

City of West Memphis, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WEST MEMPHIS, ARKANSAS
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Arkansas

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Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of West Memphis, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of West Memphis, Arkansas, as of December 31, 2020, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of West Memphis, Arkansas, as of December 31, 2020, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Emphasis of Matter

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
August 10, 2021
LOM109420

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of West Memphis, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 10, 2021. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

2020-1 Arkansas Code requires management to maintain financial records. The City's financial records contained errors that were considered material as noted below:

The General Fund financial records contained misstatements in assets, liabilities, fund balance, revenues, expenditures, and other financing sources/uses of \$820,904, \$2,267,246, \$5,192, \$907,535, \$1,205,199, and \$200,000, respectively, due to receivables and payables recorded in error, classification errors, journal entry errors, and posting errors.

The Street Fund financial records contained misstatements in assets, liabilities, and expenditures of \$914,192, \$869,048, and \$48,498, respectively, due to unrecorded receivables and payables and journal entry errors.

2020-1 (Continued)

The Other Funds in the Aggregate financial records contained misstatements in assets, liabilities, fund balance, revenues, and expenditures of \$1,137,406, \$547,948, \$23,590, \$370,367, and \$906,218, respectively, due to receivables and payables recorded in error, classification errors, journal entry errors, and posting errors.

The effect of these omission/errors constitutes a control deficiency in the process of preparing financial records. City management should implement procedures to ensure financial records are properly posted. The Mayor and Finance Director concurred with the above recommendation and have approved the appropriate adjustments to the City's financial records.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Internal Control over Financial Reporting section as item 2020-1.

Entity's Response to Findings

The City's response to the findings identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also reported to management of the City in a separate letter dated August 10, 2021.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 10, 2021

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2020:

Mayor: Marco McClendon
Treasurer/Finance Director: Frank Martin (deceased May 22, 2020)
Finance Director: Tori Perry (appointed October 15, 2020)
Treasurer: Vacant (May 22, 2020 – December 31, 2020)
City Clerk: Joyce Gray (resigned February 6, 2020), Patricia Lane (appointed June 18, 2020)
District Court Clerk: Terry Griffin
Police Chief: Eddie West

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

Finance Director

1. The City recorded interfund receivables and payables consisting of restricted revenues deposited into the wrong funds, deposit errors, and excess transfers for reimbursements of vendor payables and payroll expenditures. These balances were not cleared in a timely manner and may prohibit the governing body from making sound financial decisions with accurate information. A similar finding was noted in the previous two reports dating back to 2018.
2. Property taxes restricted for police and fire pension benefits and highway funds of \$588,977 and \$146,612, respectively, were deposited to the Library Fund and not transferred to the Retirement and Street Funds, in noncompliance with Ark. Code Ann. §§ 24-11-403, 24-11-812, and 26-79-104. In addition, the Library Fund owes the Retirement Fund \$385,512 and Street Fund \$72,282 for prior year property taxes, resulting in a total due of \$974,489 and \$218,894, respectively. At December 31, 2020, the Library Fund had a deficit fund balance of \$1,028,011 due to exhausting funds in the account for Library expenditures.
3. The City used Advertising and Promotion (A & P) funds to pay \$86,865 in capital lease payments that appear to conflict with Ark. Code Ann. § 25-75-606 (c)(2)(A), which prohibits use of A & P taxes for "...general capital improvements within the city."

Other Issues

Four unauthorized withdrawals totaling \$2,773 were made from a City bank account from December 16, 2020 through February 17, 2021. Entity personnel discovered the unauthorized withdrawals upon review of the affected bank account, and the funds were recovered from the bank.

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

ARKANSAS LEGISLATIVE AUDIT

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

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 10, 2021

CITY OF WEST MEMPHIS, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 10,537,166	\$ 7,146,714	\$ 9,557,661
Accounts receivable	1,573,186	493,989	518,018
Interfund receivables	2,961,383	2,384,818	1,200,147
	<u>15,071,735</u>	<u>10,025,521</u>	<u>11,275,826</u>
TOTAL ASSETS	<u>\$ 15,071,735</u>	<u>\$ 10,025,521</u>	<u>\$ 11,275,826</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 500,572	\$ 391,509	\$ 369,129
Interfund payables	4,065,000	16,506	2,464,842
Settlements pending			248,437
Total Liabilities	<u>4,565,572</u>	<u>408,015</u>	<u>3,082,408</u>
Fund Balances:			
Restricted	2,084,975	9,617,506	9,217,221
Committed			238,340
Assigned	390,113		40,481
Unassigned	8,031,075		(1,302,624)
Total Fund Balances	<u>10,506,163</u>	<u>9,617,506</u>	<u>8,193,418</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,071,735</u>	<u>\$ 10,025,521</u>	<u>\$ 11,275,826</u>

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

CITY OF WEST MEMPHIS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 400,792	\$ 1,981,254	\$ 51,922
Federal aid	1,039,768	570,359	818,731
Property taxes		162,262	1,236,549
Franchise fees	1,775,727		
Sales taxes	8,150,092	1,532,701	351,174
Fines, forfeitures, and costs	876,414		120,944
Interest	10,007	26,307	22,121
Local permits and fees	1,151,552		16,916
Sanitation fees			2,553,063
Advertising and promotion taxes			1,412,970
Emergency 911 fees			468,656
Southland breakage	105,828		
Southland gaming tax	6,002,534		
Employee contributions			2,820
Fuel and oil sales			624,422
Rentals			763,606
Other	1,704,270	1,905	53,159
TOTAL REVENUES	21,216,984	4,274,788	8,497,053
EXPENDITURES			
Current:			
General government	2,562,455		55,000
Law enforcement	9,024,818		594,487
Highways and streets		3,462,771	269,035
Public safety	5,857,012		352,660
Sanitation			2,535,964
Health	160,536		
Recreation and culture	671,880		4,083,896
Social services	265,096		34,358
Advertising and promotion			814,938
Economic development	333,904		149,523
Community development	90,555		346,820
Airport			1,085,089
Total Current	18,966,256	3,462,771	10,321,770
Debt Service:			
Bond principal			100,000
Bond interest and other charges			99,689
Lease principal			12,000
Lease interest	86,865		62,000
Note principal	179,493		
Note interest	11,358		
TOTAL EXPENDITURES	19,243,972	3,462,771	10,595,459

