

# **City of Harrison, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**December 31, 2023**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# 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 Harrison, 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 Harrison, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; 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 Harrison, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

#### **Basis for Opinions**

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

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

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

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

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the City would have included 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 March 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

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
March 3, 2025  
LOM104223

# 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 Harrison, 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 Harrison, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated March 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 March 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

A handwritten signature in black ink that reads "Joseph D. Archer". The signature is written in a cursive style with a large, stylized "J" and "A".

Joseph D. Archer, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 3, 2025

# Arkansas



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

**Rep. Robin Lundstrum**  
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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

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

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

Mayor: Jerry Jackson  
Clerk/Treasurer: James White (appointed October 24, 2023)  
Jeff Pratt (retired October 24, 2023)  
District Court Clerk: Sandy Wright  
Police Chief: Chris Graddy  
City Advertising Tourism and Promotion Commission Chairperson: Robin Reeves

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

#### District Court Clerk

Bank reconciliations were not properly prepared for all accounts and balances remaining in the bank account were not identified with receipts issued for cases not yet adjudicated and payments made on all unpaid individual time accounts, as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous report.

#### Clerk/Treasurer

Annual financial statements were not published by April 1, as required by Ark. Code Ann. § 14-59-116. A similar finding was noted in the previous report.

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  
March 3, 2025



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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 5,953,909	\$ 3,128,419	\$ 28,891,935
Investments			5,738,497
Accounts receivable	678,161	15,437	1,195,471
Interfund receivables	<u>1,124,532</u>	<u>1,675,771</u>	<u>1,022,190</u>
 TOTAL ASSETS	 <u><u>\$ 7,756,602</u></u>	 <u><u>\$ 4,819,627</u></u>	 <u><u>\$ 36,848,093</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 281,938	\$ 119,029	\$ 2,753,411
Interfund payables	2,200,802	6,663	1,615,028
Settlements pending			192,640
Total Liabilities	<u>2,482,740</u>	<u>125,692</u>	<u>4,561,079</u>
Fund Balances:			
Nonspendable			1,000,000
Restricted		4,693,935	30,505,416
Committed			787,068
Assigned	92,248		100
Unassigned	<u>5,181,614</u>		<u>(5,570)</u>
Total Fund Balances	<u>5,273,862</u>	<u>4,693,935</u>	<u>32,287,014</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 7,756,602</u></u>	 <u><u>\$ 4,819,627</u></u>	 <u><u>\$ 36,848,093</u></u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 198,681	\$ 1,102,456	\$ 136,177
Federal aid		783,499	78,621
Property taxes	1,226,197	127,567	348,281
Franchise fees			1,084,795
Sales taxes	4,535,810		9,288,517
Fines, forfeitures, and costs	280,951		13,854
Interest	146,389	110,216	1,454,671
Local permits and fees	107,512		197,908
Advertising and promotion taxes			929,085
Conservation fees	172,279		
Park and recreation fees			659,074
Net increase/(decrease) in fair value of investments			586,208
Other	87,318	41,455	352,499
TOTAL REVENUES	6,755,137	2,165,193	15,129,690
EXPENDITURES			
Current:			
General government	2,258,637		7,180
Law enforcement	150,038		4,853,177
Highways and streets		4,438,098	
Public safety			3,764,992
Recreation and culture	347		13,110,869
Advertising and promotion	511		883,151
Cemetery			72,367
Total Current	2,409,533	4,438,098	22,691,736
Debt Service:			
Bond principal			975,000
Bond interest and other charges			598,438
TOTAL EXPENDITURES	2,409,533	4,438,098	24,265,174

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 4,345,604	\$ (2,272,905)	\$ (9,135,484)
OTHER FINANCING SOURCES (USES)			
Transfers in	438,497	3,006,984	4,197,622
Transfers out	(4,015,648)		(3,627,455)
Contribution to water department			(1,136,430)
Contribution to Arkansas Local Police and Fire Retirement System			(2,710,538)
TOTAL OTHER FINANCING SOURCES (USES)	(3,577,151)	3,006,984	(3,276,801)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	768,453	734,079	(12,412,285)
FUND BALANCES - JANUARY 1	4,505,409	3,959,856	44,699,299
FUND BALANCES - DECEMBER 31	\$ 5,273,862	\$ 4,693,935	\$ 32,287,014

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 198,681	\$ 198,681	\$ 0	\$ 1,102,456	\$ 1,102,456	\$ 0
Federal aid				783,499	783,499	0
Property taxes	1,226,197	1,226,197	0	127,567	127,567	0
Sales taxes	4,535,800	4,535,810	10			
Fines, forfeitures, and costs	297,532	280,951	(16,581)			
Interest	146,088	146,389	301	110,216	110,216	0
Local permits and fees	86,256	107,512	21,256			
Conservation fees	172,279	172,279	0			
Other	456,449	87,318	(369,131)	41,455	41,455	0
TOTAL REVENUES	7,119,282	6,755,137	(364,145)	2,165,193	2,165,193	0
EXPENDITURES						
Current:						
General government	2,677,757	2,258,637	419,120			
Law enforcement	165,195	150,038	15,157			
Highways and streets				4,438,097	4,438,098	(1)
Recreation and culture	347	347	0			
Advertising and promotion	1,069	511	558			
TOTAL EXPENDITURES	2,844,368	2,409,533	434,835	4,438,097	4,438,098	(1)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,274,914	4,345,604	70,690	(2,272,904)	(2,272,905)	(1)
OTHER FINANCING SOURCES (USES)						
Transfers in	438,497	438,497	0	3,006,984	3,006,984	0
Transfers out	(4,338,354)	(4,015,648)	322,706			
TOTAL OTHER FINANCING SOURCES (USES)	(3,899,857)	(3,577,151)	322,706	3,006,984	3,006,984	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	375,057	768,453	393,396	734,080	734,079	(1)
FUND BALANCES - JANUARY 1	4,505,409	4,505,409	0	3,959,856	3,959,856	0
FUND BALANCES - DECEMBER 31	\$ 4,880,466	\$ 5,273,862	\$ 393,396	\$ 4,693,936	\$ 4,693,935	\$ (1)

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

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

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

**A. Financial Reporting Entity**

The City of Harrison 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. 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 Debt Service Funds as reported with other funds in the aggregate.

