

City of West Memphis, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WEST MEMPHIS, ARKANSAS
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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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of West Memphis, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis 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, 2021; 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.

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 section of our report, the accompanying regulatory basis 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 general fund, street fund, and other funds in the aggregate of the City of West Memphis, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 and pervasive.

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 Governmental 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.

Responsibilities of Management 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The 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 regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents 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.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The 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
October 13, 2022
LOM109421

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 regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of West Memphis, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated October 13, 2022. 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.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We identified a certain deficiency in internal control, described below as item 2021-1, that we consider to be a material weakness.

2021-1 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, other financing sources/uses, and note disclosures of \$742,097, \$4,182,463, \$615,144, \$695,204, \$563,735, \$1,014,176, and \$4,924,560, 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, revenues, expenditures, and note disclosures of \$954,477, \$1,614, \$79,602, \$1,034,566, and \$956,091, respectively, due to unrecorded payables and journal entry errors.

The Other Funds in the Aggregate financial records contained misstatements in assets, liabilities, fund balance, revenues, expenditures, other financing sources/uses, and note disclosures, of \$1,192,348, \$913,589, \$377,138, \$884,258, \$1,033,048, \$762,626, and \$2,105,936, respectively, due to receivables and payables recorded in error, classification errors, journal entry errors, and posting errors.

A similar finding was noted in the previous three reports dating back to 2018.

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.

Report on 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 laws, regulation, 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 result 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 Report on Internal Control over Financial Reporting section as item 2021-1.

We also reported to management of the City in a separate letter dated October 13, 2022.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described previously. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results 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



Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 13, 2022

Arkansas

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



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Roger A. Norman, JD, CPA, CFE, CFF
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 2021:

Mayor: Marco McClendon
Treasurer: Charles Suiter, Jr. (appointed January 27, 2021)
Finance Director: Tori Perry
City Clerk: James Pulliaum
District Court Clerk: Terry Griffin
Police Chief: Eddie West (resigned July 1, 2021), Michael Pope (appointed June 1, 2021, resigned December 24, 2021)

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 in maintaining 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.

Treasurer and 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 three reports dating back to 2018.
2. Property taxes restricted for police and fire pension benefits and highway funds of \$432,692 and \$62,882, respectively, were deposited to the Library Fund and not transferred to the Retirement and Street Funds, as required by Ark. Code Ann. §§ 24-11-403, 24-11-812, and 26-79-104. In addition, the Library Fund owes the Retirement Fund \$974,489 for prior year property taxes, resulting in a total due of \$1,407,181 to the Retirement Fund and \$62,882 to the Street Fund. At December 31, 2021, the Library Fund had a deficit fund balance of \$1,018,128 due to exhausting funds in the account for Library expenditures. In June 2022, the General Fund transferred \$1,470,063 to the Library Fund which was subsequently transferred to the Retirement and Street Funds, leaving no balance owed as of the report date.
3. Bank accounts were not reconciled accurately or promptly after the end of each month, in noncompliance with Ark. Code Ann. § 14-59-108.
4. On April 12, 2021 and July 19, 2021, the City was notified by the Internal Revenue Service (IRS), that the City owed \$153,090 in penalties for late filings of the December 31, 2018 report, and \$255,796 in unpaid taxes and interest for the December 31, 2016 report, respectively. The City remitted a payment of \$153,090 on June 3, 2021, for the penalties. In August 2022, officials sent a letter to the IRS by United States Postal Service certified mail, regarding the remaining balance, but as of October 13, 2022, the City has not received a response.

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, appearing to read "Timothy R. Jones". The signature is written in a cursive, flowing style.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 13, 2022

CITY OF WEST MEMPHIS, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 12,318,016	\$ 7,433,487	\$ 15,783,428
Accounts receivable	1,818,509	177,602	588,020
Interfund receivables	<u>4,547,576</u>	<u>1,778,768</u>	<u>1,635,341</u>
TOTAL ASSETS	<u><u>\$ 18,684,101</u></u>	<u><u>\$ 9,389,857</u></u>	<u><u>\$ 18,006,789</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 236,456	\$ 21,901	\$ 623,634
Interfund payables	4,744,774	120,522	3,096,389
Settlements pending			181,273
Total Liabilities	<u>4,981,230</u>	<u>142,423</u>	<u>3,901,296</u>
Fund Balances:			
Restricted	2,578,962	9,247,434	15,090,867
Assigned	258,469		824,431
Unassigned	<u>10,865,440</u>		<u>(1,809,805)</u>
Total Fund Balances	<u>13,702,871</u>	<u>9,247,434</u>	<u>14,105,493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 18,684,101</u></u>	<u><u>\$ 9,389,857</u></u>	<u><u>\$ 18,006,789</u></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, 2021