CITY OF WEST MEMPHIS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,973,012	\$ 812,017	\$ (2,098,406)
OTHER FINANCING SOURCES (USES)			
Transfers in			469,768
Transfers out		(63,183)	(406,585)
Contribution from utility	1,424,881		
Note proceeds	200,000		267,000
TOTAL OTHER FINANCING SOURCES (USES)	1,624,881	(63,183)	330,183
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,597,893	748,834	(1,768,223)
FUND BALANCES - JANUARY 1	6,908,270	8,868,672	9,961,641
FUND BALANCES - DECEMBER 31	\$ 10,506,163	\$ 9,617,506	\$ 8,193,418

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

CITY OF WEST MEMPHIS, 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, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 425,001	\$ 400,792	\$ (24,209)	\$ 1,800,000	\$ 1,981,254	\$ 181,254
Federal aid		1,039,768	1,039,768		570,359	570,359
Property taxes				110,000	162,262	52,262
Franchise fees	1,930,000	1,775,727	(154,273)			
Sales taxes	7,488,575	8,150,092	661,517	1,425,000	1,532,701	107,701
Fines, forfeitures, and costs	800,000	876,414	76,414			
Interest	7,025	10,007	2,982	12,000	26,307	14,307
Local permits and fees	1,013,000	1,151,552	138,552			
Southland breakage	220,000	105,828	(114,172)			
Southland gaming tax	4,400,000	6,002,534	1,602,534			
Other	1,412,215	1,704,270	292,055	42,929	1,905	(41,024)
TOTAL REVENUES	17,695,816	21,216,984	3,521,168	3,389,929	4,274,788	884,859
EXPENDITURES						
Current:						
General government	2,507,573	2,562,455	(54,882)			
Law enforcement	9,378,125	9,024,818	353,307			
Highways and streets				3,882,313	3,462,771	419,542
Public safety	5,862,666	5,857,012	5,654			
Health	160,500	160,536	(36)			
Recreation and culture	582,471	671,880	(89,409)			
Social services	133,000	265,096	(132,096)			
Economic development	582,413	333,904	248,509			
Community development	150,000	90,555	59,445			
Total Current	19,356,748	18,966,256	390,492	3,882,313	3,462,771	419,542
Debt Service:						
Lease interest		86,865	(86,865)			
Note principal	179,340	179,493	(153)			
Note interest	25,122	11,358	13,764			
TOTAL EXPENDITURES	19,561,210	19,243,972	317,238	3,882,313	3,462,771	419,542

CITY OF WEST MEMPHIS, 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, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,865,394)	\$ 1,973,012	\$ 3,838,406	\$ (492,384)	\$ 812,017	\$ 1,304,401
OTHER FINANCING SOURCES (USES)						
Transfers in	400,000		(400,000)			
Transfers out	(197,000)		197,000		(63,183)	(63,183)
Contribution from utility	1,604,975	1,424,881	(180,094)			
Note proceeds		200,000	200,000			
TOTAL OTHER FINANCING SOURCES (USES)	1,807,975	1,624,881	(183,094)		(63,183)	(63,183)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(57,419)	3,597,893	3,655,312	(492,384)	748,834	1,241,218
FUND BALANCES - JANUARY 1		6,908,270	6,908,270		8,868,672	8,868,672
FUND BALANCES - DECEMBER 31	\$ (57,419)	\$ 10,506,163	\$ 10,563,582	\$ (492,384)	\$ 9,617,506	\$ 10,109,890

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Debt Service Fund - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund as reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, and costs 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.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications (Continued)

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.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,798,653	\$ 1,815,805
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	25,432,334	26,695,606
Total Deposits	<u>\$ 27,230,987</u>	<u>\$ 28,511,411</u>

The above total deposits do not include cash on hand of \$10,554.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid		\$ 360,092	
Property taxes		10,550	\$ 80,403
Franchise fees	\$ 95,443		
Sales taxes	655,154	123,347	28,327
Fines, forfeitures, and costs	77,896		8,613
Local permits and fees	62,386		
Sanitation fees			214,597
Advertising and promotion taxes			151,321
Emergency 911 fees			18,837
Southland breakage	18,100		
Southland gaming tax	455,599		
Rentals			15,920
Other	208,608		
Totals	<u>\$ 1,573,186</u>	<u>\$ 493,989</u>	<u>\$ 518,018</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 376,534	\$ 359,568	\$ 368,505
Other	124,038	31,941	624
Totals	<u>\$ 500,572</u>	<u>\$ 391,509</u>	<u>\$ 369,129</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2020	
	Interfund Receivables	Interfund Payables
General Fund	\$ 2,961,383	\$ 4,065,000
Street Fund	2,384,818	16,506
Other Funds in the Aggregate:		
Special Revenue Funds:		
Sanitation	16,147	513,522
Library	241	1,195,197
Advertising and Promotion	11,650	2,347
Narcotics		528,247
Community Development		13,091
Metropolitan Planning Organization		95,144
Special	98,482	1,548
Retirement	976,019	39,315
Airport	10,743	6,215
Industrial Development		22,970
Youth Empowerment		47,246
Capital Projects Funds:		
General Park	86,865	
Totals	<u>\$ 6,546,348</u>	<u>\$ 6,546,348</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid when funds become available.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 1,553,648
Law enforcement	\$ 2,084,975		264,048
Highways and streets		\$ 9,617,506	60,814
Public safety			434,963
Recreation and culture			100,532
Social services			4,316
Advertising and promotion			1,783,145
Economic development			1,194,996
Airport			99,671
Pension benefits			2,364,474
Capital outlay			1,045,743
Debt service			310,871
Total Restricted	<u>2,084,975</u>	<u>9,617,506</u>	<u>9,217,221</u>
Committed for:			
Sanitation			<u>238,340</u>
Assigned to:			
General government	500		
Law enforcement	9,132		
Public safety	368,841		32,876
Social services	11,640		
Economic development			7,605
Total Assigned	<u>390,113</u>		<u>40,481</u>
Unassigned	<u>8,031,075</u>		<u>(1,302,624)</u>
Totals	<u>\$ 10,506,163</u>	<u>\$ 9,617,506</u>	<u>\$ 8,193,418</u>

