

City of Monticello, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MONTICELLO, ARKANSAS
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Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Monticello, 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 Monticello, 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, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified 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 Monticello, Arkansas as of December 31, 2021; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on 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 Monticello, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Regulatory Basis 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. 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 September 6, 2022, 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



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
September 6, 2022
LOM106421

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
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 Monticello, 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 Monticello, Arkansas (City), as of and for the year ended December 31, 2021, 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 September 6, 2022. 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 September 6, 2022.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 6, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Paige Chase
Finance Director: Vickie Norris
City Clerk: Jessica Hylton
District Court Clerk: Julie Watkins
Police Chief: Jason Akers

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.

District Court Clerk

The balance remaining in the bank at December 31, 2021, was \$7,619 less than the listing of receipts issued for cases not yet adjudicated and payments on unpaid time pay accounts, in noncompliance with Ark. Code Ann. § 16-10-209. This is a decrease of \$506 from December 31, 2020. A similar finding was noted in the previous report.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Marti Steel".

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 6, 2022

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 4,746,529	\$ 2,469,178	\$ 2,768,162
Investments	3,745		403
Accounts receivable	480,579		34,666
	<u>5,230,853</u>	<u>2,469,178</u>	<u>2,803,231</u>
TOTAL ASSETS	<u>\$ 5,230,853</u>	<u>\$ 2,469,178</u>	<u>\$ 2,803,231</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 49,672	\$ 2,493	\$ 63,894
Settlements pending			158,342
Total Liabilities	<u>49,672</u>	<u>2,493</u>	<u>222,236</u>
Fund Balances:			
Restricted		1,813,130	2,326,135
Assigned	3,780,550	653,555	254,860
Unassigned	1,400,631		
Total Fund Balances	<u>5,181,181</u>	<u>2,466,685</u>	<u>2,580,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,230,853</u>	<u>\$ 2,469,178</u>	<u>\$ 2,803,231</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 202,175	\$ 759,774	\$ 487,030
Federal aid	451,584		1,215,719
Property taxes	191,969	58,620	42,589
Franchise fees	426,172		
Sales taxes	4,457,730		
Fines, forfeitures, and costs	416,094		68,505
Interest	9,927	5,213	4,815
Local permits and fees	28,333		
Advertising and promotion taxes			111,661
Alcohol beverage revenue	23,961		
Airport fees			86,971
Airport fuel sales			221,991
Reimbursements for senior citizen center meals			107,705
Employee contributions			36,815
Employer contributions			37,000
Net increase/(decrease) in fair value of investments			(17)
Other	303,385	20,377	59,283
TOTAL REVENUES	6,511,330	843,984	2,480,067
EXPENDITURES			
Current:			
General government	706,615		309,659
Law enforcement	2,030,700		67,105
Highways and streets		521,007	
Public safety	1,151,255		127,137
Recreation and culture	765,825		278,446
Social services			331,157
Advertising and promotion			97,198
Economic development	275,000		
Airport			642,361
Cemetery			63,521
Total Current	4,929,395	521,007	1,916,584
Debt Service:			
Lease principal	124,356		
Lease interest	7,496		
TOTAL EXPENDITURES	5,061,247	521,007	1,916,584

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,450,083</u>	<u>\$ 322,977</u>	<u>\$ 563,483</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		400,000	431,990
Transfers out	(716,990)		(115,000)
Contribution to water department	(170,109)		
Contribution from water department	133,234		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(753,865)</u>	<u>400,000</u>	<u>316,990</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	696,218	722,977	880,473
FUND BALANCES - JANUARY 1,	<u>4,484,963</u>	<u>1,743,708</u>	<u>1,700,522</u>
FUND BALANCES - DECEMBER 31	<u>\$ 5,181,181</u>	<u>\$ 2,466,685</u>	<u>\$ 2,580,995</u>

