

CITY OF MARIANNA
REGULATORY BASIS FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

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CITY OF MARIANNA, ARKANSAS
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INDEPENDENT AUDITOR'S REPORT

City of Marianna, Arkansas Officials and Council Members

Report on the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Marianna, Arkansas, which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund and other funds in the aggregate as of and for the year ended December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the 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 Marianna, Arkansas, as of December 31, 2021, and the regulatory-basis revenues, expenditures, and changes in net position, 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 Generally Accepted Accounting Principles” paragraph, the 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 City of Marianna, Arkansas, as of December 31, 2021, 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 Regulatory Basis 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 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas 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.

Emphasis of Matter

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

Responsibility 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 Arkansas Code 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 misstatement, 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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 judgement 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

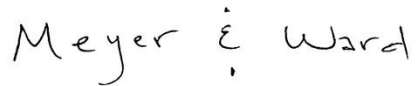
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and any other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary information 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.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That 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.

Meyer & Ward CPAs

A handwritten signature in cursive script that reads "Meyer & Ward".

Wynne, Arkansas
March 17, 2023

Meyer & Ward CPAs
P.O. Box 1045
Wynne AR 72396

INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, COMPLIANCE AND
OTHER MATTERS, AND OTHER ISSUES BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

City of Marianna, Arkansas Officials and Council Members

We have audited in accordance with 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 accompanying regulatory-basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Marianna, Arkansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the city of Marianna, AR's financial statements, and have issued our report thereon dated March 17, 2023. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect 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.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- 2021-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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 the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Entity's Response to Findings

The City's response to the findings identified in our audit is described below. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

The City officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording transactions to the extent possible with the current staffing levels.

Other Issues

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

Mayor: Jimmy Williams
Clerk/Treasurer: Kimberly Miles
Police Chief: Daniel Strickland

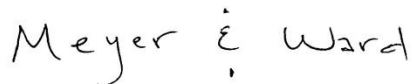
We reviewed the City's compliance with certain Arkansas laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Our audit procedures indicated that the above offices were in substantial compliance with Arkansas fiscal and financial laws.

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 result 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, this report is a matter of public record, and distribution is not limited.

Meyer and Ward CPAs

A handwritten signature in cursive script that reads "Meyer & Ward".

Wynne, Arkansas
March 17, 2023

MEYER AND WARD CPAA
CITY OF MARIANNA, ARKANSAS

MANAGEMENT LETTER

City of Marianna, Arkansas Official and Council Members
Meyer and Ward CPAs

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

Mayor: Jimmy Williams
City Clerk/Treasurer: Kimberly Miles
Police Chief: Daniel Strickland
Fire Chief: Terry Sandefer

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 to maintain 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.

Other Issues

Deposits and Withdrawals to the Act 833 fund were commonly posted to the general ledger for the incorrect amounts. These errors in posting were immaterial in amount and had no substantial effect on the accuracy of the financial statements.

Meyer and Ward CPAs

Wynne, Arkansas
March 17, 2023

CITY OF MARIANNA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 783,331	\$ 388,890	\$ 429,249
Investments			280,402
Accounts receivable	223,726		40,938
Other			28,873
Interfund receivables	82,194		8,509
TOTAL ASSETS	\$ 1,089,251	\$ 388,890	\$ 787,971
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,140		\$ 12,326
Payroll Taxes Payable	43,413		
Employee W/H payable	10		
Due to other agencies	2,793		
Sales Tax Payable	2,105		
Interfund payables	44,607	\$ 46,096	
Total Liabilities	102,068	46,096	12,326
Fund Balances:			
Restricted		342,794	775,645
Assigned	47,296		
Unassigned	939,887		
Total Fund Balances	987,183	342,794	775,645
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,089,251	\$ 388,890	\$ 787,971

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 65,374	\$ 328,353	\$ 136,556
Federal aid	351,495		94,583
Property taxes	194,968		
Franchise fees	171,869		
Sales taxes	863,111		500,733
Fines, forfeitures, and costs	182,523		18,712
Interest	971	620	26,729
Local permits and fees	74,148		
Sanitation and mosquito control fees	601,260		
Advertising and promotion taxes			42,562
Other	313,463	1,850	120,141
	<u>2,819,182</u>	<u>330,823</u>	<u>940,016</u>
TOTAL REVENUES			

