

City of Monticello, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MONTICELLO, 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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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Monticello, 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 Monticello, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated May 21, 2025. These procedures were not performed for the Water, Sewer, and Solid Waste Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

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

Mayor: Jason Akers
Finance Director: Vickie Norris
Clerk/Treasurer: Taryn Wigley
District Court Clerk: Julie Watkins
Police Chief/Marshal: Carlos Garcia

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 **Mayor**.

Mayor

The City paid utilities for and housed a nonprofit organization, unrelated to the City. Without a contract identifying services provided, this arrangement appears to conflict with the public purpose doctrine and Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1992-099.

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", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
May 21, 2025
LOM106423

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 6,949,812	\$ 405,221	\$ 2,019,835
Investments	3,745		351
Accounts receivable	629,618	1,680	34,535
TOTAL ASSETS	\$ 7,583,175	\$ 406,901	\$ 2,054,721
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 43,014	\$ 14,335	\$ 45,627
Settlements pending			111,099
Total Liabilities	43,014	14,335	156,726
Fund Balances:			
Restricted		161,251	1,780,800
Committed		231,315	
Assigned	4,534,470		117,195
Unassigned	3,005,691		
Total Fund Balances	7,540,161	392,566	1,897,995
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,583,175	\$ 406,901	\$ 2,054,721

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, 2023
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 161,137	\$ 712,138	\$ 250,206
Federal aid	281,735		
Property taxes	203,598	62,123	45,162
Franchise fees	592,386		
Sales taxes	5,014,479		3,769
Fines, forfeitures, and costs	315,723		70,556
Interest	24,329	3,257	34,732
Local permits and fees	75,211		
Advertising and promotion taxes			154,177
Airport fees			95,070
Airport fuel sales			340,923
Alcohol beverage revenue	24,826		
Reimbursement for senior citizen center meals			95,230
Employee contributions			44,298
Employer contributions			31,000
Net increase/(decrease) in fair value of investments			71
Other	382,688	17,798	57,773
TOTAL REVENUES	7,076,112	795,316	1,222,967
EXPENDITURES			
Current:			
General government	733,510		7,473
Law enforcement	1,360,213		1,159,447
Highways and streets	242,988	2,507,519	
Public safety	475,522		602,411
Recreation and culture	951,204		29,979
Social services	24,918		316,921
Advertising and promotion			72,208
Economic development	250,000		
Airport			573,938
Cemetery			74,455
TOTAL EXPENDITURES	4,038,355	2,507,519	2,836,832

CITY OF MONTICELLO, 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
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,037,757	\$ (1,712,203)	\$ (1,613,865)
OTHER FINANCING SOURCES (USES)			
Transfers in	655,505		70,290
Transfers out	(70,290)	(655,505)	
Contribution to water department	(1,948,339)		
Contribution from water department	159,000		
TOTAL OTHER FINANCING SOURCES (USES)	(1,204,124)	(655,505)	70,290
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,833,633	(2,367,708)	(1,543,575)
FUND BALANCES - JANUARY 1	5,706,528	2,760,274	3,441,570
FUND BALANCES - DECEMBER 31	\$ 7,540,161	\$ 392,566	\$ 1,897,995

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, 2023
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 131,414	\$ 161,137	\$ 29,723	\$ 712,137	\$ 712,138	\$ 1
Federal aid	1,896,248	281,735	(1,614,513)	500,000		(500,000)
Property taxes	203,635	203,598	(37)	62,134	62,123	(11)
Franchise fees	593,557	592,386	(1,171)			
Sales taxes	4,985,437	5,014,479	29,042			
Fines, forfeitures, and costs	328,031	315,723	(12,308)			
Interest	24,141	24,329	188	3,257	3,257	0
Local permits and fees	76,130	75,211	(919)			
Alcohol beverage revenue	24,912	24,826	(86)			
Other	696,576	382,688	(313,888)	16,817	17,798	981
TOTAL REVENUES	8,960,081	7,076,112	(1,883,969)	1,294,345	795,316	(499,029)
EXPENDITURES						
Current:						
General government	886,614	733,510	153,104			
Law enforcement	2,637,719	1,360,213	1,277,506			
Highways and streets	242,989	242,988	1	2,506,217	2,507,519	(1,302)
Public safety	934,123	475,522	458,601			
Recreation and culture	948,422	951,204	(2,782)			
Social services	24,918	24,918	0			
Economic development	252,940	250,000	2,940			
TOTAL EXPENDITURES	5,927,725	4,038,355	1,889,370	2,506,217	2,507,519	(1,302)

