

City of Walnut Ridge, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WALNUT RIDGE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Walnut Ridge, 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 Walnut Ridge, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated September 7, 2022. These procedures were not performed for the Municipal Water and Sewer Works. 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 2021:

Mayor: Charles Snapp
Clerk/Treasurer: Sharon Henson
Police Chief: Jordan Cooksey

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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
September 7, 2022
LOM109121

CITY OF WALNUT RIDGE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,710,467	\$ 57,483	\$ 1,047,684
Accounts receivable	333,432		4,837
	<u>2,043,899</u>	<u>57,483</u>	<u>1,052,521</u>
TOTAL ASSETS	<u>\$ 2,043,899</u>	<u>\$ 57,483</u>	<u>\$ 1,052,521</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 144,667	\$ 8,793	\$ 56,827
Fund Balances:			
Restricted			902,539
Assigned	25,000	48,690	93,155
Unassigned	1,874,232		
Total Fund Balances	<u>1,899,232</u>	<u>48,690</u>	<u>995,694</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,043,899</u>	<u>\$ 57,483</u>	<u>\$ 1,052,521</u>

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

CITY OF WALNUT RIDGE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 122,038	\$ 440,929	\$ 307,176
Federal aid			884,229
Property taxes		53,938	53,939
Franchise fees	349,206		
Sales taxes	2,858,268		8,518
Fines, forfeitures, and costs	55,511		8,010
Interest	138		597
Local permits and fees	197,656		
Sanitation fees	17,315		
Airport fees			678,349
Insurance proceeds			907,608
Other	78,595	12,775	24,453
TOTAL REVENUES	3,678,727	507,642	2,872,879
EXPENDITURES			
Current:			
General government	469,272		
Law enforcement	545,641		6,018
Highways and streets		651,149	150,000
Public safety	879,939		188,912
Sanitation	470,187		
Health	84,023		
Recreation and culture	352,992		
Airport			1,909,560
Total Current	2,802,054	651,149	2,254,490
Debt Service:			
Note principal			43,009
Note interest			1,181
TOTAL EXPENDITURES	2,802,054	651,149	2,298,680

CITY OF WALNUT RIDGE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 876,673</u>	<u>\$ (143,507)</u>	<u>\$ 574,199</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		150,000	120,851
Transfers out	(270,851)		
Sales tax remitted to water department	<u>(579,664)</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(850,515)</u>	<u>150,000</u>	<u>120,851</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,158	6,493	695,050
FUND BALANCES - JANUARY 1	<u>1,873,074</u>	<u>42,197</u>	<u>300,644</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 1,899,232</u></u>	<u><u>\$ 48,690</u></u>	<u><u>\$ 995,694</u></u>

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

CITY OF WALNUT RIDGE, 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
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 376,062	\$ 122,038	\$ (254,024)	\$ 375,000	\$ 440,929	\$ 65,929
Property taxes				50,000	53,938	3,938
Franchise fees	340,500	349,206	8,706			
Sales taxes	1,882,500	2,858,268	975,768			
Fines, forfeitures, and costs	64,350	55,511	(8,839)			
Interest		138	138			
Local permits and fees	180,575	197,656	17,081			
Sanitation fees	17,640	17,315	(325)			
Other	37,695	78,595	40,900	1,900	12,775	10,875
TOTAL REVENUES	2,899,322	3,678,727	779,405	426,900	507,642	80,742
EXPENDITURES						
Current:						
General government	501,820	469,272	32,548			
Law enforcement	670,891	545,641	125,250			
Highways and streets				626,952	651,149	(24,197)
Public safety	969,821	879,939	89,882			
Sanitation	551,448	470,187	81,261			
Health	84,095	84,023	72			
Recreation and culture	414,567	352,992	61,575			
TOTAL EXPENDITURES	3,192,642	2,802,054	390,588	626,952	651,149	(24,197)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(293,320)	876,673	1,169,993	(200,052)	(143,507)	56,545
OTHER FINANCING SOURCES (USES)						
Transfers in				150,000	150,000	
Transfers out	(201,373)	(270,851)	(69,478)			
Sales tax remitted to water department	(112,500)	(579,664)	(467,164)			
TOTAL OTHER FINANCING SOURCES (USES)	(313,873)	(850,515)	(536,642)	150,000	150,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(607,193)	26,158	633,351	(50,052)	6,493	56,545
FUND BALANCES - JANUARY 1		1,873,074	1,873,074		42,197	42,197
FUND BALANCES - DECEMBER 31	\$ (607,193)	\$ 1,899,232	\$ 2,506,425	\$ (50,052)	\$ 48,690	\$ 98,742

