

City of Trumann, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



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

Financial and Compliance Report

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Arkansas



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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Trumann, 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 Trumann, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated November 26, 2024. These procedures were not performed for the Waterworks Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

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

Mayor: Jay Paul Woods
Finance Director: Kari Glickert
Clerk: Carolyn Toddy (Appointed October 10, 2023)
Hunter Vick (resigned October 3, 2023)
Treasurer: Bob Sowell
District Court Clerk: Tasha Jamison
Police Chief: Jonathan Redman

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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 dark ink, appearing to read "Kevin White", written over a light blue horizontal line.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 26, 2024
LOM108723

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,719,259	\$ 176,795	\$ 2,934,880
Accounts receivable	269,885	4,632	116,448
Interfund receivables	16,518	2,271	13,052
	<u>4,005,662</u>	<u>183,698</u>	<u>3,064,380</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 115,145	\$ 6,646	\$ 9,623
Interfund payables	13,052		18,789
Settlements pending			71,124
Total Liabilities	<u>128,197</u>	<u>6,646</u>	<u>99,536</u>
Fund Balances:			
Restricted	95,820	177,052	1,995,294
Committed			808,219
Assigned			161,331
Unassigned	3,781,645		
Total Fund Balances	<u>3,877,465</u>	<u>177,052</u>	<u>2,964,844</u>
	<u>4,005,662</u>	<u>183,698</u>	<u>3,064,380</u>
TOTAL LIABILITIES AND FUND BALANCES			

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

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

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 278,281	\$ 624,154	\$ 49,529
Federal aid	9,690		
Property taxes	322,127	72,930	73,211
Franchise fees	304,246		
Sales taxes	2,487,783		1,309,248
Fines, forfeitures, and costs	166,837		6,567
Interest	8,536	198	71,439
Local permits and fees	88,900		
Rentals	9,250		
Insurance proceeds			46,372
Principal on notes receivable			1,616
Interest on notes receivable			682
Other	231,553	65,573	2,244
	<u>3,907,203</u>	<u>762,855</u>	<u>1,560,908</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	498,324		950
Law enforcement	2,218,744		29,543
Highways and streets		638,248	
Public safety	1,147,958		116,680
Recreation and culture	309,651		99,400
Social services	15,636		
Industrial development			783
Total Current	<u>4,190,313</u>	<u>638,248</u>	<u>247,356</u>
Debt Service:			
Bond principal			200,000
Bond interest and other charges			87,950
	<u>4,190,313</u>	<u>638,248</u>	<u>535,306</u>
TOTAL EXPENDITURES			

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (283,110)</u>	<u>\$ 124,607</u>	<u>\$ 1,025,602</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,054,243		1,552,702
Transfers out	(50,972)		(2,555,973)
Contribution to water department	(360,898)		
Contribution from water department			237,509
Proceeds from bond issue			<u>1,584,653</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>642,373</u>		<u>818,891</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	359,263	124,607	1,844,493
FUND BALANCES - JANUARY 1	<u>3,518,202</u>	<u>52,445</u>	<u>1,120,351</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 3,877,465</u></u>	<u><u>\$ 177,052</u></u>	<u><u>\$ 2,964,844</u></u>