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Street	Other Funds in the Aggregate
EXPENDITURES			
Current:			
General government	493,783		12,234
Law enforcement	1,166,687		129,146
Highways and streets	388,840	341,991	
Public safety	242,330		300,529
Sanitation	333,306		
Health	11,144		
Recreation and culture	4,712		
Social services	22,653		11,306
Airport			107,022
Total Current	<u>2,663,455</u>	<u>341,991</u>	<u>560,237</u>
Debt Service:			
Bond principal			155,000
Bond interest and other charges			105,800
Lease principal			
Lease interest			
Note principal	64,286		5,906
Note Interest	<u>6,790</u>		
TOTAL EXPENDITURES	<u>2,734,531</u>	<u>341,991</u>	<u>826,943</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>84,651</u>	<u>(11,168)</u>	<u>113,073</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	253,808		82,332
Transfers out	(82,332)		(253,808)
Proceeds from bond issue			(903,542)
Net bond issuance cost			
Net gain/loss on sale of investments			55,930
TOTAL OTHER FINANCING SOURCES (USES)	<u>171,476</u>		<u>(1,019,088)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>256,127</u>	<u>(11,168)</u>	<u>(906,015)</u>
FUND BALANCES - JANUARY 1	<u>603,944</u>	<u>353,962</u>	<u>1,681,660</u>
FUND BALANCES - DECEMBER 31	<u>\$ 860,071</u>	<u>\$ 342,794</u>	<u>\$ 775,645</u>

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 107,745	\$ 65,374	\$ (42,371)	\$ 463,784	\$ 328,353	(135,431)
Federal aid		351,495	351,495			
Property taxes	247,353	194,968	(52,385)			
Franchise fees		171,869	171,869			
Sales taxes	964,662	863,111	(101,551)			
Fines, forfeitures, and costs	142,706	182,523	39,817			
Interest	312	971	659	246	620	374
Local permits and fees	206,060	74,148	(131,912)			
Sanitation and mosquito control fees	634,404	601,260	(33,144)			
Other	117,486	313,463	195,977	1,800	1,850	50
TOTAL REVENUES	2,420,728	2,819,182	398,454	465,830	330,823	(135,007)

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES						
Current:						
General government	580,374	493,783	86,591			
Law enforcement	1,133,983	1,166,687	(32,704)			
Highways and streets		388,840	(388,840)	481,395	341,991	139,404
Public safety	308,081	242,330	65,751			
Sanitation	348,795	333,306	15,489			
Health	12,770	11,144	1,626			
Recreation and culture	2,660	4,712	(2,052)			
Social services		22,653	(22,653)			
Total Current	2,386,663	2,663,455	(276,792)	481,395	341,991	139,404
Debt Service:						
Lease principal						
Lease interest		64,286	(64,286)			
Note principal		6,790	(6,790)			
Note Interest						
TOTAL EXPENDITURES	2,386,663	2,734,531	(347,868)	481,395	341,991	139,404
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	34,065	84,651	50,586	(15,565)	(11,168)	4,397

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)						
Transfers in		253,808	253,808	15,565		(15,565)
Transfers out	(15,565)	(82,332)	(66,767)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,565)</u>	<u>171,476</u>	<u>187,041</u>	<u>15,565</u>		<u>(15,565)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>18,500</u>	<u>256,127</u>	<u>237,627</u>		<u>(11,168)</u>	<u>(11,168)</u>
FUND BALANCES - JANUARY 1		<u>603,944</u>	<u>603,944</u>		<u>353,962</u>	<u>353,962</u>
FUND BALANCES - DECEMBER 31	<u>\$ 18,500</u>	<u>\$ 860,071</u>	<u>\$ 841,571</u>	<u>\$ 0</u>	<u>\$ 342,794</u>	<u>\$ 342,794</u>

The accompanying notes are an integral part of these financial statements

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Marianna 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. The following funds of the City are not presented in this report: Municipal Waterworks, and district court funds.

B. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas Code. 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.

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. The General Fund heading as it appears in the financial statements includes the following accounts: General, Police Equipment, Community House, Housing Commission, Civic Center and Cemetery.

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Advertising and Promotion, Fire Equipment and Training (Act 833), Airport, Housing Commission, Fire Department Savings, Local Police and Fire Retirement (LOPFI), Flag Donations and Christmas Decoration Donations.