NOTE 8: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2020:

	December 31, 2020
Other Funds in the Aggregate:	
Special Revenue Funds:	
Library	\$ (1,028,011)
Narcotics	(256,076)
Community Development	<u>(18,537)</u>
Total	<u>\$ (1,302,624)</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2020, the legal debt limit for the bonded debt was \$65,635,240. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2020, the legal debt limit for short-term financing obligations was \$17,291,691. The amount of short-term financing obligations was \$661,999, leaving a legal debt margin of \$16,629,692.

The lease-purchase agreement with the West Memphis Public Buildings Development Company, LLC, in the amount of \$11,434,010, qualifies as a revenue bond under Amendment 65, and is not included in the Property Tax Secured Bonded or Short-term Financing Obligation legal debt limit.

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2020:

	December 31, 2020
Long-term liabilities	\$ 16,966,114
Construction contracts	<u>477,688</u>
Total Commitments	<u>\$ 17,443,802</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2020, are comprised of the following:

	December 31, 2020
<u>Bonds</u>	
City of West Memphis, Arkansas, Airport Revenue Refunding and Improvement Bond, Series 2013, dated October 3, 2013, in the amount of \$3,055,000 due in yearly installments of \$147,636 - \$194,275 through May 2038; interest of 1.00% - 4.50%. Payments are to be made from the Airport Bond 2013 Debt Service Fund.	\$ 2,455,000
<u>Direct Borrowings</u>	
Note payable agreement dated October 20, 2016, with Fidelity National Bank for \$896,700, for the purchase of a fire truck; due in yearly installments of \$184,003 - \$202,654 for five years with a variable interest rate. Payments are to be made from the General Fund.	158,999
Lease-purchase agreement dated January 1, 2019, with M. M. Satterfield Aviation Fuels, Inc. in the amount of \$60,000, for the purchase of a jet refueler truck. Monthly installments of \$1,000 for 60 months. This agreement is non-interest bearing. Payments are to be made from the Airport Construction Fund.	36,000
Lease-purchase agreement with the West Memphis Public Buildings Development Company, LLC, dated November 19, 2019, (amended November 6, 2020) in the amount of \$11,434,010 to acquire, develop, and construct a municipal courthouse facility, two fire department stations, a police sub-station, and to advance refund the City of West Memphis, Arkansas Capital Improvement Revenue Bonds, Series 2006. The terms of payments are monthly installments of \$11,451 for 15 months with interest of \$148,865 during 2020. Afterwards monthly installments of \$69,505 for 224 months; interest rate of 3.44%. Payments are to be made from the General Park Capital Projects Fund.	11,434,010
Note payable agreement dated May 28, 2020, with Fidelity National Bank in the amount of \$267,000, for the purchase of garbage carts; due in yearly installments of \$64,380 - \$53,400 for five years with a variable interest rate. Payments are to be made from the Sanitation Fund.	267,000
Note payable agreement dated July 15, 2020, with Fidelity National Bank in the amount of \$200,000, for the purchase of three ambulances; due in yearly installments of \$45,100 - \$40,000 for five years with a variable interest rate. Payments are to be made from the General Fund.	200,000
Total Direct Borrowings	12,096,009
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	2,415,105
Total Long-term liabilities	\$ 16,966,114

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding bonds payable of \$2,455,000 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 under the Constitution and laws of the State.

The City's outstanding notes and lease-purchase agreements from direct borrowings of \$12,096,009 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.

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2020</u>	<u>Maturities to December 31, 2020</u>
<u>Bonds</u>					
10/3/13	5/1/38	1.00% - 4.5%	\$ 3,055,000	\$ 2,455,000	\$ 600,000
<u>Direct Borrowings</u>					
10/20/16	10/20/21	Variable	896,700	158,999	737,701
1/1/19	12/31/23	0.00%	60,000	36,000	24,000
11/19/19	11/1/39	3.44%	11,434,010	11,434,010	0
5/28/20	6/27/25	Variable	267,000	267,000	0
7/15/20	7/15/25	Variable	200,000	200,000	0
Total Direct Borrowings			<u>12,857,710</u>	<u>12,096,009</u>	<u>761,701</u>
Total Long-Term Debt			<u>\$ 15,912,710</u>	<u>\$ 14,551,009</u>	<u>\$ 1,361,701</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 1, 2020	Issued	Retired	Balance December 31, 2020
Bonds payable	\$ 2,555,000		\$ 100,000	\$ 2,455,000
<u>Direct Borrowings</u>				
Notes payable	338,492	\$ 467,000	179,493	625,999
Capital leases	10,944,000	538,010 *	12,000	11,470,010
Total Direct Borrowings	11,282,492	1,005,010	191,493	12,096,009
Total Long-Term Debt	\$ 13,837,492	\$ 1,005,010	\$ 291,493	\$ 14,551,009

*includes capitalized interest of \$276,010

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 100,000	\$ 95,064	\$ 195,064	\$ 533,667	\$ 410,901	\$ 944,568
2022	105,000	92,293	197,293	563,297	388,358	951,655
2023	105,000	89,221	194,221	579,299	369,306	948,605
2024	110,000	85,886	195,886	583,861	349,695	933,556
2025	110,000	82,284	192,284	601,001	329,506	930,507
2026 through 2030	625,000	346,228	971,228	2,816,827	1,353,462	4,170,289
2031 through 2035	760,000	207,353	967,353	3,344,660	825,629	4,170,289
2036 through 2038	540,000	37,350	577,350	3,073,397	181,877	3,255,274
Totals	\$ 2,455,000	\$ 1,035,679	\$ 3,490,679	\$ 12,096,009	\$ 4,208,734	\$ 16,304,743

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2020:

Project Name	Completion Date	Contract Balance December 31, 2020
West Memphis Public Library	January 2021	\$ 223,945
Hanger #3 Rehabilitation	June 2021	253,743
Total Construction Contracts		\$ 477,688

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11: Interfund Transfers

The Street Fund transferred \$63,183 to Other Funds in the Aggregate (Metropolitan Planning Organization) for the City's portion of a grant. Within the Other Funds in the Aggregate, the Airport Fund transferred \$59,000 to the Airport Construction Fund for capital expenditures and \$200,500 to the Airport Bond 2013 Fund for debt service payments. The Advertising and Promotion Fund transferred \$147,085 to the General Park Fund to supplement operations.

