

**City of Warren, Arkansas**

**Financial and Compliance Report**

**December 31, 2023**

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LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WARREN, 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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Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Warren, 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 Warren, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated April 9, 2025. These procedures were not performed for the Water and Sewer 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: Gregg Reep  
Clerk: Janice Nelson  
Treasurer: Robert Milton  
Police Chief: Shaun Hildreth

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 did not solicit competitive bids for the purchase of two police vehicles costing \$43,855 each, in noncompliance with Ark. Code Ann. § 14-58-303.

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 blue ink, appearing to read "Kevin White".

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
April 9, 2025  
LOM109223

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

Exhibit A

	General	Street	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,064,108	\$ 462,348	\$ 1,078,139
Accounts receivable	324,220		2,203
Interfund receivables	579		
	<u>2,388,907</u>	<u>462,348</u>	<u>1,080,342</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,388,907</b>	<b>\$ 462,348</b>	<b>\$ 1,080,342</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 301,930	\$ 15,116	
Interfund payables		579	
Settlements pending			\$ 51,081
<b>Total Liabilities</b>	<u>301,930</u>	<u>15,695</u>	<u>51,081</u>
<b>Fund Balances:</b>			
Restricted	203,379	241,653	943,432
Committed			8,964
Assigned	1,634,331	205,000	76,865
Unassigned	249,267		
<b>Total Fund Balances</b>	<u>2,086,977</u>	<u>446,653</u>	<u>1,029,261</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,388,907</b>	<b>\$ 462,348</b>	<b>\$ 1,080,342</b>

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

CITY OF WARREN, 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
<b>REVENUES</b>			
State aid	\$ 115,052	\$ 459,996	\$ 85,453
Federal aid			259,096
Property taxes	283,133	85,007	
Franchise fees	420,940		
Sales taxes	1,819,692		
Fines, forfeitures, and costs	92,246		20,997
Interest	4,906	120	9,143
Local permits and fees	62,304	5,075	2,429
Sanitation fees	699,473		
Jail fees	9,522		
911 fees	73,700		
Donations			1,000
Employee contributions			46,299
Employer contributions			2,228
Net increase/(decrease) in fair value of investments			1,912
Other	78,928	10,293	22,181
<b>TOTAL REVENUES</b>	<b>3,659,896</b>	<b>560,491</b>	<b>450,738</b>
<b>EXPENDITURES</b>			
Current:			
General government	471,889		117,710
Law enforcement	1,635,634		4,000
Highways and streets		588,467	131,356
Public safety	696,085		106,271
Sanitation	1,020,355		
Recreation and culture	384,177		1,680
Social services	9,998		
Airport	43,687		283,843
<b>Total Current</b>	<b>4,261,825</b>	<b>588,467</b>	<b>644,860</b>
Debt Service:			
Financed purchase principal	144,852	12,899	
Financed purchase interest	17,199	1,410	
<b>TOTAL EXPENDITURES</b>	<b>4,423,876</b>	<b>602,776</b>	<b>644,860</b>

CITY OF WARREN, 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>\$ (763,980)</u>	<u>\$ (42,285)</u>	<u>\$ (194,122)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			42,647
Transfers out	(42,647)		
Transfer to Arkansas Local Police and Fire Retirement System			<u>(311,448)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(42,647)</u>		<u>(268,801)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(806,627)	(42,285)	(462,923)
FUND BALANCES - JANUARY 1	<u>2,893,604</u>	<u>488,938</u>	<u>1,492,184</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,086,977</u></u>	<u><u>\$ 446,653</u></u>	<u><u>\$ 1,029,261</u></u>