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

CITY OF TRUMANN, 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	\$ 331,987	\$ 278,281	\$ (53,706)	\$ 624,154	\$ 624,154	\$ 0
Federal aid	9,515	9,690	175			
Property taxes	305,333	322,127	16,794	69,091	72,930	3,839
Franchise fees	352,376	304,246	(48,130)			
Sales taxes	2,476,423	2,487,783	11,360			
Fines, forfeitures, and costs	167,495	166,837	(658)			
Interest	5,151	8,536	3,385	198	198	0
Local permits and fees	88,485	88,900	415			
Rentals	8,750	9,250	500			
Other	271,404	231,553	(39,851)	65,573	65,573	0
TOTAL REVENUES	4,016,919	3,907,203	(109,716)	759,016	762,855	3,839
EXPENDITURES						
Current:						
General government	498,450	498,324	126			
Law enforcement	2,189,364	2,218,744	(29,380)			
Highways and streets				652,451	638,248	14,203
Public safety	1,170,151	1,147,958	22,193			
Recreation and culture	307,766	309,651	(1,885)			
Social services	15,991	15,636	355			
TOTAL EXPENDITURES	4,181,722	4,190,313	(8,591)	652,451	638,248	14,203
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(164,803)	(283,110)	(118,307)	106,565	124,607	18,042
OTHER FINANCING SOURCES (USES)						
Transfers in	1,054,243	1,054,243	0			
Transfers out		(50,972)	(50,972)			
Contribution to water department	(300,000)	(360,898)	(60,898)			
TOTAL OTHER FINANCING SOURCES (USES)	754,243	642,373	(111,870)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	589,440	359,263	(230,177)	106,565	124,607	18,042
FUND BALANCES - JANUARY 1	3,427,229	3,518,202	90,973	62,924	52,445	(10,479)
FUND BALANCES - DECEMBER 31	\$ 4,016,669	\$ 3,877,465	\$ (139,204)	\$ 169,489	\$ 177,052	\$ 7,563

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

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

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Disaster Recovery	Police Equitable Sharing	Special Enforcement	Industrial Development	Fire Equipment and Training (Act 833)	Capital Equipment	Capital Improvement Revenue Bonds Capital Projects, Series 2023
ASSETS							
Cash and cash equivalents	\$ 30,051	\$ 39	\$ 7,493	\$ 831,316	\$ 49,529	\$ 126,408	\$ 1,543,513
Accounts receivable				767			
Interfund receivables						13,052	
TOTAL ASSETS	\$ 30,051	\$ 39	\$ 7,493	\$ 832,083	\$ 49,529	\$ 139,460	\$ 1,543,513
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable			\$ 1,443			\$ 8,180	
Interfund payables							
Settlements pending							
Total Liabilities			1,443			8,180	
Fund Balances:							
Restricted		\$ 39	6,050	\$ 23,864	\$ 49,529		\$ 1,543,513
Committed				808,219			
Assigned	\$ 30,051					131,280	
Total Fund Balances	30,051	39	6,050	832,083	49,529	131,280	1,543,513
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,051	\$ 39	\$ 7,493	\$ 832,083	\$ 49,529	\$ 139,460	\$ 1,543,513

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

Schedule 1

	<u>DEBT SERVICE FUNDS</u>		<u>CUSTODIAL FUNDS</u>		<u>Totals</u>
	<u>2021 Sales and Use Tax Refunding Bond</u>	<u>Capital Improvement Revenue Bonds Debt Service, Series 2023</u>	<u>Payroll</u>	<u>District Court</u>	
ASSETS					
Cash and cash equivalents	\$ 191,611	\$ 65,007	\$ 52,195	\$ 37,718	\$ 2,934,880
Accounts receivable	115,681				116,448
Interfund receivables					13,052
TOTAL ASSETS	<u>\$ 307,292</u>	<u>\$ 65,007</u>	<u>\$ 52,195</u>	<u>\$ 37,718</u>	<u>\$ 3,064,380</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 9,623
Interfund payables			\$ 18,789		18,789
Settlements pending			33,406	\$ 37,718	71,124
Total Liabilities			<u>52,195</u>	<u>37,718</u>	<u>99,536</u>
Fund Balances:					
Restricted	\$ 307,292	\$ 65,007			1,995,294
Committed					808,219
Assigned					161,331
Total Fund Balances	<u>307,292</u>	<u>65,007</u>			<u>2,964,844</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 307,292</u>	<u>\$ 65,007</u>	<u>\$ 52,195</u>	<u>\$ 37,718</u>	<u>\$ 3,064,380</u>