NOTE 12: Pledged Revenues

The City pledged future airport revenues and surplus utility revenues to repay \$3,055,000 in refunding and improvement bonds that were issued in 2013 to refund the 2007 Airport Bond and to provide funding for improvements to the Airport. Total principal and interest remaining on the bonds are \$2,455,000 and \$1,035,679, respectively, payable through May 1, 2038. For 2020, principal and interest and other charges paid were \$100,000 and \$99,689, respectively.

The Airport Fund received \$1,077,790 in airport fees in 2020. Any airport fees collected in excess of debt service payments on these bonds is permitted to be used for other airport expenditures.

The City pledged future franchise fees, fines, and forfeitures to repay \$11,434,010 for a Lease-Purchase Agreement that was executed in 2019 (amended in 2020) to provide funding to acquire, develop and construct a municipal courthouse facility, two fire department stations, a police sub-station, and to advance refund the City of West Memphis, Arkansas Capital Improvement Revenue Bonds, Series 2006. Total principal and interest remaining on the lease-purchase are \$11,434,010 and \$4,157,970, respectively, payable through November 1, 2039. For 2020, interest paid was \$148,865.

The General Fund received \$1,775,727 and \$876,414 in franchise fees and fines and forfeitures in 2020, respectively.

NOTE 13: Related Party Transactions

The Utility Department is one of a number of departments and/or funds of the City established for a specific purpose. The City provides general services such as personnel, data processing, financial administration, and legal services to the Department. The cost associated with providing these services is charged to the Department by the City. The amount paid by the Department in 2020 was \$1,424,881.

The City also charges the Department five percent of utility sales in lieu of franchise taxes. The amount paid by the Department in 2020 was \$1,293,820.

As a convenience to customers, the Utility Department includes the fees of city-provided garbage collection and mosquito control in its monthly customer billings. Garbage collection fees are remitted to the Sanitation Fund and mosquito fees are remitted to the General Fund monthly.

The City paid \$219,324 to Suiter Construction Company, Inc. for airport construction and improvement projects in 2020. This company is owned by the spouse of an employee of the City. West Memphis Ordinance no. 2561 (November 5, 2020) amended by West Memphis Ordinance no. 2582 (July 15, 2021) allows the City to conduct business with this employee.

NOTE 14: Risk Management

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14: Risk Management (Continued)

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

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

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$10,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

**NOTE 15: 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 January 1, 2018, administration of the City of West Memphis Firemen's Pension and Relief Fund and the City of West Memphis Policemen'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 \$1,170,365 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$692,331 for the year ended December 31, 2020.

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, 2020 (actuarial valuation date and measurement date) was \$13,833,209.

NOTE 16: Arkansas Public Employees Retirement System

Plan Description

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 16: 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. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$7,615 for the year ended June 30, 2020.

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, 2020 (actuarial valuation date and measurement date) was \$72,950.

NOTE 17: Nonuniform Employee Pension Plan (A Defined Contribution Plan)

On January 1, 1977, the City established a defined contribution pension plan for all nonuniformed employees and has contracted with a private insurance carrier who maintains an account for the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The contribution plan requires the City to contribute to the insurance carrier an amount equal to five percent of the employee's base salary. The City's contributions (and interest allocated to the employees' account) are vested at a rate of 20% per year until fully vested after five years of service. Eligibility commences from one year from date of employment. City contributions for, and interest forfeited by, employees who leave employment before being fully vested are used to reduce the City's future period contribution requirements. Interest earned is credited to each employee's account quarterly. Employees are entitled only to the funds deposited by them and on their behalf. The City's contribution to the plan was \$74,466 for the year ended December 31, 2020.

NOTE 18: Clerk 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 Phillip Para \$4,800, for the year ended December 31, 2020.

NOTE 19: City Attorney Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class 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 city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney 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 service. The City paid former City Attorney David Peebles \$48,925, for the year ended December 31, 2020.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20: Treasurer's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-125 establishes retirement benefits for treasurers in cities of the first class 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 monthly salary received during the preceding year of service. Retirement benefits are to be paid from the City's General Fund. A treasurer who shall retire from office or be succeeded by another city treasurer with 15 years of service shall, upon reaching 60 years of age, receive retirement pay. The City paid former Treasurer Aubrey Holt \$3,000, for the year ended December 31, 2020.

NOTE 21: Southland Greyhound Park Breakage

Southland Greyhound Park Breakage consists of the City's share of the odd cents or breaks after distribution of each pari-mutuel pool. In accordance with Ark. Code Ann. § 23-111-509, breakage is computed as the amount of odd cents remaining in each pari-mutuel pool after redistributions are made in a sum equal to the next lowest multiple of ten cents. The City receives two-thirds of the total breakage.

NOTE 22: Gaming Tax

Amendment one hundred to the Arkansas Constitution established a casino gaming tax to be paid by licensee holders conducting casino gaming equal to 13% on the first \$150,000,000 of net casino gaming receipts and 20% on net receipts that exceeds \$150,000,001. Net casino gaming taxes are distributed as follows: 55% to the State of Arkansas, 17.5% to the Arkansas Racing Commission Purse and Awards Fund, 8% to the county in which the casino is located, and 19.5% to the city in which the casino is located.