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 202,174	\$ 202,175	\$ 1	\$ 759,773	\$ 759,774	\$ 1
Federal aid	1,419,887	451,584	(968,303)			
Property taxes	191,968	191,969	1	58,619	58,620	1
Franchise fees	527,092	426,172	(100,920)			
Sales taxes	4,405,945	4,457,730	51,785			
Fines, forfeitures, and costs	404,864	416,094	11,230			
Interest	13,123	9,927	(3,196)	5,649	5,213	(436)
Local permits and fees	28,058	28,333	275			
Alcohol beverage revenue	23,960	23,961	1			
Other	435,644	303,385	(132,259)	20,091	20,377	286
TOTAL REVENUES	7,652,715	6,511,330	(1,141,385)	844,132	843,984	(148)
EXPENDITURES						
Current:						
General government	755,955	706,615	49,340			
Law enforcement	2,142,170	2,030,700	111,470			
Highways and streets				521,756	521,007	749
Public safety	1,243,692	1,151,255	92,437			
Recreation and culture	865,538	765,825	99,713			
Economic development	280,567	275,000	5,567			
Total Current	5,287,922	4,929,395	358,527	521,756	521,007	749
Debt Service:						
Lease principal		124,356	(124,356)			
Lease interest		7,496	(7,496)			
TOTAL EXPENDITURES	5,287,922	5,061,247	226,675	521,756	521,007	749
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,364,793	1,450,083	(914,710)	322,376	322,977	601
OTHER FINANCING SOURCES (USES)						
Transfers in	2,550		(2,550)	400,285	400,000	(285)
Transfers out	(1,763,770)	(716,990)	1,046,780			
Contribution to water department		(170,109)	(170,109)			
Contribution from water department	140,000	133,234	(6,766)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,621,220)	(753,865)	867,355	400,285	400,000	(285)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	743,573	696,218	(47,355)	722,661	722,977	316
FUND BALANCES - JANUARY 1,	87,683	4,484,963	4,397,280	15,722	1,743,708	1,727,986
FUND BALANCES - DECEMBER 31	\$ 831,256	\$ 5,181,181	\$ 4,349,925	\$ 738,383	\$ 2,466,685	\$ 1,728,302

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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 reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings, and certificates of deposit with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Settlements Pending

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

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

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. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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

There were no committed fund balances at year end.

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)	\$ 860,273	\$ 860,781
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	9,123,265	9,216,929
Total Deposits	<u>\$ 9,983,538</u>	<u>\$ 10,077,710</u>

The above total deposits do not include cash on hand of \$331.

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 MONTICELLO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: Accounts Receivable

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

Description	General Fund	Other Funds in the Aggregate
State aid		\$ 15,043
Franchise fees	\$ 32,286	
Sales taxes	399,856	
Fines, forfeitures, and costs	28,715	2,603
Local permits and fees	275	
Advertising and promotion taxes		7,918
Airport fees		4,840
Reimbursements for senior citizen center meals		3,581
Other	19,447	681
Totals	<u>\$ 480,579</u>	<u>\$ 34,666</u>

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 49,672</u>	<u>\$ 2,493</u>	<u>\$ 63,894</u>

NOTE 6: Federal Funds Program Compliance

The grants of the U.S. Department of Transportation Federal Aviation Administration, Family First Coronavirus Recovery Act (FFCRA), U.S. Department of Transportation, USDA Rural Development (Community Facilities Grant), American Rescue Plan Act of 2021, Highway Safety Subgrant, Justice Assistance Grant and Coronavirus Emergency Supplemental Funding were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City. On May 5, 2022, the city contracted with a CPA firm to perform the federal audit.

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

NOTE 7: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 661,232
Law enforcement			260,766
Highways and streets		\$ 1,813,130	
Public safety			58,829
Recreation and culture			1,588
Advertising and promotion			1,079,569
Airport			140,892
Capital outlay			123,259
Total Restricted		<u>1,813,130</u>	<u>2,326,135</u>
Assigned to:			
General government	\$ 3,531,899		
Law enforcement	33,228		76,336
Highways and streets		653,555	
Recreation and culture	215,423		
Social services			155,411
Cemetery			23,113
Total Assigned	<u>3,780,550</u>	<u>653,555</u>	<u>254,860</u>
Unassigned	<u>1,400,631</u>		
Totals	<u>\$ 5,181,181</u>	<u>\$ 2,466,685</u>	<u>\$ 2,580,995</u>

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$20,481,889. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$5,440,499. The amount of short-term financing obligations was \$128,050, leaving a legal debt margin of \$5,312,449.