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

CITY OF WARREN, 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)
<b>REVENUES</b>						
State aid	\$ 22,000	\$ 115,052	\$ 93,052	\$ 487,568	\$ 459,996	\$ (27,572)
Property taxes	286,000	283,133	(2,867)	71,000	85,007	14,007
Franchise fees	355,000	420,940	65,940			
Sales taxes		1,819,692	1,819,692			
Fines, forfeitures, and costs	87,000	92,246	5,246			
Interest	1,000	4,906	3,906	300	120	(180)
Local permits and fees	23,000	62,304	39,304	5,000	5,075	75
Sanitation fees	700,000	699,473	(527)			
Jail fees	13,050	9,522	(3,528)			
911 fees	78,000	73,700	(4,300)			
Other	146,388	78,928	(67,460)		10,293	10,293
<b>TOTAL REVENUES</b>	<b>1,711,438</b>	<b>3,659,896</b>	<b>1,948,458</b>	<b>563,868</b>	<b>560,491</b>	<b>(3,377)</b>
<b>EXPENDITURES</b>						
Current:						
General government	933,065	471,889	461,176			
Law enforcement	1,725,590	1,635,634	89,956			
Highways and streets				735,109	588,467	146,642
Public safety	474,494	696,085	(221,591)			
Sanitation	1,058,749	1,020,355	38,394			
Recreation and culture	378,605	384,177	(5,572)			
Social services	10,003	9,998	5			
Airport	35,088	43,687	(8,599)			
Total Current	4,615,594	4,261,825	353,769	735,109	588,467	146,642
Debt Service:						
Financed purchase principal		144,852	(144,852)		12,899	(12,899)
Financed purchase interest		17,199	(17,199)		1,410	(1,410)
<b>TOTAL EXPENDITURES</b>	<b>4,615,594</b>	<b>4,423,876</b>	<b>191,718</b>	<b>735,109</b>	<b>602,776</b>	<b>132,333</b>

CITY OF WARREN, 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	\$ (2,904,156)	\$ (763,980)	\$ 2,140,176	\$ (171,241)	\$ (42,285)	\$ 128,956
OTHER FINANCING SOURCES (USES)						
Transfers in	2,386,000		(2,386,000)	400,000		(400,000)
Transfers out	(95,400)	(42,647)	52,753			
Transfer to Arkansas Local Police and Fire Retirement System	5,000		(5,000)	1,000		(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,295,600	(42,647)	(2,338,247)	401,000		(401,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(608,556)	(806,627)	(198,071)	229,759	(42,285)	(272,044)
FUND BALANCES - JANUARY 1		2,893,604	2,893,604		488,938	488,938
FUND BALANCES - DECEMBER 31	\$ (608,556)	\$ 2,086,977	\$ 2,695,533	\$ 229,759	\$ 446,653	\$ 216,894

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

CITY OF WARREN , 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)	Breathalyzer (Intoxication Detection)	Child Passenger Protection	Municipal Judge and Clerk Retirement	District Court Automation	Emergency Vehicle	Rural Services Wildlife Recreational Facility Project - Shooting Range	American Rescue Plan Act
ASSETS								
Cash and cash equivalents	\$ 6,525	\$ 4,487	\$ 4,347	\$ 22,238	\$ 101,017	\$ 43,702	\$ 41,155	\$ 698,583
Accounts receivable					635	1,230	338	
<b>TOTAL ASSETS</b>	<b>\$ 6,525</b>	<b>\$ 4,487</b>	<b>\$ 4,347</b>	<b>\$ 22,238</b>	<b>\$ 101,652</b>	<b>\$ 44,932</b>	<b>\$ 41,493</b>	<b>\$ 698,583</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Settlements pending								
Total Liabilities								
Fund Balances:								
Restricted	\$ 6,525	\$ 4,487	\$ 4,347	\$ 22,238	\$ 101,652	\$ 35,968		\$ 698,583
Committed						8,964		
Assigned							\$ 41,493	
Total Fund Balances	6,525	4,487	4,347	22,238	101,652	44,932	41,493	698,583
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,525</b>	<b>\$ 4,487</b>	<b>\$ 4,347</b>	<b>\$ 22,238</b>	<b>\$ 101,652</b>	<b>\$ 44,932</b>	<b>\$ 41,493</b>	<b>\$ 698,583</b>

