City of Dumas, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF DUMAS, ARKANSAS
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Dumas, 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 Dumas, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated August 20, 2026. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2023:

Mayor: Price Boney
City Clerk/Treasurer: Norma Esaw
Finance Director: Sheree Jackson (Hired March 16, 2023)
Rick Compton (Resigned March 15, 2023)
District Court Clerk: Shelbi Walters
Police Chief: Keith Finch

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.

Mayor and Finance Director

The Payroll Preparer received additional pay of $5,336 without adequate supporting documentation, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, we were unable to determine the validity of these payments.

Mayor

The City disbursed $12,228 ($9,500 for gifts and $2,728 for meal expense) for an employee appreciation event, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. no. 1991-410. In addition, these gifts were not reported on employees' Internal Revenue Service (IRS) W-2 Forms.

A federal compliance audit or an alternative compliance engagement is required pursuant to 2 CFR § 200.501 when federal expenditures exceed $750,000. The City had federal expenditures in excess of $750,000 in 2023 and has not completed the federal compliance audit as of the report date. The City could be responsible for repayment of federal expenditures if instances of noncompliance are noted during a federal compliance audit.

City Clerk/Treasurer and Finance Director

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 – 14-59-119. The City was in noncompliance with these codes and other accounting procedures as follows:

- Cash receipts journals were not properly maintained and were not reconciled to total deposits per bank.
- Cash disbursements journals were not properly maintained and were not reconciled to total disbursements per bank.
- A fixed asset listing was established, but records were not properly updated.

A similar finding was issued in the prior report.

Finance Director

Wages and compensation recorded in the City's general ledger and reported on the annual Form W-3 were $82,071 more than amounts reported to the Internal Revenue Service (IRS) per quarterly Form 941's.

District Court Clerk

The District Court was in noncompliance with Ark. Code Ann. § 16-10-209 and other proper accounting procedures as follows:

- Prenumbered receipts were not issued for monies collected from other city accounts.
- Cash receipt and disbursement journals were not properly maintained.
- Cash receipts and disbursements were not reconciled monthly to bank deposits and withdrawals.
- The ending balances remaining in the District Court account were not identified with receipts issued for cases not yet adjudicated.

  A similar finding was issued in the prior year.

The City's Administration of Justice Fund was in noncompliance with proper accounting procedures as listed below:

- Cash receipts and disbursements were not reconciled with monthly bank deposits and withdrawals.
- Receipts and check disbursements journal was not properly maintained.
- Prenumbered receipts were not issued, and deposits were not made timely, for monies collected from other City accounts.
- Check disbursements paid to other city accounts were not delivered timely.

Police Chief

Police Bond & Fine was in noncompliance with Ark. Code Ann. § 16-10-207 and other proper accounting procedures as listed below:

- Prenumbered receipts were not always issued for all monies collected.
- Cash receipt and disbursement journals were not properly maintained.
- Cash receipts and disbursements were not reconciled with monthly bank deposits and withdrawals.
- Ending cash balances were not identified with receipts issued for cases not yet adjudicated.

  A similar finding was issued in the prior year.

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 20, 2026
LOM102823

CITY OF DUMAS, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 5,646,712	$ 720,451	$ 3,020,362
Investments	1,683,285		1,720,109
Accounts receivable	315,088	25,567	70,026
TOTAL ASSETS	$ 7,645,085	$ 746,018	$ 4,810,497
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 43,176	$ 874	$ 35,773
Settlements pending			92,773
Total Liabilities	43,176	874	128,546
Fund Balances:			
Restricted	549,155	745,144	4,329,415
Committed	61,991		
Assigned			352,536
Unassigned	6,990,763		
Total Fund Balances	7,601,909	745,144	4,681,951
TOTAL LIABILITIES AND FUND BALANCES	$ 7,645,085	$ 746,018	$ 4,810,497