NOTE 23: 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). In 2020, the City Received \$1,046,832 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The City was awarded \$6,639,347 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$3,319,674 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 24: Subsequent Events

On March 10, 2021, the City purchased a firetruck from Emergency Vehicle Specialists in the amount of \$596,731.

On March 17, 2021, the City executed a contract with Crisp Construction in the amount of \$294,500 for the Family Dollar Parkway Street Improvement Project.

On June 3, 2021, the City paid the Internal Revenue Service (IRS) \$153,090 in penalties for failure to timely file information returns for the tax period December 31, 2018.

On June 14, 2021, the Airport Commission executed a contract with Garver LLC in the amount of \$226,700 for the North Apron Rehabilitation Project.

On July 14, 2021, the City purchased a sanitation knuckle boom truck from Arkansas Municipal Equipment in the amount of \$225,500.

On July 19, 2021, the City was notified by the Internal Revenue Service (IRS) that they owe \$255,796 in taxes, interest, and penalties for the tax period December 31, 2016.

CITY OF WEST MEMPHIS, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020

Schedule 1

	SPECIAL REVENUE FUNDS								
	Sanitation	Library	Advertising and Promotion	Narcotics	Park	Community Development	Emergency 911	Metropolitan Planning Organization	Special
ASSETS									
Cash and cash equivalents	\$ 577,580	\$ 390,646	\$ 1,624,655	\$ 272,171	\$ 100,532	\$ 8,730	\$ 427,535	\$ 179,930	\$ 570,488
Accounts receivable	214,597	38,019	151,321				18,837		9,083
Interfund receivables	16,147	241	11,650						98,482
TOTAL ASSETS	<u>\$ 808,324</u>	<u>\$ 428,906</u>	<u>\$ 1,787,626</u>	<u>\$ 272,171</u>	<u>\$ 100,532</u>	<u>\$ 8,730</u>	<u>\$ 446,372</u>	<u>\$ 179,930</u>	<u>\$ 678,053</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 56,462	\$ 261,720	\$ 2,134			\$ 14,176		\$ 23,972	\$ 7,500
Interfund payables	513,522	1,195,197	2,347	\$ 528,247		13,091		95,144	1,548
Settlements pending									
Total Liabilities	<u>569,984</u>	<u>1,456,917</u>	<u>4,481</u>	<u>528,247</u>		<u>27,267</u>		<u>119,116</u>	<u>9,048</u>
Fund Balances:									
Restricted			1,783,145		\$ 100,532		\$ 413,496	60,814	669,005
Committed	238,340								
Assigned							32,876		
Unassigned		(1,028,011)		(256,076)		(18,537)			
Total Fund Balances	<u>238,340</u>	<u>(1,028,011)</u>	<u>1,783,145</u>	<u>(256,076)</u>	<u>100,532</u>	<u>(18,537)</u>	<u>446,372</u>	<u>60,814</u>	<u>669,005</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 808,324</u>	<u>\$ 428,906</u>	<u>\$ 1,787,626</u>	<u>\$ 272,171</u>	<u>\$ 100,532</u>	<u>\$ 8,730</u>	<u>\$ 446,372</u>	<u>\$ 179,930</u>	<u>\$ 678,053</u>

CITY OF WEST MEMPHIS, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020

Schedule 1

	SPECIAL REVENUE FUNDS						
	Federal Grants Programs	Retirement	Airport	Port Authority	Industrial Development	Tandem Properties	Youth Empowerment
ASSETS							
Cash and cash equivalents	\$ 4,316	\$ 1,377,633	\$ 86,427	\$ 1,537,728	\$ 825,879	\$ 7,979	\$ 47,246
Accounts receivable		50,137	11,881	15,920	8,223		
Interfund receivables		976,019	10,743				
TOTAL ASSETS	<u>\$ 4,316</u>	<u>\$ 2,403,789</u>	<u>\$ 109,051</u>	<u>\$ 1,553,648</u>	<u>\$ 834,102</u>	<u>\$ 7,979</u>	<u>\$ 47,246</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable			\$ 3,165				
Interfund payables		\$ 39,315	6,215		\$ 22,970		\$ 47,246
Settlements pending							
Total Liabilities		<u>39,315</u>	<u>9,380</u>		<u>22,970</u>		<u>47,246</u>
Fund Balances:							
Restricted	\$ 4,316	2,364,474	99,671	\$ 1,553,648	803,527	\$ 7,979	
Committed							
Assigned					7,605		
Unassigned							
Total Fund Balances	<u>4,316</u>	<u>2,364,474</u>	<u>99,671</u>	<u>1,553,648</u>	<u>811,132</u>	<u>7,979</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,316</u>	<u>\$ 2,403,789</u>	<u>\$ 109,051</u>	<u>\$ 1,553,648</u>	<u>\$ 834,102</u>	<u>\$ 7,979</u>	<u>\$ 47,246</u>

CITY OF WEST MEMPHIS, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	CUSTODIAL FUNDS			
	General Park	Airport Construction	Airport Bond 2013	District Court	Police Confiscation	Administration of Justice	Totals
ASSETS							
Cash and cash equivalents	\$ 295,388	\$ 663,490	\$ 310,871	\$ 179,912	\$ 68,442	\$ 83	\$ 9,557,661
Accounts receivable							518,018
Interfund receivables	86,865						1,200,147
TOTAL ASSETS	\$ 382,253	\$ 663,490	\$ 310,871	\$ 179,912	\$ 68,442	\$ 83	\$ 11,275,826
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 369,129
Interfund payables							2,464,842
Settlements pending				\$ 179,912	\$ 68,442	\$ 83	248,437
Total Liabilities				179,912	68,442	83	3,082,408
Fund Balances:							
Restricted	\$ 382,253	\$ 663,490	\$ 310,871				9,217,221
Committed							238,340
Assigned							40,481
Unassigned							(1,302,624)
Total Fund Balances	382,253	663,490	310,871				8,193,418
TOTAL LIABILITIES AND FUND BALANCES	\$ 382,253	\$ 663,490	\$ 310,871	\$ 179,912	\$ 68,442	\$ 83	\$ 11,275,826

