

City of Mena, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MENA, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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Arkansas



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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Mena, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated July 28, 2025. These procedures were not performed for the Mena Water Utilities and Mena Hospital Commission. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relates to the following officials who held office during 2023:

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

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the office of **Airport Commission**.

Airport Commission

Fixed asset records were established, but did not include additions, deletions, control totals, and amounts, as required by Ark. Code Ann. § 14-59-107.

The Statement of Revenue and Expenditures provided did not include all items of revenue and expenditures and was not properly reconciled with bank deposits and withdrawals, in noncompliance with Ark. Code Ann. §§ 14-59-108, 110, 111.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White", written over a horizontal line.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
July 28, 2025
LOM106323

CITY OF MENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 10,581,511	\$ 6,835	\$ 1,263,938
Accounts receivable	498,548	121	149,375
Interfund receivables			43,001
	<u>11,080,059</u>	<u>6,956</u>	<u>1,456,314</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 274,586	\$ 23,867	\$ 22,651
Interfund payables	43,001		
Settlements pending			45,148
Total Liabilities	<u>317,587</u>	<u>23,867</u>	<u>67,799</u>
Fund Balances:			
Restricted			1,388,515
Committed	1,763,911		
Assigned	24,718		
Unassigned	8,973,843	(16,911)	
Total Fund Balances	<u>10,762,472</u>	<u>(16,911)</u>	<u>1,388,515</u>
	<u>\$ 11,080,059</u>	<u>\$ 6,956</u>	<u>\$ 1,456,314</u>
TOTAL LIABILITIES AND FUND BALANCES			

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, 2023
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 94,125	\$ 471,469	\$ 649,992
Federal aid			329,062
Property taxes	155,507	169	
Franchise fees	374,447		
Sales taxes	4,287,415		
Fines, forfeitures, and costs	131,313		12,504
Interest	353,436	1,353	56,830
Local permits and fees	22,331	3,155	
Advertising and promotion taxes			301,341
Festival income			19,583
Activity fees			41,440
Lease income			180,785
Fuel income			218,050
Other	176,967	750	70,798
TOTAL REVENUES	5,595,541	476,896	1,880,385
EXPENDITURES			
Current:			
General government	697,284		
Law enforcement	1,687,449		8,436
Highways and streets		1,912,200	
Public safety	379,856		190,137
Recreation and culture	1,467,508		136,372
Social services	7,795		79,772
Advertising and promotion			179,116
Airport			1,163,986
Total Current	4,239,892	1,912,200	1,757,819
Debt Service:			
Line of credit principal			241,086
Line of credit interest			7,401
TOTAL EXPENDITURES	4,239,892	1,912,200	2,006,306

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,355,649</u>	<u>\$ (1,435,304)</u>	<u>\$ (125,921)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,175,048	1,425,168	
Transfers out	(1,425,168)		(1,175,048)
Proceeds from line of credit			282,921
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,120)</u>	<u>1,425,168</u>	<u>(892,127)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,105,529	(10,136)	(1,018,048)
FUND BALANCES - JANUARY 1	<u>9,656,943</u>	<u>(6,775)</u>	<u>2,406,563</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 10,762,472</u></u>	<u><u>\$ (16,911)</u></u>	<u><u>\$ 1,388,515</u></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, 2023
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 208,603	\$ 94,125	\$ (114,478)	\$ 471,469	\$ 471,469	\$ 0
Property taxes	164,385	155,507	(8,878)	208	169	(39)
Franchise fees	397,236	374,447	(22,789)			
Sales taxes	4,260,284	4,287,415	27,131			
Fines, forfeitures, and costs	391,546	131,313	(260,233)			
Interest	131,884	353,436	221,552	1,353	1,353	0
Local permits and fees	21,594	22,331	737	3,145	3,155	10
Other	179,132	176,967	(2,165)	750	750	0
TOTAL REVENUES	5,754,664	5,595,541	(159,123)	476,925	476,896	(29)
EXPENDITURES						
Current:						
General government	585,273	697,284	(112,011)			
Law enforcement	1,770,301	1,687,449	82,852			
Highways and streets				1,901,342	1,912,200	(10,858)
Public safety	379,997	379,856	141			
Recreation and culture	1,293,824	1,467,508	(173,684)			
Social services	7,873	7,795	78			
Advertising and promotion	24,477		24,477			
Airport	36,913		36,913			
TOTAL EXPENDITURES	4,098,658	4,239,892	(141,234)	1,901,342	1,912,200	(10,858)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,656,006	1,355,649	(300,357)	(1,424,417)	(1,435,304)	(10,887)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,152,423	1,175,048	22,625	1,425,168	1,425,168	0
Transfers out	(1,425,168)	(1,425,168)	0			
TOTAL OTHER FINANCING SOURCES (USES)	(272,745)	(250,120)	22,625	1,425,168	1,425,168	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,383,261	1,105,529	(277,732)	751	(10,136)	(10,887)
FUND BALANCES - JANUARY 1	9,290,045	9,656,943	366,898	6,085	(6,775)	(12,860)
FUND BALANCES - DECEMBER 31	\$ 10,673,306	\$ 10,762,472	\$ 89,166	\$ 6,836	\$ (16,911)	\$ (23,747)