CITY OF TRUMANN, 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 FUNDS		DEBT SERVICE FUNDS		Totals
	Disaster Recovery	Police Equitable Sharing	Special Enforcement	Industrial Development	Fire Equipment and Training (Act 833)	Capital Equipment	Capital Improvement Revenue Bonds Capital Projects, Series 2023	2021 Sales and Use Tax Refunding Bond	Capital Improvement Revenue Bonds Debt Service, Series 2023	
REVENUES										
State aid					\$ 49,529					\$ 49,529
Property taxes						\$ 73,211				73,211
Sales taxes								\$ 1,309,248		1,309,248
Fines, forfeitures, and costs			\$ 5,034			1,533				6,567
Interest	\$ 30			\$ 17,013		234	\$ 41,783	10,713	\$ 1,666	71,439
Insurance proceeds						46,372				46,372
Principal on notes receivable				1,616						1,616
Interest on notes receivable				682						682
Other		\$ 1				2,243				2,244
TOTAL REVENUES	30	1	5,034	19,311	49,529	123,593	41,783	1,319,961	1,666	1,560,908
EXPENDITURES										
Current:										
General government								950		950
Law enforcement			1,444			28,099				29,543
Public safety						85,888			30,792	116,680
Recreation and culture						99,400				99,400
Industrial development				783						783
Total Current			1,444	783		213,387		950	30,792	247,356
Debt Service:										
Bond principal								200,000		200,000
Bond interest and other charges								48,188	39,762	87,950
TOTAL EXPENDITURES			1,444	783		213,387		249,138	70,554	535,306
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30	1	3,590	18,528	49,529	(89,794)	41,783	1,070,823	(68,888)	1,025,602
OTHER FINANCING SOURCES (USES)										
Transfers in							1,501,730		50,972	1,552,702
Transfers out								(1,054,243)	(1,501,730)	(2,555,973)
Contribution from water department				202,509		35,000				237,509
Proceeds from bond issue									1,584,653	1,584,653
TOTAL OTHER FINANCING SOURCES (USES)				202,509		35,000	1,501,730	(1,054,243)	133,895	818,891
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	30	1	3,590	221,037	49,529	(54,794)	1,543,513	16,580	65,007	1,844,493
FUND BALANCES - JANUARY 1	30,021	38	2,460	611,046		186,074		290,712		1,120,351
FUND BALANCES - DECEMBER 31	\$ 30,051	\$ 39	\$ 6,050	\$ 832,083	\$ 49,529	\$ 131,280	\$ 1,543,513	\$ 307,292	\$ 65,007	\$ 2,964,844

CITY OF TRUMANN, 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>
Disaster Recovery	Established to account for grants received for relief of natural disasters.
Police Equitable Sharing	Established to account for federal confiscation funds.
Special Enforcement	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.
Industrial Development	Trumann Resolution no. 526 (December 10, 1992) and Ordinance no. 592 (July 8, 2014) established fund to account for reuse plan and funds from the Urban Development Grant programs.
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.
Capital Equipment	Trumann Ordinance nos. 329 (March 14, 1988) and 492 (November 9, 2004) established fund to account for property taxes to be used for capital expenditures and fines resulting from inattentive driving offences to be used for police department equipment.
Capital Improvement Revenue Bonds Capital Projects, Series 2023	Trumann Ordinance no. 707 (March 27, 2023) authorized the issuance of capital improvement bonds to finance the rebuilding of a fire station.
2021 Sales and Use Tax Refunding Bond	Trumann Ordinance no. 675 (December 8, 2020) authorized the issue of sales and use tax refunding bonds for the purpose of refunding prior sales and use tax indebtedness, pledging a one percent sales and use tax for the repayment of bond principal and interest.
Capital Improvement Revenue Bonds Debt Service, Series 2023	Trumann Ordinance no. 707 (March 27, 2023) as approved by voters authorized the issuance of capital improvement bonds. This fund was established in order to facilitate the retirement of the related debt.
Payroll	Established to process the payroll of City's employees.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

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. The Capital Projects Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Funds presented on Schedules 1 and 2 are 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 TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

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 accounts, certificates of deposit, and short-term U.S. Treasury Securities.

