

**City of Forrest City, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**December 31, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF FORREST CITY, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Independent Auditor's Report  
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*  
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

# Arkansas

**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Forrest City, 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 Forrest City, 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, 2024; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change 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 Forrest City, Arkansas as of December 31, 2024; 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 Forrest City, Arkansas, as of December 31, 2024, 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 another fund 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, this fund is 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 June 3, 2025, 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  
June 3, 2025  
LOM103624

# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
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 Forrest City, 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 Forrest City, Arkansas (City), as of and for the year ended December 31, 2024, 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 June 3, 2025. 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

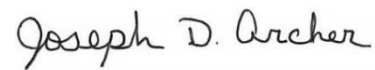
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 June 3, 2025.

### **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



Joseph D. Archer, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
June 3, 2025

# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
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House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2024:

Mayor: Larry Bryant  
Clerk/Treasurer: Derene Cochran  
District Court Clerk: Toni Martinez  
Police Chief: Ronald Broussard

No issues came to our attention that we considered necessary to report to management.

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 cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
June 3, 2025

CITY OF FORREST CITY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2024

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,449,424	\$ 447,575	\$ 18,479,233
Accounts receivable	611,440		407,558
Interfund receivables			210,619
	<u>3,060,864</u>	<u>447,575</u>	<u>19,097,410</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 217,772	\$ 14,846	\$ 182,366
Interfund payables	208,340	2,279	
Settlements pending			237,652
Total Liabilities	<u>426,112</u>	<u>17,125</u>	<u>420,018</u>
Fund Balances:			
Restricted	173,005	430,450	16,844,890
Assigned	10,587		1,832,502
Unassigned	2,451,160		
Total Fund Balances	<u>2,634,752</u>	<u>430,450</u>	<u>18,677,392</u>
	<u>\$ 3,060,864</u>	<u>\$ 447,575</u>	<u>\$ 19,097,410</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			

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

CITY OF FORREST CITY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 199,382	\$ 1,070,233	\$ 153,228
Federal aid	340,392		
Property taxes	445,143	56,508	306,791
Franchise fees	814,081		
Sales taxes	5,327,843		3,701,000
Fines, forfeitures, and costs	429,284		9,531
Interest	82,963	1,175	772,112
Local permits and fees	302,731		13,853
Sanitation fees			388,735
Advertising and promotion taxes			630,694
Rentals	61,700		
Donations			14,635
Other	397,120	7,214	18,896
	<u>8,400,639</u>	<u>1,135,130</u>	<u>6,009,475</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	1,808,319		2,329
Law enforcement	3,356,244		363,420
Highways and streets		1,721,205	7,650
Public safety	1,544,761		413,885
Sanitation			2,285,606
Health	379,996		
Recreation and culture	1,474,898		373,556
Social services	28,000		
Advertising and promotion			716,083
Airport	15,000		
Total Current	<u>8,607,218</u>	<u>1,721,205</u>	<u>4,162,529</u>
Debt Service:			
Bond principal			1,310,000
Bond interest and other charges			369,743
	<u>8,607,218</u>	<u>1,721,205</u>	<u>5,842,272</u>
TOTAL EXPENDITURES			

CITY OF FORREST CITY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (206,579)</u>	<u>\$ (586,075)</u>	<u>\$ 167,203</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			535,358
Transfers out	(535,358)		
Contribution to water department			<u>(19,381)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(535,358)</u>		<u>515,977</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(741,937)	(586,075)	683,180
FUND BALANCES - JANUARY 1	<u>3,376,689</u>	<u>1,016,525</u>	<u>17,994,212</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,634,752</u></u>	<u><u>\$ 430,450</u></u>	<u><u>\$ 18,677,392</u></u>