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

Schedule 1

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>TRUST FUND</u>	<u>CUSTODIAL FUNDS</u>			
	<u>Townscape</u>	<u>City Parks Donation</u>	<u>Warren Bypass Project</u>	<u>FAA Aviation Grant</u>	<u>Firemen's Pension</u>	<u>Police Bond and Fine</u>	<u>Payroll</u>	<u>State Funds (Direct Deposit)</u>	<u>Totals</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 6,525	\$ 1,001	\$ 19,556	\$ 77,897	\$ 25	\$ 7,907	\$ 43,173	\$ 1	\$ 1,078,139
Accounts receivable									2,203
<b>TOTAL ASSETS</b>	<b>\$ 6,525</b>	<b>\$ 1,001</b>	<b>\$ 19,556</b>	<b>\$ 77,897</b>	<b>\$ 25</b>	<b>\$ 7,907</b>	<b>\$ 43,173</b>	<b>\$ 1</b>	<b>\$ 1,080,342</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Settlements pending						\$ 7,907	\$ 43,173	\$ 1	\$ 51,081
Total Liabilities						7,907	43,173	1	51,081
Fund Balances:									
Restricted		\$ 1,001	\$ 19,556	\$ 49,050	\$ 25				943,432
Committed									8,964
Assigned	\$ 6,525			28,847					76,865
Total Fund Balances	6,525	1,001	19,556	77,897	25				1,029,261
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,525</b>	<b>\$ 1,001</b>	<b>\$ 19,556</b>	<b>\$ 77,897</b>	<b>\$ 25</b>	<b>\$ 7,907</b>	<b>\$ 43,173</b>	<b>\$ 1</b>	<b>\$ 1,080,342</b>

CITY OF WARREN, 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)	Breathalyzer (Intoxication Detection)	Child Passenger Protection	Municipal Judge and Clerk Retirement	District Court Automation	Emergency Vehicle	Rural Services Wildlife Recreational Facility Project - Shooting Range
REVENUES							
State aid							
Federal aid						\$ 4,000	
Fines, forfeitures, and costs		\$ 436	\$ 75	\$ 2,977	\$ 10,910	6,599	
Interest							
Local permits and fees						2,429	
Donations							
Employee contributions	\$ 46,299						
Employer contributions	2,228						
Net increase/(decrease) in fair value of investments							
Other					460		\$ 19,790
<b>TOTAL REVENUES</b>	<b>48,527</b>	<b>436</b>	<b>75</b>	<b>2,977</b>	<b>11,370</b>	<b>13,028</b>	<b>19,790</b>
EXPENDITURES							
Current:							
General government							
Law enforcement						4,000	
Highways and streets							
Public safety	47,501						
Recreation and culture							1,680
Airport							
<b>TOTAL EXPENDITURES</b>	<b>47,501</b>					<b>4,000</b>	<b>1,680</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,026</b>	<b>436</b>	<b>75</b>	<b>2,977</b>	<b>11,370</b>	<b>9,028</b>	<b>18,110</b>
OTHER FINANCING SOURCES (USES)							
Transfers in							
Transfer to Arkansas Local Police and Fire Retirement System							
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>							
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,026</b>	<b>436</b>	<b>75</b>	<b>2,977</b>	<b>11,370</b>	<b>9,028</b>	<b>18,110</b>
FUND BALANCES - JANUARY 1	5,499	4,051	4,272	19,261	90,282	35,904	23,383
FUND BALANCES - DECEMBER 31	<u>\$ 6,525</u>	<u>\$ 4,487</u>	<u>\$ 4,347</u>	<u>\$ 22,238</u>	<u>\$ 101,652</u>	<u>\$ 44,932</u>	<u>\$ 41,493</u>