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 427,124	\$ 2,222,324	\$ 267,264
Federal aid	239,819		3,731,796
Property taxes		169,899	1,294,747
Franchise fees	2,088,062		22,421
Sales taxes	9,313,794	1,758,507	396,774
Fines, forfeitures, and costs	796,574		107,572
Interest	16,510	15,718	10,351
Local permits and fees	1,203,652		6,414
Sanitation fees			2,594,738
Advertising and promotion taxes			2,123,887
Emergency 911 fees			448,715
Southland breakage	63,209		
Southland gaming tax	7,992,173		
Employee contributions			1,899
Fuel and oil sales			971,507
Rentals			871,884
Other	1,829,956	134,704	129,728
TOTAL REVENUES	23,970,873	4,301,152	12,979,697
EXPENDITURES			
Current:			
General government	3,003,220		55,429
Law enforcement	9,235,384		567,898
Highways and streets		4,671,224	21,290
Public safety	6,718,949		141,205
Sanitation			3,218,288
Health	160,373		
Recreation and culture	697,458		652,848
Social services	7,335		43,468
Advertising and promotion			860,282
Economic development	437,364		246,820
Community development	137,120		257,803
Airport			1,648,213
Total Current	20,397,203	4,671,224	7,713,544
Debt Service:			
Bond principal			100,000
Bond interest and other charges			97,264
Lease principal			345,247
Lease interest			315,214
Note principal	198,999		53,400
Note interest	9,333		7,900
TOTAL EXPENDITURES	20,605,535	4,671,224	8,632,569

CITY OF WEST MEMPHIS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,365,338	\$ (370,072)	\$ 4,347,128
OTHER FINANCING SOURCES (USES)			
Transfers in			2,222,162
Transfers out	(1,564,947)		(657,215)
Contribution from utility	<u>1,396,317</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(168,630)</u>		<u>1,564,947</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,196,708	(370,072)	5,912,075
FUND BALANCES - JANUARY 1	<u>10,506,163</u>	<u>9,617,506</u>	<u>8,193,418</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 13,702,871</u></u>	<u><u>\$ 9,247,434</u></u>	<u><u>\$ 14,105,493</u></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 -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 350,000	\$ 427,124	\$ 77,124	\$ 1,800,000	\$ 2,222,324	\$ 422,324
Federal aid		239,819	239,819			
Property taxes				110,000	169,899	59,899
Franchise fees	1,910,000	2,088,062	178,062			
Sales taxes	7,667,300	9,313,794	1,646,494	1,475,000	1,758,507	283,507
Fines, forfeitures, and costs	800,000	796,574	(3,426)			
Interest	9,025	16,510	7,485	9,500	15,718	6,218
Local permits and fees	1,234,600	1,203,652	(30,948)			
Southland breakage	215,000	63,209	(151,791)			
Southland gaming tax	4,600,000	7,992,173	3,392,173			
Other	1,544,000	1,829,956	285,956	652,341	134,704	(517,637)
TOTAL REVENUES	18,329,925	23,970,873	5,640,948	4,046,841	4,301,152	254,311
EXPENDITURES						
Current:						
General government	3,022,143	3,003,220	18,923			
Law enforcement	9,223,920	9,235,384	(11,464)			
Highways and streets				4,754,657	4,671,224	83,433
Public safety	6,659,698	6,718,949	(59,251)			
Health	160,500	160,373	127			
Recreation and culture	567,794	697,458	(129,664)			
Social services	20,000	7,335	12,665			
Economic development	603,389	437,364	166,025			
Community development	180,000	137,120	42,880			
Total Current	20,437,444	20,397,203	40,241	4,754,657	4,671,224	83,433
Debt Service:						
Note principal	179,340	198,999	(19,659)			
Note interest	12,000	9,333	2,667			
TOTAL EXPENDITURES	20,628,784	20,605,535	23,249	4,754,657	4,671,224	83,433
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,298,859)	3,365,338	5,664,197	(707,816)	(370,072)	337,744
OTHER FINANCING SOURCES (USES)						
Transfers in	400,000		(400,000)			
Transfers out	(1,571,000)	(1,564,947)	6,053			
Contribution from utility	1,390,448	1,396,317	5,869			
TOTAL OTHER FINANCING SOURCES (USES)	219,448	(168,630)	(388,078)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,079,411)	3,196,708	5,276,119	(707,816)	(370,072)	337,744
FUND BALANCES - JANUARY 1		10,506,163	10,506,163		9,617,506	9,617,506
FUND BALANCES - DECEMBER 31	\$ (2,079,411)	\$ 13,702,871	\$ 15,782,282	\$ (707,816)	\$ 9,247,434	\$ 9,955,250