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, 2023
 (UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,032,356	\$ 3,037,757	\$ 5,401	\$ (1,211,872)	\$ (1,712,203)	\$ (500,331)
OTHER FINANCING SOURCES (USES)						
Transfers in	655,504	655,505	1			
Transfers out	(70,290)	(70,290)	0	(655,505)	(655,505)	0
Contribution to water department	(1,948,341)	(1,948,339)	2			
Contribution from water department	196,000	159,000	(37,000)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,167,127)	(1,204,124)	(36,997)	(655,505)	(655,505)	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,865,229	1,833,633	(31,596)	(1,867,377)	(2,367,708)	(500,331)
FUND BALANCES - JANUARY 1	3,232,138	5,706,528	2,474,390	1,294,345	2,760,274	1,465,929
FUND BALANCES - DECEMBER 31	\$ 5,097,367	\$ 7,540,161	\$ 2,442,794	\$ (573,032)	\$ 392,566	\$ 965,598

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

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

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
ASSETS								
Cash and cash equivalents	\$ 34,026	\$ 1,260,648	\$ 73,356	\$ 283,937	\$ 2,248	\$ 21,088	\$ 83,209	\$ 4,574
Investments						351		
Accounts receivable		15,287		2,425		300	14,195	
TOTAL ASSETS	\$ 34,026	\$ 1,275,935	\$ 73,356	\$ 286,362	\$ 2,248	\$ 21,739	\$ 97,404	\$ 4,574
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable							\$ 6,979	
Settlements pending								
Total Liabilities							6,979	
Fund Balances:								
Restricted	\$ 34,026	\$ 1,275,935	\$ 73,356	\$ 286,362	\$ 2,248			\$ 4,574
Assigned						\$ 21,739	90,425	
Total Fund Balances	34,026	1,275,935	73,356	286,362	2,248	21,739	90,425	4,574
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,026	\$ 1,275,935	\$ 73,356	\$ 286,362	\$ 2,248	\$ 21,739	\$ 97,404	\$ 4,574

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

Schedule 1

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND
	Warrant Service	United States Department of Agriculture (USDA) Grant	District Court Probation	American Rescue Plan Act	District Court Costs	CDBG Grant SeaArk Boats	Airport Improvement
ASSETS							
Cash and cash equivalents	\$ 5,021	\$ 10	\$ 1,924	\$ 670	\$ 3,754	\$ 10	\$ 53,475
Investments							
Accounts receivable					162		
TOTAL ASSETS	\$ 5,021	\$ 10	\$ 1,924	\$ 670	\$ 3,916	\$ 10	\$ 53,475
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 35,750
Settlements pending							
Total Liabilities							<u>35,750</u>
Fund Balances:							
Restricted			\$ 1,924	\$ 670	\$ 3,916	\$ 10	17,725
Assigned	\$ 5,021	\$ 10					
Total Fund Balances	<u>5,021</u>	<u>10</u>	<u>1,924</u>	<u>670</u>	<u>3,916</u>	<u>10</u>	<u>17,725</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,021	\$ 10	\$ 1,924	\$ 670	\$ 3,916	\$ 10	\$ 53,475

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

Schedule 1

	ENTERPRISE FUND	CUSTODIAL FUNDS			Totals
	Airport Commission	Police Bond and Fine	District Court	Payroll	
ASSETS					
Cash and cash equivalents	\$ 80,786	\$ 40	\$ 98,640	\$ 12,419	\$ 2,019,835
Investments					351
Accounts receivable	2,166				34,535
TOTAL ASSETS	\$ 82,952	\$ 40	\$ 98,640	\$ 12,419	\$ 2,054,721
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,898				\$ 45,627
Settlements pending		\$ 40	\$ 98,640	\$ 12,419	111,099
Total Liabilities	2,898	40	98,640	12,419	156,726
Fund Balances:					
Restricted	80,054				1,780,800
Assigned					117,195
Total Fund Balances	80,054				1,897,995
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,952	\$ 40	\$ 98,640	\$ 12,419	\$ 2,054,721