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 71,597	$ 337,511	$ 188,598
Federal aid	89,042		152,338
Property taxes	209,864	42,014	
Franchise fees	262,662		
Sales taxes	2,845,337		673,579
Fines, forfeitures, and costs	158,752		28,158
Interest	137,339	5,093	70,907
Local permits and fees	42,390		
Sanitation fees	293,576		
Advertising and promotion taxes			184,280
Rental income	102,095		77,475
Ambulance fees	569,480		
Jail fees	214,430		
Mosquito fees	69,528		
Donations	70,900		
Fuel sales			41,737
Net increase/(decrease) in fair value of investments	(147,627)		154,650
Other	150,826	1,961	3,586
TOTAL REVENUES	5,140,191	386,579	1,575,308
EXPENDITURES			
Current:			
General government	652,470		146,245
Law enforcement	1,817,950		12,978
Highways and streets		524,599	
Public safety	92,339		66,558
Sanitation	386,058		
Health	978,958		
Recreation and culture	304,609		171,264
Airport	8,702		356,847
Trustee fees	16,594		
Water and sewer			168,700
Total Current	4,257,680	524,599	922,592
Debt Service:			
Bond principal			455,000
Bond interest and other charges			177,277
Financed purchase principal	78,309	9,315	7,774
Financed purchase interest	6,856		2,102
TOTAL EXPENDITURES	4,342,845	533,914	1,564,745

Exhibit B

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

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 797,346	$ (147,335)	$ 10,563
OTHER FINANCING SOURCES (USES)			
Transfers in	19,047		115,200
Transfers out	(115,200)		(19,047)
Contribution from water department	666		
Sales tax transferred to hospital	(1,113,194)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,208,681)		96,153
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(411,335)	(147,335)	106,716
FUND BALANCES - JANUARY 1	8,013,244	892,479	4,575,235
FUND BALANCES - DECEMBER 31	$ 7,601,909	$ 745,144	$ 4,681,951

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

CITY OF DUMAS, 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
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 60,588	$ 71,597	$ 11,009	$ 393,287	$ 337,511	$ (55,776)
Federal aid		89,042	89,042			
Property taxes	213,031	209,864	(3,167)	36,386	42,014	5,628
Franchise fees	290,517	262,662	(27,855)			
Sales taxes	2,819,512	2,845,337	25,825			
Fines, forfeitures, and costs	152,097	158,752	6,655			
Interest	18,929	137,339	118,410	10,000	5,093	(4,907)
Local permits and fees	44,382	42,390	(1,992)			
Sanitation fees	295,861	293,576	(2,285)			
Rental income	102,196	102,095	(101)			
Ambulance fees	683,329	569,480	(113,849)			
Jail fees	221,470	214,430	(7,040)			
Mosquito fees	70,314	69,528	(786)			
Donations	33,300	70,900	37,600			
Net increase/(decrease) in fair value of investments		(147,627)	(147,627)			
Other	448,919	150,826	(298,093)	1,720	1,961	241
TOTAL REVENUES	5,454,445	5,140,191	(314,254)	441,393	386,579	(54,814)
EXPENDITURES						
Current:						
General government	865,236	652,470	212,766			
Law enforcement	2,078,211	1,817,950	260,261			
Highways and streets				865,682	524,599	341,083
Public safety	156,484	92,339	64,145			
Sanitation	398,915	386,058	12,857			
Health	1,069,968	978,958	91,010			
Recreation and culture	146,139	304,609	(158,470)			
Airport	8,518	8,702	(184)			
Trustee fees		16,594	(16,594)			
Total Current	4,723,471	4,257,680	465,791	865,682	524,599	341,083
Debt Service:						
Financed purchase principal	79,946	78,309	1,637	38,129	9,315	28,814
Financed purchase interest		6,856	(6,856)			
TOTAL EXPENDITURES	4,803,417	4,342,845	460,572	903,811	533,914	369,897

CITY OF DUMAS, 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
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 651,028	$ 797,346	$ 146,318	$ (462,418)	$ (147,335)	$ 315,083
OTHER FINANCING SOURCES (USES)						
Transfers in	1,030,420	19,047	(1,011,373)			
Transfers out	(483,911)	(115,200)	368,711			
Contribution to water department	(354,254)		354,254			
Contribution from water department		666	666			
Sales tax transferred to hospital	(1,104,647)	(1,113,194)	(8,547)			
TOTAL OTHER FINANCING SOURCES (USES)	(912,392)	(1,208,681)	(296,289)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(261,364)	(411,335)	(149,971)	(462,418)	(147,335)	315,083
FUND BALANCES - JANUARY 1		8,013,244	8,013,244		892,479	892,479
FUND BALANCES - DECEMBER 31	$ (261,364)	$ 7,601,909	$ 7,863,273	$ (462,418)	$ 745,144	$ 1,207,562