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

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

**B. Basis of Presentation – Regulatory (Continued)**

**Other Funds in the Aggregate (Continued)**

Permanent Fund – Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. See Schedules 1 and 2 for the Permanent Fund 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. See Schedules 1 and 2 for Pension Trust Funds 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.

**C. Basis of Accounting - Regulatory**

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

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

**D. Assets, Liabilities, and Fund Balances**

**Cash and Cash Equivalents**

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts, money market accounts, certificates of deposit, and short-term investments with an original maturity of three months or less.

**Investments**

Investments are reported at fair value.

**Settlements Pending**

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

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

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

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

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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).
4. 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.
5. 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.

**F. Budget Law**

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

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

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

Basis of Accounting

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

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

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

**G. Fund Balance Classification Policies and Procedures**

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

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

**NOTE 2: Cash Deposits with Financial Institutions**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 11,972,659	\$ 11,954,692
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	24,454,391	24,965,349
Collateral held by the pledging financial institution	1,543,615	1,547,081
Total Deposits	<u>\$ 37,970,665</u>	<u>\$ 38,467,122</u>

The above total deposits do not include cash on hand of \$3,598.

**Custodial Credit Risk – Deposits**

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 formal deposit policy for custodial credit risk. At December 31, 2023, \$1,547,081 of the City's bank balance of \$38,467,122 was exposed to custodial credit risk.

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

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

**Pension Trust Funds**

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



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

**NOTE 4: Public Fund Investments**

A summary of investments by fund types is as follows:

Fund Type	December 31, 2023 Fair Value
Permanent:	
Cemetery Perpetual Care	\$ 1,722,908
Trust:	
Firemen's Pension	4,015,589
Total	<u>\$ 5,738,497</u>

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

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

The City's investments are composed of the following:

<u>December 31, 2023</u>	Quoted Prices in Active Markets for Identical Investments Level I	Other Observable Inputs Level II	Total
Investment Type			
Equities			
Preferred Stock	\$ 204,332		\$ 204,332
Real Estate Investment Trusts	28,871		28,871
Common Stock	358,704		358,704
Mutual funds	4,015,589		4,015,589
Fixed income			
Corporate Bonds		\$ 131,537	131,537
Municipal Bonds		964,504	964,504
US Government Bonds		34,960	34,960
Totals	<u>\$ 4,607,496</u>	<u>\$ 1,131,001</u>	<u>\$ 5,738,497</u>

The fair value of federated treasury obligations, money market obligations and the cash management fund are measured on a recurring basis and is based on quoted market prices obtained from independent pricing sources. U.S. Government, mortgage-backed and corporate bonds are valued at fair value using quoted market prices from third parties that use, as their basis readily observable market inputs, such as yields of similar instruments with comparable inputs. As a result, these were classified as Level II inputs.

Ark. Code Ann. § 24-11-216 authorizes the Firemen's Pension Board of Trustees to have full power to invest and reinvest monies in accordance with the rules promulgated by the Arkansas Fire and Police Pension Review Board.

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

**NOTE 4: Public Fund Investments (Continued)**

The code also states the Board shall establish written investment policies to incorporate a rate of return that is at least equal to the rate of return of one-year United States Treasury notes. The 2023 asset allocation guidelines have been established as follows:

Asset Allocation	Minimum	Target	Maximum
Firemen's Pension			
Total equity	10.0%	60.0%	70.0%
Fixed income	25.0%	35.0%	80.0%
Real estate	0.0%	0.0%	0.0%
Cash equivalents	0.0%	5.0%	20.0%

Ark. Code Ann. § 20-17-1013 states the principal of the permanent Cemetery maintenance fund shall be invested and remain invested in securities and funds permitted by the laws of Arkansas for the investment of policy reserves of life insurance companies under § 23-60-101 et seq., and in the common trust funds of state or national banks. The code limits the portfolio's investments by no more than 20% of assets can be made up of medium or low-grade obligations. Of these obligations, no more than 1% of the medium grade obligations can be held by one institution, and no more than 0.5% of the lower grade obligations can be held by one institution. Common stocks cannot make up more than 25% of assets, and preferred stocks cannot make up more than 20% of assets.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following summary details the maturity dates in years:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Corporate Bonds	\$ 131,537		\$ 9,554	\$ 121,983	
Municipal Bonds	964,504		122,149	580,471	\$ 261,885
U.S. Government Obligations	34,960	\$ 34,960			
Bond Mutual Funds	1,929,812		1,625,263	304,550	
Totals	<u>\$ 3,060,814</u>	<u>\$ 34,960</u>	<u>\$ 1,756,965</u>	<u>\$ 1,007,003</u>	<u>\$ 261,885</u>

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

**NOTE 4: Public Fund Investments (Continued)**

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the credit quality rating of investments in debt securities as described by nationally recognized statistical rating organizations. Obligations of or guaranteed by the U.S. Government are not considered to be exposed to credit risk and are not included in this disclosure. The City's exposure to credit risk as of December 31, 2023, is as follows:

	Fair Value
<b>Corporate Bonds</b>	
A+	\$ 9,554
AA	23,851
A	35,044
BBB+	32,074
BBB-	31,014
	<u>131,537</u>
<b>Municipal Bonds</b>	
A	\$ 9,693
AA-	96,607
AA	536,596
AA+	95,965
A+	19,385
A-	41,693
Not rated	164,566
	<u>964,504</u>
<b>US Government Bonds</b>	
AA+	\$ 34,960
<b>Bond Mutual Funds</b>	
B+	\$ 298,115
BBB	304,550
Not rated	1,327,148
	<u>1,929,812</u>
<b>Total</b>	<u><u>\$ 3,060,814</u></u>

**NOTE 5: Accounts Receivable**

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			\$ 47,805
Federal aid			1,559
Property taxes	\$ 148,155	\$ 15,437	15,213
Franchise fees			210,357
Sales taxes	387,416		798,925
Fines, forfeitures, and costs	48,265		
Local permits and fees			25,650
Advertising and promotion taxes			91,427
Conservation fees	14,139		
Other	80,186		4,535
<b>Totals</b>	<u><u>\$ 678,161</u></u>	<u><u>\$ 15,437</u></u>	<u><u>\$ 1,195,471</u></u>