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

CITY OF MENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS						ENTERPRISE FUND
	Fire Protection Services	District Court Automation	Drug Control	Jail Fee	Advertising and Promotion	Depot Commission	Airport
ASSETS							
Cash and cash equivalents	\$ 195,286	\$ 25,107	\$ 10,588	\$ 3,766	\$ 826,218	\$ 13,359	\$ 144,466
Accounts receivable					12,179		137,196
Interfund receivables							43,001
TOTAL ASSETS	\$ 195,286	\$ 25,107	\$ 10,588	\$ 3,766	\$ 838,397	\$ 13,359	\$ 324,663
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 22,651
Settlements pending							
Total Liabilities							<u>22,651</u>
Fund Balances:							
Restricted	\$ 195,286	\$ 25,107	\$ 10,588	\$ 3,766	\$ 838,397	\$ 13,359	<u>302,012</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 195,286	\$ 25,107	\$ 10,588	\$ 3,766	\$ 838,397	\$ 13,359	\$ 324,663

CITY OF MENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	CUSTODIAL FUNDS				
	Administration of Justice	Payroll	Bond and Fine	District Court	Totals
ASSETS					
Cash and cash equivalents	\$ 140	\$ 5,500	\$ 10	\$ 39,498	\$ 1,263,938
Accounts receivable					149,375
Interfund receivables					43,001
	<u>140</u>	<u>5,500</u>	<u>10</u>	<u>39,498</u>	<u>1,456,314</u>
TOTAL ASSETS	<u>\$ 140</u>	<u>\$ 5,500</u>	<u>\$ 10</u>	<u>\$ 39,498</u>	<u>\$ 1,456,314</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 22,651
Settlements pending	\$ 140	\$ 5,500	\$ 10	\$ 39,498	45,148
Total Liabilities	<u>140</u>	<u>5,500</u>	<u>10</u>	<u>39,498</u>	<u>67,799</u>
Fund Balances:					
Restricted					<u>1,388,515</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 140</u>	<u>\$ 5,500</u>	<u>\$ 10</u>	<u>\$ 39,498</u>	<u>\$ 1,456,314</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, 2023
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							ENTERPRISE FUND		
	Fire Protection Services	District Court Automation	Drug Control	Jail Fee	Advertising and Promotion	Depot Commission	American Rescue Plan Act	Senior Citizens Grant	Airport	Totals
REVENUES										
State aid	\$ 54,966				\$ 1,800			\$ 79,772	\$ 513,454	\$ 649,992
Federal aid									329,062	329,062
Fines, forfeitures, and costs		\$ 10,201	\$ 11	\$ 2,292						12,504
Interest	9,041	725	279	84	22,304		\$ 21,022		3,375	56,830
Advertising and promotion taxes					301,341					301,341
Festival income					19,583					19,583
Activity fees					41,440					41,440
Lease income									180,785	180,785
Fuel income									218,050	218,050
Other					5,321	\$ 3,092			62,385	70,798
TOTAL REVENUES	64,007	10,926	290	2,376	391,789	3,092	21,022	79,772	1,307,111	1,880,385
EXPENDITURES										
Current:										
Law enforcement		8,056	380							8,436
Public safety	190,137									190,137
Recreation and culture					134,000	2,372				136,372
Social services								79,772		79,772
Advertising and promotion					179,116					179,116
Airport									1,163,986	1,163,986
Total Current	190,137	8,056	380		313,116	2,372		79,772	1,163,986	1,757,819
Debt Service:										
Line of credit principal									241,086	241,086
Line of credit interest									7,401	7,401
TOTAL EXPENDITURES	190,137	8,056	380		313,116	2,372		79,772	1,412,473	2,006,306
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,130)	2,870	(90)	2,376	78,673	720	21,022		(105,362)	(125,921)
OTHER FINANCING SOURCES (USES)										
Transfers out							(1,160,048)		(15,000)	(1,175,048)
Proceeds from line of credit									282,921	282,921
TOTAL OTHER FINANCING SOURCES (USES)							(1,160,048)		267,921	(892,127)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(126,130)	2,870	(90)	2,376	78,673	720	(1,139,026)		162,559	(1,018,048)
FUND BALANCES - JANUARY 1	321,416	22,237	10,678	1,390	759,724	12,639	1,139,026		139,453	2,406,563
FUND BALANCES - DECEMBER 31	\$ 195,286	\$ 25,107	\$ 10,588	\$ 3,766	\$ 838,397	\$ 13,359	\$ 0	\$ 0	\$ 302,012	\$ 1,388,515