CITY OF WEST MEMPHIS, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	SPECIAL REVENUE FUNDS						
	Sanitation	Library	Advertising and Promotion	Narcotics	Park	Community Development	Emergency 911
REVENUES							
State aid		\$ 36,159					
Federal aid			\$ 7,064			\$ 375,900	
Property taxes		584,703					
Sales taxes							
Fines, forfeitures, and costs				\$ 22,115			
Interest	\$ 810	8,560	6,653	59			\$ 489
Local permits and fees		3,033					
Sanitation fees	2,553,063						
Advertising and promotion taxes			1,412,970				
Emergency 911 fees							468,656
Employee contributions							
Fuel and oil sales							
Rentals			45,555		\$ 2,125		
Other	8,461		19,332				
TOTAL REVENUES	2,562,334	632,455	1,491,574	22,174	2,125	375,900	469,145
EXPENDITURES							
Current:							
General government							
Law enforcement				187,935			
Highways and streets							
Public safety							335,332
Sanitation	2,535,964						
Recreation and culture		4,083,787					
Social services							
Advertising and promotion			814,938				
Economic development							
Community development						346,820	
Airport							
Total Current	2,535,964	4,083,787	814,938	187,935		346,820	335,332
Debt Service:							
Bond principal							
Bond interest and other charges							
Lease principal							
Lease interest							
TOTAL EXPENDITURES	2,535,964	4,083,787	814,938	187,935		346,820	335,332
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES	26,370	(3,451,332)	676,636	(165,761)	2,125	29,080	133,813
OTHER FINANCING SOURCES (USES)							
Transfers in							
Transfers out			(147,085)				
Note proceeds	267,000						
TOTAL OTHER FINANCING SOURCES (USES)	267,000		(147,085)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)							
EXPENDITURES AND OTHER USES	293,370	(3,451,332)	529,551	(165,761)	2,125	29,080	133,813
FUND BALANCES - JANUARY 1	(55,030)	2,423,321	1,253,594	(90,315)	98,407	(47,617)	312,559
FUND BALANCES - DECEMBER 31	\$ 238,340	\$ (1,028,011)	\$ 1,783,145	\$ (256,076)	\$ 100,532	\$ (18,537)	\$ 446,372

CITY OF WEST MEMPHIS, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	SPECIAL REVENUE FUNDS							
	Metropolitan Planning Organization	Special	Federal Grants Programs	Retirement	Airport	Port Authority	Industrial Development	Tandem Properties
REVENUES								
State aid		\$ 15,763						
Federal aid	\$ 198,646	132,729	\$ 35,392					
Property taxes				\$ 651,846				
Sales taxes		102,180			\$ 146,814		\$ 102,180	
Fines, forfeitures, and costs		13,385		85,444				
Interest		698			112	\$ 2,166		
Local permits and fees					13,883			
Sanitation fees								
Advertising and promotion taxes								
Emergency 911 fees								
Employee contributions				2,820				
Fuel and oil sales					624,422			
Rentals					439,485	276,441		
Other	23,688	499			1,179			
TOTAL REVENUES	222,334	265,254	35,392	740,110	1,225,895	278,607	102,180	
EXPENDITURES								
Current:								
General government						55,000		
Law enforcement		127,303					279,249	
Highways and streets	269,035							
Public safety		17,328						
Sanitation								
Recreation and culture								
Social services			34,358					
Advertising and promotion								
Economic development		111,892					37,631	
Community development								
Airport					844,362			
Total Current	269,035	256,523	34,358		844,362	55,000	316,880	
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Lease interest								
TOTAL EXPENDITURES	269,035	256,523	34,358		844,362	55,000	316,880	
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	(46,701)	8,731	1,034	740,110	381,533	223,607	(214,700)	
OTHER FINANCING SOURCES (USES)								
Transfers in	63,183							
Transfers out					(259,500)			
Note proceeds								
TOTAL OTHER FINANCING SOURCES (USES)	63,183				(259,500)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	16,482	8,731	1,034	740,110	122,033	223,607	(214,700)	
FUND BALANCES - JANUARY 1	44,332	660,274	3,282	1,624,364	(22,362)	1,330,041	1,025,832	\$ 7,979
FUND BALANCES - DECEMBER 31	\$ 60,814	\$ 669,005	\$ 4,316	\$ 2,364,474	\$ 99,671	\$ 1,553,648	\$ 811,132	\$ 7,979

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	General Park	Airport Construction	Airport Bond 2013	Totals
REVENUES				
State aid				\$ 51,922
Federal aid		\$ 69,000		818,731
Property taxes				1,236,549
Sales taxes				351,174
Fines, forfeitures, and costs				120,944
Interest		1,230	\$ 1,344	22,121
Local permits and fees				16,916
Sanitation fees				2,553,063
Advertising and promotion taxes				1,412,970
Emergency 911 fees				468,656
Employee contributions				2,820
Fuel and oil sales				624,422
Rentals				763,606
Other				53,159
TOTAL REVENUES		70,230	1,344	8,497,053
EXPENDITURES				
Current:				
General government				55,000
Law enforcement				594,487
Highways and streets				269,035
Public safety				352,660
Sanitation				2,535,964
Recreation and culture	\$ 109			4,083,896
Social services				34,358
Advertising and promotion				814,938
Economic development				149,523
Community development				346,820
Airport		239,745	982	1,085,089
Total Current	109	239,745	982	10,321,770
Debt Service:				
Bond principal			100,000	100,000
Bond interest and other charges			99,689	99,689
Lease principal		12,000		12,000
Lease interest	62,000			62,000
TOTAL EXPENDITURES	62,109	251,745	200,671	10,595,459
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(62,109)	(181,515)	(199,327)	(2,098,406)
OTHER FINANCING SOURCES (USES)				
Transfers in	147,085	59,000	200,500	469,768
Transfers out				(406,585)
Note proceeds				267,000
TOTAL OTHER FINANCING SOURCES (USES)	147,085	59,000	200,500	330,183
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	84,976	(122,515)	1,173	(1,768,223)
FUND BALANCES - JANUARY 1	297,277	786,005	309,698	9,961,641
FUND BALANCES - DECEMBER 31	\$ 382,253	\$ 663,490	\$ 310,871	\$ 8,193,418