Settlements Pending

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

Fund Balance Classifications

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

D. Property Taxes

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

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

1: (Continued)

E. Budget Law

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

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

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

Basis of Accounting

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

F. Fund Balance Classification Policies and Procedures

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

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

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

2. Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 95,820		\$ 6,089
Highways and streets		\$ 177,052	
Public safety			49,529
Industrial development			23,864
Capital outlay			1,543,513
Debt service			372,299
Total Restricted	95,820	177,052	1,995,294
Committed for:			
Industrial development			808,219
Assigned to:			
General government			30,051
Capital outlay			131,280
Total Assigned			161,331
Unassigned	3,781,645		
Totals	\$ 3,877,465	\$ 177,052	\$ 2,964,844

3. Commitments

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

	December 31, 2023
Long-term liabilities	\$ 3,774,353
Construction contract	2,421,077
Total Commitments	\$ 6,195,430

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2023
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds (2021) dated January 19, 2021, in the amount of \$2,315,000, due in annual installments of \$15,000 - \$365,000 plus interest through October 2031; interest of 1.625% - 2.875%. Payments are to be made from the 2021 Sales and Use Tax Refunding Bond Debt Service Fund.	\$ 1,905,000
Capital Improvement Revenue Bonds (2023) dated May 9, 2023, in the amount of \$1,635,000, due in annual installments of \$25,000 - \$95,000 plus interest through June 2053; interest of 3.25% - 4.875%. Payments are to be made from the Capital Improvement Revenue Bonds Debt Service, Series 2023 Fund.	1,635,000
Total Bonds	3,540,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	234,353
Total Long-term liabilities	\$ 3,774,353

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

The City's outstanding bonds payable of \$3,540,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
1/19/21	10/1/31	1.625 - 2.875%	\$ 2,315,000	\$ 1,905,000	\$ 410,000
5/9/23	6/1/53	3.25 - 4.875%	1,635,000	1,635,000	0
Total Long-Term Debt			\$ 3,950,000	\$ 3,540,000	\$ 410,000

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

3. Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 2,105,000	\$ 1,635,000	\$ 200,000	\$ 3,540,000

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2024	\$ 230,000	\$ 99,959	\$ 329,959
2025	240,000	103,506	343,506
2026	250,000	96,494	346,494
2027	250,000	91,119	341,119
2028	260,000	85,663	345,663
2029 through 2033	1,010,000	359,250	1,369,250
2034 through 2038	225,000	299,875	524,875
2039 through 2043	280,000	288,828	568,828
2044 through 2048	350,000	181,313	531,313
2049 through 2053	445,000	43,387	488,387
Totals	\$ 3,540,000	\$ 1,649,394	\$ 5,189,394

Construction Contract

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

Project Name	Completion Date	Contract Balance December 31, 2023
Fire Station Rebuild	October 1, 2024	\$ 2,421,077

4. Interfund Transfers

The General Fund transferred \$50,972 to Other Funds in the Aggregate (Capital Improvement Revenue Bonds Debt Service, Series 2023 Fund) for debt service-related payments. The Other Funds in the Aggregate (2021 Sales and Use Tax Refunding Bond Debt Service Fund) transferred \$1,054,243 to the General Fund for city sales tax collected in excess of debt service requirements. Within Other Funds in the Aggregate, Capital Improvement Revenue Bonds Debt Service, Series 2023 Fund transferred \$1,501,730 to the Capital Improvement Revenue Bonds Capital Projects, Series 2023 Fund, as required by the bond issue delivery instructions.

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

5. Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$2,315,000 in bonds that were issued in 2021 to refund bonds issued in 2015. Total principal and interest remaining on the bonds are \$1,905,000 and \$176,619, respectively, payable through October 1, 2031. For 2023, principal and interest and other charges paid were \$200,000 and \$48,188, respectively.

The Debt Service Fund received \$1,309,248 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other City expenditures.

The City pledged future franchise fees to repay \$1,635,000 in bonds that were issued in 2023. The total principal and interest remaining on the bonds are \$1,635,000 and \$1,472,775, respectively, payable through June 1, 2053. For 2023, interest and other charges paid were \$39,762.

The General Fund received \$304,246 in franchise fees in 2023. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for other City expenditures.

6. Job Stimulus

The City obtained funds in prior years from the Federal and State Government to be used to issue loans to area industries to increase jobs under the Job Stimulus Program and for other purposes. The balance of notes receivable from these loans at December 31, 2023, is \$29,759. The notes receivable are not recorded in financial statements due to the City's regulatory basis of accounting.