CITY OF MENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023
(UNAUDITED)

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.
Senior Citizens Grant	Established to receive and disburse grant proceeds from the Arkansas Economic Development Commission to benefit the Senior Citizen's Center.

CITY OF MENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
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 GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

1. **A. 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. The Special Revenue Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

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. The Enterprise Fund presented on Schedules 1 and 2 is 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). The Custodial Funds presented on Schedule 1 are reported with other funds in the aggregate.

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

1. (Continued)

B. 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.

C. 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.

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.

D. 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 MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

1. (Continued)

E. 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.

F. 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.

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

2. Details of Fund Balance Classifications

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

<u>Description</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
Restricted for:			
Law enforcement			\$ 39,461
Public safety			195,286
Recreation and culture			851,756
Airport			<u>302,012</u>
Total Restricted			<u>1,388,515</u>
Committed for:			
Highways and streets	\$ 844,189		
Special Projects	<u>919,722</u>		
Total Committed	<u>1,763,911</u>		
Assigned to:			
General government	1,746		
Industrial development	<u>22,972</u>		
Total Assigned	<u>24,718</u>		
Unassigned	<u>8,973,843</u>	<u>\$ (16,911)</u>	
Totals	<u>\$ 10,762,472</u>	<u>\$ (16,911)</u>	<u>\$ 1,388,515</u>

3. Commitments

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

	<u>December 31, 2023</u>
Long-term liabilities	\$ 341,939
Construction contracts	<u>4,486,585</u>
Total Commitments	<u>\$ 4,828,524</u>

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2023
<u>Direct Borrowings</u>	
On June 22, 2023, the city entered into an agreement with Chambers Bank for a \$500,000 maximum line of credit to reconstruct an airport taxiway. The agreement stipulated a single payment of principal and accrued interest of 4.93% will be due on June 22, 2024. As of December 31, 2023, the City has received advances of \$282,921 on the authorized line of credit. Payments are to be made from the Airport Fund.	\$ 282,921
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	59,018
Total Long-term liabilities	\$ 341,939

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 \$282,921 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.

Change in Compensated Absences

	December 31, 2023
Beginning balance compensated absences	\$ 54,480
Ending balance compensated absences	59,018
Net increase (decrease)	\$ 4,538

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Direct Borrowings</u>					
6/22/23	6/22/24	4.93%	\$ 282,921	\$ 282,921	\$ 0

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

3. Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
<u>Direct Borrowings</u>				
Line of credit	\$ 241,086	\$ 282,921	\$ 241,086	\$ 282,921

Debt Service Requirements to Maturity

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

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2024	\$ 282,921	\$ 7,681	\$ 290,602

Construction Contracts

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

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2023
Taxiway C Extension & Reconstruction	June 2025	\$ 4,112,035
Progressive Bike Trail	December 2025	374,550
Total Construction Contracts		\$ 4,486,585

4. Interfund Transfers

The General Fund transferred \$1,425,168 to the Street Fund to supplement operations. The Other Funds in the Aggregate, Airport and American Rescue Plan Act, transferred \$15,000 and \$1,160,048, respectively, to the General Fund to reimburse prior year expenditures.

5. Joint Venture

The Eighteenth-West Judicial District Drug Crime Task Force (Drug 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, 2023 to June 30, 2024. The agreement states that each member will contribute \$15,000 annually. In 2023, the City of Mena did not contribute to the Drug Task Force.

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

**6. 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 \$23,261 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$28,105 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$459,599.

7. Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$267,328.

CITY OF MENA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

7. Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$2,294,310.

8. 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, 2023. The City paid former Mayors Jerry Montgomery and Henry Sunderman, \$31,292 and \$28,494, respectively, for the year ended December 31, 2023.