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, property taxes, and sales taxes 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, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for Debt Service Funds 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, certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, and costs that have not been transferred to the appropriate entities.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

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

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.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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

There were no committed fund balances at year end.

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)	\$ 1,784,928	\$ 1,790,752
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	33,736,614	34,255,370
Total Deposits	\$ 35,521,542	\$ 36,046,122

The above total deposits do not include cash on hand of \$13,389.

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, 2021

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2021, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid		\$ 14,011	
Federal aid	\$ 17,573		
Property taxes		10,730	\$ 81,770
Franchise fees	108,443		
Sales taxes	795,625	152,861	36,111
Fines, forfeitures, and costs	53,176		5,701
Local permits and fees	51,887		
Sanitation fees			224,474
Advertising and promotion taxes			222,315
Emergency 911 fees			3,330
Southland breakage	18,964		
Southland gaming tax	530,892		
Rentals			14,240
Other	241,949		79
Totals	<u>\$ 1,818,509</u>	<u>\$ 177,602</u>	<u>\$ 588,020</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2021, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 233,106	\$ 21,901	\$ 623,634
Other	3,350		
Totals	<u>\$ 236,456</u>	<u>\$ 21,901</u>	<u>\$ 623,634</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2021	
	Interfund Receivables	Interfund Payables
General Fund	\$ 4,547,576	\$ 4,744,774
Street Fund	1,778,768	120,522
Other Funds in the Aggregate:		
Special Revenue Funds:		
Sanitation	45,679	557,623
Library	4,868	1,488,867
Advertising and Promotion		26,275
Narcotics	47,821	800,702
Community Development	47,910	9,009
Metropolitan Planning Organization		96,667
Special	28,745	5,455
Retirement	1,408,464	17,847
Airport	23,013	15,664
Industrial Development	28,841	
Youth Empow erment		78,180
American Rescue Plan Act		100
	\$ 7,961,685	\$ 7,961,685
Totals	\$ 7,961,685	\$ 7,961,685

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, 2021

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 5,189,670
Law enforcement	\$ 2,578,962		250,645
Highways and streets		\$ 9,247,434	112,284
Public safety			784,636
Recreation and culture			102,157
Social services			869
Advertising and promotion			2,814,116
Economic development			1,163,540
Community development			35,352
Airport			87,782
Police and fire retirement cost			2,966,828
Pension benefits			160,990
Capital outlay			1,057,220
Debt service			364,778
Total Restricted	2,578,962	9,247,434	15,090,867
Assigned to:			
General government	500		
Law enforcement	11,967		
Public safety	232,080		55,296
Social services	13,922		
Economic development			7,604
Capital outlay			407,381
Debt service			354,150
Total Assigned	258,469		824,431
Unassigned	10,865,440		(1,809,805)
Totals	\$ 13,702,871	\$ 9,247,434	\$ 14,105,493

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2021:

	December 31, 2021
Other Funds in the Aggregate:	
Special Revenue Funds:	
Sanitation	\$ (240,829)
Library	(1,018,128)
Narcotics	(519,914)
Youth Empow erment	(30,934)
Total	\$ (1,809,805)

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, 2021, the legal debt limit for the bonded debt was \$65,797,483. 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, 2021, the legal debt limit for short-term financing obligations was \$17,366,418. The amount of short-term financing obligations was \$397,600, leaving a legal debt margin of \$16,968,818.