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

CITY OF WALNUT RIDGE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Fire Equipment and Training (Act 833)	Local Police and Fire Retirement (LOPFI)	Airport	District Court Automation	Asphalt Reserve	USDA Grant 2021	American Rescue Plan Act (ARPA)	Totals
ASSETS								
Cash and cash equivalents	\$ 9,205	\$ 68,715	\$ 399,281	\$ 3,843	\$ 18,962	\$ 39,641	\$ 508,037	\$ 1,047,684
Accounts receivable			4,837					4,837
TOTAL ASSETS	<u>\$ 9,205</u>	<u>\$ 68,715</u>	<u>\$ 404,118</u>	<u>\$ 3,843</u>	<u>\$ 18,962</u>	<u>\$ 39,641</u>	<u>\$ 508,037</u>	<u>\$ 1,052,521</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 15,201	\$ 41,626					\$ 56,827
Fund Balances:								
Restricted	\$ 9,205		362,492	\$ 3,843	\$ 18,962		\$ 508,037	902,539
Assigned		53,514				\$ 39,641		93,155
Total Fund Balances	<u>9,205</u>	<u>53,514</u>	<u>362,492</u>	<u>3,843</u>	<u>18,962</u>	<u>39,641</u>	<u>508,037</u>	<u>995,694</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,205</u>	<u>\$ 68,715</u>	<u>\$ 404,118</u>	<u>\$ 3,843</u>	<u>\$ 18,962</u>	<u>\$ 39,641</u>	<u>\$ 508,037</u>	<u>\$ 1,052,521</u>

CITY OF WALNUT RIDGE, 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
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	Fire Equipment and Training (Act 833)	Local Police and Fire Retirement (LOPFI)	Airport	District Court Automation	Asphalt Reserve	USDA Grant 2021	American Rescue Plan Act (ARPA)	Totals
REVENUES								
State aid	\$ 54,377		\$ 252,799					\$ 307,176
Federal aid			359,851				\$ 524,378	884,229
Property taxes		\$ 53,939						53,939
Sales taxes			8,518					8,518
Fines, forfeitures, and costs				\$ 8,010				8,010
Interest		1	377		\$ 51	\$ 9	159	597
Airport fees			678,349					678,349
Insurance proceeds			907,608					907,608
Other			24,453					24,453
TOTAL REVENUES	54,377	53,940	2,231,955	8,010	51	9	524,537	2,872,879
EXPENDITURES								
Current:								
Law enforcement				6,018				6,018
Highways and streets					150,000			150,000
Public safety	69,541	102,871					16,500	188,912
Airport			1,909,560					1,909,560
Total Current	69,541	102,871	1,909,560	6,018	150,000		16,500	2,254,490
Debt Service:								
Note principal			43,009					43,009
Note interest			1,181					1,181
TOTAL EXPENDITURES	69,541	102,871	1,953,750	6,018	150,000		16,500	2,298,680
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(15,164)	(48,931)	278,205	1,992	(149,949)	9	508,037	574,199
OTHER FINANCING SOURCES (USES)								
Transfers in		81,219				39,632		120,851
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	(15,164)	32,288	278,205	1,992	(149,949)	39,641	508,037	695,050
FUND BALANCES - JANUARY 1	24,369	21,226	84,287	1,851	168,911			300,644
FUND BALANCES - DECEMBER 31	\$ 9,205	\$ 53,514	\$ 362,492	\$ 3,843	\$ 18,962	\$ 39,641	\$ 508,037	\$ 995,694

CITY OF WALNUT RIDGE, 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>
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.
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.
Airport	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.
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.
Asphalt Reserve	Established by Ordinance no. 861-18 (January 15, 2018) to account for a portion of the .625% Sales and Use tax approved by voters to be used for water, sewer, sanitation, mosquito treatment, and street purposes.
USDA Grant 2021	Established account to hold funds received from United States Department of Agriculture to purchase and equip two new patrol vehicles for the police department.
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.