9. Capital Assets

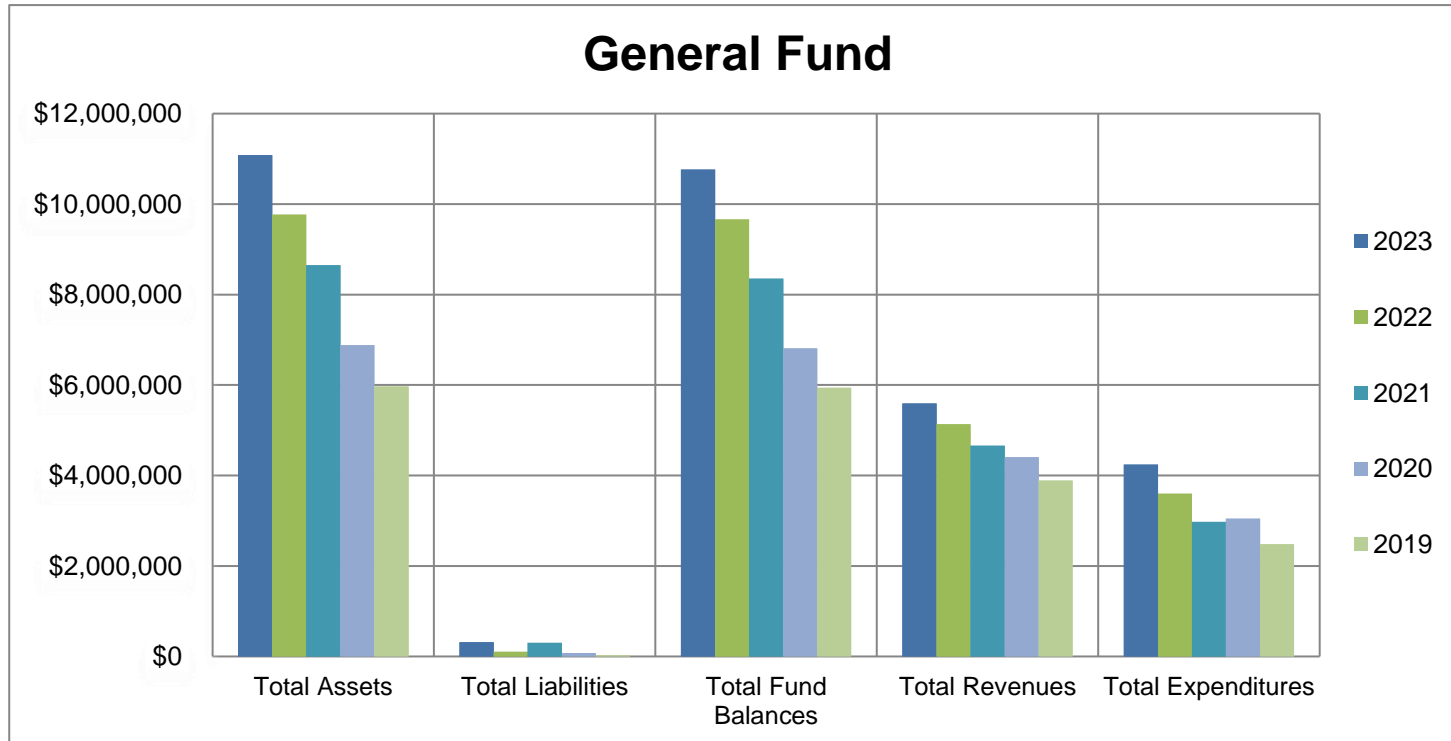
The Municipality's capital assets records are summarized below :

	December 31, 2023
Land and buildings	\$ 6,296,876
Improvements	29,154,483
Equipment	5,625,776
Construction in progress	2,674
Total	\$ 41,079,809

