

City of Mena, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MENA, ARKANSAS
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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Mena, 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 Mena, 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, 2022, 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 Mena, Arkansas as of December 31, 2022; 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 Mena, Arkansas, as of December 31, 2022, 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, in 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this 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 November 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 5, 2024
LOM106322

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Mena, 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 Mena, Arkansas (City), as of and for the year ended December 31, 2022, 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 November 5, 2024. 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

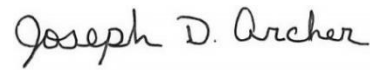
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 November 5, 2024.

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
November 5, 2024

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The finding contained in this letter relates to the following officials who held office during 2022:

Mayor: Seth Smith
Clerk/Treasurer: Linda Rexroad
District Court Clerk: Dena Ross
Police Chief: Tommy Stueart
Advertising and Promotion Commission Chairperson: Rick Chrisman
Depot Commission Chairperson: Vicki Agee
Airport Commission Chairperson: Jeremy Jones

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

Mayor and Clerk/Treasurer

In 2022, the City negotiated with a vendor to supply lockers for the Police Department at a cost of \$8,405 and subsequently paid the vendor \$4,203 in advance for half the total cost. The vendor failed to fulfill its obligation and agreed to repay the City at a rate of \$500 per month. The vendor made payments totaling \$3,500, leaving a balance due of \$703. The last payment the City received was on June 12, 2023, and based on documentation provided by the City, the City attorney is attempting to resolve the matter. The advance payment and balance due conflict with Ark. Const. art. 12, § 5, which states, in part, "No...City...shall...appropriate money for, or loan its credit to any corporation, association, institution, or individual."

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

Handwritten signature of Joseph D. Archer in black ink.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 5, 2024

CITY OF MENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 9,297,265	\$ 6,085	\$ 2,368,121
Accounts receivable	465,158	148	15,757
Interfund receivables			32,000
	<u>9,762,423</u>	<u>6,233</u>	<u>2,415,878</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 73,480	\$ 13,008	
Interfund payables	32,000		
Settlements pending			\$ 9,315
Total Liabilities	<u>105,480</u>	<u>13,008</u>	<u>9,315</u>
Fund Balances:			
Restricted			2,406,563
Committed	3,464,073		
Assigned	23,393		
Unassigned	6,169,477	(6,775)	
Total Fund Balances	<u>9,656,943</u>	<u>(6,775)</u>	<u>2,406,563</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 9,762,423</u>	<u>\$ 6,233</u>	<u>\$ 2,415,878</u>

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

CITY OF MENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 172,438	\$ 482,535	\$ 51,832
Federal aid			976,168
Property taxes	149,624	2,587	
Franchise fees	375,596		
Sales taxes	4,189,689		
Fines, forfeitures, and costs	107,611		17,669
Interest	65,885	73	4,198
Local permits and fees	34,118	3,188	
Advertising and promotion taxes			304,085
Festival income			16,878
Activity fees			37,835
Lease income			190,899
Other	40,301	88	33,443
	<u>5,135,262</u>	<u>488,471</u>	<u>1,633,007</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	606,540		
Law enforcement	1,570,816		5,607
Highways and streets		692,029	
Public safety	386,829		
Recreation and culture	975,510		154,184
Social services	57,046		
Advertising and promotion			144,965
Airport			752,831
Total Current	<u>3,596,741</u>	<u>692,029</u>	<u>1,057,587</u>
Debt Service:			
Financed purchase interest			<u>10,849</u>
TOTAL EXPENDITURES	<u>3,596,741</u>	<u>692,029</u>	<u>1,068,436</u>

CITY OF MENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,538,521	\$ (203,558)	\$ 564,571
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	191,311	
Transfers out	(191,311)		(20,000)
Contribution to water department	(59,276)		
TOTAL OTHER FINANCING SOURCES (USES)	(230,587)	191,311	(20,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,307,934	(12,247)	544,571
FUND BALANCES - JANUARY 1	8,349,009	5,472	1,861,992
FUND BALANCES - DECEMBER 31	<u>\$ 9,656,943</u>	<u>\$ (6,775)</u>	<u>\$ 2,406,563</u>