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

**NOTE 6: Accounts Payable**

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 233,806	\$ 101,613	\$ 2,499,997
Salaries payable	47,324	14,188	205,638
Payroll taxes payable	808	3,228	47,776
Totals	<u>\$ 281,938</u>	<u>\$ 119,029</u>	<u>\$ 2,753,411</u>

**NOTE 7: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2023	
	Interfund Receivables	Interfund Payables
General Fund	\$ 1,124,532	\$ 2,200,802
Street Fund	1,675,771	6,663
Other Funds in the Aggregate:		
Special Revenue Funds:		
City Advertising, Tourism, and Promotion Commission (CATPC)		42,152
Parks and Recreation	36,860	387,549
Fire	314,077	279
Police	318,830	
Economic Development Fund	348,878	23,777
American Rescue Plan Act	3,545	
Capital Projects Funds:		
Infrastructure		199,498
Debt Service Funds:		
Series 2020 Franchise Fee Bond - Debt Service		898,515
Permanent Funds:		
Cemetery Perpetual Care		63,258
Totals	<u>\$ 3,822,493</u>	<u>\$ 3,822,493</u>

Interfund receivables and payables consist of interfund loans. These balances were repaid in 2024.

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

**NOTE 8: 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:			
Nonspendable:			
Cemetery			\$ 1,000,000
Restricted for:			
General government			2,628,582
Law enforcement			512,249
Highways and streets		\$ 4,693,935	
Public safety			834,188
Recreation and culture			525,896
Advertising and promotion			730,714
Pension benefits			4,161,225
Capital outlay			19,047,234
Debt service			2,065,328
Total Restricted		<u>4,693,935</u>	<u>30,505,416</u>
Committed for:			
Cemetery			<u>787,068</u>
Assigned to:			
General government	<u>\$ 92,248</u>		<u>100</u>
Unassigned	<u>5,181,614</u>		<u>(5,570)</u>
Totals	<u><u>\$ 5,273,862</u></u>	<u><u>\$ 4,693,935</u></u>	<u><u>\$ 32,287,014</u></u>

**NOTE 9: Deficit Fund Balances**

The following funds have deficit fund balances as of December 31, 2023:

	December 31, 2023
Other Funds in the Aggregate:	
Special Revenue Funds:	
District Court Probation	<u><u>\$ (5,570)</u></u>

**NOTE 10: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$49,897,108. 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, 2023, the legal debt limit for short-term financing obligations was \$13,189,628. There were no short-term financing obligations.

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

**NOTE 11: Commitments**

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

	December 31, 2023
Long-term liabilities	\$ 21,521,182
Leases	1,059,442
Construction contract	7,588,398
	<hr/>
Total Commitments	\$ 30,169,022
	<hr/>

Long-term liabilities

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

	December 31, 2023
<u>Bonds</u>	
Franchise Fee Bonds, Series 2020, dated October 6, 2020, in the amount of \$4,180,000, for the construction and equipping of a new city hall and public safety complex, due in annual installments of \$315,000 to \$385,000 plus interest through October 1, 2032; interest of 1.875 to 2%. Payments are to be made from the Series 2020 Franchise Fee Bond Debt Service Fund.	\$ 3,220,000
Sales and Use Tax Bonds, Series 2021, dated August 17, 2021, in the amount of \$18,725,000, for the acquisition, construction, equipping, operation and maintenance of new or existing park and recreational facilities; and economic development, due in annual installments of \$475,000 to \$1,155,000 plus interest through December 1, 2042; interest of 2 to 4%. Payments are to be made from the Series 2021 Sales and Use Tax Bond Debt Service Fund.	17,600,000
Total Bonds	<hr/> 20,820,000 <hr/>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	701,182
	<hr/>
Total Long-term liabilities	\$ 21,521,182
	<hr/>

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 \$20,820,000 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.

Post Employment Benefits Other Than Pensions

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

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

**NOTE 11: Commitments (Continued)**

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, 2023</u>	<u>Maturities to December 31, 2023</u>
<u>Bonds</u>					
10/6/20	10/1/32	1.875-2%	\$ 4,180,000	\$ 3,220,000	\$ 960,000
8/17/21	12/1/42	2-4%	18,725,000	17,600,000	1,125,000
Total Long-Term Debt			<u>\$ 22,905,000</u>	<u>\$ 20,820,000</u>	<u>\$ 2,085,000</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2023</u>
Bonds payable	<u>\$ 21,795,000</u>	<u>\$ 0</u>	<u>\$ 975,000</u>	<u>\$ 20,820,000</u>

Debt Service Requirements to Maturity

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

<u>Years Ending December 31,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,010,000	\$ 559,987	\$ 1,569,987
2025	1,045,000	526,287	1,571,287
2026	1,080,000	491,287	1,571,287
2027	1,110,000	458,006	1,568,006
2028	1,145,000	423,231	1,568,231
2029 through 2033	5,875,000	1,595,913	7,470,913
2034 through 2038	5,065,000	836,894	5,901,894
2039 through 2042	4,490,000	228,063	4,718,063
Totals	<u>\$ 20,820,000</u>	<u>\$ 5,119,668</u>	<u>\$ 25,939,668</u>

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

**NOTE 11: Commitments (Continued)**

Leases

The City entered into multiple lease agreements with Enterprise Fleet Management for 23 vehicles with lease dates ranging from March 29, 2023 to November 15, 2023. Terms of the leases are monthly rental payments ranging from \$740 to \$1,187 for 36 to 60 months resulting in monthly rental payments of \$20,750 at the end of 2023. At the end of the lease terms, the City will return the vehicles to the lessor, or the vehicles will be auctioned during the lease term if the lessor and lessee agree. The City is obligated for the following amounts for the next five years:

Year	December 31, 2023
2024	\$ 248,997
2025	248,996
2026	220,610
2027	206,441
2028	134,398
Total	<u>\$ 1,059,442</u>

Lease expense for 2023, was \$102,454.