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, 2023
 (UNAUDITED)

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			\$ 31,357				\$ 126,292		
Property taxes	\$ 45,162								
Sales taxes									
Fines, forfeitures, and costs				\$ 38,877	\$ 12,983				\$ 3,150
Interest	22	\$ 31,576	1,154	402		\$ 106		\$ 18	3
Advertising and promotion taxes		154,177							
Airport fees									
Airport fuel sales									
Reimbursement for senior citizen center meals							95,230		
Employee contributions	44,298								
Employer contributions	31,000								
Net increase/(decrease) in fair value of investments						71			
Other					302	20,285	21,725		
TOTAL REVENUES	120,482	185,753	32,511	39,279	13,285	20,462	243,247	18	3,153
EXPENDITURES									
Current:									
General government									
Law enforcement				4,776	35,055				
Public safety	115,890								
Recreation and culture								29,979	
Social services							316,921		
Advertising and promotion		72,208							
Airport									
Cemetery						74,455			
TOTAL EXPENDITURES	115,890	72,208		4,776	35,055	74,455	316,921	29,979	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,592	113,545	32,511	34,503	(21,770)	(53,993)	(73,674)	(29,961)	3,153
OTHER FINANCING SOURCES (USES)									
Transfers in						34,290		26,000	
TOTAL OTHER FINANCING SOURCES (USES)						34,290		26,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,592	113,545	32,511	34,503	(21,770)	(19,703)	(73,674)	(3,961)	3,153
FUND BALANCES - JANUARY 1	29,434	1,162,390	40,845	251,859	24,018	41,442	164,099	8,535	1,868
FUND BALANCES - DECEMBER 31	\$ 34,026	\$ 1,275,935	\$ 73,356	\$ 286,362	\$ 2,248	\$ 21,739	\$ 90,425	\$ 4,574	\$ 5,021

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, 2023
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	ENTERPRISE FUND	Totals
	United States Department of Agriculture (USDA) Grant	District Court Probation	American Rescue Plan Act	District Court Costs	CDBG Grant SeaArk Boats	Airport Improvement	Airport Commission	
REVENUES								
State aid						\$ 92,557		\$ 250,206
Property taxes								45,162
Sales taxes							\$ 3,769	3,769
Fines, forfeitures, and costs	\$ 12,493			\$ 3,053				70,556
Interest			\$ 1,298			59	94	34,732
Advertising and promotion taxes								154,177
Airport fees							95,070	95,070
Airport fuel sales							340,923	340,923
Reimbursement for senior citizen center meals								95,230
Employee contributions								44,298
Employer contributions								31,000
Net increase/(decrease) in fair value of investments								71
Other				9,317	\$ 10		6,134	57,773
TOTAL REVENUES	12,493	1,298	12,370	10	92,616	445,990	1,222,967	
EXPENDITURES								
Current:								
General government			7,473					7,473
Law enforcement	14,340		1,093,730	11,546				1,159,447
Public safety			486,521					602,411
Recreation and culture								29,979
Social services								316,921
Advertising and promotion								72,208
Airport						118,027	455,911	573,938
Cemetery								74,455
TOTAL EXPENDITURES	14,340	1,587,724	11,546	10	118,027	455,911	2,836,832	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,847)	(1,586,426)	824	10	(25,411)	(9,921)	(1,613,865)	
OTHER FINANCING SOURCES (USES)								
Transfers in						10,000		70,290
TOTAL OTHER FINANCING SOURCES (USES)						10,000		70,290
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,847)	(1,586,426)	824	10	(15,411)	(9,921)	(1,543,575)	
FUND BALANCES - JANUARY 1	\$ 10	3,771	1,587,096	3,092		33,136	89,975	3,441,570
FUND BALANCES - DECEMBER 31	\$ 10	\$ 1,924	\$ 670	\$ 3,916	\$ 10	\$ 17,725	\$ 80,054	\$ 1,897,995

CITY OF MONTICELLO, 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>
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.
District Court Probation	Ark. Code Ann. § 5-4-322 authorizes district court fees for probation and public service work supervision.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.