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

CITY OF MENA, 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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 258,316	\$ 172,438	\$ (85,878)	\$ 482,536	\$ 482,535	\$ (1)
Property taxes	153,380	149,624	(3,756)	8,224	2,587	(5,637)
Franchise fees	349,271	375,596	26,325			
Sales taxes	4,185,685	4,189,689	4,004			
Fines, forfeitures, and costs	100,255	107,611	7,356			
Interest	65,828	65,885	57	73	73	0
Local permits and fees	36,228	34,118	(2,110)	3,078	3,188	110
Other	79,617	40,301	(39,316)	148	88	(60)
TOTAL REVENUES	5,228,580	5,135,262	(93,318)	494,059	488,471	(5,588)
EXPENDITURES						
Current:						
General government	548,675	606,540	(57,865)			
Law enforcement	1,620,785	1,570,816	49,969			
Highways and streets				692,578	692,029	549
Public safety	384,859	386,829	(1,970)			
Recreation and culture	973,778	975,510	(1,732)			
Social services	56,865	57,046	(181)			
TOTAL EXPENDITURES	3,584,962	3,596,741	(11,779)	692,578	692,029	549
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,643,618	1,538,521	(105,097)	(198,519)	(203,558)	(5,039)
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	20,000	5,000	191,311	191,311	0
Transfers out	(191,311)	(191,311)	0			
Contribution to water department	(59,276)	(59,276)	0			
TOTAL OTHER FINANCING SOURCES (USES)	(235,587)	(230,587)	5,000	191,311	191,311	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,408,031	1,307,934	(100,097)	(7,208)	(12,247)	(5,039)
FUND BALANCES - JANUARY 1		8,349,009	8,349,009	13,292	5,472	(7,820)
FUND BALANCES - DECEMBER 31	\$ 1,408,031	\$ 9,656,943	\$ 8,248,912	\$ 6,084	\$ (6,775)	\$ (12,859)

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

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Mena 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: Mena Water Utilities and the Mena Hospital Commission. 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 and property taxes that are restricted or committed for maintaining and constructing highways and streets.

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

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

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

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government’s policy is to establish fees or charges designed to recover the cost of providing services. See Schedules 1 and 2 for the Enterprise Fund as reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for the 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.

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

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.

Settlements Pending

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

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

F. Budget Law

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

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

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

Basis of Accounting

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

CITY OF MENA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 625,222	\$ 792,873
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	10,575,000	10,575,000
Uncollateralized	469,749	682,010
Total Deposits	\$ 11,669,971	\$ 12,049,883

The above total deposits do not include cash on hand of \$1,500.

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit risk policy for custodial credit risk. As of December 31, 2022, \$682,010 of the City's bank balance of \$12,049,883 was exposed to custodial credit risk.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2022, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 13,176	\$ 38	
Franchise fees	93,105		
Sales taxes	349,144		
Fines, forfeitures, and costs	7,357		\$ 741
Local permits and fees	1,526	110	
Advertising and promotion taxes			15,016
Other	850		
Totals	<u>\$ 465,158</u>	<u>\$ 148</u>	<u>\$ 15,757</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2022, is composed of the following:

Description	General Fund	Street Fund
Vendor payables	<u>\$ 73,480</u>	<u>\$ 13,008</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund		\$ 32,000
Other Funds in the Aggregate:		
Enterprise Funds:		
Airport	<u>\$ 32,000</u>	
Totals	<u>\$ 32,000</u>	<u>\$ 32,000</u>

Interfund receivables and payables consist of errors in depositing restricted revenues. This balance was repaid on January 4, 2023.