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

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.

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.

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

1. (Continued)

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.

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.

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.

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.

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

1. (Continued)

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.

There were no committed fund balances at year-end.

2. **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:			
Law enforcement			\$ 3,843
Highways and streets			18,962
Public safety			517,242
Airport			362,492
Total Restricted			<u>902,539</u>
Assigned to:			
General government	\$ 25,000		
Law enforcement			39,641
Highways and streets		\$ 48,690	
Public safety			53,514
Total Assigned	<u>25,000</u>	<u>48,690</u>	<u>93,155</u>
Unassigned	<u>1,874,232</u>		
Totals	<u>\$ 1,899,232</u>	<u>\$ 48,690</u>	<u>\$ 995,694</u>

3. **Commitments**

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

	December 31, 2021
Long-term liabilities	<u>\$ 195,553</u>

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2021
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost.	<u>\$ 195,553</u>

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

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
<u>Direct Borrowings</u>				
Notes payable	<u>\$ 43,009</u>	<u>\$ 0</u>	<u>\$ 43,009</u>	<u>\$ 0</u>

4. Interfund Transfers

The General Fund transferred \$150,000 to the Street Fund and \$81,219 to the Other Funds in the Aggregate for operational purposes. Additionally, the General Fund transferred \$39,632 to the USDA Grant 2021 Fund for the City's matching portion of a grant award.

**5. 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 June 12, 2005, administration of the City of Walnut Ridge 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

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 \$241,904 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$81,352 for the year ended December 31, 2021.

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

**5. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (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 December 31, 2021 (actuarial valuation date and measurement date) was \$819,308.

**6. Non-Uniformed Employee's Pension Plan
[A Defined Contribution Plan]**

The City contributes to a Simplified Employee Pension Plan (SEP-IRA), administered by Modern Woodmen Fraternal Financial, for all non-uniformed employees. All non-uniformed, regular, fulltime employees are eligible to become members of the plan after meeting certain age and service requirements. Employer contributions are determined by a vote of the City Council and may vary; however, the City currently contributes 3% of participating employees' annual salaries to the plan. Employees do not make contributions to their SEP-IRA and are entitled only to the funds deposited on their behalf; there is no unfunded liability. Employees may make withdrawals without being penalized at the age of 59 ½. The City's contribution to the plan was \$2,206 for the year ended December 31, 2021.

7. Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayor Paul Rhoads \$3,000 for the year ended December 31, 2021.

8. 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 Benson Hart and Carolyn Haynes \$7,975 and \$17,742, respectively, for the year ended December 31, 2021.

9. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2021
Land	\$ 796,235
Buildings	4,679,204
Equipment	4,260,757
Total	<u>\$ 9,736,196</u>