Construction Contract

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

Project Name	Estimated Completion Date	Contract Balance December 31, 2023
Creekside Community Center	December 2025	<u>\$ 7,588,398</u>

**NOTE 12: Interfund Transfers**

The General Fund transferred \$4,015,548 to the Other Funds in the Aggregate (Fire, Police, and District Court Probation Funds) for operations and \$100 to the Learning Center Grant Fund to establish a balance. Other Funds in the Aggregate (Infrastructure Fund) transferred \$3,006,984 to the Street Fund for capital improvements, and (Series 2020 Franchise Fee Bond Debt Service Fund) \$438,497 to the General Fund for excess franchise fees. Within Other Funds in the Aggregate, the City Advertising, Tourism, and Promotion Commission transferred \$181,974 to the Parks and Recreation Fund for operations.

**NOTE 13: Subsequent Events**

On May 13, 2024, the City entered into a \$453,075 contract with B&H Specialties, LLC for downtown Harrison street improvements.

On May 30, 2024, the City entered into a \$978,952 contract with Butch May Contracting for the Creekside fire substation.

On June 5, 2024, the City entered into a \$2,480,000 contract with Davis Construction for renovations to the Camp Jack Veterans Resource Center.



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

**NOTE 14: Pledged Revenues**

The City pledged future franchise fees to repay \$4,180,000 in bonds that were issued in 2020 to provide funding for the construction and equipping of a new city hall and public safety building. Total principal and interest remaining on the bonds are \$3,220,000 and \$298,012, respectively, payable through October 1, 2032. For 2023, principal and interest paid were \$325,000 and \$63,838, respectively.

The Debt Service Fund received \$1,084,795 in franchise fees in 2023. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

The City pledged future 0.25% sales and use taxes to repay \$18,725,000 in bonds that were issued in 2021 to provide funding for the Creekside Community Center, parks improvements, and economic development. Total principal and interest remaining on the bonds are \$17,600,000 and \$4,821,656, respectively, payable through December 1, 2042. For 2023, principal and interest paid were \$650,000 and \$528,650, respectively.

The Debt Service Fund received \$1,548,086 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for early retirement of debt.

**NOTE 15: Jointly Governed Organizations**

Ozark Mountain Solid Waste District

The City is a member of the Ozark Mountain Solid Waste District (District), formerly the Northwest Arkansas Regional Solid Waste District. The District is a jointly governed organization comprised of representatives from Baxter, Boone, Marion, Newton, and Searcy Counties and participating cities with the aforementioned counties. Representatives are the respective county judges and mayors unless some other representative is appointed by the participating entity. The City made no payments to the District.

Fourteenth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourteenth Judicial District, the Sheriffs' departments of Baxter, Boone, Marion, and Newton counties, and the Police Departments of Harrison and Mountain Home entered into an agreement to establish the Fourteenth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fourteenth Judicial District. Financial statements of the Fourteenth Judicial District Drug Task Force are not available.

**NOTE 16: 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.

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

**NOTE 16: Risk Management (Continued)**

Municipal Vehicle Program (Continued)

- 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.

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 17: 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 and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$283,242 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 \$1,627,590.

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

**NOTE 18: Policemen's Pension and Relief Plan**

Plan Description

The Policemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal policemen 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 6% of their salary to the plan, provided that such monthly deduction shall be 4% for policemen contributing to the social security system unless increased, but not to exceed 6%, by the majority of the contributing members of the police department covered by social security. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary; provided, however, that the City's contributions shall not exceed the amount contributed by the policemen except where authorized by appropriation of the City's governing body. The plan is also funded with state insurance tax; property tax on real estate and personal property and 10% of all fines and forfeitures collected for violation of ordinances or state law. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, the beneficiaries shall be paid prorating the funds available among them. The City's contribution to the plan was \$145,487 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. On December 29, 2023, administration of the City of Harrison Policemen's Pension and Relief Fund was transferred to the Local Police and Fire Retirement System (LOPFI).

**NOTE 19: 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 29, 2023, administration of the City of Harrison Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$905,162 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$332,612 for the year ended December 31, 2023.

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

**NOTE 19: Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan) (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 December 31, 2023, (actuarial valuation date and measurement date) was \$8,211,139.

**NOTE 20: 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 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$620,137.

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 \$5,322,244.

**NOTE 21: Mayor's Retirement Benefits**

Plan Description

Ark. Code Ann. § 24-12-123 (24-12-124 for second class cities) 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 Mayors Bob Reynolds and Dan Harness \$28,869 and \$28,869, respectively, for the year ended December 31, 2023.

**NOTE 22: 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 Joel Williams \$11,789, for the year ended December 31, 2023.

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

**NOTE 23: City Attorney Retirement Benefits**

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class 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 city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney 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 service. The City paid former City Attorneys James Gresham \$13,175, for the year ended December 31, 2023.

**NOTE 24: Related Party Transactions**

The Infrastructure Fund (Capital Projects fund) distributed \$1,136,430 of sales tax to the Water Department to fund water capital projects.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	District Court Probation	City Advertising, Tourism, and Promotion Commission (CATPC)	Parks and Recreation	Fire	Police	Economic Development Fund	American Rescue Plan Act	Learning Center Grant
ASSETS								
Cash and cash equivalents	\$ (3,443)	\$ 688,901	\$ 855,495	\$ 561,255	\$ 207,303	\$ 259,806	\$ 2,040,130	\$ 100
Investments								
Accounts receivable		91,427	135,565	119,488	143,802			
Interfund receivables			36,860	314,077	318,830	348,878	3,545	
TOTAL ASSETS	<u>\$ (3,443)</u>	<u>\$ 780,328</u>	<u>\$ 1,027,920</u>	<u>\$ 994,820</u>	<u>\$ 669,935</u>	<u>\$ 608,684</u>	<u>\$ 2,043,675</u>	<u>\$ 100</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 2,127	\$ 7,462	\$ 114,475	\$ 160,353	\$ 157,686			
Interfund payables		42,152	387,549	279		\$ 23,777		
Settlements pending								
Total Liabilities	<u>2,127</u>	<u>49,614</u>	<u>502,024</u>	<u>160,632</u>	<u>157,686</u>	<u>23,777</u>		
Fund Balances:								
Nonspendable								
Restricted		730,714	525,896	834,188	512,249	584,907	\$ 2,043,675	
Committed								
Assigned								\$ 100
Unassigned	(5,570)							
Total Fund Balances	<u>(5,570)</u>	<u>730,714</u>	<u>525,896</u>	<u>834,188</u>	<u>512,249</u>	<u>584,907</u>	<u>2,043,675</u>	<u>100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (3,443)</u>	<u>\$ 780,328</u>	<u>\$ 1,027,920</u>	<u>\$ 994,820</u>	<u>\$ 669,935</u>	<u>\$ 608,684</u>	<u>\$ 2,043,675</u>	<u>\$ 100</u>