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

CITY OF FORREST CITY, 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, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 273,191	\$ 199,382	\$ (73,809)	\$ 1,070,233	\$ 1,070,233	\$ 0
Federal aid	240,800	340,392	99,592			
Property taxes	445,143	445,143	0	58,197	56,508	(1,689)
Franchise fees	857,375	814,081	(43,294)			
Sales taxes	5,321,821	5,327,843	6,022			
Fines, forfeitures, and costs	459,153	429,284	(29,869)			
Interest	82,588	82,963	375	1,175	1,175	0
Local permits and fees	301,455	302,731	1,276			
Rentals	42,500	61,700	19,200			
Other	438,162	397,120	(41,042)	7,214	7,214	0
<b>TOTAL REVENUES</b>	<b>8,462,188</b>	<b>8,400,639</b>	<b>(61,549)</b>	<b>1,136,819</b>	<b>1,135,130</b>	<b>(1,689)</b>
EXPENDITURES						
Current:						
General government	1,939,214	1,808,319	130,895			
Law enforcement	3,556,164	3,356,244	199,920			
Highways and streets				1,743,506	1,721,205	22,301
Public safety	1,741,122	1,544,761	196,361			
Health	370,905	379,996	(9,091)			
Recreation and culture	1,452,859	1,474,898	(22,039)			
Social services		28,000	(28,000)			
Airport		15,000	(15,000)			
<b>TOTAL EXPENDITURES</b>	<b>9,060,264</b>	<b>8,607,218</b>	<b>453,046</b>	<b>1,743,506</b>	<b>1,721,205</b>	<b>22,301</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(598,076)</b>	<b>(206,579)</b>	<b>391,498</b>	<b>(606,687)</b>	<b>(586,075)</b>	<b>20,612</b>
OTHER FINANCING SOURCES (USES)						
Transfers out		(535,358)	(535,358)			
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(598,076)</b>	<b>(741,937)</b>	<b>(143,860)</b>	<b>(606,687)</b>	<b>(586,075)</b>	<b>20,612</b>
FUND BALANCES - JANUARY 1	553,766	3,376,689	2,822,923	1,015,662	1,016,525	863
FUND BALANCES - DECEMBER 31	<b>\$ (44,310)</b>	<b>\$ 2,634,752</b>	<b>\$ 2,679,063</b>	<b>\$ 408,975</b>	<b>\$ 430,450</b>	<b>\$ 21,475</b>

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

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Forrest City 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 fund of the City would have been included in the reporting entity: Water and Sewer Utility Fund. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is 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.

**Capital Projects Funds** - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects 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 as 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 Custodial Funds as reported with other funds in the aggregate.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**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, savings, and money market accounts, certificates of deposit, and federal treasury obligations.

Settlements Pending

Settlements pending are considered fines, forfeitures, 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.

**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.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**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.

**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.

There were no committed fund balances at year end.

**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)	\$ 1,390,403	\$ 1,405,008
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	4,882,139	5,141,196
Uninsured and uncollateralized	15,100,976	15,100,976
Total Deposits	\$ 21,373,518	\$ 21,647,180

The above total deposits do not include cash on hand of \$2,714.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 2: Cash Deposits with Financial Institutions (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2024, \$15,100,976 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of federated treasury obligations, which are not insured or collateralized.

**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.

**NOTE 4: Accounts Receivable**

The accounts receivable balance at December 31, 2024, is composed of the following:

Description	General Fund	Other Funds in the Aggregate
State aid	\$ 5,830	
Federal aid	58,542	
Franchise fees	51,066	
Sales taxes	436,645	\$ 302,926
Fines, forfeitures, and costs	31,682	794
Interest	8,641	
Sanitation fees		31,415
Advertising and promotion taxes		64,983
Rentals	500	
Other	18,534	7,440
Totals	<u>\$ 611,440</u>	<u>\$ 407,558</u>

**NOTE 5: Accounts Payable**

The accounts payable balance at December 31, 2024, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 164,177	\$ 8,696	\$ 158,151
Payroll taxes payable	53,595	6,150	24,215
Totals	<u>\$ 217,772</u>	<u>\$ 14,846</u>	<u>\$ 182,366</u>

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 6: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund		\$ 208,340
Street Fund		2,279
Other Funds in the Aggregate:		
Special Revenue Funds:		
Solid Waste	\$ 175,450	
Library	2,279	
Local Police and Fire Retirement	32,890	
 Totals	\$ 210,619	\$ 210,619

Interfund receivables and payables consist of Solid Waste Fund sales tax revenue not yet transferred from General Fund, errors in depositing restricted revenues, and General Fund transfer to Local Police and Fire Retirement Fund needed to supplement operations. These balances are expected to be repaid in 2025.