CITY OF WARREN, 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		TRUST FUND	Totals
	American Rescue Plan Act	Townscape	City Parks Donation	Warren Bypass Project	FAA Aviation Grant	Firemen's Pension	
REVENUES							
State aid					\$ 77,797	\$ 7,656	\$ 85,453
Federal aid					255,096		259,096
Fines, forfeitures, and costs							20,997
Interest	\$ 1,309	\$ 9	\$ 1			7,824	9,143
Local permits and fees							2,429
Donations			1,000				1,000
Employee contributions							46,299
Employer contributions							2,228
Net increase/(decrease) in fair value of investments						1,912	1,912
Other						1,931	22,181
<b>TOTAL REVENUES</b>	<b>1,309</b>	<b>9</b>	<b>1,001</b>		<b>332,893</b>	<b>19,323</b>	<b>450,738</b>
EXPENDITURES							
Current:							
General government	117,710						117,710
Law enforcement							4,000
Highways and streets	131,356						131,356
Public safety						58,770	106,271
Recreation and culture							1,680
Airport					283,843		283,843
<b>TOTAL EXPENDITURES</b>	<b>249,066</b>				<b>283,843</b>	<b>58,770</b>	<b>644,860</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(247,757)</b>	<b>9</b>	<b>1,001</b>		<b>49,050</b>	<b>(39,447)</b>	<b>(194,122)</b>
OTHER FINANCING SOURCES (USES)							
Transfers in					28,747	13,900	42,647
Transfer to Arkansas Local Police and Fire Retirement System						(311,448)	(311,448)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					<b>28,747</b>	<b>(297,548)</b>	<b>(268,801)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(247,757)</b>	<b>9</b>	<b>1,001</b>		<b>77,797</b>	<b>(336,995)</b>	<b>(462,923)</b>
FUND BALANCES - JANUARY 1	946,340	6,516		\$ 19,556	100	337,020	1,492,184
FUND BALANCES - DECEMBER 31	\$ 698,583	\$ 6,525	\$ 1,001	\$ 19,556	\$ 77,897	\$ 25	\$ 1,029,261

CITY OF WARREN, 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.
Breathalyzer (Intoxication Detection)	Ark. Code Ann. § 16-10-308 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
Child Passenger Protection	Ark. Code Ann. § 27-34-108 established fund to receive 25% of the district court fines collected for violations of the Child Passenger Protection Act to be used for promotion of public safety.
Municipal Judge and Clerk Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
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.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Rural Services Wildlife Recreational Facility Project - Shooting Range	Established to monitor and account for funds received from the Arkansas Rural Development Commission in order to construct a shooting range and for related expenses. The fund also collects fees for use of the facility.
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.
Townscape	Established to account for donations to improve the City Park.
City Parks Donation	Established to account for donations to improve the City Park.
Warren Bypass Project	Established to monitor and account for funds received from the U.S. Environmental Protection Agency Grant for the Warren Water and Sewer bypass extension.

CITY OF WARREN, 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>
FAA Aviation Grant	Established to monitor and account for funds received from the U.S. Federal Aeronautics and Aviation Grant for the Warren Airport.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Payroll	Maintained to process payroll for the city's employees.
State Funds (Direct Deposit)	Maintained to receive direct deposits of state funds and sales taxes.

CITY OF WARREN, 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, property taxes, and local permits and fees 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.

**Pension Trust Funds** - Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. The Pension Trust 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 WARREN, ARKANSAS  
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1. (Continued)

**B. Basis of Accounting - Regulatory**

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

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

**C. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit.

Settlements Pending

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

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1. (Continued)

