

City of Malvern, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MALVERN, ARKANSAS
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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 Malvern, 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 Malvern, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Malvern, 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 Malvern, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 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
January 16, 2025
LOM105523

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 Malvern, 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 Malvern, 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 January 16, 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

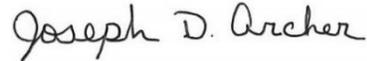
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 January 16, 2025.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 16, 2025

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

MANAGEMENT LETTER

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

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

Mayor: Brenda Weldon
Recorder/Treasurer: Kim Taber
District Court Clerk: Rebecca Smith
Police Chief: Donnie Taber

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 16, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,488,195	\$ 233,218	\$ 1,999,039
Accounts receivable	566,544	22,821	54,449
TOTAL ASSETS	<u>\$ 4,054,739</u>	<u>\$ 256,039</u>	<u>\$ 2,053,488</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 154,979	\$ 12,239	\$ 40,895
Settlements pending			100,383
Total Liabilities	<u>154,979</u>	<u>12,239</u>	<u>141,278</u>
Fund Balances:			
Restricted	10,997		1,912,209
Assigned	4,116	243,800	1
Unassigned	3,884,647		
Total Fund Balances	<u>3,899,760</u>	<u>243,800</u>	<u>1,912,210</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,054,739</u>	<u>\$ 256,039</u>	<u>\$ 2,053,488</u>

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

CITY OF MALVERN, 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	\$ 171,132	\$ 916,703	\$ 40,873
Federal aid	44,952		1,029,059
Property taxes	536,801	161,087	162,748
Franchise fees			638,350
Sales taxes	5,702,321		
Fines, forfeitures, and costs	73,982		64,997
Interest	23,392	469	29,883
Local permits and fees	87,174	44,742	3,550
Other	280,539	17,280	1,836
TOTAL REVENUES	6,920,293	1,140,281	1,971,296
EXPENDITURES			
Current:			
General government	1,049,700		
Law enforcement	2,332,703		501,656
Highways and streets		1,460,914	2,007,159
Public safety	1,766,424		83,799
Sanitation	539,102		
Recreation and culture	263,993		
Social services	44,288		
Airport	61,229		1,179,922
Total Current	6,057,439	1,460,914	3,772,536
Debt Service:			
Bond principal			195,000
Bond interest and other charges			148,595
Financed purchase principal	110,627		
Financed purchase interest	8,510		
TOTAL EXPENDITURES	6,176,576	1,460,914	4,116,131

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 743,717</u>	<u>\$ (320,633)</u>	<u>\$ (2,144,835)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	450,007	200,000	154,863
Transfers out	<u>(354,863)</u>	<u></u>	<u>(450,007)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>95,144</u>	<u>200,000</u>	<u>(295,144)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	838,861	(120,633)	(2,439,979)
FUND BALANCES - JANUARY 1	<u>3,060,899</u>	<u>364,433</u>	<u>4,352,189</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 3,899,760</u></u>	<u><u>\$ 243,800</u></u>	<u><u>\$ 1,912,210</u></u>

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

CITY OF MALVERN, 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	\$ 165,000	\$ 171,132	\$ 6,132	\$ 895,000	\$ 916,703	\$ 21,703
Federal aid	40,000	44,952	4,952			
Property taxes	450,000	536,801	86,801	130,000	161,087	31,087
Sales taxes	7,585,000	5,702,321	(1,882,679)			
Fines, forfeitures, and costs	67,100	73,982	6,882			
Interest	11,210	23,392	12,182		469	469
Local permits and fees	76,310	87,174	10,864	35,000	44,742	9,742
Other	271,416	280,539	9,123	3,675	17,280	13,605
TOTAL REVENUES	8,666,036	6,920,293	(1,745,743)	1,063,675	1,140,281	76,606
EXPENDITURES						
Current:						
General government	1,103,467	1,049,700	53,767			
Law enforcement	2,788,533	2,332,703	455,830			
Highways and streets				2,036,272	1,460,914	575,358
Public safety	1,860,684	1,766,424	94,260			
Sanitation	525,000	539,102	(14,102)			
Recreation and culture	266,698	263,993	2,705			
Social services	41,599	44,288	(2,689)			
Airport	63,800	61,229	2,571			
Total Current	6,649,781	6,057,439	592,342	2,036,272	1,460,914	575,358
Debt Service:						
Financed purchase principal		110,627	(110,627)			
Financed purchase interest		8,510	(8,510)			
TOTAL EXPENDITURES	6,649,781	6,176,576	473,205	2,036,272	1,460,914	575,358