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

Schedule 1

	CAPITAL PROJECTS FUNDS					DEBT SERVICE FUNDS		PERMANENT FUND
	Infrastructure	Fire Capital Projects	Police Capital Projects	Series 2020 Franchise Fee Bond - Capital Improvements	Series 2021 Sales and Use Tax Bond - Capital Improvements	Series 2020 Franchise Fee Bond - Debt Service	Series 2021 Sales and Use Tax Bond - Debt Service	Cemetery Perpetual Care
ASSETS								
Cash and cash equivalents	\$ 10,579,063	\$ 486,665	\$ 856,741	\$ 5	\$ 9,288,659	\$ 1,745,807	\$ 874,556	\$ 128,205
Investments								1,722,908
Accounts receivable	266,246	39,937	39,937			210,357	133,123	
Interfund receivables								
<b>TOTAL ASSETS</b>	<b>\$ 10,845,309</b>	<b>\$ 526,602</b>	<b>\$ 896,678</b>	<b>\$ 5</b>	<b>\$ 9,288,659</b>	<b>\$ 1,956,164</b>	<b>\$ 1,007,679</b>	<b>\$ 1,851,113</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 112,391				\$ 2,198,130			\$ 787
Interfund payables	199,498					\$ 898,515		63,258
Settlements pending								
<b>Total Liabilities</b>	<b>311,889</b>				<b>2,198,130</b>	<b>898,515</b>		<b>64,045</b>
Fund Balances:								
Nonspendable								1,000,000
Restricted	10,533,420	\$ 526,602	\$ 896,678	\$ 5	7,090,529	1,057,649	\$ 1,007,679	
Committed								787,068
Assigned								
Unassigned								
<b>Total Fund Balances</b>	<b>10,533,420</b>	<b>526,602</b>	<b>896,678</b>	<b>5</b>	<b>7,090,529</b>	<b>1,057,649</b>	<b>1,007,679</b>	<b>1,787,068</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,845,309</b>	<b>\$ 526,602</b>	<b>\$ 896,678</b>	<b>\$ 5</b>	<b>\$ 9,288,659</b>	<b>\$ 1,956,164</b>	<b>\$ 1,007,679</b>	<b>\$ 1,851,113</b>

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

Schedule 1

	TRUST FUNDS		CUSTODIAL FUNDS			
	Firemen's Pension	Policemen's Pension	Police Bond and Fine	District Court	District Court Probation Office	Totals
ASSETS						
Cash and cash equivalents	\$ 99,454	\$ 30,593	\$ 57	\$ 192,513	\$ 70	\$ 28,891,935
Investments	4,015,589					5,738,497
Accounts receivable	10,578	5,011				1,195,471
Interfund receivables						1,022,190
<b>TOTAL ASSETS</b>	<b>\$ 4,125,621</b>	<b>\$ 35,604</b>	<b>\$ 57</b>	<b>\$ 192,513</b>	<b>\$ 70</b>	<b>\$ 36,848,093</b>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 2,753,411
Interfund payables						1,615,028
Settlements pending			\$ 57	\$ 192,513	\$ 70	192,640
Total Liabilities			57	192,513	70	4,561,079
Fund Balances:						
Nonspendable						1,000,000
Restricted	\$ 4,125,621	\$ 35,604				30,505,416
Committed						787,068
Assigned						100
Unassigned						(5,570)
Total Fund Balances	4,125,621	35,604				32,287,014
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,125,621</b>	<b>\$ 35,604</b>	<b>\$ 57</b>	<b>\$ 192,513</b>	<b>\$ 70</b>	<b>\$ 36,848,093</b>



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

Schedule 2

	SPECIAL REVENUE FUNDS							
	District Court Probation	City Advertising, Tourism, and Promotion Commission (CATPC)	Parks and Recreation	Fire	Police	Economic Development Fund	American Rescue Plan Act	Learning Center Grant
REVENUES								
State aid				\$ 22,010	\$ 51,756			
Federal aid				45,688	32,933			
Property taxes								
Franchise fees								
Sales taxes			\$ 1,398,096	1,083,660	1,083,660	\$ 149,991		
Fines, forfeitures, and costs								
Interest	\$ 25	\$ 4,511	25,656	13,632	7,176	8,599	\$ 79,527	
Local permits and fees	49,642			148,266				
Advertising and promotion taxes		929,085						
Park and recreation fees			659,074					
Net increase/(decrease) in fair value of investments								
Other		57,583	1,593	4,579	284,605			
TOTAL REVENUES	49,667	991,179	2,084,419	1,317,835	1,460,130	158,590	79,527	
EXPENDITURES								
Current:								
General government						7,061	119	
Law enforcement	103,809				4,425,471			
Public safety				3,235,831				
Recreation and culture			2,139,453					
Advertising and promotion		883,151						
Cemetery								
Total Current	103,809	883,151	2,139,453	3,235,831	4,425,471	7,061	119	
Debt Service:								
Bond principal								
Bond interest and other charges								
TOTAL EXPENDITURES	103,809	883,151	2,139,453	3,235,831	4,425,471	7,061	119	
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(54,142)	108,028	(55,034)	(1,917,996)	(2,965,341)	151,529	79,408	
OTHER FINANCING SOURCES (USES)								
Transfers in	30,000		181,974	1,642,991	2,342,557			\$ 100
Transfers out		(181,974)						
Contribution to water department								
Contribution to Arkansas Local Police and Fire Retirement System								
TOTAL OTHER FINANCING SOURCES (USES)	30,000	(181,974)	181,974	1,642,991	2,342,557			100
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	(24,142)	(73,946)	126,940	(275,005)	(622,784)	151,529	79,408	100
FUND BALANCES - JANUARY 1	18,572	804,660	398,956	1,109,193	1,135,033	433,378	1,964,267	
FUND BALANCES - DECEMBER 31	\$ (5,570)	\$ 730,714	\$ 525,896	\$ 834,188	\$ 512,249	\$ 584,907	\$ 2,043,675	\$ 100