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 1,139,026
Law enforcement			34,305
Public safety			321,416
Recreation and culture			772,363
Airport			139,453
Total Restricted			2,406,563
Committed for:			
Highways and streets	\$ 2,170,764		
Special projects	1,293,309		
Total Committed	3,464,073		
Assigned to:			
General government	1,064		
Industrial development	22,329		
Total Assigned	23,393		
Unassigned	6,169,477	\$ (6,775)	
Totals	\$ 9,656,943	\$ (6,775)	\$ 2,406,563

NOTE 8: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2022:

	December 31, 2022
Street Fund	\$ (6,775)

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for the bonded debt was \$15,066,092. 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, 2022, the legal debt limit for short-term financing obligations was \$4,189,037. The amount of short-term financing obligations, was \$241,086 leaving a legal debt margin of \$3,947,951.

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 295,566
Construction contracts	818,937
Total Commitments	\$ 1,114,503

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
<u>Direct Borrowings</u>	
Financed purchase dated November 28, 2018, with Union Bank for a \$410,000 maximum line of credit to reconstruct an airport taxiway. The note is due in a single payment of principal and accrued interest of 4.50% on March 23, 2023. As of December 31, 2022, the City has received advances of \$241,086 on the authorized line of credit.	\$ 241,086
Compensated absences consisting of accrued vacation leave adjusted to current salary cost.	54,480
Total Long-term liabilities	\$ 295,566

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

The City's outstanding direct borrowings of \$241,086 contain a provision that in the 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.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Direct Borrowings</u>					
11/28/18	3/23/23	4.50%	\$ 241,086	\$ 241,086	\$ 0

CITY OF MENA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchase	\$ 241,086	\$ 0	\$ 0	\$ 241,086

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 241,086	\$ 1,248	\$ 242,334

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2022:

Project Name	Completed	Contract Balance December 31, 2022
2018 Taxiway B Reconstruction - Phase 1 through 4	June 2023	\$ 540,380
2018 Taxiway B Reconstruction - Phase II	September 2023	151,392
2021 MEZ Airfield Pavement Rehabilitation	September 2023	127,165
Total Construction Contracts		\$ 818,937

NOTE 11: Interfund Transfers

The General Fund transferred \$191,311 to the Street Fund to supplement department operations. The Other Funds in the Aggregate (Airport) transferred \$15,000 to the General Fund to repay hangar improvement expenses incurred in 2013. Additionally, the Other Funds in the Aggregate (Jail Fee) transferred \$5,000 to the General Fund to defray the cost of incarcerating city prisoners.

NOTE 12: Joint Venture

The Eighteenth-West Judicial District Drug Crime Task Force was established under the provisions of Anti-drug Act of 1988 and Memorandum of Understanding approved each grant year. The Drug Task Force governing body consists of the Eighteenth-West Judicial District Prosecuting Attorney, Polk County Sheriff, Montgomery County Sheriff, and Mena Police Department. The term of the agreement is for the period July 1, 2022 to June 30, 2023. The agreement states that each member will contribute \$15,000 annually. In 2022, the City of Mena did not contribute to the Drug Task Force.

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13: Risk Management

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

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

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

Municipal Vehicle Program

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

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

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.

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13: Risk Management (Continued)

The City has acquired additional insurance policies pertaining to the fire department as follows: Firefighters accident and health special risk policy, policy limits are \$250,000 aggregate limit benefit and \$10,000 accidental death and dismemberment benefit.

**NOTE 14: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$24,458 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$28,104 for the year ended December 31, 2022.

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, 2022, (actuarial valuation date and measurement date) was \$551,385.

NOTE 15: 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.

CITY OF MENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 15: Arkansas Public Employees Retirement System (Continued)

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 5.25% as of July 1, 2022. 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, 2022, (date of APERS Employer Allocation Report) was \$225,839.

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, 2022, (actuarial valuation date and measurement date) was \$1,901,588.