CITY OF MONTICELLO, 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>
District Court Costs	Ark. Code Ann. § 16-17-126 authorizes district court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
CDBG Grant SeaArk Boats	Established to assist SeaArk Boats with a Community Development Block Grant for equipment purchases.
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 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.

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). The Capital Projects Fund presented on Schedules 1 and 2 is 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 MONTICELLO, 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 with an original maturity of three months or less.

Investments

Investments are reported at fair market value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and payroll taxes 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.

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

1. (Continued)

C. 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.

D. 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.

E. 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 MONTICELLO, 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>
Fund Balances:			
Restricted for:			
General government			\$ 670
Law enforcement			294,450
Highw ays and streets		\$ 161,251	
Public safety			107,382
Recreation and culture			4,574
Advertising and promotion			1,275,935
Economic development			10
Airport			80,054
Capital outlay			17,725
Total Restricted		<u>161,251</u>	<u>1,780,800</u>
Committed for:			
Highw ays and streets		<u>231,315</u>	
Assigned to:			
General government	\$ 4,393,385		
Law enforcement	29,470		5,031
Recreation and culture	111,615		
Social services			90,425
Cemetery			21,739
Total Assigned	<u>4,534,470</u>		<u>117,195</u>
Unassigned	<u>3,005,691</u>		
Totals	<u>\$ 7,540,161</u>	<u>\$ 392,566</u>	<u>\$ 1,897,995</u>

3. Commitments

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

	<u>December 31, 2023</u>
Long-term liabilities	\$ 11,052
Construction contracts	<u>1,675,547</u>
Total Commitments	<u>\$ 1,686,599</u>

CITY OF MONTICELLO, 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
Compensated absences consisting of compensated leave balances adjusted to current salary cost	\$ 11,052

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

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
Sidewalk Project - Library/Jordan	March 2025	\$ 2,790
Airport Drainage	December 2024	7,990
Water Tower Recoating	May 2024	62,907
Airport Lighting	December 2024	4,850
West Plant Aeration Upgrade	May 2024	176,646
Scogin Drive Utility Relocation	December 2024	855,123
Main Street Water and Sewer Relocation	December 2025	315,767
Bowser Street Pump Station	January 2024	150,941
Godfrey Ditch Drainage	May 2024	49,395
West Plant Headworks Project	December 2024	49,138
Total Construction Contracts		\$ 1,675,547

4. Interfund Transfers

The General Fund transferred \$70,290 to Other Funds in the Aggregate (\$34,290 to Cemetery, \$26,000 to Water Reservoir, and \$10,000 to Airport Improvement) for operations. Street Fund transferred \$655,505 of assigned funds back to the General Fund.

5. Subsequent Events

On March 12, 2024, the City entered into a contract with Environmental Process Systems, Inc. for \$799,555 for improvements to the wastewater treatment plant.

On April 2, 2024, the City entered into a contract with Diversified Construction and Design for \$398,103 for drainage improvements.

6. Related Party Transaction

The City maintained a bank balance of \$6,215,779 with Union Bank at December 31, 2023. A council member is also Vice President of the aforementioned bank.

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

7. 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.

**8. 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 \$125,329 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$53,791 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 \$1,138,109.

9. Arkansas Public Employees Retirement System

Plan Description

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

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

9. Arkansas Public Employees Retirement System (Continue)

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 \$477,753.

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 \$4,100,254.