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

NOTE 9: Commitments

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

	December 31, 2021
Long-term liabilities	\$ 133,718
Construction contracts	317,714
Total Commitments	<u>\$ 451,432</u>

Long-term liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

	December 31, 2021
<u>Direct Borrowings</u>	
Lease-purchase agreement dated March 17, 2017, with PNC Equipment Finance, LLC in the amount of \$603,015, with interest rate of 2.97% for the purchase of a 2018 Pierce Enforcer 107' Ascendant Ladder Fire Truck. Annual payments of \$131,853 for 5 years. Payments are to be made from the General Fund (1998 One-Cent Sales Tax).	\$ 128,050
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	5,668
Total Long-term liabilities	<u>\$ 133,718</u>

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

The City's outstanding leases from direct borrowings of \$128,050 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2021	Maturities to December 31, 2021
<u>Direct Borrowings</u>					
3/17/17	3/17/22	2.97%	<u>\$ 603,015</u>	<u>\$ 128,050</u>	<u>\$ 474,965</u>

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

NOTE 9: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
<u>Direct Borrowings</u>				
Capital leases	\$ 252,406	\$ 0	\$ 124,356	\$ 128,050

Debt Service Requirements to Maturity

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

Years Ending December 31,	Principal	Interest	Total
2022	\$ 128,050	\$ 3,803	\$ 131,853

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2021:

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2021
Sidewalk Project - 425/278	December 2023	\$ 207,000
Airport Drainage Project	December 2022	44,125
Sidewalk Project - Library/Jordan Park	December 2023	2,790
Old Post Office Exterior Masonry Repair	December 2022	63,799
Total Construction Contracts		\$ 317,714

NOTE 10: Interfund Transfers

The General Fund transferred \$316,990 to Other Funds in the Aggregate (\$139,310 to Senior Citizens Center, \$57,280 to Cemetery, \$12,000 to Monticello Water Reservoir and \$108,400 to United States Department of Agriculture (USDA) Grant) and \$400,000 to the Street Fund for operations. Within Other Funds in the Aggregate Airport Commission transferred \$115,000 to Airport Improvement for operations.

NOTE 11: Jointly Governed Organization: Southeast Arkansas Regional Intermodal Facilities Authority

Drew and Bradley Counties and the Cities of Monticello and Warren entered into an agreement on May 14, 1998, to establish the Southeast Arkansas Regional Intermodal Facilities Authority pursuant to Ark. Code Ann. §§ 14-143-101 –14-143-129. The Southeast Arkansas Regional Intermodal Facilities Authority shall be governed by a board of directors consisting of 12 members appointed by the participants' Mayors and County Judges. Each participating City and County will appoint three board members. Separate financial statements may be obtained at 101 Myrtle, Warren, Arkansas 71671.

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

NOTE 12: Risk Management

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

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

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

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 MONTICELLO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Plan Description

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

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 \$108,939 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$48,590 for the year ended December 31, 2021.

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, 2021 (actuarial valuation date and measurement date) was \$599,946.

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. 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 was \$427,275 for the year ended June 30, 2021.

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

NOTE 14: 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, 2021 (actuarial valuation date and measurement date) was \$1,073,811.