7. Jointly Governed Organization – Second Judicial District Drug Task Force

The Prosecuting Attorney's Office of the Second Judicial District, the Sheriffs' Departments of Clay, Craighead, Crittenden, Greene, Mississippi, and Poinsett Counties and the Police Departments of Blytheville, Corning, Jonesboro, Marion, Osceola, Paragould, Piggott, Trumann, and West Memphis entered into an agreement to establish the Second Judicial District Drug Task Force. This agreement covers the period January 1, 2023 to December 31, 2024, and may be extended upon written mutual agreement. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Second Judicial District. No contributions or payments for expenditures were made to the Second Judicial District Drug Task Force. The 2023 financial statements of the Second Judicial District Drug Task Force have not been audited.

**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.

On November 4, 2003, administration of the City of Trumann's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of this plan was not changed.

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

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

**8. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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 \$168,962 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$117,252 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 \$2,438,880.

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 the District Court Clerk. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$8,969.

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 \$76,980.

**10. Non-uniformed Employee's Pension Plan
(A Defined Contribution Pension Plan)**

Plan Description

The City maintains a pension plan for all non-uniformed employees. The trustee is First Mercantile Trust Company. Plan provisions were established in accordance with Employees Retirement Security Act of 1974. All non-uniformed, regular, fulltime employees are eligible to become members of the plan after meeting certain age and service requirements. Participation in the plan is compulsory. Normal retirement age is 65. Funding is provided by contributions of 5% by the employee and 5% by the City of the employee's total annual compensation. Additionally, voluntary contributions are allowed by payroll deductions. Upon retirement the employee will receive a monthly retirement income based upon various options in the plan. The employees are entitled only to the funds deposited by them and on their behalf; therefore, there is no unfunded liability.

CITY OF TRUMANN, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

**10. Non-uniformed Employee's Pension Plan
(A Defined Contribution Pension Plan) (Continued)**

On October 22, 2020, the Trumann City Council approved resolution no. 1093-2020 to freeze and terminate the Nonuniformed Employee's Defined Contribution Pension Plan. No further contributions are intended to be made after the effective date (October 30, 2020). For participants with an outstanding loan, loan repayments may still be made until a reasonable amount of time prior to the date of final liquidation of the Participant's account balance in the plan. No eligible employees shall become participants after such date and participants shall be fully vested in their accounts as of October 30, 2020. The City desires to maintain this frozen and terminated plan so that distributions of benefits may be made as provided under the terms of the Plan and directs that the Trust be continued and that distribution of benefits to Participants be made at such time and manner as though the Plan had not been frozen and terminated.

11. Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurers Marlene Hancock and Carol Waleszonia \$23,125 and \$10,896, respectively, for the year ended December 31, 2023.

12. Retirement System

Plan Description

The City contributes to the Arkansas Diamond Deferred compensation Plan. The plan is a 457(b) program as defined by the Internal Revenue Service and is administered by the Executive Director, Employee Benefits Division, Department of Finance and Administration of the State of Arkansas.

Funding Policy/Contributions

The City's contribution rate is five percent. Participants are eligible for contributions after one year. The City's contribution to the plan was \$43,209 for the year ended June 30, 2023.

13. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2023
Land	\$ 1,629,029
Buildings	3,751,007
Equipment	1,921,834
Construction in progress	373,388
Total	\$ 7,675,258

