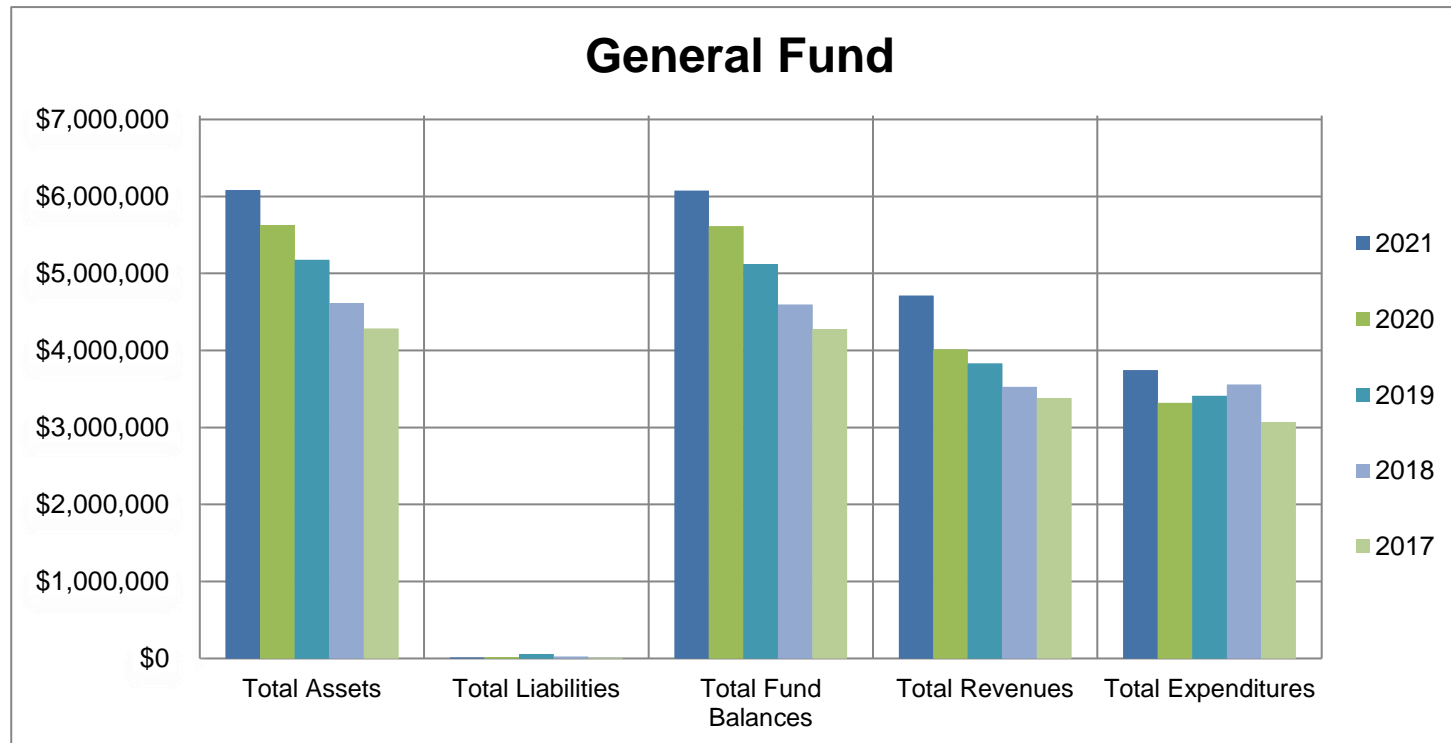
10. Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2020, the City received \$261,239 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The City was awarded \$1,353,720 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,353,720 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF DE QUEEN, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 3-1