**NOTE 7: Federal Funds Program Compliance**

The federal grants for 2024 of the City of Forrest City have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. However, an engagement letter is signed for 2024. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 8: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2024, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 95,389		
Highways and streets		\$ 430,450	
Public safety			\$ 98,669
Recreation and culture	52,616		372,391
Advertising and promotion	25,000		1,043,465
Pension benefits			95,670
Capital outlay			14,275,368
Debt service			959,327
Total Restricted	<u>173,005</u>	<u>430,450</u>	<u>16,844,890</u>
Assigned to:			
Law enforcement	2,478		
Public safety	8,109		
Sanitation			1,826,580
Police and fire retirement cost			5,922
Total Assigned	<u>10,587</u>		<u>1,832,502</u>
Unassigned	<u>2,451,160</u>		
Totals	<u>\$ 2,634,752</u>	<u>\$ 430,450</u>	<u>\$ 18,677,392</u>

**NOTE 9: 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, 2024, the legal debt limit for the bonded debt was \$21,018,472. There were no property tax secured bond issues.

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, 2024, the legal debt limit for short-term financing obligations was \$5,951,493. There were no short-term financing obligations.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 10: Commitments**

Total commitments consist of the following at December 31, 2024:

	<u>December 31, 2024</u>
Long-term liabilities	\$ 13,820,117
Fine Arts Center contract	350,000
Leases	<u>189,117</u>
 Total Commitments	 <u><u>\$ 14,359,234</u></u>

Long-term liabilities

Long-term liabilities at December 31, 2024, are comprised of the following:

	<u>December 31, 2024</u>
<u>Bonds</u>	
City of Forrest City, Arkansas, Sales and Use Tax Bonds, Series 2021 dated May 1, 2021, in the amount of \$16,580,000 due in semi-annual installments of \$150,000 - \$940,000 through November 1, 2044; interest of 1.55% - 3.00%. Payments are to be made from the Sales and Use Tax Bond Debt Service Fund, 2021 Series.	<u>\$ 13,230,000</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>590,117</u>
 Total Long-term liabilities	 <u><u>\$ 13,820,117</u></u>

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 \$13,230,000 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.

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2024</u>	<u>Maturities to December 31, 2024</u>
<u>Bonds</u>					
5/1/21	11/1/44	1.55 - 3.00%	<u>\$ 16,580,000</u>	<u>\$ 13,230,000</u>	<u>\$ 3,350,000</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2024</u>
Bonds payable	<u>\$ 14,540,000</u>	<u>\$ 0</u>	<u>\$ 1,310,000</u>	<u>\$ 13,230,000</u>

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 10: Commitments (Continued)**

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2024:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2025	\$ 955,000	\$ 332,979	\$ 1,287,979
2026	605,000	312,673	917,673
2027	620,000	294,523	914,523
2028	635,000	275,923	910,923
2029	650,000	256,873	906,873
2030 through 2034	3,570,000	979,413	4,549,413
2035 through 2039	4,100,000	485,763	4,585,763
2040 through 2044	2,095,000	162,359	2,257,359
<b>Totals</b>	<b>\$ 13,230,000</b>	<b>\$ 3,100,506</b>	<b>\$ 16,330,506</b>

Fine Arts Center Contract

The City entered into a contract with East Arkansas Community College to partially fund the construction of the Fine Arts Center, productions, events, general operations, and expense, and other uses. Terms of the contract are monthly installments of \$12,500 beginning May 2017 through April 2027. The funds are to be paid from the Advertising and Promotion Funds. The City is obligated to pay the following amounts for the next three years:

Year	December 31, 2024
2025	\$ 150,000
2026	150,000
2027	50,000
<b>Total</b>	<b>\$ 350,000</b>

Leases

The City entered into a lease agreement for a sanitation vehicle on June 29, 2023. Terms of the lease are monthly rental payments of \$8,671 for 24 months. At the end of the lease term, the City will return the vehicle.