The lease-purchase agreement with the West Memphis Public Buildings Development Company, LLC, in the amount of \$11,143,477, 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, 2021:

	December 31, 2021
Long-term liabilities	\$ 16,010,844
Construction contracts	1,194,104
Total Commitments	\$ 17,204,948

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments (Continued)

Long-term liabilities

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

	December 31, 2021
<u>Bonds</u>	
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.	<u>\$ 2,355,000</u>
<u>Direct Borrowings</u>	
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.	24,000
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 \$22,902 during 2021. Afterwards monthly installments of \$69,505 for 224 months; interest rate of 3.44%. Payments are to be made from the General Park Capital Project Fund and Debt Repayment Debt Service Fund.	11,143,477
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.	213,600
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.	160,000
Total Direct Borrowings	<u>11,541,077</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	2,114,767
Total Long-term liabilities	<u>\$ 16,010,844</u>

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, 2021

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$2,355,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding notes and lease-purchase agreements from direct borrowings of \$11,541,077 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, 2021</u>	<u>Maturities to December 31, 2021</u>
<u>Bonds</u>					
10/3/13	5/1/38	1.00% - 4.5%	\$ 3,055,000	\$ 2,355,000	\$ 700,000
<u>Direct Borrowings</u>					
10/20/16	10/20/21	Variable	896,700		896,700
1/1/19	12/31/23	0.00%	60,000	24,000	36,000
11/19/19	11/1/39	3.44%	11,434,010	11,143,477	290,533
5/28//20	6/27/25	Variable	267,000	213,600	53,400
7/15/20	7/15/25	Variable	200,000	160,000	40,000
Total Direct Borrowings			<u>12,857,710</u>	<u>11,541,077</u>	<u>1,316,633</u>
Total Long-Term Debt			<u>\$ 15,912,710</u>	<u>\$ 13,896,077</u>	<u>\$ 2,016,633</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
Bonds payable	\$ 2,455,000	\$ 0	\$ 100,000	\$ 2,355,000
<u>Direct Borrowings</u>				
Notes payable	625,999		252,399	373,600
Capital leases	11,470,010	42,714 *	345,247	11,167,477
Total Direct Borrowings	<u>12,096,009</u>	<u>42,714</u>	<u>597,646</u>	<u>11,541,077</u>
Total Long-Term Debt	<u>\$ 14,551,009</u>	<u>\$ 42,714</u>	<u>\$ 697,646</u>	<u>\$ 13,896,077</u>

*capitalized interest

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 105,000	\$ 92,293	\$ 197,293	\$ 563,297	\$ 385,314	\$ 948,611
2023	105,000	89,221	194,221	579,299	367,023	946,322
2024	110,000	85,886	195,886	583,861	348,173	932,034
2025	110,000	82,284	192,284	601,001	328,745	929,746
2026	115,000	78,400	193,400	525,341	308,717	834,058
2027 through 2031	650,000	321,721	971,721	2,915,268	1,255,021	4,170,289
2032 through 2036	790,000	173,934	963,934	3,461,547	708,741	4,170,288
2037 through 2039	370,000	16,875	386,875	2,311,463	121,207	2,432,670
Totals	<u>\$ 2,355,000</u>	<u>\$ 940,614</u>	<u>\$ 3,295,614</u>	<u>\$ 11,541,077</u>	<u>\$ 3,822,941</u>	<u>\$ 15,364,018</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2021:

Project Name	Estimated Completion Date	Contract Balance December 31, 2021
North Apron Rehabilitation	May 2022	\$ 216,771
Port Hydraulic Study	June 2022	238,728
Airport Beacon Replacement	May 2022	137,680
Tilden Rogers Park Improvements	December 2023	470,925
Hightower Park Improvements	July 2023	130,000
Total Construction Contracts		<u>\$ 1,194,104</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11: Interfund Transfers

The General Fund transferred \$1,564,947 to Other Funds in the Aggregate (Capital Purchases \$550,771, Debt Repayment \$363,320, and General Park \$650,856) for future capital purchases, future debt service payments, and to supplement operations, respectively. Within the Other Funds in the Aggregate, the Airport Fund Transferred \$48,600 to the Airport Construction Fund for capital expenditures and \$252,000 to the Airport Bond 2013 Fund for debt service payments. The Advertising and Promotion Fund transferred \$275,464 to the General Park Fund to supplement operations. The Industrial Development Fund transferred \$20,687 to the Capital Purchases Fund for future capital purchases. The General Park Fund transferred \$60,464 to the Debt Repayment Fund for debt service payments.