NOTE 15: 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 \$1,941,699 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,941,699 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Local Police and Fire Retirement (LOPFI)	Advertising and Promotion	Fire Equipment and Training (Act 833)	District Court Automation	Drug Control	Cemetery	Senior Citizens Center	Water Reservoir	Warrant Service
ASSETS									
Cash and cash equivalents	\$ 37,789	\$ 1,074,187	\$ 47,827	\$ 226,870	\$ 22,743	\$ 22,710	\$ 141,630	\$ 4,542	\$ 456
Investments						403			
Accounts receivable		7,918		2,603			19,305		
TOTAL ASSETS	<u>\$ 37,789</u>	<u>\$ 1,082,105</u>	<u>\$ 47,827</u>	<u>\$ 229,473</u>	<u>\$ 22,743</u>	<u>\$ 23,113</u>	<u>\$ 160,935</u>	<u>\$ 4,542</u>	<u>\$ 456</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 11,337	\$ 2,536	\$ 15,450				\$ 5,524	\$ 2,954	
Settlements pending									
Total Liabilities	<u>11,337</u>	<u>2,536</u>	<u>15,450</u>				<u>5,524</u>	<u>2,954</u>	
Fund Balances:									
Restricted	26,452	1,079,569	32,377	\$ 229,473	\$ 22,743			1,588	
Assigned						\$ 23,113	155,411		\$ 456
Total Fund Balances	<u>26,452</u>	<u>1,079,569</u>	<u>32,377</u>	<u>229,473</u>	<u>22,743</u>	<u>23,113</u>	<u>155,411</u>	<u>1,588</u>	<u>456</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,789</u>	<u>\$ 1,082,105</u>	<u>\$ 47,827</u>	<u>\$ 229,473</u>	<u>\$ 22,743</u>	<u>\$ 23,113</u>	<u>\$ 160,935</u>	<u>\$ 4,542</u>	<u>\$ 456</u>

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

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	ENTERPRISE FUND	CUSTODIAL FUNDS			
	United States Department of Agriculture (USDA) Grant	District Court Probation	American Rescue Plan Act (ARPA)	Airport Improvement	Airport Commission	Police Bond and Fine	District Court	Payroll	Totals
ASSETS									
Cash and cash equivalents	\$ 75,880	\$ 8,550	\$ 661,232	\$ 123,259	\$ 162,145	\$ 40	\$ 150,212	\$ 8,090	\$ 2,768,162
Investments									403
Accounts receivable					4,840				34,666
TOTAL ASSETS	<u>\$ 75,880</u>	<u>\$ 8,550</u>	<u>\$ 661,232</u>	<u>\$ 123,259</u>	<u>\$ 166,985</u>	<u>\$ 40</u>	<u>\$ 150,212</u>	<u>\$ 8,090</u>	<u>\$ 2,803,231</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 26,093				\$ 63,894
Settlements pending						\$ 40	\$ 150,212	\$ 8,090	158,342
Total Liabilities					<u>26,093</u>	<u>40</u>	<u>150,212</u>	<u>8,090</u>	<u>222,236</u>
Fund Balances:									
Restricted		\$ 8,550	\$ 661,232	\$ 123,259	140,892				2,326,135
Assigned	<u>\$ 75,880</u>								<u>254,860</u>
Total Fund Balances	<u>75,880</u>	<u>8,550</u>	<u>661,232</u>	<u>123,259</u>	<u>140,892</u>				<u>2,580,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,880</u>	<u>\$ 8,550</u>	<u>\$ 661,232</u>	<u>\$ 123,259</u>	<u>\$ 166,985</u>	<u>\$ 40</u>	<u>\$ 150,212</u>	<u>\$ 8,090</u>	<u>\$ 2,803,231</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Local Police and Fire Retirement (LOPFI)	Advertising and Promotion	Fire Equipment and Training (Act 833)	District Court Automation	Drug Control	Cemetery	Senior Citizens Center	Water Reservoir	Warrant Service
REVENUES									
State aid			\$ 26,160				\$ 191,699		
Federal aid							32,843		
Property taxes	\$ 42,589								
Fines, forfeitures, and costs				\$ 42,873	\$ 9,628				\$ 4,650
Interest	19	\$ 3,807	63	317		\$ 88		\$ 291	1
Advertising and promotion taxes		111,661							
Airport fees									
Airport fuel sales									
Reimbursements for senior citizen center meals							107,705		
Employee contributions	36,815								
Employer contributions	37,000								
Net increase/(decrease) in fair value of investments						(17)			
Other		5,150			13,087	15,900	10,559		
TOTAL REVENUES	116,423	120,618	26,223	43,190	22,715	15,971	342,806	291	4,651
EXPENDITURES									
Current:									
General government									
Law enforcement				7,392	1,224				5,452
Public safety	98,428		28,709						
Recreation and culture								278,446	
Social services							331,157		
Advertising and promotion		97,198							
Airport									
Cemetery						63,521			
TOTAL EXPENDITURES	98,428	97,198	28,709	7,392	1,224	63,521	331,157	278,446	5,452
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,995	23,420	(2,486)	35,798	21,491	(47,550)	11,649	(278,155)	(801)
OTHER FINANCING SOURCES (USES)									
Transfers in						57,280	139,310	12,000	
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)						57,280	139,310	12,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,995	23,420	(2,486)	35,798	21,491	9,730	150,959	(266,155)	(801)
FUND BALANCES - JANUARY 1,	8,457	1,056,149	34,863	193,675	1,252	13,383	4,452	267,743	1,257
FUND BALANCES - DECEMBER 31	\$ 26,452	\$ 1,079,569	\$ 32,377	\$ 229,473	\$ 22,743	\$ 23,113	\$ 155,411	\$ 1,588	\$ 456