The City entered into a lease agreement for a sanitation vehicle on December 1, 2023. Terms of the lease are monthly rental payments of \$3,335 for 24 months. At the end of the lease term, the City will return the vehicle.

The City entered into a lease agreement for a sanitation vehicle on January 8, 2024. Terms of the lease are monthly rental payments of \$6,800 for 24 months. At the end of the lease term, the City will return the vehicle.

The City is obligated for the following amounts for the next two years:

Year	December 31, 2024
2025	\$ 182,317
2026	6,800
<b>Total</b>	<b>\$ 189,117</b>

Lease expense for 2024, was \$218,872.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 11: Interfund Transfers**

The General Fund transferred \$535,358 to Other Funds in the Aggregate (Local Police and Fire Retirement) to supplement operations.

**NOTE 12: Pledged Revenues**

The City pledged future 0.625% sales and use taxes to repay \$16,580,000 in bonds that were issued in 2021 to provide funding for various capital improvement projects. Total principal and interest remaining on the bonds are \$13,230,000 and \$3,100,506, respectively, payable through November 1, 2044. For 2024, principal and interest and other charges paid were \$1,310,000 and \$369,743, respectively.

The Debt Service Fund received \$1,626,843 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for the early retirement of bonds until they are paid.

**NOTE 13: Jointly Governed Organization: Delta Regional Airport Authority**

Cross and St. Francis Counties, including the Cities of Wynne and Forrest City, entered into an agreement on February 11, 2003, to establish the Delta Regional Airport Authority (DRAA). The DRAA is governed by eight board members. Three commissioners were appointed by the Mayor of each of the Cities and one commissioner was appointed by the Judge of each of the Counties. For year ended December 31, 2024, the City did not receive any funds relating to the DRAA. Any accounts handled directly by the DRAA are not included.

**NOTE 14: 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.

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 Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 14: Risk Management (Continued)**

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 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. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

On December 1, 2010, and September 1, 1992, administration of the City of Forrest City Firemen's Pension and Relief Fund and the City of Forrest City Policemen's Pension and Relief Fund, respectively, 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 was \$637,619 for the year ended December 31, 2024 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$334,931 for the year ended December 31, 2024.

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, 2024, (actuarial valuation date and measurement date) was \$4,537,980.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**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](http://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 5.75% as of July 1, 2024. 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, 2024, (date of APERS Employer Allocation Report) was \$425,276.

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, 2024, (actuarial valuation date and measurement date) was \$3,040,415.

**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 Larry Bryant \$37,284, for the year ended December 31, 2024.

**NOTE 18: Subsequent Events**

On March 6, 2025, the City entered into a contract with C&M Builders, Inc. for \$352,942 for the Forrest City Public Library landscape and ADA improvements.

CITY OF FORREST CITY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2024

Schedule 1

	SPECIAL REVENUE FUNDS					
	Solid Waste	Library	Fire Equipment and Training	Local Police and Fire Retirement	Municipal Judge's and Clerk's Retirement	Advertising and Promotion
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,549,252	\$ 364,669	\$ 98,669	\$ 54,127	\$ 95,406	\$ 978,482
Accounts receivable	200,622	7,440		530	264	64,983
Interfund receivables	175,450	2,279		32,890		
	<b>\$ 1,925,324</b>	<b>\$ 374,388</b>	<b>\$ 98,669</b>	<b>\$ 87,547</b>	<b>\$ 95,670</b>	<b>\$ 1,043,465</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 98,744	\$ 1,997		\$ 81,625		
Settlements pending						
Total Liabilities	98,744	1,997		81,625		
Fund Balances:						
Restricted		372,391	\$ 98,669		\$ 95,670	\$ 1,043,465
Assigned	1,826,580			5,922		
Total Fund Balances	1,826,580	372,391	98,669	5,922	95,670	1,043,465
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,925,324</b>	<b>\$ 374,388</b>	<b>\$ 98,669</b>	<b>\$ 87,547</b>	<b>\$ 95,670</b>	<b>\$ 1,043,465</b>