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

CITY OF DUMAS, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	Jail Operation and Maintenance	Fire Equipment and Training (Act 833)	District Court Automation	Airport Commission	Auditorium	American Rescue Plan Act	Drug Control	Debt Service Fund 2019 Sales & Use Tax Refunding Bond
ASSETS								
Cash and cash equivalents	$ 134,470	$ 25,525	$ 19,443	$ 58,423	$ 1,465,575	$ 8,417	$ 16,747	$ 821,563
Investments								
Accounts receivable				695	18,196			51,135
TOTAL ASSETS	$ 134,470	$ 25,525	$ 19,443	$ 59,118	$ 1,483,771	$ 8,417	$ 16,747	$ 872,698
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 100	$ 5,649		$ 12,796	$ 4,563			
Settlements pending								
Total Liabilities	100	5,649		12,796	4,563			
Fund Balances:								
Restricted	134,370	18,576	$ 19,443	46,322	1,127,972	$ 8,417	$ 16,747	$ 872,698
Assigned		1,300			351,236			
Total Fund Balances	134,370	19,876	19,443	46,322	1,479,208	8,417	16,747	872,698
TOTAL LIABILITIES AND FUND BALANCES	$ 134,470	$ 25,525	$ 19,443	$ 59,118	$ 1,483,771	$ 8,417	$ 16,747	$ 872,698

Schedule 1

CITY OF DUMAS, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

	TRUST FUNDS		CUSTODIAL FUNDS				
	Firemen's Pension	City Pension	Police Bond and Fine	District Court	Administration of Justice	Payroll	Totals
ASSETS							
Cash and cash equivalents	$ 7,441	$ 357,320	$ 24,385	$ 55,148	$ 2,371	$ 23,534	$ 3,020,362
Investments	476,072	1,244,037					1,720,109
Accounts receivable							70,026
TOTAL ASSETS	$ 483,513	$ 1,601,357	$ 24,385	$ 55,148	$ 2,371	$ 23,534	$ 4,810,497
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable						$ 12,665	$ 35,773
Settlements pending			$ 24,385	$ 55,148	$ 2,371	10,869	92,773
Total Liabilities			24,385	55,148	2,371	23,534	128,546
Fund Balances:							
Restricted	$ 483,513	$ 1,601,357					4,329,415
Assigned							352,536
Total Fund Balances	483,513	1,601,357					4,681,951
TOTAL LIABILITIES AND FUND BALANCES	$ 483,513	$ 1,601,357	$ 24,385	$ 55,148	$ 2,371	$ 23,534	$ 4,810,497

CITY OF DUMAS, 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
(UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	Jail Operation and Maintenance	Fire Equipment and Training (Act 833)	District Court Automation	Airport Commission	Auditorium	American Rescue Plan Act	Drug Control	Debt Service Fund 2019 Sales & Use Tax Refunding Bond
REVENUES								
State aid		$ 25,046		$ 160,240				
Federal aid				152,338				
Sales taxes				661				$ 672,918
Fines, forfeitures, and costs	$ 25,208		$ 2,950					
Interest				10	$ 22,829		$ 63	14,468
Advertising and promotion taxes					184,280			
Rental income				31,875	45,600			
Fuel sales				41,737				
Net increase/(decrease) in fair value of investments								
Other				1,647	99		1,840	
TOTAL REVENUES	25,208	25,046	2,950	388,508	252,808		1,903	687,386
EXPENDITURES								
Current:								
General government								
Law enforcement	10,655		2,323					
Public safety		22,466						
Recreation and culture					171,264			
Airport				356,847				
Water and sewer						$ 168,700		
Total Current	10,655	22,466	2,323	356,847	171,264	168,700		
Debt Service:								
Bond principal								455,000
Bond interest and other charges								177,277
Financed purchase principal				7,774				
Financed purchase interest				2,102				
TOTAL EXPENDITURES	10,655	22,466	2,323	366,723	171,264	168,700		632,277
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,553	2,580	627	21,785	81,544	(168,700)	1,903	55,109
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out				(19,047)				
TOTAL OTHER FINANCING SOURCES (USES)				(19,047)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	14,553	2,580	627	2,738	81,544	(168,700)	1,903	55,109
FUND BALANCES - JANUARY 1	119,817	17,296	18,816	43,584	1,397,664	177,117	14,844	817,589
FUND BALANCES - DECEMBER 31	$ 134,370	$ 19,876	$ 19,443	$ 46,322	$ 1,479,208	$ 8,417	$ 16,747	$ 872,698