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

Schedule 2

	CAPITAL PROJECTS FUNDS				DEBT SERVICE FUNDS		
	Infrastructure	Fire Capital Projects	Police Capital Projects	Series 2020 Franchise Fee Bond - Capital Improvements	Series 2021 Sales and Use Tax Bond - Capital Improvements	Series 2020 Franchise Fee Bond - Debt Service	Series 2021 Sales and Use Tax Bond - Debt Service
REVENUES							
State aid							
Federal aid							
Property taxes							
Franchise fees						\$ 1,084,795	
Sales taxes	\$ 3,096,172	\$ 464,426	\$ 464,426				\$ 1,548,086
Fines, forfeitures, and costs							
Interest	455,497	21,617	32,034		\$ 463,272	16,049	38,294
Local permits and fees							
Advertising and promotion taxes							
Park and recreation fees							
Net increase/(decrease) in fair value of investments							
Other							
TOTAL REVENUES	3,551,669	486,043	496,460		463,272	1,100,844	1,586,380
EXPENDITURES							
Current:							
General government							
Law enforcement							
Public safety							
Recreation and culture					10,971,416		
Advertising and promotion							
Cemetery							
Total Current					10,971,416		
Debt Service:							
Bond principal						325,000	650,000
Bond interest and other charges						66,338	532,100
TOTAL EXPENDITURES					10,971,416	391,338	1,182,100
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,551,669	486,043	496,460		(10,508,144)	709,506	404,280
OTHER FINANCING SOURCES (USES)							
Transfers in							
Transfers out	(3,006,984)					(438,497)	
Contribution to water department	(1,136,430)						
Contribution to Arkansas Local Police and Fire Retirement System							
TOTAL OTHER FINANCING SOURCES (USES)	(4,143,414)					(438,497)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(591,745)	486,043	496,460		(10,508,144)	271,009	404,280
FUND BALANCES - JANUARY 1	11,125,165	40,559	400,218	\$ 5	17,598,673	786,640	603,399
FUND BALANCES - DECEMBER 31	\$ 10,533,420	\$ 526,602	\$ 896,678	\$ 5	\$ 7,090,529	\$ 1,057,649	\$ 1,007,679

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

Schedule 2

	PERMANENT FUND	TRUST FUNDS		
	Cemetery Perpetual Care	Firemen's Pension	Policemen's Pension	Totals
REVENUES				
State aid		\$ 34,758	\$ 27,653	\$ 136,177
Federal aid				78,621
Property taxes		248,484	99,797	348,281
Franchise fees				1,084,795
Sales taxes				9,288,517
Fines, forfeitures, and costs			13,854	13,854
Interest	\$ 70,514	157,676	60,592	1,454,671
Local permits and fees				197,908
Advertising and promotion taxes				929,085
Park and recreation fees				659,074
Net increase/(decrease) in fair value of investments	61,980	370,416	153,812	586,208
Other			4,139	352,499
<b>TOTAL REVENUES</b>	<b>132,494</b>	<b>811,334</b>	<b>359,847</b>	<b>15,129,690</b>
EXPENDITURES				
Current:				
General government				7,180
Law enforcement			323,897	4,853,177
Public safety		529,161		3,764,992
Recreation and culture				13,110,869
Advertising and promotion				883,151
Cemetery	72,367			72,367
<b>Total Current</b>	<b>72,367</b>	<b>529,161</b>	<b>323,897</b>	<b>22,691,736</b>
Debt Service:				
Bond principal				975,000
Bond interest and other charges				598,438
<b>TOTAL EXPENDITURES</b>	<b>72,367</b>	<b>529,161</b>	<b>323,897</b>	<b>24,265,174</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>60,127</b>	<b>282,173</b>	<b>35,950</b>	<b>(9,135,484)</b>
OTHER FINANCING SOURCES (USES)				
Transfers in				4,197,622
Transfers out				(3,627,455)
Contribution to water department				(1,136,430)
Contribution to Arkansas Local Police and Fire Retirement System			(2,710,538)	(2,710,538)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<b>(2,710,538)</b>	<b>(3,276,801)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>60,127</b>	<b>282,173</b>	<b>(2,674,588)</b>	<b>(12,412,285)</b>
FUND BALANCES - JANUARY 1	1,726,941	3,843,448	2,710,192	44,699,299
FUND BALANCES - DECEMBER 31	\$ 1,787,068	\$ 4,125,621	\$ 35,604	\$ 32,287,014