CITY OF FORREST CITY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2024

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE	CUSTODIAL FUNDS		Totals
	Sales and Use Tax Bond Capital Projects, 2014 Series	Sales and Use Tax Bond Capital Projects, 2021 Series	Sales and Use Tax Bond Debt Service, 2021 Series	District Court	Administration of Justice	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 130,744	\$ 14,144,624	\$ 825,608	\$ 237,605	\$ 47	\$ 18,479,233
Accounts receivable			133,719			407,558
Interfund receivables						210,619
<b>TOTAL ASSETS</b>	<u>\$ 130,744</u>	<u>\$ 14,144,624</u>	<u>\$ 959,327</u>	<u>\$ 237,605</u>	<u>\$ 47</u>	<u>\$ 19,097,410</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable						\$ 182,366
Settlements pending				\$ 237,605	\$ 47	237,652
Total Liabilities				<u>237,605</u>	<u>47</u>	<u>420,018</u>
Fund Balances:						
Restricted	\$ 130,744	\$ 14,144,624	\$ 959,327			16,844,890
Assigned						1,832,502
Total Fund Balances	<u>130,744</u>	<u>14,144,624</u>	<u>959,327</u>			<u>18,677,392</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 130,744</u>	<u>\$ 14,144,624</u>	<u>\$ 959,327</u>	<u>\$ 237,605</u>	<u>\$ 47</u>	<u>\$ 19,097,410</u>

CITY OF FORREST CITY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	SPECIAL REVENUE FUNDS					
	Solid Waste	Library	Fire Equipment and Training	Local Police and Fire Retirement	Municipal Judge's and Clerk's Retirement	Advertising and Promotion
REVENUES						
State aid		\$ 37,172	\$ 116,056			
Property taxes		215,872		\$ 90,919		
Sales taxes	\$ 2,074,157					
Fines, forfeitures, and costs				6,357	\$ 3,174	
Interest	13,106	3,065	177	258	791	\$ 25,803
Local permits and fees		13,853				
Sanitation fees	388,735					
Advertising and promotion taxes						630,694
Donations		14,635				
Other	56	18,640				200
<b>TOTAL REVENUES</b>	<b>2,476,054</b>	<b>303,237</b>	<b>116,233</b>	<b>97,534</b>	<b>3,965</b>	<b>656,697</b>
EXPENDITURES						
Current:						
General government						
Law enforcement				362,420		
Highways and streets						
Public safety			66,052	268,599		
Sanitation	2,285,606					
Recreation and culture		293,343				
Advertising and promotion						716,083
Total Current	2,285,606	293,343	66,052	631,019		716,083
Debt Service:						
Bond principal						
Bond interest and other charges						
<b>TOTAL EXPENDITURES</b>	<b>2,285,606</b>	<b>293,343</b>	<b>66,052</b>	<b>631,019</b>		<b>716,083</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>190,448</b>	<b>9,894</b>	<b>50,181</b>	<b>(533,485)</b>	<b>3,965</b>	<b>(59,386)</b>
OTHER FINANCING SOURCES (USES)						
Transfers in				535,358		
Contribution to water department						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				<b>535,358</b>		
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>190,448</b>	<b>9,894</b>	<b>50,181</b>	<b>1,873</b>	<b>3,965</b>	<b>(59,386)</b>
FUND BALANCES - JANUARY 1	1,636,132	362,497	48,488	4,049	91,705	1,102,851
FUND BALANCES - DECEMBER 31	<b>\$ 1,826,580</b>	<b>\$ 372,391</b>	<b>\$ 98,669</b>	<b>\$ 5,922</b>	<b>\$ 95,670</b>	<b>\$ 1,043,465</b>