NOTE 16: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 and Mena Ordinance no. 1012 (February 7, 1995) establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. Pursuant to Mena Ordinance no. 2111 (January 10, 2006), all future mayors will participate in the Arkansas Public Employees Retirement System. There was no actuarial valuation available for the year ended December 31, 2022. The City paid former Mayors Jerry Montgomery and Henry Sunderman, \$30,381 and \$27,732, respectively, for the year ended December 31, 2022.

NOTE 17: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The City was awarded \$1,137,423 in federal aid from the American Rescue Plan Act of 2021. As of report date, all of the awarded funds have been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 18: Subsequent Event

On April 2, 2024, the City completed the purchase of a 2023 E-One Typhoon Rescue Pumper Fire Truck from Banner Fire Equipment, Inc. in the amount of \$917,711.

CITY OF MENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

SPECIAL REVENUE FUNDS

	<u>Fire Protection Services</u>	<u>District Court Automation</u>	<u>Drug Control</u>	<u>Jail Fee</u>	<u>Advertising and Promotion</u>	<u>Depot Commission</u>	<u>American Rescue Plan Act</u>
ASSETS							
Cash and cash equivalents	\$ 321,416	\$ 21,642	\$ 10,678	\$ 1,244	\$ 744,708	\$ 12,639	\$ 1,139,026
Accounts receivable		595		146	15,016		
Interfund receivables							
TOTAL ASSETS	<u>\$ 321,416</u>	<u>\$ 22,237</u>	<u>\$ 10,678</u>	<u>\$ 1,390</u>	<u>\$ 759,724</u>	<u>\$ 12,639</u>	<u>\$ 1,139,026</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending							
Fund Balances:							
Restricted	<u>\$ 321,416</u>	<u>\$ 22,237</u>	<u>\$ 10,678</u>	<u>\$ 1,390</u>	<u>\$ 759,724</u>	<u>\$ 12,639</u>	<u>\$ 1,139,026</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 321,416</u>	<u>\$ 22,237</u>	<u>\$ 10,678</u>	<u>\$ 1,390</u>	<u>\$ 759,724</u>	<u>\$ 12,639</u>	<u>\$ 1,139,026</u>

CITY OF MENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	ENTERPRISE FUND	CUSTODIAL FUNDS				Totals
	Airport	Administration of Justice	Payroll	Bond and Fine	District Court	
ASSETS						
Cash and cash equivalents	\$ 107,453	\$ 1	\$ 4,185	\$ 2,079	\$ 3,050	\$ 2,368,121
Accounts receivable						15,757
Interfund receivables	32,000					32,000
TOTAL ASSETS	<u>\$ 139,453</u>	<u>\$ 1</u>	<u>\$ 4,185</u>	<u>\$ 2,079</u>	<u>\$ 3,050</u>	<u>\$ 2,415,878</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Settlements pending		<u>\$ 1</u>	<u>\$ 4,185</u>	<u>\$ 2,079</u>	<u>\$ 3,050</u>	<u>\$ 9,315</u>
Fund Balances:						
Restricted	<u>\$ 139,453</u>					<u>2,406,563</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 139,453</u>	<u>\$ 1</u>	<u>\$ 4,185</u>	<u>\$ 2,079</u>	<u>\$ 3,050</u>	<u>\$ 2,415,878</u>