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 \$2,355,000 and \$940,614, respectively, payable through May 1, 2038. For 2021, principal and interest and other charges paid were \$100,000 and \$97,264, respectively.

The Airport Fund received \$1,421,225 in airport fees in 2021. Any airport fees 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 \$11,143,477 and \$3,800,058, respectively, payable through November 1, 2039. For 2021, principal and interest paid were \$333,247 and \$315,214, respectively.

The General Fund received \$2,088,062 and \$796,574 in franchise fees and fines and forfeitures in 2021, 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 2021 was \$1,396,317.

The City also charges the Department five percent of utility sales in lieu of franchise taxes. The amount paid by the Department in 2021 was \$1,552,348.

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.

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.

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14: Risk Management (Continued)

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, 2021

**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 were 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 \$1,051,613 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$743,696 for the year ended December 31, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$9,398,760.

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021.

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, 2021 (actuarial valuation date and measurement date) was \$19,138.

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 \$75,972 for the year ended December 31, 2021.

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, 2021.

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, 2021.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021.

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). The City was awarded \$6,639,347 in federal aid from the American Rescue Plan Act of 2021, and as of report date, all 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: Federal Funds Program Compliance

A federal compliance audit of the City's federal grants was performed for the year ended December 31, 2020, with the report date of December 7, 2021. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City. The following material weakness and noncompliance finding was noted in the report:

2020-02 COVID 19-Coronavirus Relief Fund-Assistance Listing No. 21.019; Arkansas Department of Finance and Administration APP-435; Year Ended December 31, 2020

Compliance Requirement: Allowable Costs

Criteria and Condition: The Coronavirus Relief Fund does not allow cost to be reimbursed that was previously reimbursed by the federal grant or by a government entity. The City did not submit payments to be reimbursed which had previously been reimbursed under this federal grant. The City also submitted payments for reimbursement that had been previously reimbursed by a government entity.

Context: A test of 55 expenditures out of 543 reimbursed by the Coronavirus Relief Fund disclosed that pay for 13 individuals was submitted for reimbursement that was previously reimbursed by this federal grant or by a government entity. Further work on the 543 expenditures disclosed that potentially \$144,857 in pay was submitted for reimbursement that was reimbursed by this federal grant or by a government entity.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 24: Federal Funds Program Compliance (Continued)

Cause: The lack of procedures to prevent payments from being listed for reimbursement that were previously reimbursed by this federal grant or a government entity was the cause.

Effect: \$144,857 of costs are likely questioned as a result of requesting reimbursement for salary that was previously reimbursed by the federal grant or a government entity.

Recommendation: Appropriate policies and procedures should be established to ensure cost is allowable. These procedures should provide for appropriate review and approvals by the Finance Director.

Views of Responsible Officials and Planned Corrective Actions: The Mayor and Finance Director concur with the above recommendation and have established policies and procedures to ensure payments are not submitted for reimbursement that were previously reimbursed by this federal grant or a government entity. The City has determined there were sufficient other allowable costs that could have been submitted under the grant for reimbursement if the \$144,857 likely questioned costs had not been submitted. The City is in contact with the Arkansas Department of Finance and Administration at this time to seek to resolve this matter.

NOTE 25: Subsequent Events

On March 18, 2022, the City executed a lease purchase agreement with Motorola Solutions, Inc. for \$6,019,933 for the purchase of communication equipment for the police department. Terms are as follows: \$2,000,000 down payment and annual payments of \$868,731 for 5 years at 2.64% interest.

On August 8, 2022, the City received a grant from the Arkansas Waterways Commission in the amount of \$1,000,000 for improvements and repairs to the dock at the West Memphis-Crittenden County Port.