CITY OF FORREST CITY, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	Totals
	Sales and Use Tax Bond Capital Projects, 2014 Series	Sales and Use Tax Bond Capital Projects, 2021 Series	Sales and Use Tax Bond Debt Service, 2021 Series	
REVENUES				
State aid				\$ 153,228
Property taxes				306,791
Sales taxes			\$ 1,626,843	3,701,000
Fines, forfeitures, and costs				9,531
Interest	\$ 6,391	\$ 670,081	52,440	772,112
Local permits and fees				13,853
Sanitation fees				388,735
Advertising and promotion taxes				630,694
Donations				14,635
Other				18,896
<b>TOTAL REVENUES</b>	<b>6,391</b>	<b>670,081</b>	<b>1,679,283</b>	<b>6,009,475</b>
EXPENDITURES				
Current:				
General government	1,379		950	2,329
Law enforcement		1,000		363,420
Highways and streets		7,650		7,650
Public safety		79,234		413,885
Sanitation				2,285,606
Recreation and culture		80,213		373,556
Advertising and promotion				716,083
Total Current	1,379	168,097	950	4,162,529
Debt Service:				
Bond principal			1,310,000	1,310,000
Bond interest and other charges			369,743	369,743
<b>TOTAL EXPENDITURES</b>	<b>1,379</b>	<b>168,097</b>	<b>1,680,693</b>	<b>5,842,272</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,012</b>	<b>501,984</b>	<b>(1,410)</b>	<b>167,203</b>
OTHER FINANCING SOURCES (USES)				
Transfers in				535,358
Contribution to water department	(16,000)	(3,381)		(19,381)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(16,000)</b>	<b>(3,381)</b>		<b>515,977</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(10,988)</b>	<b>498,603</b>	<b>(1,410)</b>	<b>683,180</b>
FUND BALANCES - JANUARY 1	141,732	13,646,021	960,737	17,994,212
FUND BALANCES - DECEMBER 31	\$ 130,744	\$ 14,144,624	\$ 959,327	\$ 18,677,392

CITY OF FORREST CITY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2024

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

<u>Fund Name</u>	<u>Fund Description</u>
Solid Waste	Established to receive a one percent sales tax approved by voters (October 18, 1994) for the purpose of disposing of solid waste.
Library	Forrest City Ordinance no. 1645 (April 2, 1996), as authorized by Ark. Code Ann. § 13-2-501, established a city library and a library fund to account for all monies received for library purposes.
Fire Equipment and Training	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.
Local Police and Fire Retirement	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Municipal Judge's and Clerk's Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting 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. Forrest City Ordinance no. 1150 (May 2, 1990) established fund to collect hotel or motel accommodations, restaurants, cafes, and cafeterias tax to be used for advertising and promoting the City.
Sales and Use Tax Bond Capital Projects, 2014 Series	Forrest City Ordinance no. 1878 (August 20, 2013) authorized the issuance of capital improvement bonds to finance various capital improvements.
Sales and Use Tax Bond Capital Projects, 2021 Series	Forrest City Ordinance no. 1944 (July 22, 2021) authorized the issuance of capital improvement bonds to finance various capital improvements.
Sales and Use Tax Bond Debt Service, 2021 Series	Forrest City Ordinance no. 1944 (July 22, 2021) as approved by voters authorized the issuance of sales and use tax bonds. This fund was established in order to facilitate the retirement of the related debt.

CITY OF FORREST CITY, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2024

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF FORREST CITY, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2024  
(Unaudited)