**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.

**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.

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**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:			
General government			\$ 698,583
Law enforcement	\$ 43,122		168,692
Highways and streets		\$ 241,653	
Public safety	48,442		6,525
Sanitation	37,817		
Recreation and culture	28,191		1,001
Airport	45,807		
Pension benefits			25
Capital outlay			68,606
Total Restricted	203,379	241,653	943,432
Committed for:			
Law enforcement			8,964
Assigned to:			
General government	1,464,195		6,525
Law enforcement	41,849		
Highways and streets		205,000	
Public safety	13,841		
Sanitation	7,816		
Recreation and culture	106,630		41,493
Capital outlay			28,847
Total Assigned	1,634,331	205,000	76,865
Unassigned	249,267		
Totals	\$ 2,086,977	\$ 446,653	\$ 1,029,261

**3. Commitments**

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

	December 31, 2023
Long-term liabilities	\$ 1,067,367

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**3. Commitments (Continued)**

Long-term liabilities

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

	December 31, 2023
<u>Direct Borrowings</u>	
Financed purchase dated May 12, 2020, with Warren Bank and Trust in the amount of \$42,942, with interest rate of 1.49% for the purchase of a 2005 Mack garbage truck. Monthly payments of \$743 for 60 months. Payments are to be made from the General Fund.	\$ 12,489
Financed purchase dated September 2, 2020, with Warren Bank and Trust in the amount of \$102,954, with interest rate of 1.25% for the purchase of a 2003 Freightliner ladder truck, equipment, and building modifications for truck. On June 29, 2021, an additional \$16,701 was obtained for building modifications. Monthly payments of \$2,058 for 60 months. Payments are to be made from the Economic Development Fund.	21,697
Financed purchase dated February 23, 2021, with First State Bank in the amount of \$25,859, with interest rate of 1.15% for the purchase of a 2021 Dodge Ram 1500 truck. Monthly payments of \$444 for 60 months. Payments are to be made from the Street Fund.	11,387
Financed purchase dated September 14, 2022, with First State Bank in the amount of \$41,164, with interest rate of 3.49% for the purchase of a Massey Ferguson Tractor. Monthly payments of \$749 for 60 months. Payments are to be made from the Street Fund.	31,534
Financed purchase dated April 1, 2022, with Warren Bank and Trust in the amount of \$336,774, with interest rate of 1.25% for the purchase of a 2022 International Diesel Pumper Truck. Monthly payments of \$5,793 for 60 months. Payments are to be made from the General Fund.	226,856
Financed purchase dated February 22, 2023, with First State Bank in the amount of \$190,002, with interest rate of 4.45% for the purchase of a Freightliner MS Garbage Truck with Cobra body. Monthly payments of \$3,230 for 23 months and one balloon payment of \$129,972. Payments are to be made from the General Fund.	164,293
Financed purchase dated May 19, 2023, with First State Bank in the amount of \$262,602, with interest rate of 4.45% for the purchase of a Freightliner MS Garbage Truck with Challenger body. Monthly payments of \$3,802 for 35 months and one balloon payment of \$157,758 due on May 19, 2026. Payments are to be made from the General Fund.	242,621
Total Direct Borrowings	710,877
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	93,505
Landfill closure and postclosure care costs	262,985
Total Long-term liabilities	\$ 1,067,367

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

CITY OF WARREN, ARKANSAS  
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**3. Commitments (Continued)**

Long-term liabilities (Continued)

The City's outstanding direct borrowings of \$710,877 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Landfill Closure and Postclosure Care Costs

The City of Warren is the owner of permit #0126-S4 to operate a Class IV solid waste landfill. State and federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and performance of certain maintenance and monitoring functions at the site for two years after closure. Although closure and postclosure care cost will be paid only near or after the date of the landfill stops accepting waste, a portion of these closure and postclosure care cost are being recognized as a commitment each year based on the landfill capacity used as of the balance sheet date. The estimated liability for the landfill closure and postclosure care cost has a balance of \$262,985 as of December 31, 2023.

Estimated cost are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2023. However, the actual cost of closure and postclosure may be higher due to inflations, changes in technology, or changes in landfill laws and regulations.