CITY OF MENA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	ENTERPRISE FUND	Totals	
	Fire Protection Services	District Court Automation	Drug Control	Jail Fee	Advertising and Promotion	Depot Commission	American Rescue Plan Act	Airport Construction		
REVENUES										
State aid	\$ 49,975				\$ 1,857				\$ 51,832	
Federal aid							\$ 568,708	\$ 88,869	\$ 318,591	976,168
Fines, forfeitures, and costs		\$ 8,833	\$ 6,869	\$ 1,967					17,669	
Interest	698	53	20		1,788		1,482		157	4,198
Advertising and promotion taxes					304,085					304,085
Festival income					16,878					16,878
Activity fees					37,835					37,835
Lease income									190,899	190,899
Other					4,394	\$ 2,797			26,252	33,443
TOTAL REVENUES	50,673	8,886	6,889	1,967	366,837	2,797	570,190	88,869	535,899	1,633,007
EXPENDITURES										
Current:										
Law enforcement		5,607								5,607
Recreation and culture					152,934	1,250				154,184
Advertising and promotion					144,965					144,965
Airport								88,871	663,960	752,831
Total Current		5,607			297,899	1,250		88,871	663,960	1,057,587
Debt Service:										
Financed purchase interest									10,849	10,849
TOTAL EXPENDITURES		5,607			297,899	1,250		88,871	674,809	1,068,436
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,673	3,279	6,889	1,967	68,938	1,547	570,190	(2)	(138,910)	564,571
OTHER FINANCING SOURCES (USES)										
Transfers out				(5,000)					(15,000)	(20,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	50,673	3,279	6,889	(3,033)	68,938	1,547	570,190	(2)	(153,910)	544,571
FUND BALANCES - JANUARY 1	270,743	18,958	3,789	4,423	690,786	11,092	568,836	2	293,363	1,861,992
FUND BALANCES - DECEMBER 31	<u>\$ 321,416</u>	<u>\$ 22,237</u>	<u>\$ 10,678</u>	<u>\$ 1,390</u>	<u>\$ 759,724</u>	<u>\$ 12,639</u>	<u>\$ 1,139,026</u>	<u>\$ 0</u>	<u>\$ 139,453</u>	<u>\$ 2,406,563</u>

CITY OF MENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Fire Protection Services	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Jail Fee	Ark. Code Ann. § 16-17-129 and Mena Ordinance no. 2064 (October 14, 2003) established fund to impose an additional fine of five dollars to help defray the cost of incarcerating city prisoners.
Advertising and Promotion	Ark. Code Ann § 26-75-606 and Mena Ordinance no. 2049 (March 24, 2003) as amended by Mena Ordinance no. 2109 (December 13, 2005) 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.
Depot Commission	Established by Mena Ordinance no. 813 (March 4, 1986) to receive donations to be used for the operation of the historic depot building.
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.
Airport Construction	Established to account for airport capital projects funded by state and federal grants.
Airport	Ark. Code Ann §§ 14-359-101 - 121 and Mena Ordinance no. 898 (January 24, 1990) established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport, 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.

CITY OF MENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
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	Established by the City for the purpose of accounting for payroll transactions from the various city funds.
Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF MENA, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)