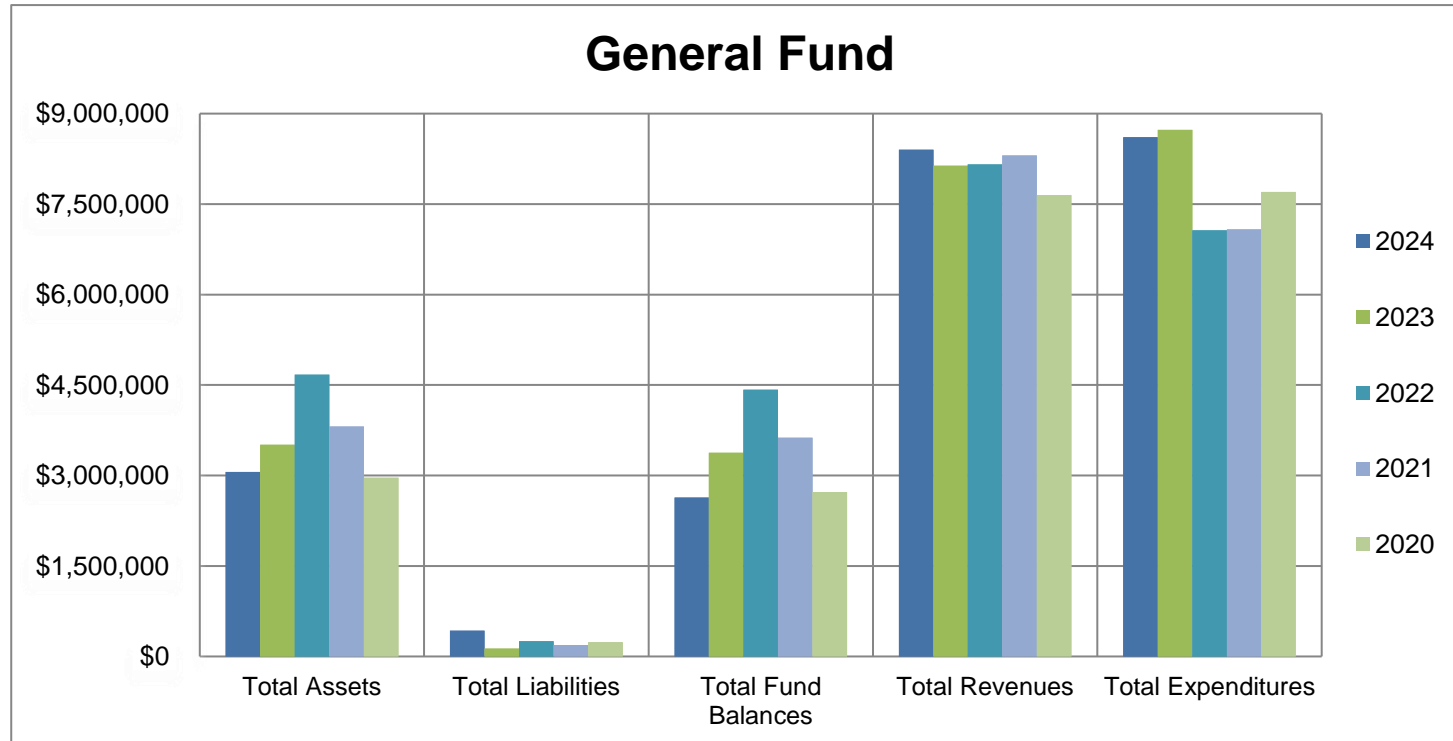
Schedule 3

	December 31, 2024
Land	\$ 966,069
Buildings	12,763,418
Equipment	<u>11,439,810</u>
Total	<u>\$ 25,169,297</u>

CITY OF FORREST CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
 DECEMBER 31, 2024  
 (Unaudited)