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. The Debt Service Fund is reported with other funds in the aggregate.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the entity in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and other funds. The following Trust and Agency Funds are reported with other funds in the aggregate: Firemen's Pension.

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas Code. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues 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. Expenditures generally are recorded when a liability is incurred. 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.

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 and certificates of deposit.

Investments

Investments are reported at cost.

Fund Balance Classifications

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

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 action 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 Special Revenue 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.

NOTE 2: Cash and Investments

The City's policy is for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation Insurance. The city's deposits are categorized to give an indication of the level of risk assumed by the city at December 31, 2021. The categories of risk are described as follows:

Category 1 – Insured or collateralized by the city or by the entity or by the entity of its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institutions trust department or by its agent in the entity's name.

Category 3 – Uncollateralized

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2: Cash and Investments (Cont'd)

Financial Institution	Carrying Value	Category 1	Category 2	Category 3
First National Bank Of Eastern Arkansas	\$ 350,741	\$ 250,000	\$ 100,741	\$ -
Farmers and Merchants	1,171,627	250,000	921,627	-
Regions Bank	78,802	78,802		
Petty Cash	<u>300</u>	<u></u>	<u></u>	<u>300</u>
Totals	<u>\$ 1,601,470</u>	<u>\$ 578,802</u>	<u>\$ 1,022,368</u>	<u>\$ 300</u>

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

A. Governmental Fund Types

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.

B. 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 MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

<u>Fund Type</u>	<u>December 31, 2021</u>	
	<u>Reported Amount</u>	<u>Fair Value</u>
Trust - Debt Service	\$ 280,402	\$ 280,402
	<u>\$ 280,402</u>	<u>\$ 280,402</u>

These investments are composed of the following:

<u>Fund Type</u>	<u>December 31, 2021</u>	
	<u>Reported Amount</u>	<u>Fair Value</u>
Municipal Funds	280,402	280,402
Totals	<u>\$ 280,402</u>	<u>\$ 280,402</u>

The city also bought and sold government securities during the year.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2021 is composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Other Funds in the Aggregate</u>
Property Taxes	80,858	
Sales Taxes	70,388	40,938
Fines and Costs	16,394	
Sanitation Fees	56,085	
Totals	<u>\$ 223,725</u>	<u>\$ 40,938</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2021 is composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Other Funds in the Aggregate</u>
Vendor Payable	<u>\$ 9,140</u>	<u>\$ 12,326</u>

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2021	
	Interfund Payables	Interfund Receivables
General Fund	\$ 44,607	\$ 82,194
Street Fund	46,096	
Other Funds in Aggregate		8,509
Totals	<u>\$ 90,703</u>	<u>\$ 90,703</u>

NOTE 8: 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, 2021, the legal debt limit for the bonded debt was \$5,442,743. 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, 2021, the legal debt limit for short-term financing obligations was \$1,495,171. The amount of short-term financing obligations was \$618,182 leaving a legal debt margin of \$876,989.

NOTE 9: Details of Fund Balance Classifications

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

Description	General	Street	Other funds in the Aggergate
Restricted for:			
General Government			\$ 152,923
Social Services			17,146
Public Safety			212,120
Debt Service			321,340
Airport			52,148
Police and Fire Retirement			19,968
Highways and Streets		\$ 342,794	
Total Restricted		<u>342,794</u>	<u>775,645</u>
Assigned to:			
General Government	\$ 596		
Social Services	46,700		
Total Assigned	<u>47,296</u>	<u>-</u>	<u>-</u>
Unassigned	<u>939,887</u>		
Totals	<u>\$ 987,183</u>	<u>\$ 342,794</u>	<u>\$ 775,645</u>