In accordance with Ark. Code Ann. § 8-6-1603, the City has provided assurance of \$182,175 in the form of contracts of obligation. These contracts of obligation authorize the State Treasurer to withhold from any funds being distributed from the State of Arkansas to the City of Warren the sum of \$182,175 upon receiving notice from the Arkansas Energy and Environment, Division of Environmental Quality of the City of Warren's failure to properly disclose operations.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Direct Borrowings</u>					
5/12/20	5/12/25	1.49%	\$ 42,942	\$ 12,489	\$ 30,453
9/2/20	9/2/25	1.25%	119,655	21,697	97,958
2/23/21	2/23/26	1.15%	25,859	11,387	14,472
9/14/22	9/14/27	3.49%	41,164	31,534	9,630
4/1/22	4/1/27	1.25%	336,774	226,856	109,918
2/22/23	2/22/25	4.45%	190,002	164,293	25,709
5/19/23	5/19/26	4.45%	262,602	242,621	19,981
Total Direct Borrowings			<u>\$ 1,018,998</u>	<u>\$ 710,877</u>	<u>\$ 308,121</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
<u>Direct Borrowings</u>				
Financed purchases	\$ 416,024	\$ 452,604	\$ 157,751	\$ 710,877

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**3. Commitments (Continued)**

Debt Service Requirements to Maturity

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

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2024	\$ 178,373	\$ 20,584	\$ 198,957
2025	254,555	11,807	266,362
2026	248,194	4,163	252,357
2027	29,755	157	29,912
Totals	<u>\$ 710,877</u>	<u>\$ 36,711</u>	<u>\$ 747,588</u>

**4. Interfund Transfers**

The General Fund transferred \$42,647 to Other Funds in the Aggregate (\$28,747 to FAA Aviation Grant for operations and \$13,900 to Firemen's Pension to supplement retirement expenditures).

**5. Subsequent Events**

On July 9, 2024, the City issued a \$625,000 Capital Improvement Revenue Bond with an interest rate of 6.75 percent. The bond proceeds will be used to construct a solar power plant.

**6. Jointly Governed Organization**

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 should be governed by a board of directors consisting of 12 members appointed by the participant's mayors and County Judges. Each participating City and County will appoint three board members. No payments were made to the Southeast Arkansas Regional Intermodal Facilities Authority in 2023. Separate financial statements may be obtained at 101 Myrtle, Warren, Arkansas 71671.

**7. Firemen's Pension and Relief Plan**

Plan Description

The Firemen's Pension and Relief Plan is a single employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$700 for the year ended December 31, 2023. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2023, actuarial valuation, the plan has a net pension liability of \$15,848.

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**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. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

On November 3, 2023, administration of the City of Warren's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans 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 \$67,008 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$37,845 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 \$612,133.

**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](http://www.apers.org).

CITY OF WARREN, ARKANSAS  
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**9. Arkansas Public Employees Retirement System (Continued)**

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 \$252,374.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$2,165,969.