CITY OF WALNUT RIDGE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021

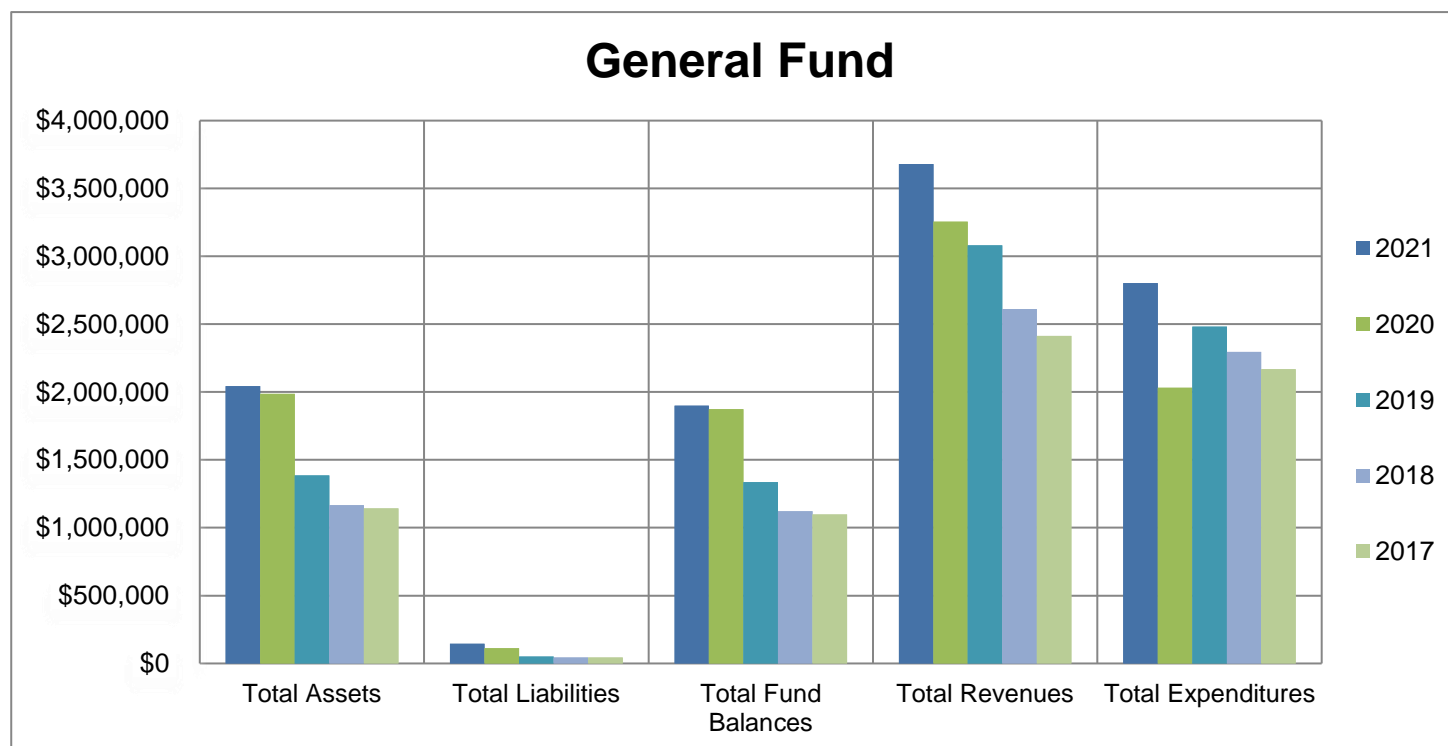
10. Corona Virus (COVID-19)

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 \$1,048,749 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,048,749 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 WALNUT RIDGE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 3-1