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,016,255	\$ 743,717	\$ (1,272,538)	\$ (972,597)	\$ (320,633)	\$ 651,964
OTHER FINANCING SOURCES (USES)						
Transfers in	459,894	450,007	(9,887)	600,000	200,000	(400,000)
Transfers out	(3,541,500)	(354,863)	3,186,637			
TOTAL OTHER FINANCING SOURCES (USES)	(3,081,606)	95,144	3,176,750	600,000	200,000	(400,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,065,351)	838,861	1,904,212	(372,597)	(120,633)	251,964
FUND BALANCES - JANUARY 1	2,897,140	3,060,899	163,759	450,000	364,433	(85,567)
FUND BALANCES - DECEMBER 31	\$ 1,831,789	\$ 3,899,760	\$ 2,067,971	\$ 77,403	\$ 243,800	\$ 166,397

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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.

CITY OF MALVERN, 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)

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 accounts and certificates of deposit.

Settlements Pending

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

Fund Balance Classifications

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year-end.

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

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)	\$ 2,042,731	\$ 2,039,248
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	3,143,074	3,434,269
Uninsured and uncollateralized	533,657	533,657
Total Deposits	\$ 5,719,462	\$ 6,007,174

The above total deposits do not include cash on hand of \$990.

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. As of December 31, 2023, \$533,657 of the City's bank balances of \$6,007,174 were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

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 MALVERN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid	\$ 6,574		
Property taxes	57,212	\$ 17,165	\$ 18,934
Franchise fees			33,166
Sales taxes	492,438		
Fines, forfeitures, and costs	2,083		1,349
Interest	42		
Local permits and fees	3,226	5,656	1,000
Other	4,969		
Totals	\$ 566,544	\$ 22,821	\$ 54,449

NOTE 5: 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	\$ 154,979	\$ 12,239	\$ 40,895

NOTE 6: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 28,414
Law enforcement	\$ 6,948		277,073
Public safety	4,049		79,925
Recreation and culture			194,188
Pension benefits			614,185
Capital outlay			61,085
Debt service			657,339
Total Restricted	10,997		1,912,209
Assigned to:			
Law enforcement	3,865		
Highways and streets		\$ 243,800	
Public safety	251		
Capital outlay			1
Total Assigned	4,116	243,800	1
Unassigned	3,884,647		
Totals	\$ 3,899,760	\$ 243,800	\$ 1,912,210

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

NOTE 7: 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 \$18,957,709. 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 \$5,365,633. The amount of short-term financing obligations, was \$344,449 leaving a legal debt margin of \$5,021,184.

NOTE 8: Commitments

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

	December 31, 2023
Long-term liabilities	\$ 7,846,089

Long-term liabilities

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

	December 31, 2023
<u>Bonds</u>	
Franchise Fee Revenue Improvement Bonds, Series 2020, issued September 23, 2020, for \$7,375,000; 30 annual installments beginning November 1, 2021, interest rates at 1.25 - 2.70%. Payments are to be made from the Debt Service Fund.	\$ 6,810,000
<u>Direct Borrowings</u>	
Financed purchase agreement with PNC Equipment Finance, Inc., dated February 17, 2021, in the amount of \$563,672, on the purchase of a Impel Pumper Fire Truck. Annual payments of \$120,000 for 5 years. Interest is charged at a rate of 2.12%, and payments are to be made from the General Fund.	344,449
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	691,640
Total Long-term liabilities	\$ 7,846,089

The City's outstanding bonds payable of \$6,810,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$344,449 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