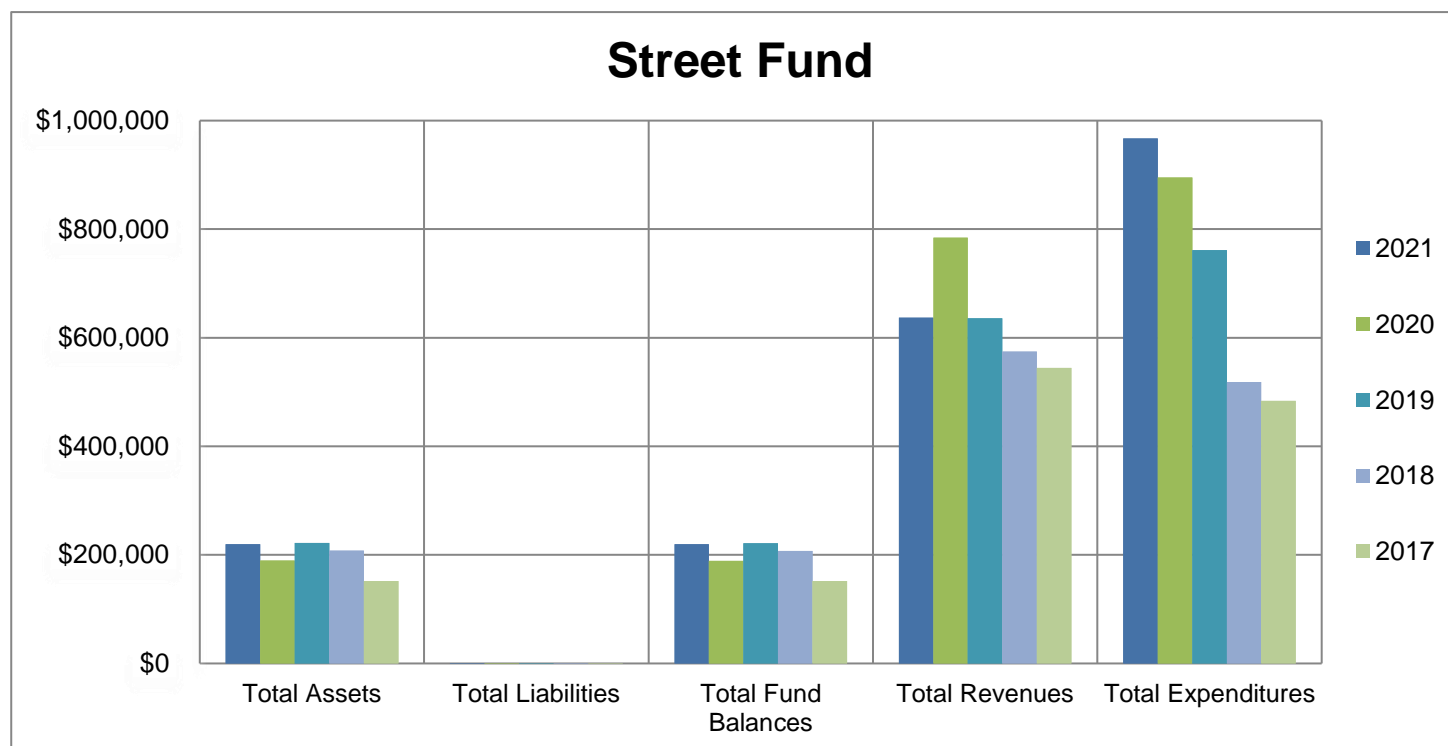
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 6,082,532	\$ 5,629,092	\$ 5,176,046	\$ 4,616,690	\$ 4,284,023
Total Liabilities	10,511	17,582	55,051	21,554	7,299
Total Fund Balances	6,072,021	5,611,510	5,120,995	4,595,136	4,276,724
Total Revenues	4,712,708	4,011,792	3,828,060	3,527,150	3,383,097
Total Expenditures	3,744,407	3,317,867	3,412,201	3,556,857	3,069,701
Total Other Financing Sources/Uses	(507,790)	(203,410)	110,000	348,119	(354,119)



CITY OF DE QUEEN, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 5-2

Street	2021	2020	2019	2018	2017
Total Assets	\$ 219,723	\$ 189,820	\$ 221,758	\$ 207,772	\$ 152,083
Total Liabilities	400	573	297	278	426
Total Fund Balances	219,323	189,247	221,461	207,494	151,657
Total Revenues	637,261	784,373	635,553	574,374	544,686
Total Expenditures	967,185	894,997	761,586	518,537	483,847
Total Other Financing Sources/Uses	360,000	78,410	140,000		



CITY OF DE QUEEN, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 5-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 739,907	\$ 121,146	\$ 217,280	\$ 4,468,147	\$ 5,225,366
Total Liabilities	62,749	121,146	116,688	61,410	59,703
Total Fund Balances	677,158		100,592	4,406,737	5,165,663
Total Revenues	677,158	252	400,251	76,830	1,073,245
Total Expenditures		100,844	180,761	453,763	189,070
Total Other Financing Sources/Uses			(4,525,635)	(381,993)	3,000