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments

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

	December 31, 2021
Short Term Financing Obligations	
Noninterest-Bearing Note Payable- Arkansas Development Finance Authority (ADFA) dated December 7, 1997. Payable in 30 principal payments due annually in the amount of \$7,875 beginning January 1, 2004. Payments are to be made from the Housing Commission Fund.	\$ 101,956
2019 Freightliner Garbage Truck Note payable to First National Bank of Eastern Arkansas (FNBEA), dated September 20, 2019 due in 60 monthly payments of \$3,352.91 at 3.25 interest beginning November 10, 2019 through October 10, 2024	105,171
2021 Freightliner Garbage Truck Note payable to First National Bank of Eastern Arkansas (FNBEA), dated April 5, 2021 due in 60 monthly payments of \$3,426.78 at 1.99 interest beginning April 5, 2021 through May 5, 2026	167,446
2021 Fire Truck Note payable to First National Bank of Eastern Arkansas (FNBEA), dated October 12, 2021 due in 5 annual payments of \$33,897.14 at 1.95 interest beginning October 12, 2022 through October 12, 2026	160,000
Compensated absences	90,857
Total Short-term liabilities	<u>625,430</u>
Long Term Financing Obligations	
2019 Sales and Use Tax Refunding Bonds dated April 1, 2019 due in annual installments of \$5,000 - \$730,000 plus interest through July 1, 2037; interest at 2.0 - 3.375 percent. Payments are to be made from the Debt Service Fund.	3,225,000
Total Long-term liabilities	<u>3,225,000</u>
Total Financial Obligations	<u>\$ 3,850,430</u>

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

Changes in Long-Term Debt

	Balance January 1, 2021	Issued	Retired	Balance December 31, 2021
Bonds Payable	\$ 3,380,000		\$ 155,000	\$ 3,225,000
Notes Payable	249,210	355,555	70,192	534,573
Total Long-Term Debt	<u>\$ 3,629,210</u>	<u>\$ 355,555</u>	<u>\$ 225,192</u>	<u>\$ 3,759,573</u>

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 11: Debt Forecast

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

For Year Ending December 31,	2019 Bonds	Notes Payable	Total
2022	\$ 160,000	\$ 116,127	\$ 276,127
2023	165,000	116,758	281,758
2024	170,000	108,737	278,737
2025	175,000	80,967	255,967
2026	180,000	51,370	231,370
2031	980,000	39,374	1,019,374
2036	1,140,000	21,240	1,161,240
2041	255,000		255,000
Total Principal Owed	<u>\$ 3,225,000</u>	<u>\$ 534,573</u>	<u>\$ 3,759,573</u>

NOTE 12: Pledged Revenues

The City pledged future one percent sales and use taxes to repay \$3,535,000 in bonds that were issued in 2019 to refund bonds issued in 2017. Total principal and interest remaining on the bonds are \$3,380,000 and \$1,050,888 respectively, payable through July 1, 2037. For 2021, principal and interest paid were \$155,000 and \$105,800, respectively.

The Debt Service Fund received \$500,545 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose. Excess collections of \$234,051 in 2021 were transferred to the General Fund.

NOTE 13: Related Party Transaction

The Marianna Municipal Waterworks provides water services to the residents of the City of Marianna and collects fees on the water bills for garbage pickup and mosquito control. These fees are paid to the City General Fund monthly, and the City pays the garbage tax collected on the water bills to the Department of Finance and Administration. Total fees received from the Municipal Waterworks Fund for 2021 was \$601,260.

NOTE 14: Risk Management

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

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

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

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14: Risk Management Cont'd

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.

NOTE 14: Risk Management Cont'd

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 \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

NOTE 15: 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.

CITY OF MARIANNA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15: Firemen's Pension and Relief Plan Cont'd

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.

During the year ended December 31, 2021, all assets and liabilities of the Firemen's Pension and Relief Plan were transferred to the State Local Police and Fire Retirement Fund.

**NOTE 16: 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, P. O. Drawer 34164, Little Rock, Arkansas 72203 or by calling 1-501-682-1745.

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

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) Cont'd**

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 city's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$729,711. During the year ended December 31, 2021 the city contributed \$149,484 to the LOPFI fund.

Note 17: Subsequent Events

Management has evaluated subsequent events through the date of this report. No events were noted which would require disclosure.