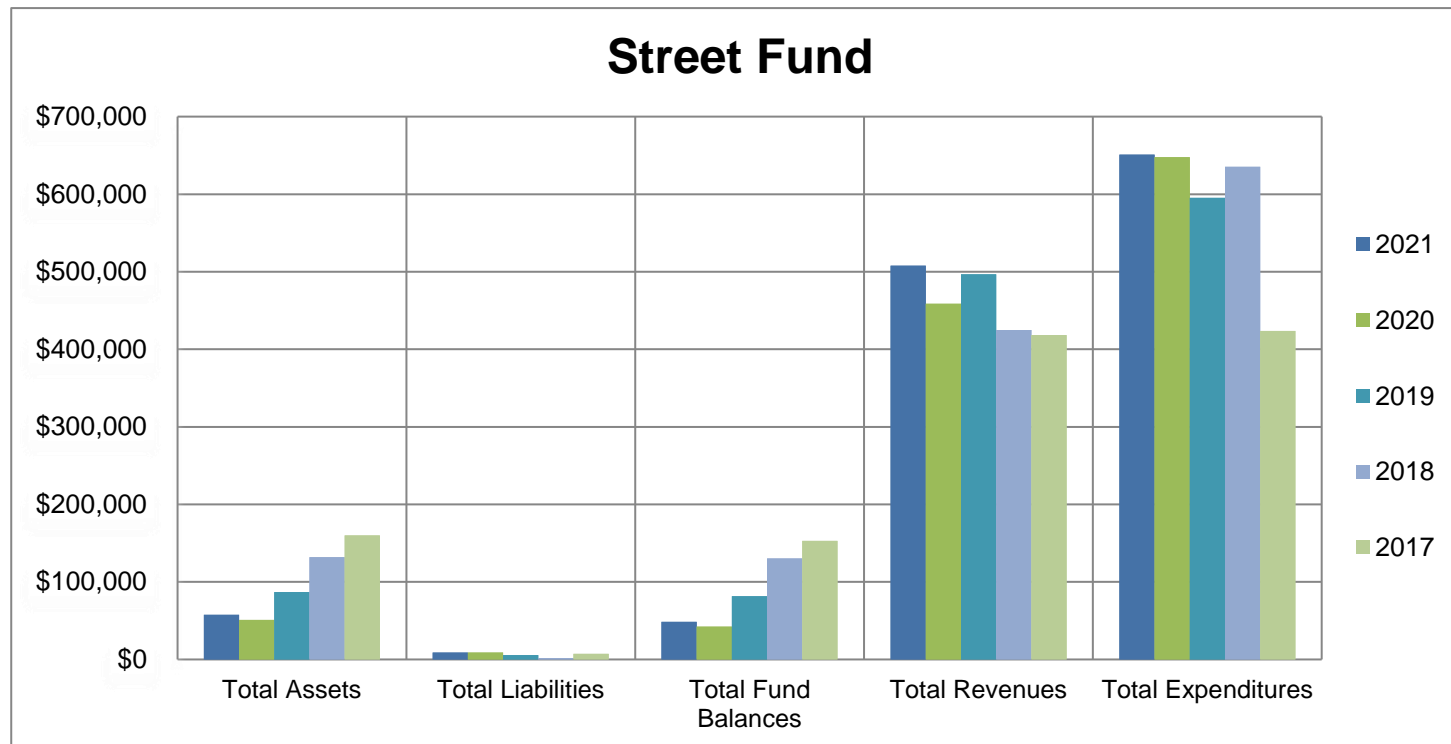
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 2,043,899	\$ 1,986,236	\$ 1,385,365	\$ 1,165,068	\$ 1,142,238
Total Liabilities	144,667	113,162	49,944	42,606	44,200
Total Fund Balances	1,899,232	1,873,074	1,335,421	1,122,462	1,098,038
Total Revenues	3,678,727	3,254,152	3,080,496	2,612,245	2,414,326
Total Expenditures	2,802,054	2,030,842	2,481,511	2,295,014	2,167,556
Total Other Financing Sources/Uses	(850,515)	(685,657)	(386,026)	(292,807)	102,088



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

Schedule 3-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 57,483	\$ 51,102	\$ 87,014	\$ 131,957	\$ 159,953
Total Liabilities	8,793	8,905	5,398	1,744	7,186
Total Fund Balances	48,690	42,197	81,616	130,213	152,767
Total Revenues	507,642	458,702	496,821	424,715	418,385
Total Expenditures	651,149	647,490	595,418	635,338	423,442
Total Other Financing Sources/Uses	150,000	149,369	50,000	188,069	46,699



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

Schedule 3-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 1,052,521	\$ 774,981	\$ 621,932	\$ 919,740	\$ 1,276,367
Total Liabilities	56,827	474,337	33,574	186,673	254,866
Total Fund Balances	995,694	300,644	588,358	733,067	1,021,501
Total Revenues	2,872,879	1,467,081	1,212,179	934,533	1,222,746
Total Expenditures	2,298,680	1,786,754	1,356,888	1,250,898	701,868
Total Other Financing Sources/Uses	120,851	31,959		27,931	