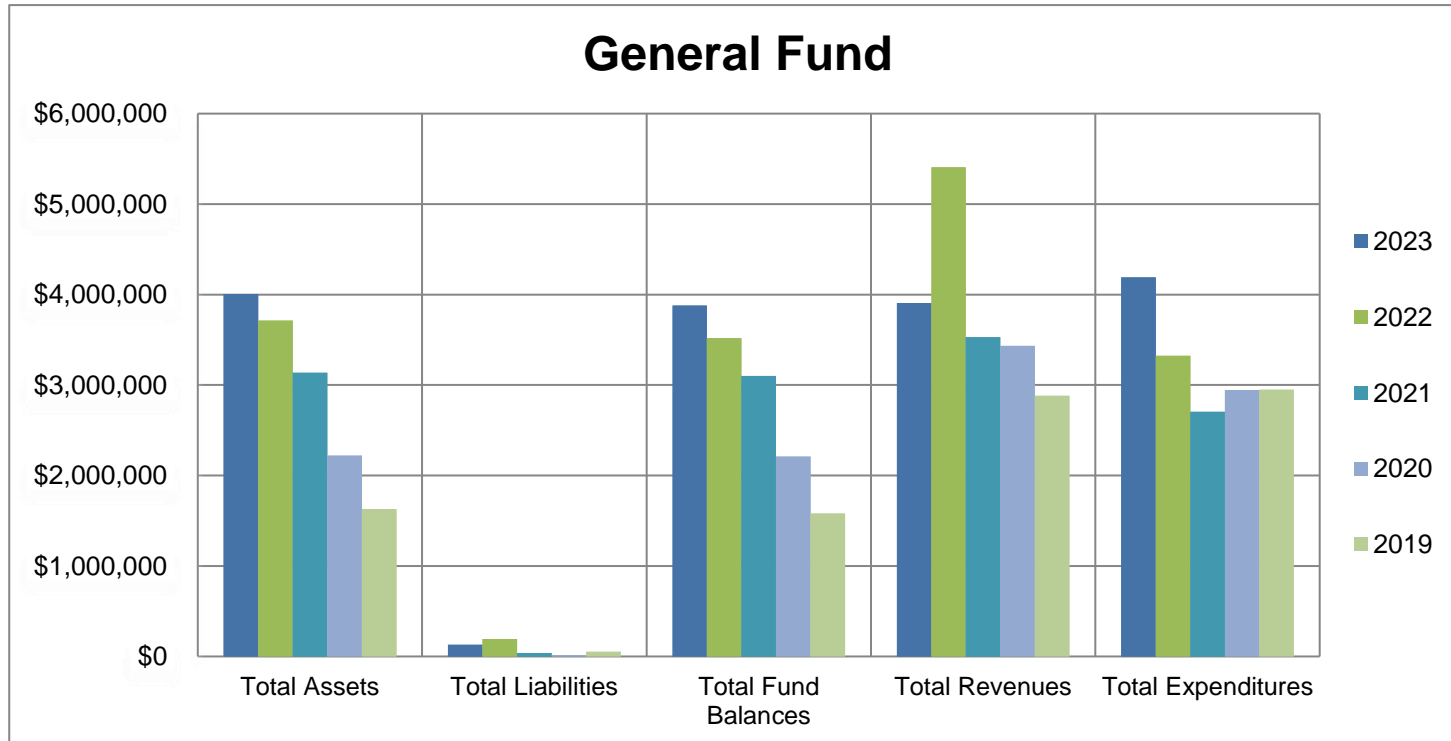
14. Contributions To Water Department

The City passed ordinances 641-2018 (September 11, 2018) and 695-2022 (March 8, 2022) creating the Trumann Infrastructure Fund to be used on major infrastructure improvements or repairs to the water and sewer systems, the street and drainage structures, and sanitation equipment and to appropriate annually not less than \$300,000 from the General Fund to this Fund. For the year ending December 31, 2023, General Fund transferred \$360,898 to the Trumann Infrastructure Fund.