CITY OF DUMAS, 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
(UNAUDITED)

Schedule 2

	TRUST FUNDS		
	Firemen's Pension	City Pension	Totals
REVENUES			
State aid	$ 3,312		$ 188,598
Federal aid			152,338
Sales taxes			673,579
Fines, forfeitures, and costs			28,158
Interest	33,395	$ 142	70,907
Advertising and promotion taxes			184,280
Rental income			77,475
Fuel sales			41,737
Net increase/(decrease) in fair value of investments	37,615	117,035	154,650
Other			3,586
TOTAL REVENUES	74,322	117,177	1,575,308
EXPENDITURES			
Current:			
General government		146,245	146,245
Law enforcement			12,978
Public safety	44,092		66,558
Recreation and culture			171,264
Airport			356,847
Water and sewer			168,700
Total Current	44,092	146,245	922,592
Debt Service:			
Bond principal			455,000
Bond interest and other charges			177,277
Financed purchase principal			7,774
Financed purchase interest			2,102
TOTAL EXPENDITURES	44,092	146,245	1,564,745
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,230	(29,068)	10,563
OTHER FINANCING SOURCES (USES)			
Transfers in		115,200	115,200
Transfers out			(19,047)
TOTAL OTHER FINANCING SOURCES (USES)		115,200	96,153
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	30,230	86,132	106,716
FUND BALANCES - JANUARY 1	453,283	1,515,225	4,575,235
FUND BALANCES - DECEMBER 31	$ 483,513	$ 1,601,357	$ 4,681,951

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

Fund Name	Fund Description
Jail Operation and Maintenance	Ark. Code Ann. § 16-17-129 allows a city to levy an additional fine, not to exceed $20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
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 utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of $5 per month on each person to be used for court-related technology.
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Auditorium	Ark. Code Ann. § 26-75-602 and City of Dumas Ordinance nos. 458 (August 28, 1989), 514 (July 11, 1995), and 592 (March 12, 2002) established fund to account for the tax levied on the gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promotion of the City and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Debt Service Fund 2019 Sales & Use Tax Refunding Bond	Dumas Ordinance no. 952 (September 24, 2019) authorized and established fund to account for sales and use tax refunding bond debt.
Firemen's Pension	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.
City Pension	Dumas Resolution no. 166 (August 8, 1972) established fund to contribute an amount of money that represents the actuarially determined amount to be paid to the City Pension Retirement Plan.

CITY OF DUMAS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023
(UNAUDITED)

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

Fund Name	Fund Description
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of Justice	Established account to receive fines, forfeitures, and costs collected by the police department and by the district court and to distribute a set percentage to the County Treasurer and to the City's Breathalyzer Fund, Administration of Justice Fees Fund, Judge & Clerk Retirement Fund, and Police Training Fund. The remainder, when applicable, is paid to the Arkansas Department of Finance and Administration, Administration of Justice Fund.
Payroll	Established to process the payroll of all employees.

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 Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

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

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

1. (Continued)

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.

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, savings, and money market accounts and certificates of deposit.

Investments

Investments are reported at fair market value.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the 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 amounts restricted, committed, or assigned to those purposes.

1. (Continued)

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.

<u>Basis of Accounting</u>

The City prepared an annual budget on the regulatory basis for the General Fund, except for the LOPFI account, and the Street Fund. An annual budget for the other operating funds was not made available.

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.