Schedule 4-1

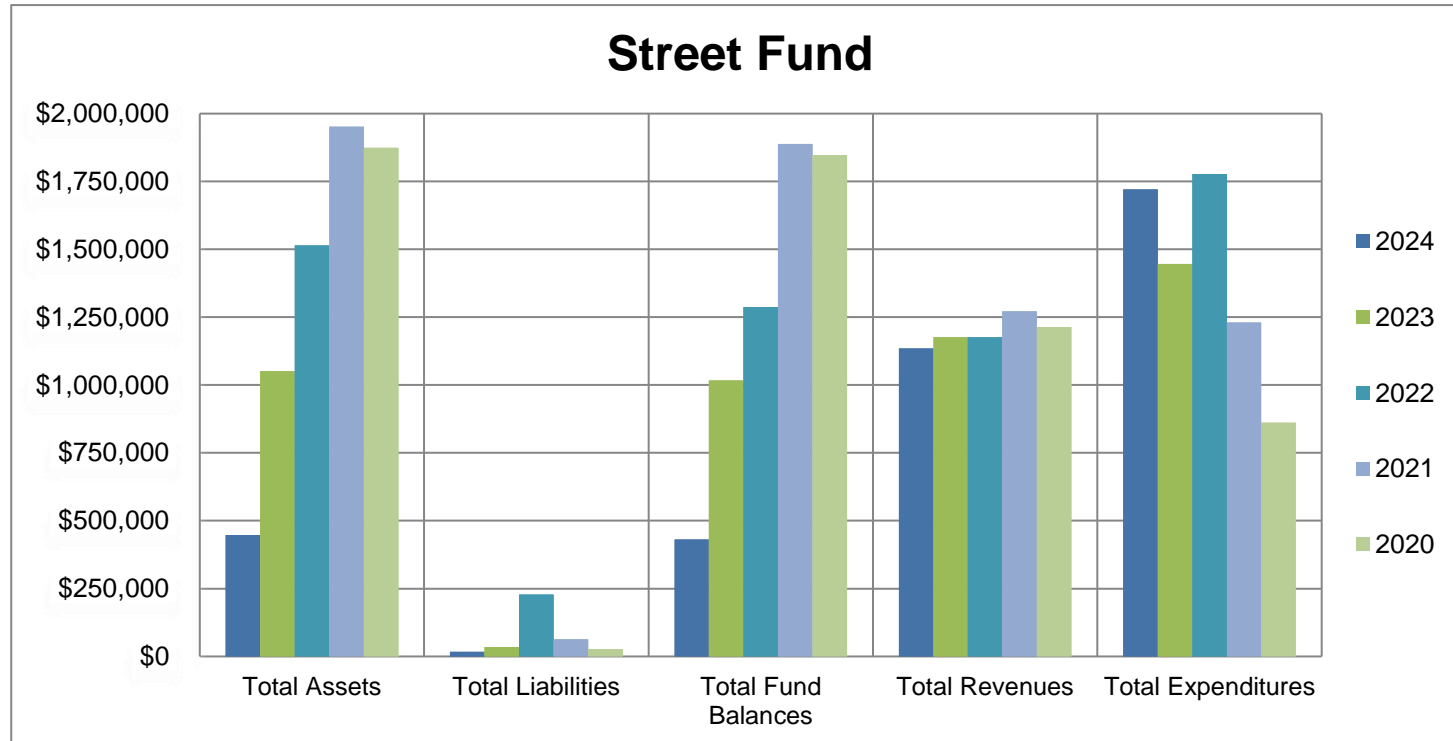
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 3,060,864	\$ 3,508,924	\$ 4,672,628	\$ 3,813,034	\$ 2,961,271
Total Liabilities	426,112	132,235	250,741	186,314	237,113
Total Fund Balances	2,634,752	3,376,689	4,421,887	3,626,720	2,724,158
Total Revenues	8,400,639	8,135,927	8,158,472	8,305,651	7,648,583
Total Expenditures	8,607,218	8,731,831	7,066,994	7,079,103	7,703,276
Total Other Financing Sources/Uses	(535,358)	(449,294)	(296,311)	(323,986)	286,341



CITY OF FORREST CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2024  
 (Unaudited)

Schedule 4-2

<u>Street</u>	2024	2023	2022	2021	2020
Total Assets	\$ 447,575	\$ 1,051,331	\$ 1,514,630	\$ 1,951,440	\$ 1,873,810
Total Liabilities	17,125	34,806	228,195	63,104	26,578
Total Fund Balances	430,450	1,016,525	1,286,435	1,888,336	1,847,232
Total Revenues	1,135,130	1,175,851	1,175,633	1,271,264	1,213,788
Total Expenditures	1,721,205	1,445,761	1,777,534	1,230,160	861,743
Total Other Financing Sources/Uses					



CITY OF FORREST CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2024  
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2024	2023	2022	2021	2020
Total Assets	\$ 19,097,410	\$ 18,403,495	\$ 20,731,942	\$ 22,273,055	\$ 5,261,799
Total Liabilities	420,018	409,283	1,473,820	965,335	319,276
Total Fund Balances	18,677,392	17,994,212	19,258,122	21,307,720	4,942,523
Total Revenues	6,009,475	5,861,031	6,499,194	5,168,680	4,199,024
Total Expenditures	5,842,272	7,068,233	8,775,654	6,292,578	4,087,072
Total Other Financing Sources/Uses	515,977	(56,708)	226,862	17,489,095	(286,341)