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

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	ENTERPRISE FUND	
	United States Department of Agriculture (USDA) Grant	District Court Probation	American Rescue Plan Act (ARPA)	Airport Improvement	Airport Commission	Totals
REVENUES						
State aid				\$ 269,171		\$ 487,030
Federal aid	\$ 13,226		\$ 970,855	198,795		1,215,719
Property taxes						42,589
Fines, forfeitures, and costs		\$ 11,354				68,505
Interest			36	62	\$ 131	4,815
Advertising and promotion taxes						111,661
Airport fees					86,971	86,971
Airport fuel sales					221,991	221,991
Reimbursements for senior citizen center meals						107,705
Employee contributions						36,815
Employer contributions						37,000
Net increase/(decrease) in fair value of investments						(17)
Other					14,587	59,283
TOTAL REVENUES	13,226	11,354	970,891	468,028	323,680	2,480,067
EXPENDITURES						
Current:						
General government			309,659			309,659
Law enforcement	45,756	7,281				67,105
Public safety						127,137
Recreation and culture						278,446
Social services						331,157
Advertising and promotion						97,198
Airport				263,921	378,440	642,361
Cemetery						63,521
TOTAL EXPENDITURES	45,756	7,281	309,659	263,921	378,440	1,916,584
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(32,530)	4,073	661,232	204,107	(54,760)	563,483
OTHER FINANCING SOURCES (USES)						
Transfers in	108,400				115,000	431,990
Transfers out				(115,000)		(115,000)
TOTAL OTHER FINANCING SOURCES (USES)	108,400			(115,000)	115,000	316,990
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	75,870	4,073	661,232	89,107	60,240	880,473
FUND BALANCES - JANUARY 1,	10	4,477		34,152	80,652	1,700,522
FUND BALANCES - DECEMBER 31	\$ 75,880	\$ 8,550	\$ 661,232	\$ 123,259	\$ 140,892	\$ 2,580,995

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 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.
Cemetery	Established to account for perpetual care fees, interest earned, and maintenance of cemetery.
Senior Citizens Center	Established to account for state and federal aid, meal sales, fund raisers, and social services provided to senior citizens.
Water Reservoir	Established to account for maintenance of Lake Monticello.
Warrant Service	Established to account for fees collected for service of city arrest warrants.
United States Department of Agriculture (USDA) Grant	Established to account for grants received from the United States Department of Agriculture for the purchase of police equipment and supplies.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court Probation	Ark. Code Ann. § 5-4-322 authorizes district court fees for probation and public service work supervision.
American Rescue Plan Act (ARPA)	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 Improvement	Established to account for grants received from the Federal Aviation Administration and Arkansas Department of Aeronautics for airport improvement projects.
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Payroll	Maintained to process payroll for the city's employees.