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

NOTE 8: 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>					
9/23/20	11/1/50	1.25 - 2.70%	\$ 7,375,000	\$ 6,810,000	\$ 565,000
<u>Direct Borrowings</u>					
2/17/21	2/17/26	2.12%	563,672	344,449	219,223
Total Long-Term Debt			<u>\$ 7,938,672</u>	<u>\$ 7,154,449</u>	<u>\$ 784,223</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	\$ 7,005,000	\$ 0	\$ 195,000	\$ 6,810,000
<u>Direct Borrowings</u>				
Financed purchases	455,076	0	110,627	344,449
Total Long-Term Debt	<u>\$ 7,460,076</u>	<u>\$ 0</u>	<u>\$ 305,627</u>	<u>\$ 7,154,449</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>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 200,000	\$ 145,058	\$ 345,058	\$ 112,696	\$ 6,441	\$ 119,137
2025	200,000	142,557	342,557	114,803	4,334	119,137
2026	205,000	140,058	345,058	116,950	2,187	119,137
2027	205,000	137,495	342,495			
2028	210,000	134,932	344,932			
2029 through 2033	1,085,000	629,975	1,714,975			
2034 through 2038	1,200,000	520,525	1,720,525			
2039 through 2043	1,335,000	381,000	1,716,000			
2044 through 2048	1,510,000	206,675	1,716,675			
2049 through 2050	660,000	26,119	686,119			
Totals	<u>\$ 6,810,000</u>	<u>\$ 2,464,394</u>	<u>\$ 9,274,394</u>	<u>\$ 344,449</u>	<u>\$ 12,962</u>	<u>\$ 357,411</u>

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

NOTE 9: Interfund Transfers

The General Fund transferred \$200,000 and \$154,863 to the Street Fund and Other Funds in the Aggregate (Airport Runway), respectively, to supplement street operations and to fund construction of an airport runway addition. Additionally, the Other Funds in the Aggregate (Franchise Fee and Urban Development Action Grant) transferred \$400,000 and \$50,007 to the General Fund for franchise fees collected in excess of debt service requirements and to close the Urban Development Action Grant Fund, respectively.

NOTE 10: Pledged Revenues

The City pledged future franchise fees to repay \$7,375,000 in capital improvement bonds that were issued in 2020 to provide funding for improvement to the City's streets, fire department, and police department. Total principal and interest remaining on the bonds are \$6,810,000 and \$2,464,394, respectively, payable through November 1, 2050. For 2023, principal and interest paid were \$195,000 and \$147,495, respectively.

The Debt Service Fund received \$638,350 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.

NOTE 11: Jointly Governed Organizations

Group "6" Narcotics Enforcement Unit

The Prosecuting Attorneys of the Seventh and Ninth (East) Judicial Districts, the Sheriffs' Departments of Clark and Grant Counties, and the Police Departments of Arkadelphia, Malvern, and Sheridan entered into an agreement on July 1, 2023, to continue the Group "6" Narcotics Enforcement Unit (agreement expires July 1, 2024). Funding is provided through federal and state grants in addition to contributions from the participating entities. The City did not make payments to or on behalf of the Group "6" Narcotics Enforcement Unit in 2023. Separate financial statements of the Group "6" Narcotics Enforcement Unit are not available.

Southwest Central Regional Solid Waste Management District

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Southwest Central Regional Solid Waste Management District and Board were organized to protect public health and environmental quality for its service area by establishing a regional solid waste management system in Arkansas Counties of Clark, Garland, and Hot Spring. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the counties in the District and representatives of all first class cities, of all cities with a population over 2,000 and of the largest city of each county in the District. The City made no contributions to or disbursements on behalf of the District in 2023. Separate financial statements of the Southwest Central Regional Solid Waste Management District are available at 1000 Central Avenue, Hot Springs, AR 71903.

NOTE 12: Risk Management

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

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

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

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

NOTE 12: Risk Management (Continued)

Municipal Vehicle Program

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

Municipal 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 13: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On November 20, 2018, administration of the City of Malvern Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

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

**NOTE 13: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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 \$499,577 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$186,913 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$4,531,832.

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$199,258.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$1,710,103.

NOTE 15: Federal Funds Program Compliance

The federal grants of the City were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. However, the City has contracted for an accounting firm to perform a federal compliance audit. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Intoxication Detection	District Court Cost	Fire Equipment and Training (Act 833)	Police Block Grant	Seized and Forfeited Property	Library Tax	District Court Automation	Emergency Vehicle
ASSETS								
Cash and cash equivalents	\$ 2,485	\$ 107,934	\$ 116,352	\$ 4,095	\$ 9,895	\$ 194,188	\$ 99,394	\$ 20,783
Accounts receivable	13	27					706	120
TOTAL ASSETS	\$ 2,498	\$ 107,961	\$ 116,352	\$ 4,095	\$ 9,895	\$ 194,188	\$ 100,100	\$ 20,903
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 36,427				\$ 424	
Settlements pending								
Total Liabilities			36,427				424	
Fund Balances:								
Restricted	\$ 2,498	\$ 107,961	79,925	\$ 4,095	\$ 9,895	\$ 194,188	99,676	\$ 20,903
Assigned								
Total Fund Balances	2,498	107,961	79,925	4,095	9,895	194,188	99,676	20,903
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,498	\$ 107,961	\$ 116,352	\$ 4,095	\$ 9,895	\$ 194,188	\$ 100,100	\$ 20,903