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

Schedule 3-1

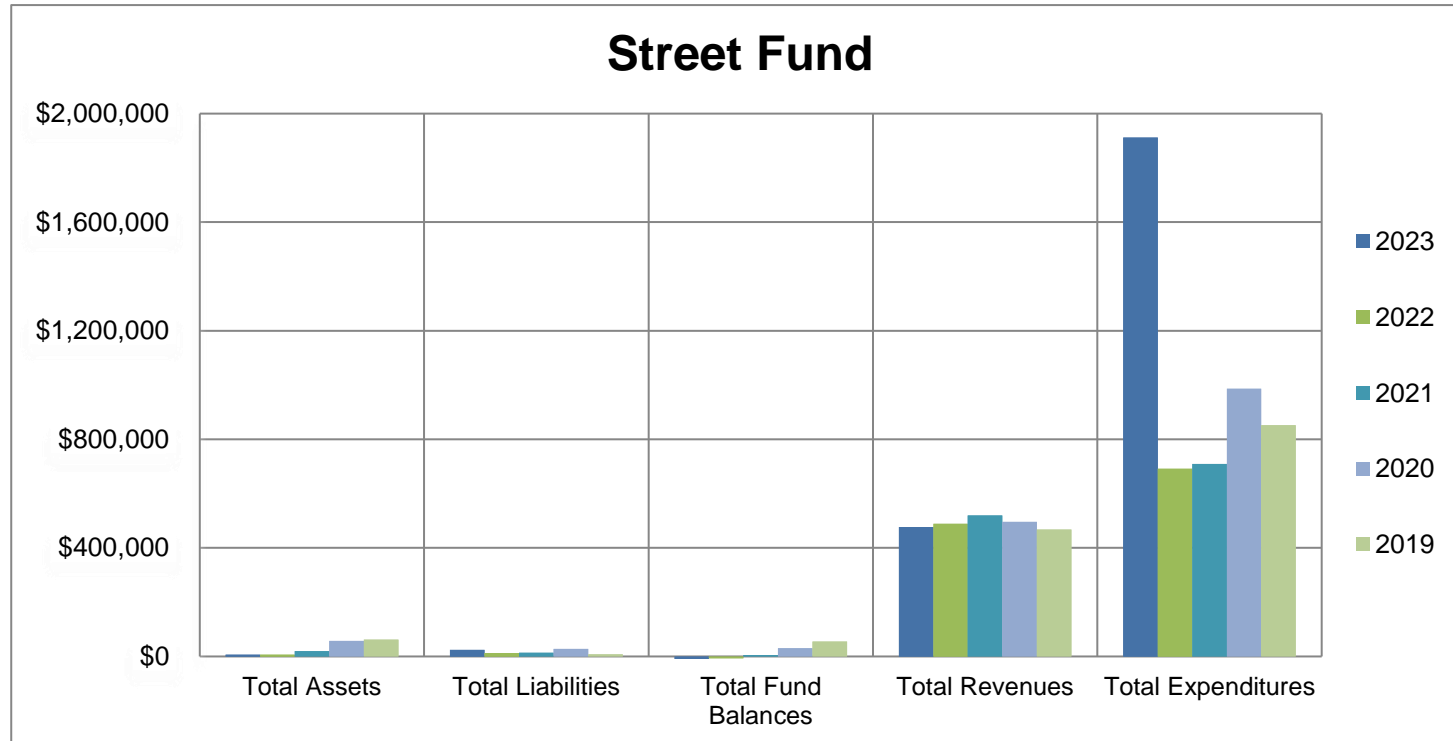
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 11,080,059	\$ 9,762,423	\$ 8,650,033	\$ 6,883,101	\$ 5,969,767
Total Liabilities	317,587	105,480	301,024	75,794	28,097
Total Fund Balances	10,762,472	9,656,943	8,349,009	6,807,307	5,941,670
Total Revenues	5,595,541	5,135,262	4,657,784	4,407,079	3,885,329
Total Expenditures	4,239,892	3,596,741	2,972,259	3,045,854	2,479,549
Total Other Financing Sources/Uses	(250,120)	(230,587)	(143,823)	(495,588)	(1,098,187)



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

Schedule 3-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 6,956	\$ 6,233	\$ 19,027	\$ 57,792	\$ 62,390
Total Liabilities	23,867	13,008	13,555	27,602	7,560
Total Fund Balances	(16,911)	(6,775)	5,472	30,190	54,830
Total Revenues	476,896	488,471	519,402	495,800	467,618
Total Expenditures	1,912,200	692,029	708,745	986,419	851,537
Total Other Financing Sources/Uses	1,425,168	191,311	164,625	465,979	434,648



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 1,456,314	\$ 2,415,878	\$ 1,871,531	\$ 1,088,235	\$ 972,960
Total Liabilities	67,799	9,315	9,539	11,007	90,600
Total Fund Balances	1,388,515	2,406,563	1,861,992	1,077,228	882,360
Total Revenues	1,880,385	1,633,007	1,893,344	4,750,733	2,810,994
Total Expenditures	2,006,306	1,068,436	1,093,580	4,592,207	3,749,199
Total Other Financing Sources/Uses	(892,127)	(20,000)	(15,000)	36,342	781,864