10. Capital Assets

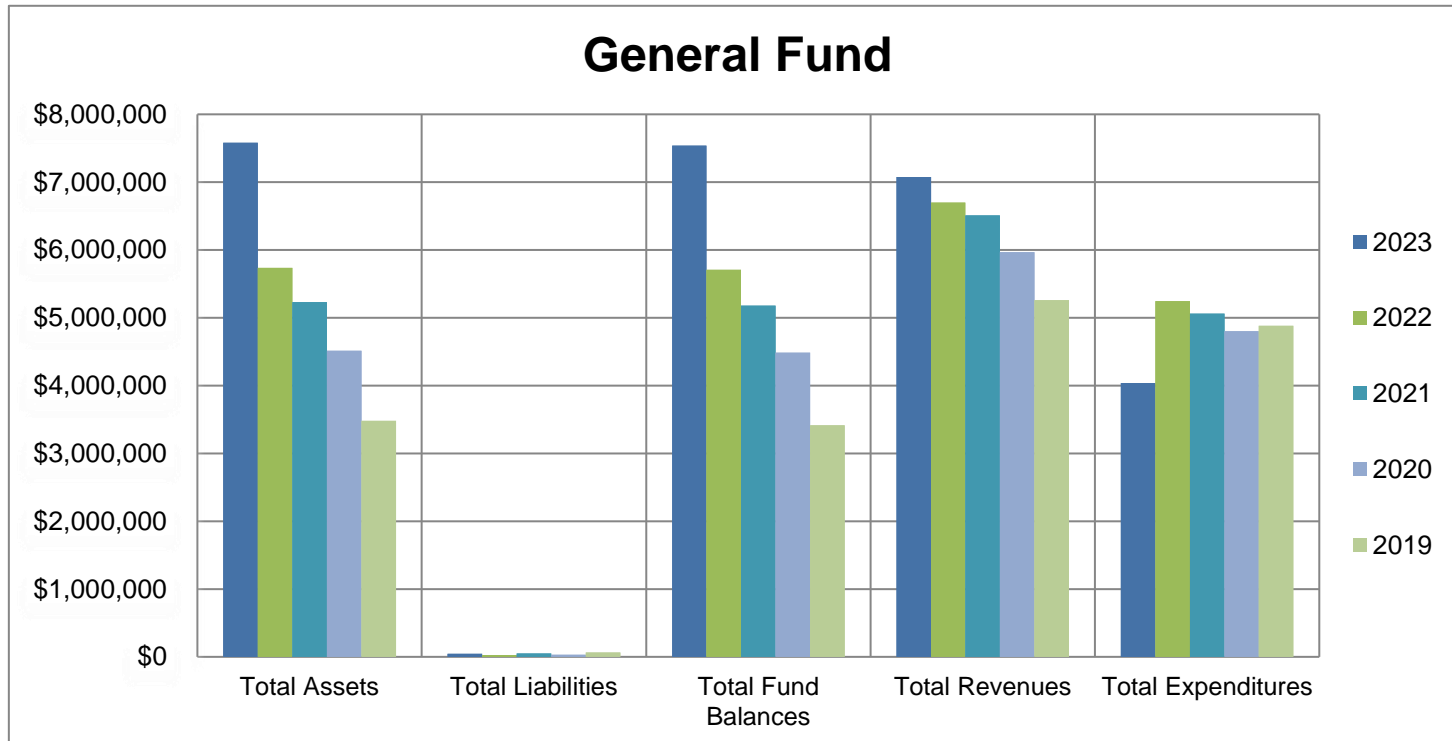
The Municipality's capital assets records are summarized below :

	December 31, 2023
Land / Buildings	\$ 20,401,688
Equipment	5,362,493
Total	<u>\$ 25,764,181</u>