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

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND
	Municipal Judge's and Clerk's Retirement	American Rescue Plan Act	Oakridge Cemetery	Ouachita River Park	Airport Runway	Capital Improvement Revenue Bond	Franchise Fee
ASSETS							
Cash and cash equivalents	\$ 31,562	\$ 28,908	\$ 2,550	\$ 35,974	\$ 25,001	\$ 111	\$ 624,173
Accounts receivable	483		1,000				33,166
TOTAL ASSETS	\$ 32,045	\$ 28,908	\$ 3,550	\$ 35,974	\$ 25,001	\$ 111	\$ 657,339
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 4,044					
Settlements pending							
Total Liabilities		4,044					
Fund Balances:							
Restricted	\$ 32,045	24,864	\$ 3,550	\$ 35,974	\$ 25,000	\$ 111	\$ 657,339
Assigned					1		
Total Fund Balances	32,045	24,864	3,550	35,974	25,001	111	657,339
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,045	\$ 28,908	\$ 3,550	\$ 35,974	\$ 25,001	\$ 111	\$ 657,339

CITY OF MALVERN, 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	Permit and License	District Court	Administration of Justice	Payroll	State Clearing	Totals
ASSETS								
Cash and cash equivalents	\$ 367,241	\$ 228,010	\$ 10,951	\$ 79,389	\$ 2	\$ 10,006	\$ 35	\$ 1,999,039
Accounts receivable	11,446	7,488						54,449
TOTAL ASSETS	\$ 378,687	\$ 235,498	\$ 10,951	\$ 79,389	\$ 2	\$ 10,006	\$ 35	\$ 2,053,488
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 40,895
Settlements pending			\$ 10,951	\$ 79,389	\$ 2	\$ 10,006	\$ 35	100,383
Total Liabilities			10,951	79,389	2	10,006	35	141,278
Fund Balances:								
Restricted	\$ 378,687	\$ 235,498						1,912,209
Assigned								1
Total Fund Balances	378,687	235,498						1,912,210
TOTAL LIABILITIES AND FUND BALANCES	\$ 378,687	\$ 235,498	\$ 10,951	\$ 79,389	\$ 2	\$ 10,006	\$ 35	\$ 2,053,488

CITY OF MALVERN, 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								
	Intoxication Detection	District Court Cost	Fire Equipment and Training (Act 833)	Police Block Grant	Seized and Forfeited Property	Library Tax	District Court Automation	Emergency Vehicle	Municipal Judge's and Clerk's Retirement
REVENUES									
State aid			\$ 40,873						
Federal aid				\$ 4,000					
Property taxes									
Franchise fees									
Fines, forfeitures, and costs	\$ 161	\$ 7,280					\$ 16,094	\$ 7,631	\$ 7,817
Interest		81	9	1	\$ 13	\$ 172	48	8	14
Local permits and fees									
Other							1,836		
TOTAL REVENUES	161	7,361	40,882	4,001	13	172	17,978	7,639	7,831
EXPENDITURES									
Current:									
Law enforcement				5,658			10,453	824	
Highways and streets									
Public safety			55,594						
Airport									
Total Current			55,594	5,658			10,453	824	
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES			55,594	5,658			10,453	824	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	161	7,361	(14,712)	(1,657)	13	172	7,525	6,815	7,831
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	161	7,361	(14,712)	(1,657)	13	172	7,525	6,815	7,831
FUND BALANCES - JANUARY 1	2,337	100,600	94,637	5,752	9,882	194,016	92,151	14,088	24,214
FUND BALANCES - DECEMBER 31	<u>\$ 2,498</u>	<u>\$ 107,961</u>	<u>\$ 79,925</u>	<u>\$ 4,095</u>	<u>\$ 9,895</u>	<u>\$ 194,188</u>	<u>\$ 99,676</u>	<u>\$ 20,903</u>	<u>\$ 32,045</u>