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
Sanitation	West Memphis City Ordinance no. 441 (September 5, 1963) established fund to receive all revenues derived from the operation of the Sanitation Department.
Library	Ark. Code Ann. § 13-2-501 established fund to operate and maintain city libraries. West Memphis City Ordinance no. 314 (February 16, 1956) as amended by West Memphis City Ordinance no. 368 (March 5, 1959) allowed for the fund to receive monies for library purposes.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. West Memphis City Ordinance no. 917 (November 1977) established this fund to receive one percent tax levy on gross receipts of hotel and/or motel, restaurants cafes, and cafeterias.
Narcotics	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.
Park	Ark. Code Ann. § 14-269-205 established fund to operate recreational parks.
Community Development	Established to process the U.S. Department of Housing and Urban Development grants.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Metropolitan Planning Organization	Established to process federal highway grants received through the Arkansas Highway and Transportation Department.
Special	Established to receive grants for various city departments and sales tax levied for economic development.
Federal Grants Programs	Established to account for various federal grant awards.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
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 and any excess funds for this purpose will be retained in this fund for the sole purpose of paying the retirement benefits of the district judges and clerks. In addition, Ark. Code Ann. §§ 24-11-801, 24-11-403 established funds to receive property taxes, state aid, and other revenues allowed by law for support of firefighter and police retirement programs, respectively. The District Judge and Clerk Retirement, Firemen's Pension, and Policemen's Pension Funds were combined by the City in September 2018.
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.
Port Authority	Ark. Code Ann. §§ 14-186-201 - 215 established fund to receive revenues obtained by a municipality from port rentals, including proceeds from the sales of any ports, harbors, terminals, or portions thereof of port authority property. The revenues shall be used solely to establish, improve, and maintain lands and facilities in connection with ports, harbors, and terminals.
Industrial Development	West Memphis City Ordinance no. 1257 (September 18, 1986) established fund to receive voter approved sales tax levied for economic development.
Tandem Properties	Established to process the Delta Regional Authority grants.
Youth Empowerment	Established to receive grants for youth summer employment.
General Park	West Memphis City Ordinance no. 2146 (May 18, 2006) established fund in relation to bond issue to pay the related expenses to construct and improve city parks.
Airport Construction	West Memphis City Ordinance no. 2324 (October 3, 2013) established fund in relation to a bond issue to pay the related expenses of construction improvements to the municipal airport.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
Airport Bond 2013	West Memphis City Ordinance no. 2324 (October 3, 2013) established fund to pay the principal and interest of refunding bonds to refinance the cost of constructing improvements to the City's Airport facilities.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Police Confiscation	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.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF WEST MEMPHIS, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2020
(Unaudited)

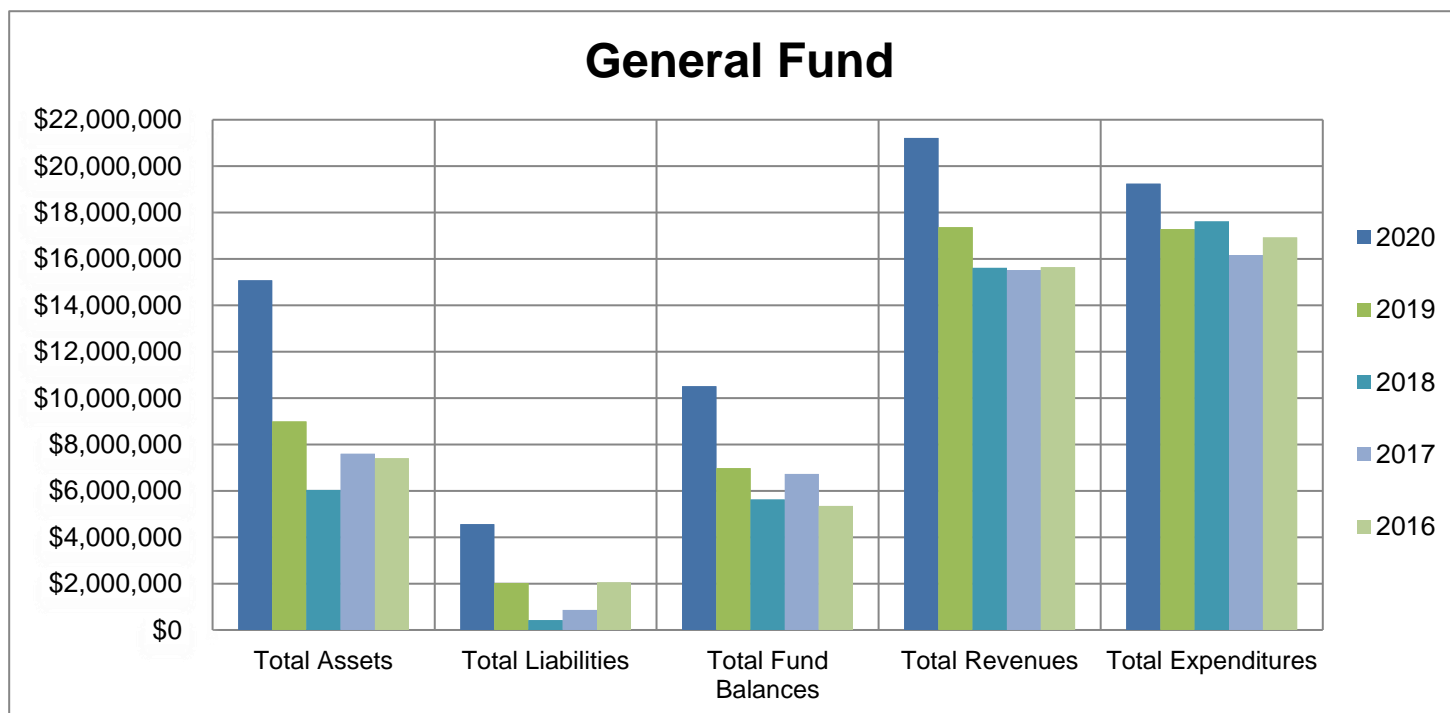
Schedule 3

	December 31, 2020
Land	\$ 6,116,517
Buildings	9,421,280
Equipment	13,791,212
Construction in progress	<u>4,565,920</u>
Total	<u><u>\$ 33,894,929</u></u>