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

Schedule 3-1

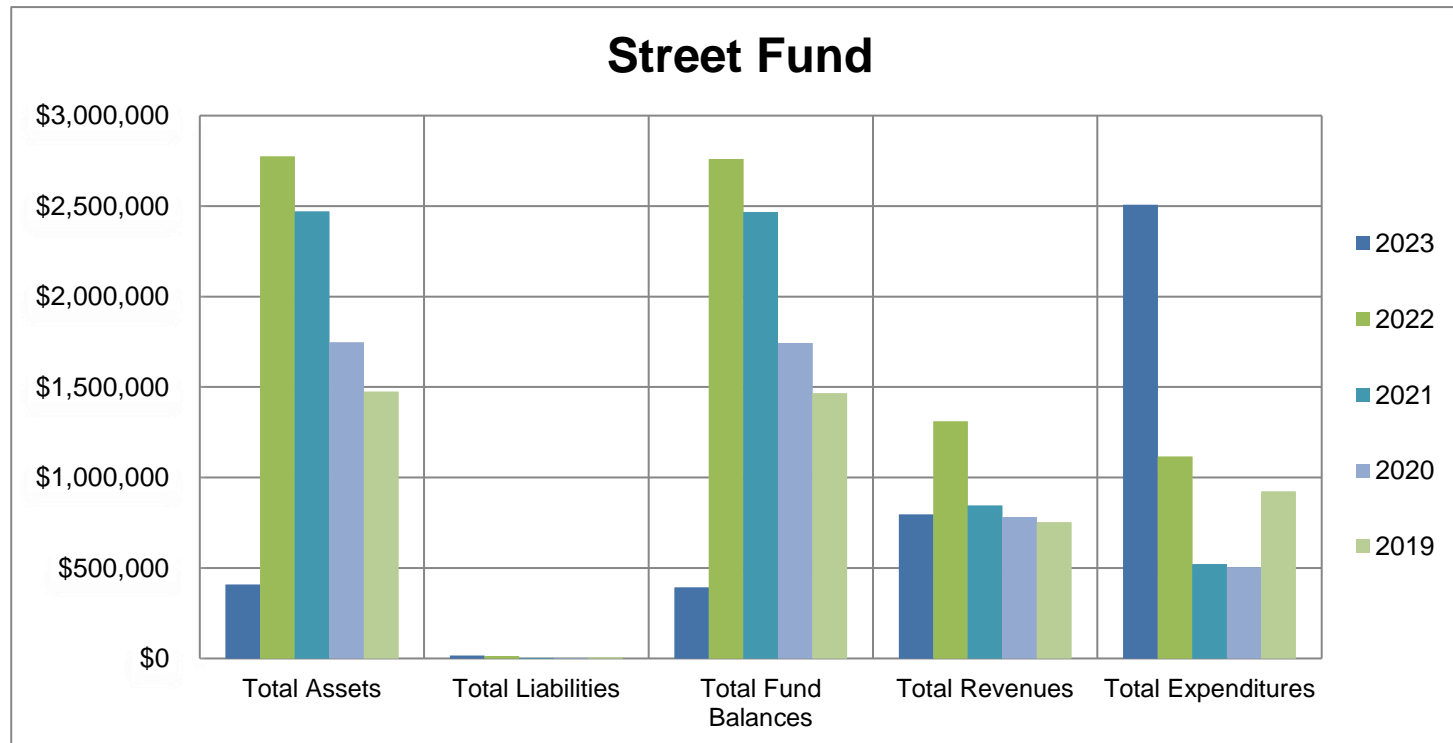
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 7,583,175	\$ 5,734,283	\$ 5,230,853	\$ 4,514,799	\$ 3,479,609
Total Liabilities	43,014	27,755	49,672	29,836	66,284
Total Fund Balances	7,540,161	5,706,528	5,181,181	4,484,963	3,413,325
Total Revenues	7,076,112	6,697,175	6,511,330	5,969,192	5,261,014
Total Expenditures	4,038,355	5,245,250	5,061,247	4,802,433	4,881,799
Total Other Financing Sources/Uses	(1,204,124)	(926,578)	(753,865)	(95,121)	(162,695)



CITY OF MONTICELLO, 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	\$ 406,901	\$ 2,773,295	\$ 2,469,178	\$ 1,746,944	\$ 1,474,309
Total Liabilities	14,335	13,021	2,493	3,236	8,329
Total Fund Balances	392,566	2,760,274	2,466,685	1,743,708	1,465,980
Total Revenues	795,316	1,308,878	843,984	781,701	752,846
Total Expenditures	2,507,519	1,115,289	521,007	503,973	921,758
Total Other Financing Sources/Uses	(655,505)	100,000	400,000		



CITY OF MONTICELLO, 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	\$ 2,054,721	\$ 3,634,665	\$ 2,803,231	\$ 1,889,994	\$ 2,047,764
Total Liabilities	156,726	193,095	222,236	189,472	182,490
Total Fund Balances	1,897,995	3,441,570	2,580,995	1,700,522	1,865,274
Total Revenues	1,222,967	2,292,190	2,480,067	1,871,159	1,376,850
Total Expenditures	2,836,832	1,515,148	1,916,584	2,224,008	1,137,737
Total Other Financing Sources/Uses	70,290	83,533	316,990	185,777	162,695