2. 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:			
Law enforcement	$ 92,232		$ 170,560
Highw ays and streets		$ 745,144	
Public safety			18,576
Health	53,252		
Recreation and culture			1,127,972
Airport			46,322
Water and sew er			8,417
Pension benefits	403,671		2,084,870
Debt service			872,698
Total Restricted	549,155	745,144	4,329,415
Committed for:			
Law enforcement	61,991		
Assigned to:			
Public safety			1,300
Recreation and culture			351,236
Total Assigned			352,536
Unassigned	6,990,763		
Totals	$ 7,601,909	$ 745,144	$ 4,681,951

3. Commitments

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

	December 31, 2023
Long-term liabilities	$ 5,124,547
Construction contract	171,425
Total Commitments	$ 5,295,972

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2023
Bonds	
Sales and Use Tax Refunding Bonds Series 2019A and 2019B, dated September 24, 2019, in the amount of $6,040,000, annual installments of $115,000 - $485,000 plus interest through January 1, 2036; interest of 2 - 4%. Payments are to be made from the Debt Service Fund 2019 Sales & Use Tax Refunding Bond.	$ 4,670,000
Direct Borrowings	
Financed purchase agreement dated July 21, 2021, with Merchants and Farmers Bank in the amount of $89,184 for the purchase of airport hangars; 59 monthly payments of $818 at 2.8% interest, and one final payment of $50,786. Payments are to be made from the Airport Commission Fund.	70,795
Financed purchase agreement dated January 14, 2023, with Communities Unlimited, Inc. in the amount of $38,180 for the purchase of a police vehicle; 24 monthly payments of $669 at 2% interest and 36 monthly payments of $685 at 3.5% interest. Payments are to be made from the General Fund.	31,474
Financed purchase agreement dated March 9, 2020, with Bancorp South Equipment Finance in the amount of $190,500 for the purchase of a 2020 Freightliner garbage truck; 48 monthly payments of $3,276 at 3.74% interest, and one final payment of $52,000. Payments are to be made from the General Fund.	61,125
Financed purchase agreement dated February 28, 2022, with Bancorp South Equipment Finance in the amount of $189,900 for the purchase of a 2022 Freightliner garbage truck; 24 monthly payments of $3,207 at 2.19% interest, and one final payment of $120,000. Payments are to be made from the General Fund.	125,742
Total Direct Borrowings	289,136
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	165,411
Total Long-term liabilities	$ 5,124,547

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 $4,670,000 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.

The City's outstanding direct borrowings of $289,136 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.

3. Commitments (Continued)

Compensated Absences

Compensated absences do vest or accumulate.

Post Employment Benefits Other Than Pensions

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

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
Bonds					
9/24/19	1/1/36	2-4%	$ 6,040,000	$ 4,670,000	$ 1,370,000
Direct Borrow ings					
7/21/21	7/21/26	2.80%	89,184	70,795	18,389
1/14/23	1/14/28	2-3.5%	38,180	31,474	6,706
3/9/20	4/25/24	3.74%	190,500	61,125	129,375
2/28/22	3/2/24	2.19%	189,900	125,742	64,158
Total Direct Borrow ings			507,764	289,136	218,628
Total Long-Term Debt			$ 6,547,764	$ 4,959,136	$ 1,588,628

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired		Balance December 31, 2023
Bonds payable	$ 5,125,000	$ 0	$ 455,000		$ 4,670,000
Direct Borrow ings					
Financed purchases	346,504	38,180	95,548	*	289,136
Total Long-Term Debt	$ 5,471,504	$ 38,180	$ 550,548		$ 4,959,136

*Includes $150 early retirement of debt.

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds Principal	Bonds Interest	Bonds Total	Direct Borrow ings Principal	Direct Borrow ings Interest	Direct Borrow ings Total
2024	$ 335,000	$ 169,344	$ 504,344	$ 202,266	$ 3,822	$ 206,088
2025	345,000	159,000	504,000	15,654	2,364	18,018
2026	355,000	147,487	502,487	62,477	1,311	63,788
2027	240,000	136,275	376,275	8,057	163	8,220
2028	220,000	123,450	343,450	682	3	685
2029 through 2033	2,100,000	411,138	2,511,138			
2034 through 2036	1,075,000	49,912	1,124,912			
Totals	$ 4,670,000	$ 1,196,606	$ 5,866,606	$ 289,136	$ 7,663	$ 296,799

3. Commitments (Continued)

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2023:

Project Name	Completed Date	Contract Balance December 31, 2023
Airport Runw ay Rehabilitation	July 2025	$ 171,425

4. Interfund Transfers

The General Fund transferred $115,200 to Other Funds in the Aggregate for the City Pension Fund for pension contributions. The Airport Commission Fund transferred $19,047 to the General Fund to pay back a loan for an airport project.