CITY OF MALVERN, 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		CAPITAL PROJECTS FUNDS				DEBT SERVICE FUND	TRUST FUNDS		Totals
	American Rescue Plan Act	Oakridge Cemetery	Urban Development Action Grant	Ouachita River Park	Airport Runway	Capital Improvement Revenue Bond	Franchise Fee	Firemen's Pension	Policemen's Pension	
REVENUES										
State aid										\$ 40,873
Federal aid					\$ 1,025,059					1,029,059
Property taxes								\$ 107,322	\$ 55,426	162,748
Franchise fees							\$ 638,350			638,350
Fines, forfeitures, and costs									26,014	64,997
Interest	\$ 2,014		\$ 100	\$ 36		\$ 248	26,790	331	18	29,883
Local permits and fees		\$ 3,550								3,550
Other										1,836
TOTAL REVENUES	2,014	3,550	100	36	1,025,059	248	665,140	107,653	81,458	1,971,296
EXPENDITURES										
Current:										
Law enforcement	138,256					311,116				501,656
Highways and streets	2,007,159									2,007,159
Public safety								28,205		83,799
Airport					1,179,922					1,179,922
Total Current	2,145,415				1,179,922	311,116		28,205	35,349	3,772,536
Debt Service:										
Bond principal							195,000			195,000
Bond interest and other charges							148,595			148,595
TOTAL EXPENDITURES	2,145,415				1,179,922	311,116	343,595	28,205	35,349	4,116,131
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,143,401)	3,550	100	36	(154,863)	(310,868)	321,545	79,448	46,109	(2,144,835)
OTHER FINANCING SOURCES (USES)										
Transfers in					154,863					154,863
Transfers out			(50,007)				(400,000)			(450,007)
TOTAL OTHER FINANCING SOURCES (USES)			(50,007)		154,863		(400,000)			(295,144)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,143,401)	3,550	(49,907)	36		(310,868)	(78,455)	79,448	46,109	(2,439,979)
FUND BALANCES - JANUARY 1	2,168,265		49,907	35,938	25,001	310,979	735,794	299,239	189,389	4,352,189
FUND BALANCES - DECEMBER 31	\$ 24,864	\$ 3,550	\$ 0	\$ 35,974	\$ 25,001	\$ 111	\$ 657,339	\$ 378,687	\$ 235,498	\$ 1,912,210

CITY OF MALVERN, 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>
Intoxication Detection	Ark. Code Ann. § 16-10-308 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Police Block Grant	Malvern Ordinance no. 06-08 (August 14, 2006) established fund to process various state and federal grants received to fund equipment and supplies for the Police Department.
Seized and Forfeited Property	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Library Tax	Malvern Ordinance no. 06-08 (August 14, 2006) established fund for a one cent sales and use tax effective July 1, 2000 for a 24 month period to fund the constructing, improving, equipping, capital improvements, etc. for the public library.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Municipal Judge's and Clerk's Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
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.

CITY OF MALVERN, 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>
Oakridge Cemetery	Malvern Ordinance no. 06-08 (October 13, 2015) established fund to establish a Cemetery Committee to record transactions of graves sales in the Oak Ridge Cemetery and for the upkeep and maintenance of the cemetery.
Urban Development Action Grant	Malvern Ordinance no. 06-08 (August 14, 2006) established fund to process Urban Development Action Grants used to provided permanent finances for industries.
Ouachita River Park	Malvern Ordinance no. 06-08 (August 14, 2006) established fund to process grants and donations transferred from other entities to support the construction of the Ouachita River park.
Airport Runway	Established to process grants to improve the airport runway.
Capital Improvement Revenue Bond	Malvern Ordinance no. 2020-03 (August 10, 2020) authorized the issuance of Capital Improvement Revenue Bonds. Established to account for the disbursement of bond proceeds for police, fire, and street improvements.
Franchise Fee	Malvern Ordinance no. 2020-03 (August 10, 2020) authorized the issuance of Capital Improvement Revenue Bonds. Established to account for the accumulation of resources to retire the debt.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
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.
Permit and License	Malvern Ordinance no. 06-08 (August 14, 2006) established account to process all permit and license fees received by the City.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Payroll	Malvern Ordinance no. 06-08 (August 14, 2006) established account to process payroll.
State Clearing	Malvern Ordinance no. 06-08 (August 14, 2006) established account to process all state funds and distribute the funds appropriately.