**10. Capital Assets**

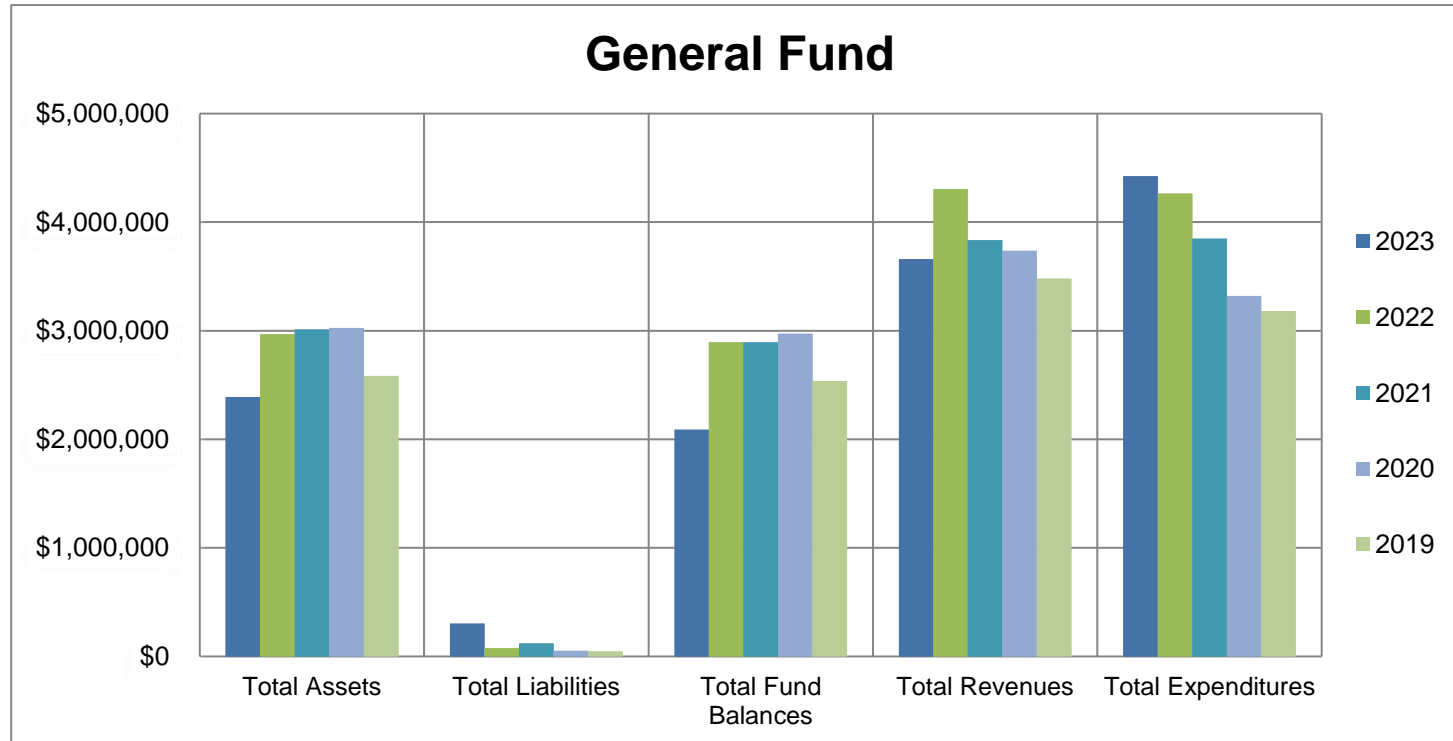
The Municipality's capital assets records are summarized below :

	December 31, 2023
Land	\$ 492,419
Buildings	8,918,503
Equipment	3,947,685
Total	<u>\$ 13,358,607</u>