CITY OF MONTICELLO, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

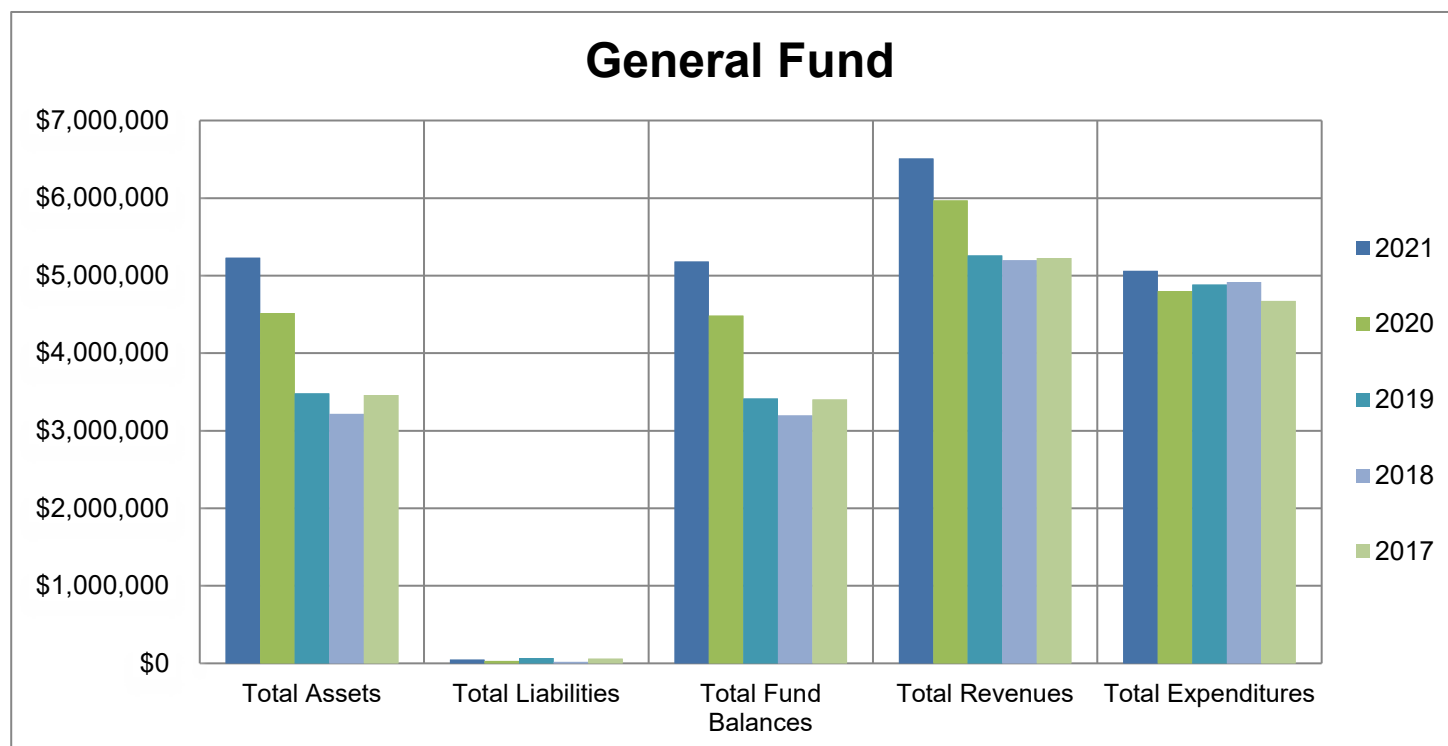
Schedule 3

	December 31, 2021
Land/Buildings	\$ 20,090,524
Equipment	<u>3,618,699</u>
Total	<u><u>\$ 23,709,223</u></u>