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

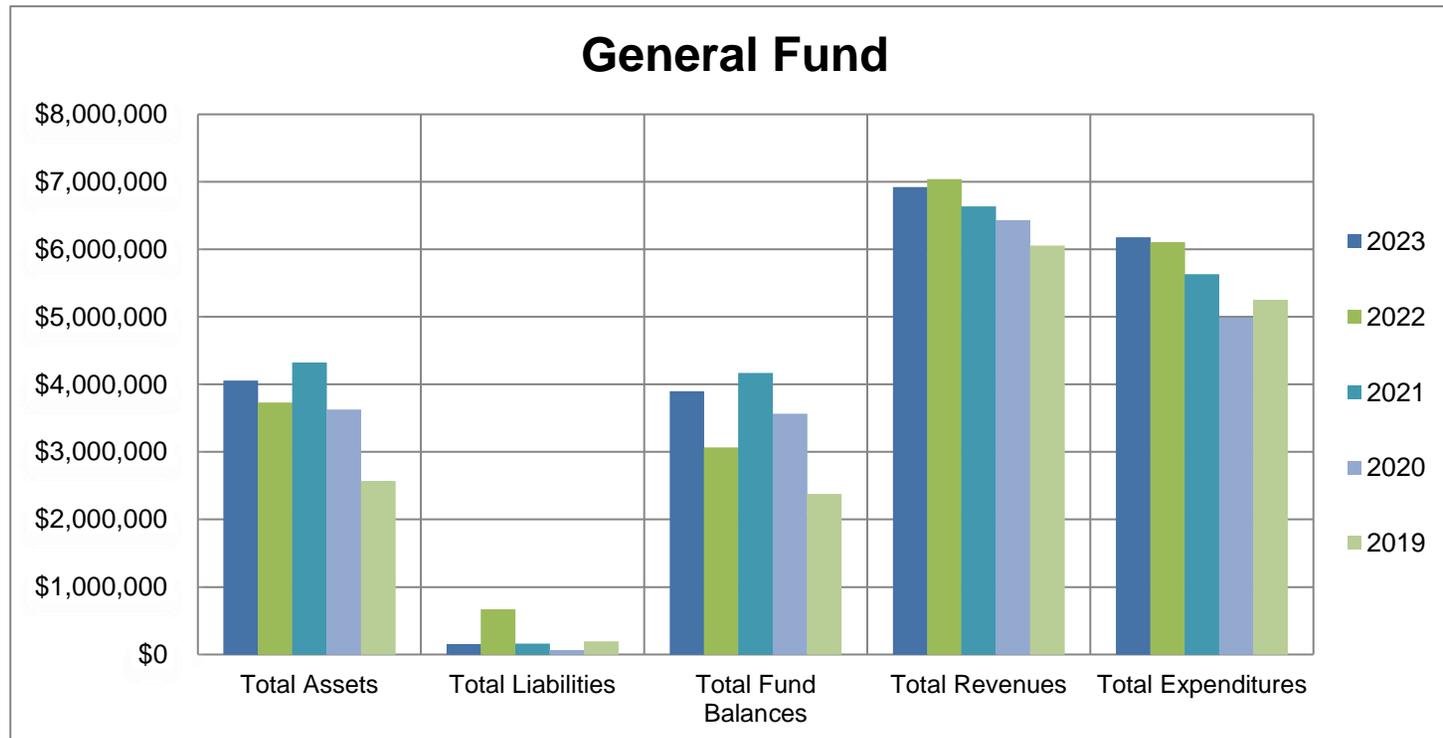
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 923,463
Buildings & Improvements	26,015,637
Vehicles & Equipment	<u>5,413,454</u>
Total	<u><u>\$ 32,352,554</u></u>