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

Schedule 3-1

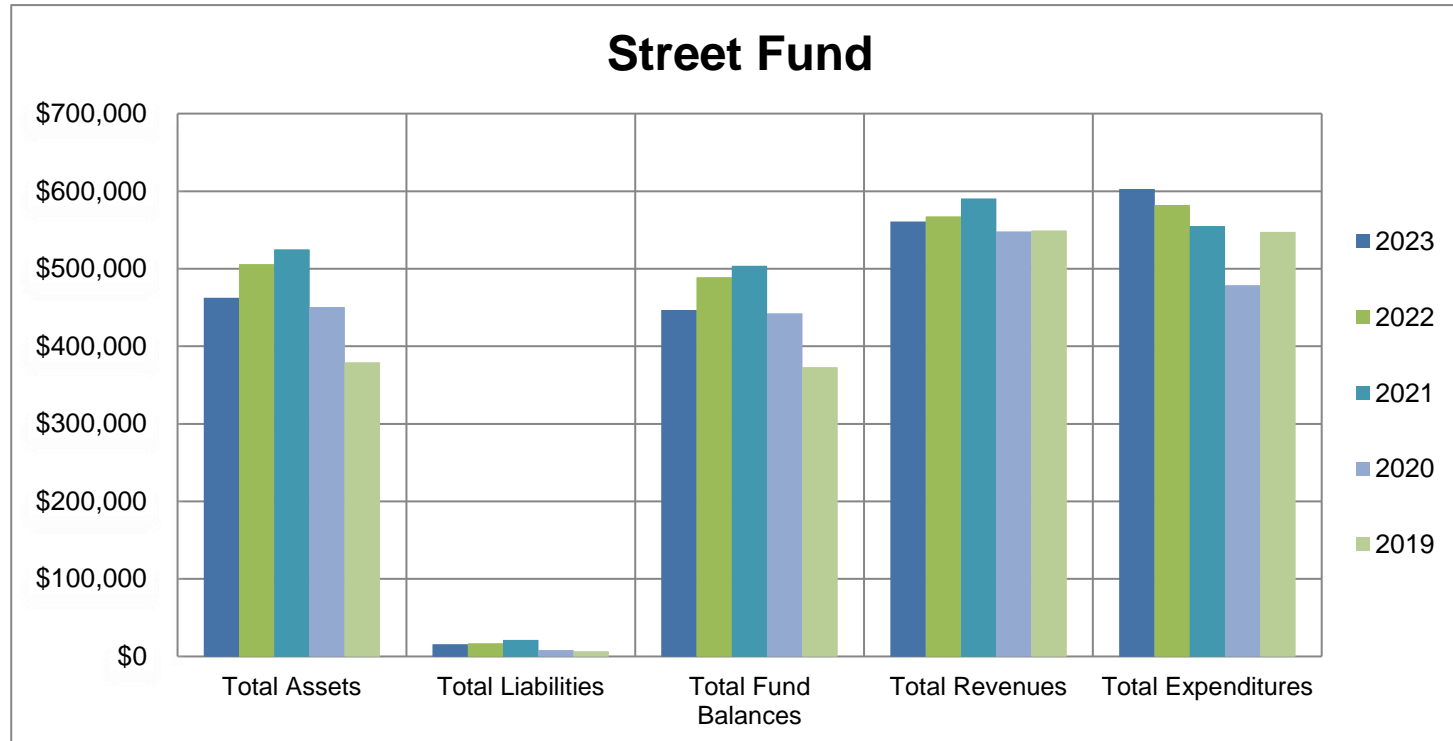
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 2,388,907	\$ 2,966,429	\$ 3,011,677	\$ 3,024,542	\$ 2,582,411
Total Liabilities	301,930	73,945	118,946	51,107	46,439
Total Fund Balances	2,086,977	2,892,484	2,892,731	2,973,435	2,535,972
Total Revenues	3,659,896	4,305,157	3,832,935	3,736,097	3,478,390
Total Expenditures	4,423,876	4,264,239	3,846,708	3,319,147	3,183,012
Total Other Financing Sources/Uses	(42,647)	(41,463)	(64,041)	20,513	(22,396)



CITY OF WARREN, 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	\$ 462,348	\$ 505,611	\$ 524,742	\$ 450,252	\$ 379,199
Total Liabilities	15,695	16,673	21,153	8,103	6,242
Total Fund Balances	446,653	488,938	503,589	442,149	372,957
Total Revenues	560,491	567,172	590,380	547,664	549,038
Total Expenditures	602,776	582,126	554,799	478,472	547,514
Total Other Financing Sources/Uses			25,859		



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 1,080,342	\$ 1,527,154	\$ 1,024,574	\$ 628,380	\$ 551,094
Total Liabilities	51,081	34,970	27,663	108,898	27,370
Total Fund Balances	1,029,261	1,492,184	996,911	519,482	523,724
Total Revenues	450,738	877,470	771,515	156,800	195,178
Total Expenditures	644,860	423,660	347,377	178,374	202,327
Total Other Financing Sources/Uses	(268,801)	41,463	53,291	17,332	22,396