CITY OF MARIANNA, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS								DEBT SERVICE FUND
	Advertising and Promotion	Fire Equipment and Training (Act 833)	Airport	Local Police and Fire Retirement (LOPFI)	Flag Donations	Christmas Decoration Donations	Housing Commission	Fire Departments Savings Fund	Series 2019 Refunding Bonds
ASSETS									
Cash and cash equivalents	\$ 140,987	\$ 83,017	\$ 23,275	\$ 32,294	\$ 384	\$ 11,552	\$ 10,403	\$ 127,337	
Investments									\$ 280,402
Accounts receivable			28,873						40,938
Other									
Interfund receivables		1,766					6,743		
TOTAL ASSETS	<u>\$ 140,987</u>	<u>\$ 84,783</u>	<u>\$ 52,148</u>	<u>\$ 32,294</u>	<u>\$ 384</u>	<u>\$ 11,552</u>	<u>\$ 17,146</u>	<u>\$ 127,337</u>	<u>\$ 321,340</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable				12,326					
Interfund Payables									
Settlements pending									
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,326</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:									
Restricted	<u>140,987</u>	<u>84,783</u>	<u>52,148</u>	<u>19,968</u>	<u>384</u>	<u>11,552</u>	<u>17,146</u>	<u>127,337</u>	<u>321,340</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 140,987</u>	<u>\$ 84,783</u>	<u>\$ 52,148</u>	<u>\$ 32,294</u>	<u>\$ 384</u>	<u>\$ 11,552</u>	<u>\$ 17,146</u>	<u>\$ 127,337</u>	<u>\$ 321,340</u>

CITY OF MARIANNA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

	<u>TRUST FUND</u>	
	Firemen's Pension	Totals
ASSETS		
Cash and cash equivalents	\$ 0	\$ 429,249
Investments	0	280,402
Accounts receivable		40,938
Other		28,873
Interfund receivables		8,509
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 787,971</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable		\$ 12,326
Interfund Payables		
Settlements pending		-
Total Liabilities	<u>0</u>	<u>12,326</u>
Fund Balances:		
Restricted	<u>-</u>	<u>775,645</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>	<u>\$ 787,971</u>

CITY OF MARIANNA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS				
	Advertising and Promotion	Fire Equipment and Training (Act 833)	Airport	Local Police and Fire Retirement (LOPFI)	Flag Donations
REVENUES					
State aid		\$ 72,604		\$ 52,977	
Federal aid			\$ 94,583		
Sales taxes			188		
Fines, forfeitures, and costs				18,712	
Interest	\$ 505	58	40		
Advertising and promotion taxes	42,562				
Other			7,800	11,709	\$ 1
TOTAL REVENUES	43,067	72,662	102,611	83,398	1
EXPENDITURES					
Current:					
General government	7,784				
Law enforcement				129,146	
Public safety		196,636		20,338	
Social services					
Airport			107,022		
Highways and Streets					
Total Current	7,784	196,636	107,022	149,484	0
Debt Service:					
Bond principal					
Bond interest and other charges					
Note principal					
Total Debt Service:					
TOTAL EXPENDITURES	7,784	196,636	107,022	149,484	0

CITY OF MARIANNA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS				
	Advertising and Promotion	Fire Equipment and Training (Act 833)	Airport	Local Police and Fire Retirement (LOPFI)	Flag Donations
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,283	(123,974)	(4,411)	(66,086)	1
OTHER FINANCING SOURCES (USES)					
Transfers in				82,248	
Transfers out	(15,000)	(4,757)			
Contribution to Local Police and Fire Retirement System					
Payments for refunding bond					
Net bond issuance cost					
Net gain/loss on sale of investments					
TOTAL OTHER FINANCING SOURCES (USES)	(15,000)	(4,757)	0	82,248	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	20,283	(128,731)	(4,411)	16,162	1
FUND BALANCES - JANUARY 1	120,704	213,514	56,559	3,806	\$ 383
FUND BALANCES - DECEMBER 31	\$ 140,987	\$ 84,783	\$ 52,148	\$ 19,968	\$ 384

CITY OF MARIANNA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

				DEBT SERVICE FUND	TRUST FUND	
	Christmas Decoration Donations	Housing Commission	Fire Departments Savings Fund	Series 2019 Refunding Bonds	Firemen's Pension	Totals
REVENUES						
State aid					\$ 10,975	\$ 136,556
Federal aid						94,583
Sales taxes				\$ 500,545		500,733
Fines, forfeitures, and costs						18,712
Interest	\$ 16		\$ 22	164	25,924	26,729
Advertising and promotion taxes						42,562
Other	1,500	\$ 17,092	80,000		2,039	120,141
TOTAL REVENUES	1,516	17,092	80,022	500,709	38,938	940,016
EXPENDITURES						
Current:						
General government	1,000			\$ 3,450		12,234
Law enforcement						129,146
Public safety					83,555	300,529
Social services		11,306				11,306
Airport						107,022
Highways and Streets						0
Total Current	1,000	11,306	0	3,450	83,555	560,237
Debt Service:						
Bond principal				155,000		155,000
Bond interest and other charges				105,800		105,800
Note principal		5,906				5,906
Total Debt Service:		5,906		260,800		266,706
TOTAL EXPENDITURES	1,000	17,212	0	264,250	83,555	826,943