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

Schedule 4-1

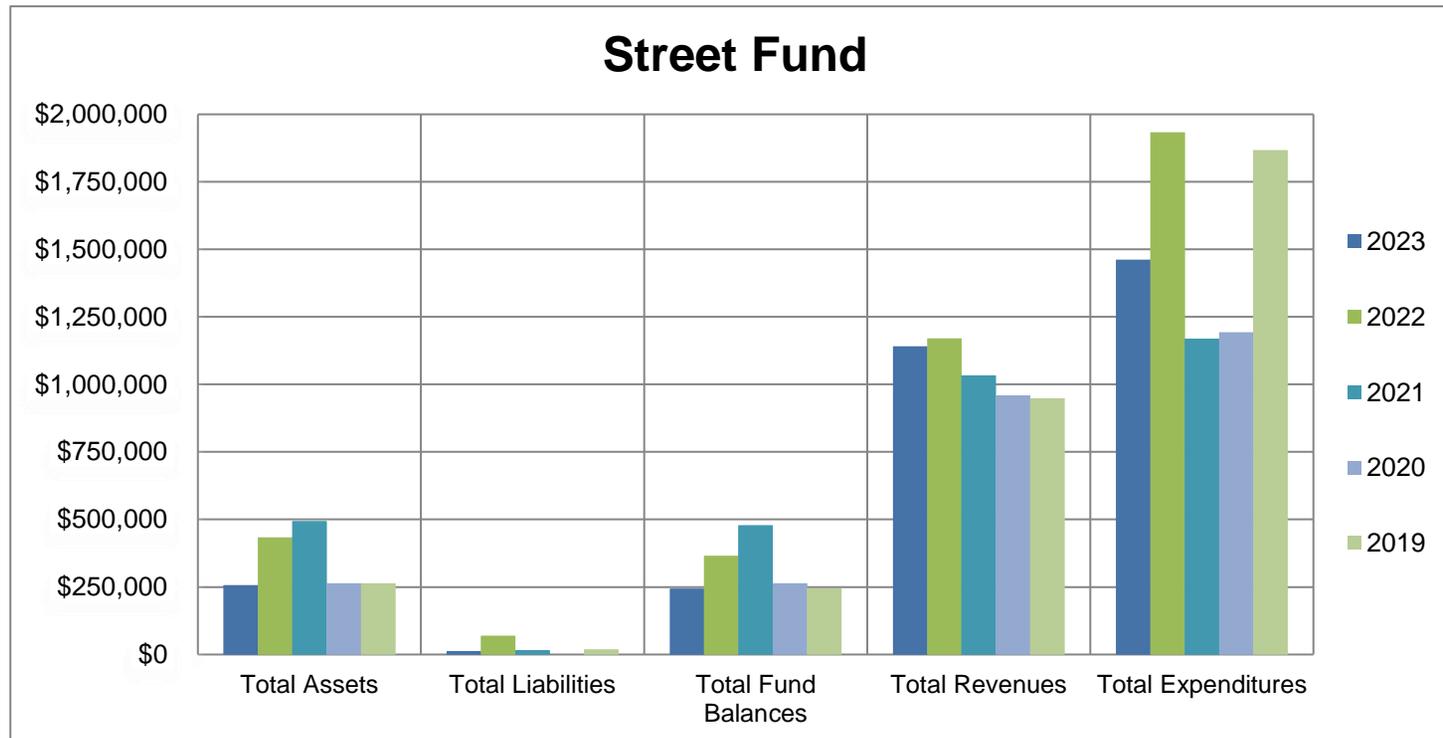
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 4,054,739	\$ 3,726,415	\$ 4,324,347	\$ 3,625,708	\$ 2,566,616
Total Liabilities	154,979	665,516	158,195	63,506	191,773
Total Fund Balances	3,899,760	3,060,899	4,166,152	3,562,202	2,374,843
Total Revenues	6,920,293	7,039,442	6,631,818	6,428,966	6,052,476
Total Expenditures	6,176,576	6,106,492	5,627,868	4,989,055	5,249,074
Total Other Financing Sources/Uses	95,144	(2,038,203)	(400,000)	(252,552)	(1,069,581)



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

Schedule 4-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 256,039	\$ 433,216	\$ 493,962	\$ 263,191	\$ 263,077
Total Liabilities	12,239	68,783	16,269		18,412
Total Fund Balances	243,800	364,433	477,693	263,191	244,665
Total Revenues	1,140,281	1,170,066	1,033,072	958,892	947,992
Total Expenditures	1,460,914	1,933,326	1,168,570	1,192,918	1,866,942
Total Other Financing Sources/Uses	200,000	650,000	350,000	252,552	1,000,653



CITY OF MALVERN, 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>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 2,053,488	\$ 4,991,545	\$ 5,653,878	\$ 7,766,812	\$ 1,123,314
Total Liabilities	141,278	639,356	428,012	68,935	85,429
Total Fund Balances	1,912,210	4,352,189	5,225,866	7,697,877	1,037,885
Total Revenues	1,971,296	2,211,304	2,055,058	498,755	1,008,037
Total Expenditures	4,116,131	4,473,184	4,316,941	1,213,763	1,067,463
Total Other Financing Sources/Uses	(295,144)	1,388,203	(270,000)	7,375,000	68,928