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

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court Probation	Ark. Code Ann. § 5-4-322 authorizes district court fees for probation and public service work supervision.
City Advertising, Tourism, and Promotion Commission (CATPC)	Ark. Code Ann. § 26-75-606 and Harrison Ordinance no. 755 (April 4, 1977) 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. Ark. Code Ann. § 26-75-703 established fund to receive sales tax monies that are used to promote the City.
Parks and Recreation	Harrison Ordinance no. 1476 (November 19, 2020) established fund for the purpose of accounting for any and all Parks and Recreation department funds. Harrison Ordinance no. 1480 (February 25, 2021) called for a special election for the levy of a one-quarter percent (.25%) sales and use tax, with part of the revenues collected permitted to be used to acquire, construct, improve, expand, equip, furnish, operate and maintain new or existing park and recreational facilities. This fund is used to account for the Parks and Recreation Department's share of the sales and use tax revenues, and all other revenues of the Department.
Fire	Harrison Ordinance no. 1383 (June 5, 2014) called for a special election for the levy of a one-half percent (.5%) sales and use tax, with one-half of the revenues collected to be designated for the Fire Department. The issue passed in a special election held August 12, 2014. This fund was established to account for the Fire Department's share of the revenues.
Police	Harrison Ordinance no. 1383 (June 5, 2014) called for a special election for the levy of a one-half percent (.5%) sales and use tax, with one-half of the revenues collected to be designated for the Police Department. The issue passed in a special election held August 12, 2014. This fund was established to account for the Police Department's share of the revenues.
Economic Development Fund	Harrison Ordinance no. 1480 (February 25, 2021) called for a special election for the levy of a one-quarter percent (.25%) sales and use tax, with part of the revenues collected permitted to be used to support the creation of job opportunities and to stimulate the local economy. This fund was established to account for the share of revenues designated by the City to be used for economic development.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Learning Center Grant	Established to account for grant funding related to a learning center.
Infrastructure	Established to account for sales and use tax collected pursuant to Ark. Code Ann. § 26-75-301.
Fire Capital Projects	Harrison Ordinance no. 1383 (June 5, 2014) established fund to account for 30% of restricted sales tax revenue. The revenue shall be used for fire department buildings and equipment.
Police Capital Projects	Harrison Ordinance no. 1383 (June 5, 2014) established fund to account for 30% of restricted sales tax revenue. The revenue shall be used for police department buildings and equipment.
Series 2020 Franchise Fee Bond - Capital Improvements	Harrison Ordinance no. 1469 (August 27, 2020) authorized the issuance of franchise fee bonds for the purpose of financing capital improvements.
Series 2021 Sales and Use Tax Bond - Capital Improvements	Harrison Ordinance no. 1485 (July 8, 2021) authorized the issuance of sales and use tax bonds for the purpose of financing capital improvements.
Series 2020 Franchise Fee Bond - Debt Service	Harrison Ordinance no. 1469 (August 27, 2020) authorized the issuance of franchise fee bonds for the purpose of financing capital improvements. The funds will be used to pay principal and interest on the bonds.
Series 2021 Sales and Use Tax Bond - Debt Service	Harrison Ordinance no. 1485 (July 8, 2021) authorized the issuance of sales and use tax bonds for the purpose of financing capital improvements. Harrison Ordinance no. 1481 (February 25, 2021) called for a special election to levy a .25% sales and use tax to be used for principal and interest payments on sales and use tax bonds.
Cemetery Perpetual Care	Harrison Ordinance no. 605 (February 5, 1986) established fund for the purpose of maintaining the various cemeteries owned by the City.
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 OF HARRISON, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Policemen's Pension	Ark. Code Ann. § 24-11-403 established fund to receive property taxes, state aid, and other revenues allowed by law for support of police retirement programs.
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.
District Court Probation Office	Consists of probation fees awaiting disposition to the District Court Probation Fund.

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

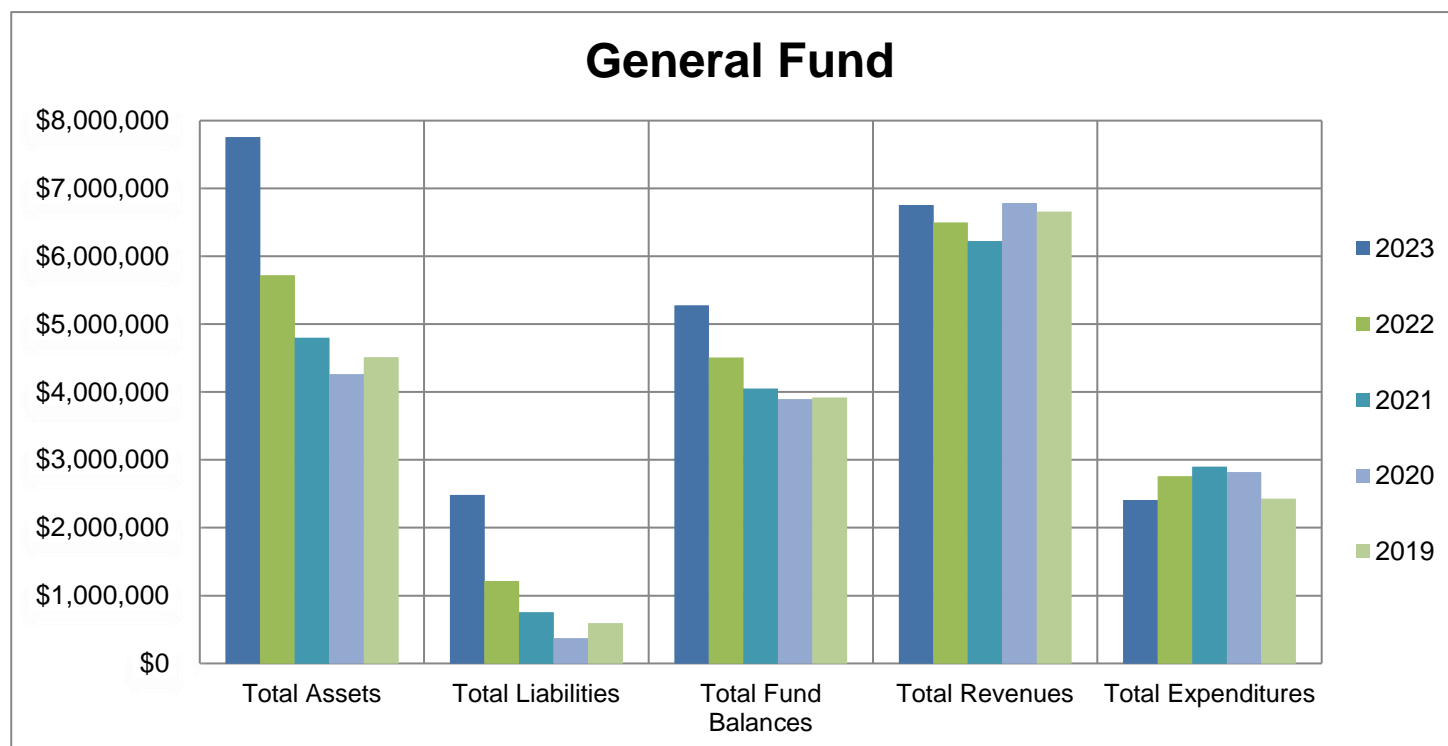
Schedule 3

	December 31, 2023
	<hr/>
Land	\$ 560,595
Buildings	14,063,096
Construction in progress	12,950,056
Improvements	4,492,873
Equipment	<hr/> 12,165,626
	<hr/>
Total	<hr/> \$ 44,232,246 <hr/>