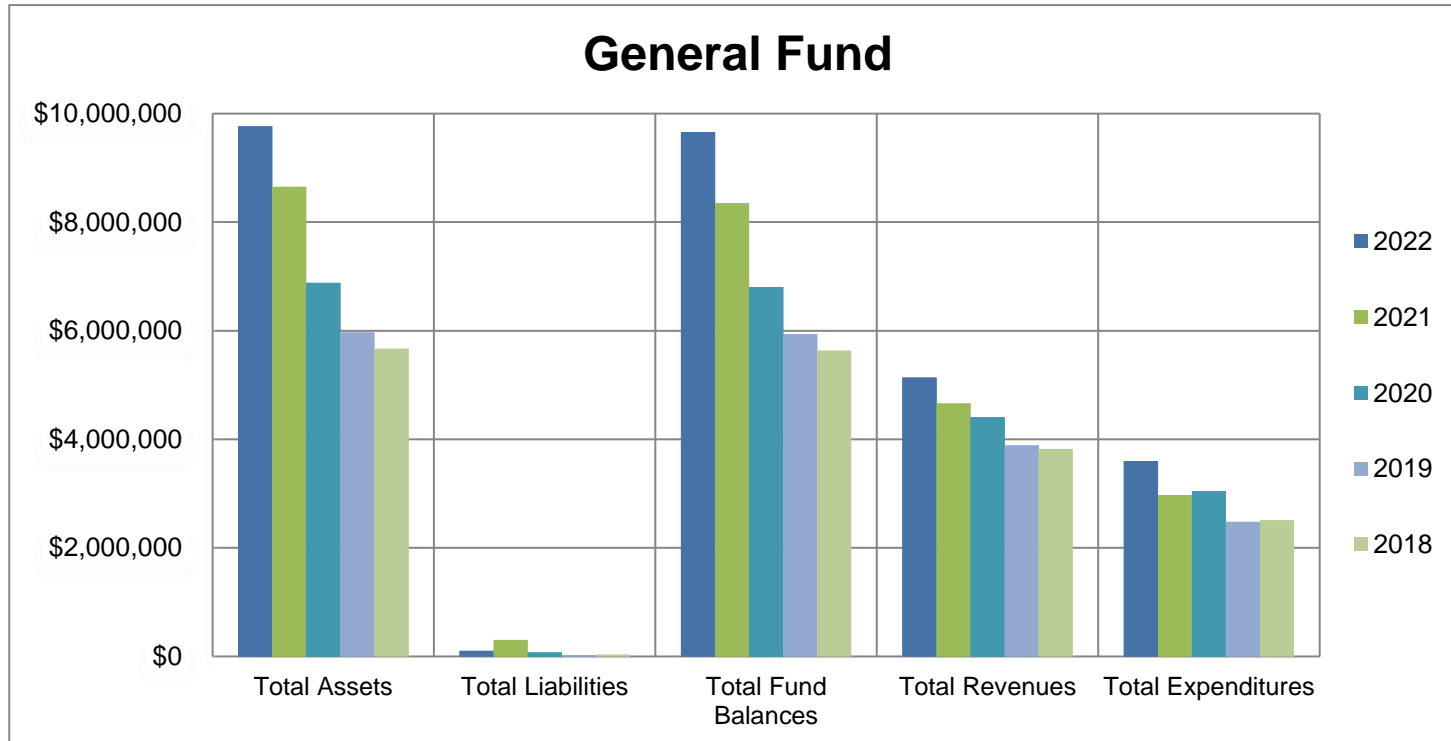
Schedule 3

	December 31, 2022
Land and buildings	\$ 6,296,876
Improvements	21,947,279
Equipment	4,178,676
Construction in progress	<u>4,500,154</u>
Total	<u>\$ 36,922,985</u>