CITY OF WEST MEMPHIS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2020
(Unaudited)

Schedule 4-1

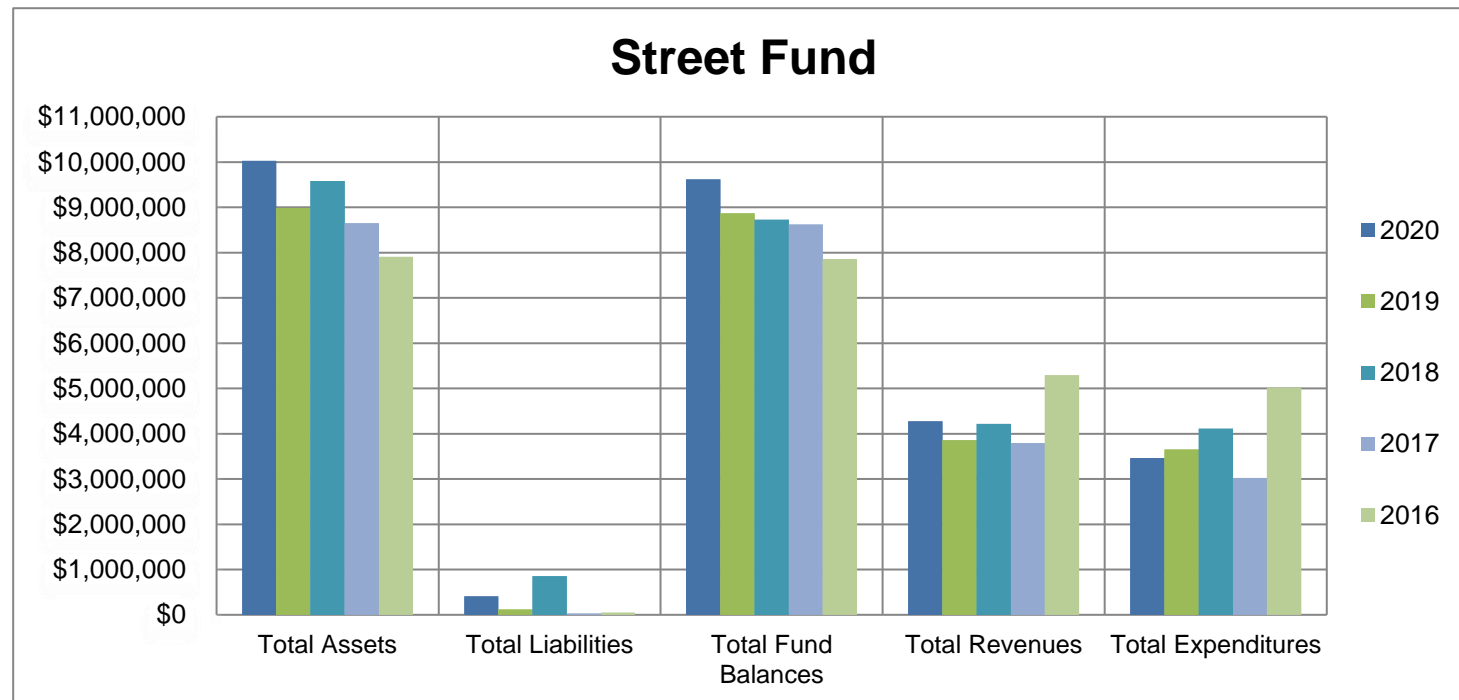
General	2020	2019	2018	2017	2016
Total Assets	\$ 15,071,735	\$ 8,995,777	\$ 6,040,374	\$ 7,595,102	\$ 7,397,815
Total Liabilities	4,565,572	2,025,902	418,579	867,683	2,043,705
Total Fund Balances	10,506,163	6,969,875	5,621,795	6,727,419	5,354,110
Total Revenues	21,216,984	17,363,974	15,606,499	15,522,981	15,643,341
Total Expenditures	19,243,972	17,288,257	17,616,340	16,162,772	16,928,127
Total Other Financing Sources/Uses	1,624,881	1,272,363	904,217	2,013,100	1,298,752



CITY OF WEST MEMPHIS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2020
(Unaudited)

Schedule 4-2

Street	2020	2019	2018	2017	2016
Total Assets	\$ 10,025,521	\$ 8,985,540	\$ 9,580,047	\$ 8,649,558	\$ 7,903,820
Total Liabilities	408,015	116,868	854,098	27,168	46,286
Total Fund Balances	9,617,506	8,868,672	8,725,949	8,622,390	7,857,534
Total Revenues	4,274,788	3,854,465	4,215,312	3,789,760	5,288,621
Total Expenditures	3,462,771	3,650,773	4,111,753	3,024,904	5,017,206
Total Other Financing Sources/Uses	(63,183)	(60,969)			



CITY OF WEST MEMPHIS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2020
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Assets	\$ 11,275,826	\$ 12,240,113	\$ 11,491,754	\$ 12,478,244	\$ 23,957,040
Total Liabilities	3,082,408	2,340,077	1,847,570	3,464,854	2,217,257
Total Fund Balances	8,193,418	9,900,036	9,644,184	9,013,390	21,739,783
Total Revenues	8,497,053	9,289,436	12,336,334	20,323,725	9,203,082
Total Expenditures	10,595,459	9,820,278	12,166,500	19,041,198	9,122,305
Total Other Financing Sources/Uses	330,183	786,694	144,580	(14,008,920)	800,000