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

Schedule 4-1

<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 7,756,602	\$ 5,718,805	\$ 4,799,849	\$ 4,262,943	\$ 4,512,017
Total Liabilities	2,482,740	1,213,396	750,709	371,122	593,559
Total Fund Balances	5,273,862	4,505,409	4,049,140	3,891,821	3,918,458
Total Revenues	6,755,137	6,496,858	6,224,485	6,784,898	6,656,446
Total Expenditures	2,409,533	2,755,024	2,900,506	2,818,907	2,426,372
Total Other Financing Sources/Uses	(3,577,151)	(3,285,565)	(3,166,660)	(3,992,628)	(4,173,840)

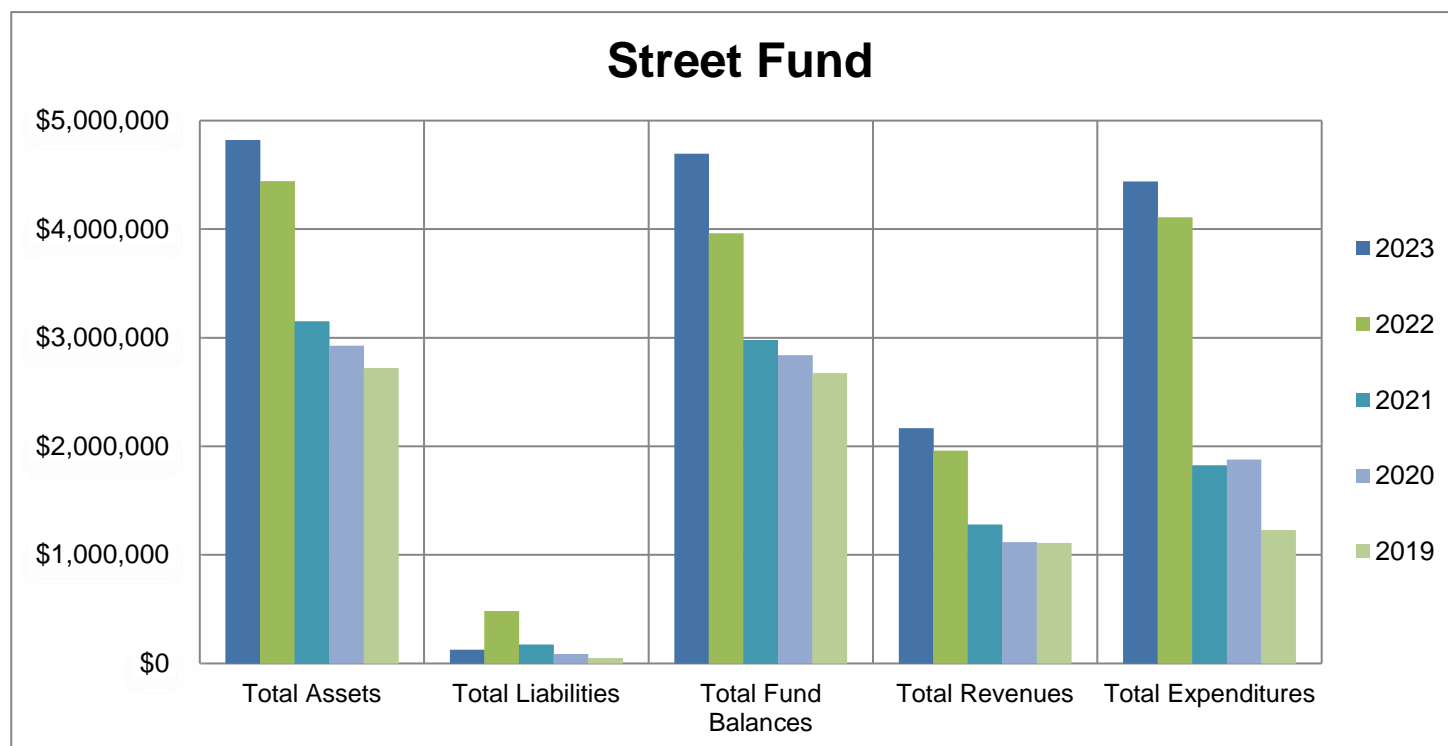




CITY OF HARRISON, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
DECEMBER 31, 2023  
(Unaudited)

Schedule 4-2

<b>Street</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total Assets	\$ 4,819,627	\$ 4,440,677	\$ 3,150,580	\$ 2,924,689	\$ 2,719,404
Total Liabilities	125,692	480,821	172,298	86,526	48,824
Total Fund Balances	4,693,935	3,959,856	2,978,282	2,838,163	2,670,580
Total Revenues	2,165,193	1,958,385	1,276,623	1,114,942	1,109,597
Total Expenditures	4,438,098	4,106,262	1,822,460	1,876,413	1,226,392
Total Other Financing Sources/Uses	3,006,984	3,129,451	685,956	929,054	315,803



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2023	2022	2021	2020	2019
Total Assets	\$ 36,848,093	\$ 47,437,437	\$ 51,246,326	\$ 29,106,272	\$ 21,065,921
Total Liabilities	4,561,079	2,738,138	2,110,065	952,909	558,069
Total Fund Balances	32,287,014	44,699,299	49,136,261	28,153,363	20,507,852
Total Revenues	15,129,690	13,342,021	11,944,837	8,957,375	8,223,004
Total Expenditures	24,265,174	17,436,094	12,922,495	8,333,572	8,149,690
Total Other Financing Sources/Uses	(3,276,801)	(342,889)	21,960,556	7,021,708	3,595,445