CITY OF MENA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-1

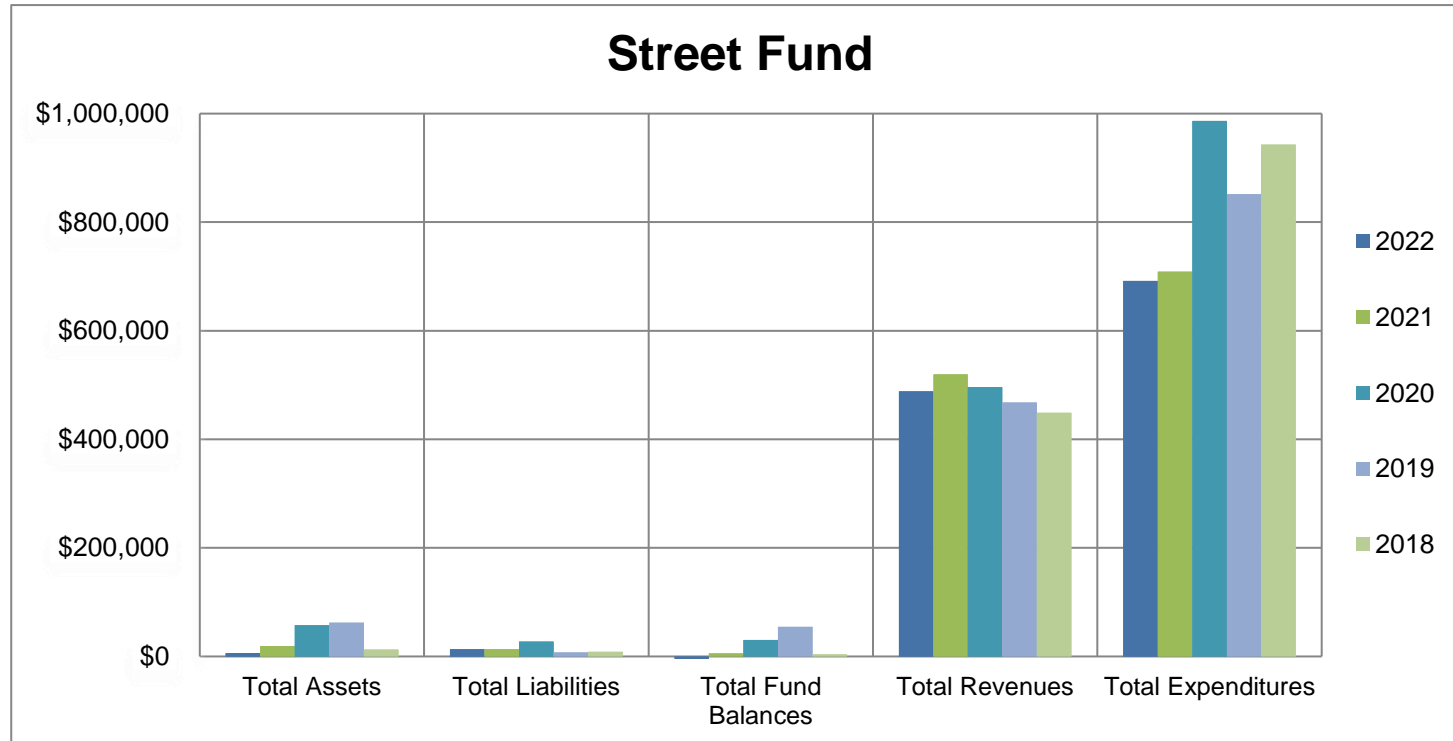
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 9,762,423	\$ 8,650,033	\$ 6,883,101	\$ 5,969,767	\$ 5,669,397
Total Liabilities	105,480	301,024	75,794	28,097	35,320
Total Fund Balances	9,656,943	8,349,009	6,807,307	5,941,670	5,634,077
Total Revenues	5,135,262	4,657,784	4,407,079	3,885,329	3,821,139
Total Expenditures	3,596,741	2,972,259	3,045,854	2,479,549	2,510,177
Total Other Financing Sources/Uses	(230,587)	(143,823)	(495,588)	(1,098,187)	(621,121)



CITY OF MENA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-2

<u>Street</u>	2022	2021	2020	2019	2018
Total Assets	\$ 6,233	\$ 19,027	\$ 57,792	\$ 62,390	\$ 12,437
Total Liabilities	13,008	13,555	27,602	7,560	8,336
Total Fund Balances	(6,775)	5,472	30,190	54,830	4,101
Total Revenues	488,471	519,402	495,800	467,618	449,165
Total Expenditures	692,029	708,745	986,419	851,537	943,139
Total Other Financing Sources/Uses	191,311	164,625	465,979	434,648	490,946



CITY OF MENA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 2,415,878	\$ 1,871,531	\$ 1,088,235	\$ 972,960	\$ 1,315,741
Total Liabilities	9,315	9,539	11,007	90,600	277,040
Total Fund Balances	2,406,563	1,861,992	1,077,228	882,360	1,038,701
Total Revenues	1,633,007	1,893,344	4,750,733	2,810,994	1,221,326
Total Expenditures	1,068,436	1,093,580	4,592,207	3,749,199	1,213,493
Total Other Financing Sources/Uses	(20,000)	(15,000)	36,342	781,864	93,743