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

Schedule 4-1

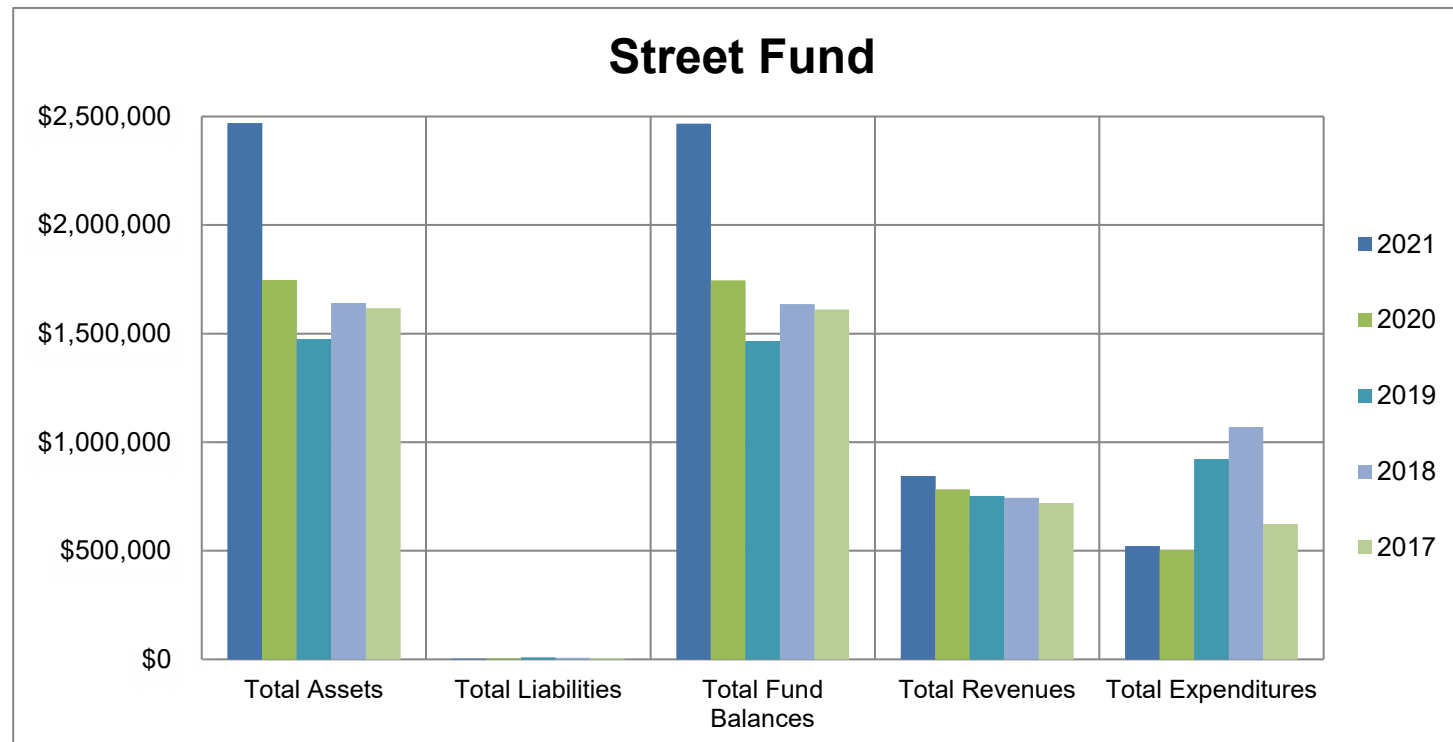
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 5,230,853	\$ 4,514,799	\$ 3,479,609	\$ 3,215,271	\$ 3,460,531
Total Liabilities	49,672	29,836	66,284	18,466	58,680
Total Fund Balances	5,181,181	4,484,963	3,413,325	3,196,805	3,401,851
Total Revenues	6,511,330	5,969,192	5,261,014	5,195,698	5,225,990
Total Expenditures	5,061,247	4,802,433	4,881,799	4,917,852	4,672,631
Total Other Financing Sources/Uses	(753,865)	(95,121)	(162,695)	(493,400)	(431,065)



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

Schedule 4-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 2,469,178	\$ 1,746,944	\$ 1,474,309	\$ 1,641,644	\$ 1,616,014
Total Liabilities	2,493	3,236	8,329	6,752	5,574
Total Fund Balances	2,466,685	1,743,708	1,465,980	1,634,892	1,610,440
Total Revenues	843,984	781,701	752,846	743,709	719,581
Total Expenditures	521,007	503,973	921,758	1,069,257	622,886
Total Other Financing Sources/Uses	400,000			350,000	346,015



CITY OF MONTICELLO, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 2,803,231	\$ 1,889,994	\$ 2,047,764	\$ 1,580,428	\$ 2,504,265
Total Liabilities	222,236	189,472	182,490	116,962	97,772
Total Fund Balances	2,580,995	1,700,522	1,865,274	1,463,466	2,406,493
Total Revenues	2,480,067	1,871,159	1,376,850	1,261,531	966,845
Total Expenditures	1,916,584	2,224,008	1,137,737	1,287,959	951,701
Total Other Financing Sources/Uses	316,990	185,777	162,695	(906,091)	85,050