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

Schedule 3-1

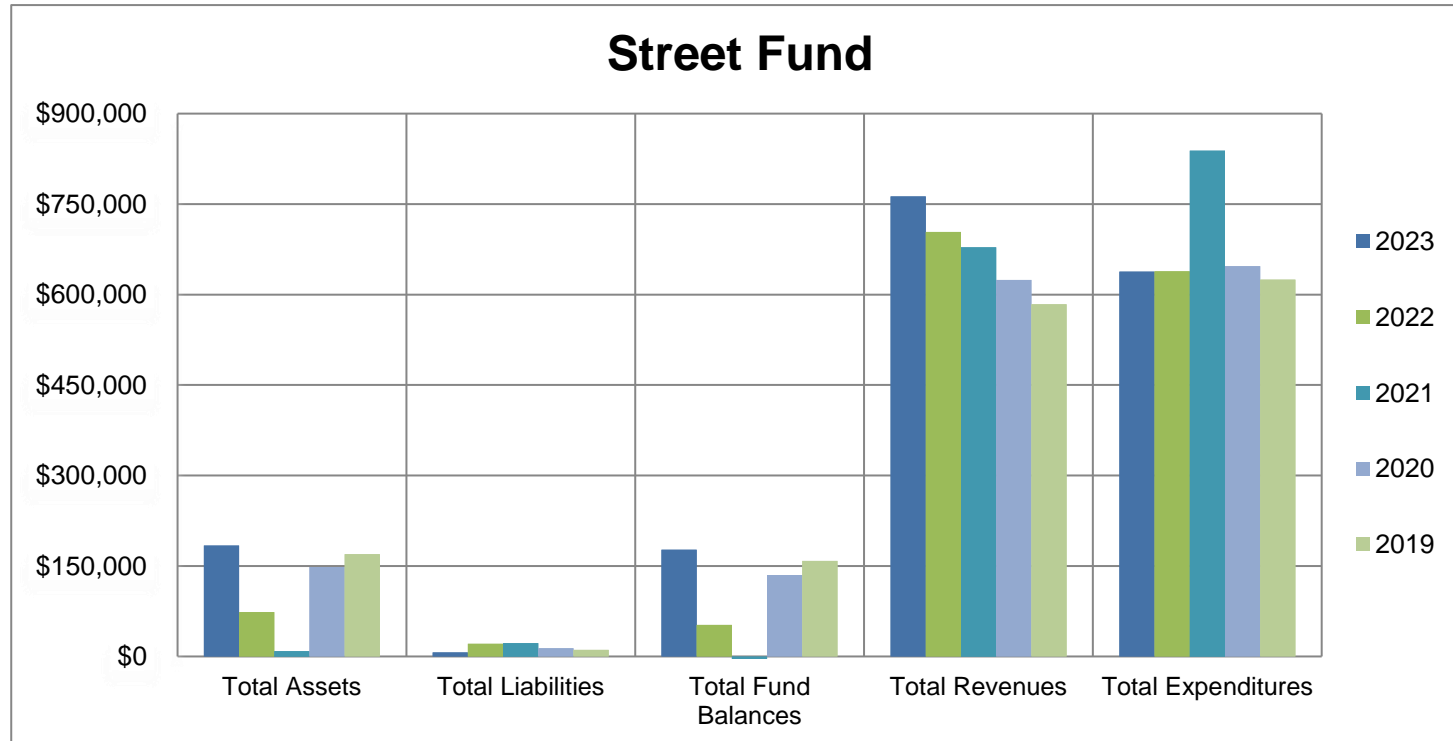
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 4,005,662	\$ 3,711,279	\$ 3,134,464	\$ 2,220,381	\$ 1,630,536
Total Liabilities	128,197	193,077	35,731	10,955	50,264
Total Fund Balances	3,877,465	3,518,202	3,098,733	2,209,426	1,580,272
Total Revenues	3,907,203	5,407,843	3,528,219	3,432,790	2,882,594
Total Expenditures	4,190,313	3,324,699	2,705,746	2,943,550	2,947,257
Total Other Financing Sources/Uses	642,373	(1,663,675)	66,834	139,914	231,270



CITY OF TRUMANN, 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	\$ 183,698	\$ 73,295	\$ 8,904	\$ 148,410	\$ 169,291
Total Liabilities	6,646	20,850	21,999	13,363	11,123
Total Fund Balances	177,052	52,445	(13,095)	135,047	158,168
Total Revenues	762,855	703,987	678,429	624,072	584,116
Total Expenditures	638,248	638,447	838,624	647,193	624,900
Total Other Financing Sources/Uses			12,053		



CITY OF TRUMANN, 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	\$ 3,064,380	\$ 1,266,753	\$ 2,394,670	\$ 1,255,466	\$ 1,288,522
Total Liabilities	99,536	146,402	1,166,094	77,595	101,466
Total Fund Balances	2,964,844	1,120,351	1,228,576	1,177,871	1,187,056
Total Revenues	1,560,908	2,651,094	2,784,325	1,761,191	1,699,059
Total Expenditures	535,306	1,806,801	2,275,373	1,080,462	1,221,521
Total Other Financing Sources/Uses	818,891	(952,518)	(458,247)	(689,914)	(631,270)