CITY OF MARIANNA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

				DEBT SERVICE FUND	TRUST FUND	
	Christmas Decoration Donations	Housing Commission	Fire Departments Savings Fund	Series 2019 Refunding Bonds	Firemen's Pension	Totals
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	516	(120)	80,022	236,459	(44,617)	113,073
OTHER FINANCING SOURCES (USES)						
Transfers in					84	82,332
Transfers out				(234,051)		(253,808)
Contribution to Local Police and Fire Retirement System					(903,542)	(903,542)
Payments for refunding bond						0
Net bond issuance cost						0
Net gain/loss on sale of investments					55,930	55,930
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	(234,051)	(847,528)	(1,019,088)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	516	(120)	80,022	2,408	(892,145)	(906,015)
FUND BALANCES - JANUARY 1	11,036	17,266	47,315	318,932	892,145	1,681,660
FUND BALANCES - DECEMBER 31	\$ 11,552	\$ 17,146	\$ 127,337	\$ 321,340	\$ 0	\$ 775,645

CITY OF MARIANNA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

Fund Name	Fund Description
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Fire Equipment and Training (Act 833)	Ark. Code Ann. § 14-284-403 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment and initial capital construction or improvements of fire departments.
Airport	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Flag Donations	Fund established to receive donations from the citizens of Marianna for the purchase, repair and installation of flags throughout the City.
Christmas Decoration Donations	Fund established to receive donations from the citizens of Marianna for the purchase, repair and installation of seasonal decorations within the City.

CITY OF MARIANNA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

Fund Name	Fund Description
Housing Commission	Fund established to receive rental income collected from the low income housing project as required by the Arkansas Development Finance Authority (ADFA) to be used for the maintenance, upkeep, and mortgage of the property.
Fire Departments Savings Fund	Fund established to provide for savings of Fire Department resources.
Series 2019 Refunding Bonds	Marianna Ordinance no. 3-26-19 March 26, 2019) authorizing the issuance of sales and use tax refunding bonds, Series 2019 for the purpose of refunding sales and use tax bond, Series 2012, and for the payment of principal of and interest on the bonds as they become due at maturity or at redemption prior to maturity and other matters relating thereto.
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 MARIANNA, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

	December 31, 2021
	<hr/>
Land	\$ 844,077
Buildings	6,931,211
Equipment	<hr/> 2,446,552
	<hr/>
Total	<u><u>\$ 10,221,840</u></u>

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

<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 1,089,251	\$ 722,965	\$ 701,865	\$ 433,034	\$ 508,907
Total Liabilities	102,068	119,021	116,466	16,490	27,371
Total Fund Balances	987,183	603,944	585,399	416,544	481,536
Total Revenues	2,819,182	2,347,460	2,485,508	2,393,363	2,180,466
Total Expenditures	2,734,531	2,500,563	2,466,748	2,597,237	2,303,845
Total Other Financing Sources/Uses	171,476	171,648	150,095	138,882	140,382
<u>Street</u>					
Total Assets	\$ 388,890	\$ 436,156	231,188	\$ 153,989	\$ 112,128
Total Liabilities	46,096	82,194	85,547	85,547	85,547
Total Fund Balances	342,794	353,962	145,641	68,442	26,581
Total Revenues	330,823	312,135	295,872	292,957	289,001
Total Expenditures	341,991	103,815	218,673	256,096	297,154
Total Other Financing Sources/Uses	0	0	0	5,000	0
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 787,971	\$ 1,691,351	1,704,719	\$ 1,715,936	\$ 1,750,411
Total Liabilities	12,326	9,691	24,564	10,902	3,072
Total Fund Balances	775,645	1,681,660	1,680,155	1,705,034	1,747,339
Total Revenues	940,016	1,056,652	796,909	727,690	1,040,567
Total Expenditures	826,943	870,313	4,252,908	565,765	901,202
Total Other Financing Sources/Uses	(1,019,088)	(184,834)	3,431,120	(204,230)	(83,189)