5. Subsequent Events

On July 19, 2024, the City signed a $545,420 contract for an HVAC Renovation for the Dumas Municipal Complex.

On August 12, 2025, the City signed a $310,000 contract for the purchase of a 2025 Freightliner truck.

6. Pledged Revenues

The City pledged future 2% sales and use taxes to repay $6,040,000 in sales and use tax refunding bonds that were issued in 2019 to provide funding for improvements to the City's airport and construction of the City's hospital. Total principal and interest remaining on the bonds are $4,670,000 and $1,196,606, respectively, payable through January 1, 2036. For 2023, principal and interest paid were $455,000 and $173,547, respectively.

The Debt Service Fund received $672,918 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to assist in the maintenance, improvement, renovation, acquisition, construction, expansion, furnishing, and equipping of the hospital and related health care facilities.

7. 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.

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. 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 $24 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 $120,226.

8. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to 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 $13,674 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $12,312 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 $126,610.

9. 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 5.50% 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 $9,692.

9. Arkansas Public Employees Retirement System (Continued)

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 $83,181.

10. City Employee's Pension and Relief Plan

The City's Employee's Pension and Relief Plan is a single-employer defined benefit and pension plan that covers City employees. The plan provides retirement benefits. Contributions are recognized when paid rather than when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy/Contributions

The City is required to contribute at an actuarially determined amount each year to fund the benefits provided under the plan. The amount of the contribution varies from year-to-year depending on such factors as the plan's participant turnover, benefit payment, and the trust's investment gains and losses.

Net Pension Liability

In 2023, the City did not contribute to the plan. Employee contributions to the plan are not permitted. Based on the actuarial valuation date of December 31, 2021, the plan has a net pension liability of $194,809.

11. 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 Clay Oldner's Spouse, Sherry Oldner, $10,815 for the year ended December 31, 2023.

12. Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers 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 a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurers Mary Howard, Johnny Brigham, and Erma Coburn $12,957, $9,848 and $24,368, respectively, for the year ended December 31, 2023.

13. Hospital Lease Agreement

On September 9, 2023, the City entered into a lease agreement with Delta Memorial Hospital Association, a nonprofit Arkansas corporation. The lease agreement stipulates that the Association leases the hospital real estate for $25 per year for 25 years. The Association assumes all rights and responsibilities for the operation of the hospital. On September 10, 2013, the City supplemented the lease agreement. The supplement stipulates that the excess proceeds from 0.75% sales and use tax (after debt service requirements), will be used to assist in the maintenance, improvement, renovation, acquisition, construction, expansion, furnishing, and equipping of the hospital and related health care facilities.

14. Dumas Technology Education Center Lease Agreement

On January 2, 2010, the City entered into a lease agreement with Dumas Technology Education Center (DTEC). The lease agreement stipulates that DTEC leases the technology center real estate for $25 per year for 20 years. DTEC assumes rights and responsibilities for the operation of the center.

15. Capital Assets

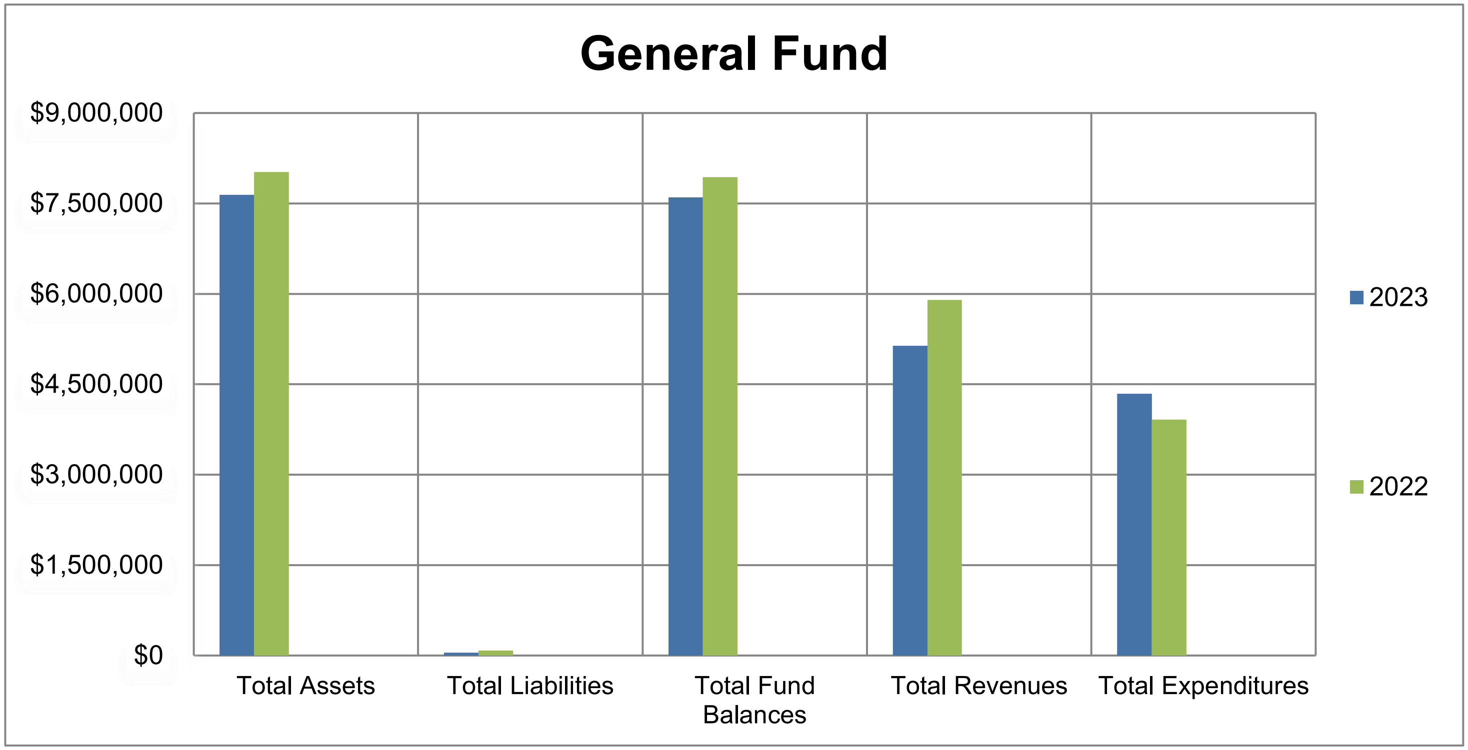
The Municipality's capital assets records are summarized below:

	December 31, 2023
Land	$ 128,010
Buildings	28,762,513
Equipment	3,705,116
Total	$ 32,595,639

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

Schedule 3-1

General	2023	2022
Total Assets	$ 7,645,085	$ 8,019,489
Total Liabilities	43,176	83,135
Total Fund Balances	7,601,909	7,936,354
Total Revenues	5,140,191	5,895,495
Total Expenditures	4,342,845	3,911,702
Total Other Financing Sources/Uses	(1,208,681)	(1,533,343)



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

Schedule 3-2

Street	2023	2022
Total Assets	$ 746,018	$ 892,942
Total Liabilities	874	463
Total Fund Balances	745,144	892,479
Total Revenues	386,579	421,227
Total Expenditures	533,914	765,511
Total Other Financing Sources/Uses		315,592

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

Schedule 3-3

Other Funds in the Aggregate	2023	2022
Total Assets	$ 4,810,497	$ 4,764,900
Total Liabilities	128,546	112,775
Total Fund Balances	4,681,951	4,652,125
Total Revenues	1,575,308	1,869,480
Total Expenditures	1,564,745	2,002,076
Total Other Financing Sources/Uses	96,153	(84,800)