On September 30, 2022, Crittenden County filed a complaint against the City of West Memphis and the Crittenden County Board of Election Commissioners. The complaint is seeking a declaratory judgment concerning the passage of a voter approved 1% sales and use tax on November 4, 1986, part of which was dedicated to the obligation of West Memphis to Crittenden County, restrain and declare illegal the efforts of the City of West Memphis under Ordinance 2610 at an election called by the City of West Memphis to un-restrict \$2,300,000 generated by Crittenden County share of this tax contrary to West Memphis Ordinance No. 1257, and recover sums the City of West Memphis is obligated to pay Crittenden County that is still owed under Ordinance No. 1257.

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

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	\$ 349,135	\$ 433,933	\$ 2,640,608	\$ 232,967	\$ 102,157	\$ (3,549)	\$ 798,766	\$ 209,456	\$ 544,068
Accounts receivable	224,474	38,665	222,315				3,330		10,736
Interfund receivables	45,679	4,868		47,821		47,910			28,745
TOTAL ASSETS	\$ 619,288	\$ 477,466	\$ 2,862,923	\$ 280,788	\$ 102,157	\$ 44,361	\$ 802,096	\$ 209,456	\$ 583,549
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 302,494	\$ 6,727	\$ 22,532					\$ 505	\$ 7,252
Interfund payables	557,623	1,488,867	26,275	\$ 800,702		\$ 9,009		96,667	5,455
Settlements pending									
Total Liabilities	860,117	1,495,594	48,807	800,702		9,009		97,172	12,707
Fund Balances:									
Restricted			2,814,116		\$ 102,157	35,352	\$ 746,800	112,284	570,842
Assigned							55,296		
Unassigned	(240,829)	(1,018,128)		(519,914)					
Total Fund Balances	(240,829)	(1,018,128)	2,814,116	(519,914)	102,157	35,352	802,096	112,284	570,842
TOTAL LIABILITIES AND FUND BALANCES	\$ 619,288	\$ 477,466	\$ 2,862,923	\$ 280,788	\$ 102,157	\$ 44,361	\$ 802,096	\$ 209,456	\$ 583,549

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS							
	Federal Grants Programs	Retirement	Airport	Port Authority	Industrial Development	Tandem Properties	Youth Empowerment	American Rescue Plan Act
ASSETS								
Cash and cash equivalents	\$ 869	\$ 1,688,861	\$ 89,567	\$ 1,947,238	\$ 841,772	\$ 7,979	\$ 47,246	\$ 3,263,964
Accounts receivable		48,340	15,729	14,240	10,191			
Interfund receivables		1,408,464	23,013		28,841			
TOTAL ASSETS	\$ 869	\$ 3,145,665	\$ 128,309	\$ 1,961,478	\$ 880,804	\$ 7,979	\$ 47,246	\$ 3,263,964
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 24,863	\$ 35,672				
Interfund payables		\$ 17,847	15,664				\$ 78,180	\$ 100
Settlements pending								
Total Liabilities		17,847	40,527	35,672			78,180	100
Fund Balances:								
Restricted	\$ 869	3,127,818	87,782	1,925,806	\$ 873,200	\$ 7,979		3,263,864
Assigned					7,604			
Unassigned							(30,934)	
Total Fund Balances	869	3,127,818	87,782	1,925,806	880,804	7,979	(30,934)	3,263,864
TOTAL LIABILITIES AND FUND BALANCES	\$ 869	\$ 3,145,665	\$ 128,309	\$ 1,961,478	\$ 880,804	\$ 7,979	\$ 47,246	\$ 3,263,964

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS		CUSTODIAL FUNDS			Totals
	General Park	Airport Construction	Capital Purchases	Airport Bond 2013	Debt Repayment	District Court	Police Confiscation	Administration of Justice	
ASSETS									
Cash and cash equivalents	\$ 709,767	\$ 406,965	\$ 571,458	\$ 364,778	\$ 354,150	\$ 107,519	\$ 73,723	\$ 31	\$ 15,783,428
Accounts receivable									588,020
Interfund receivables									1,635,341
TOTAL ASSETS	<u>\$ 709,767</u>	<u>\$ 406,965</u>	<u>\$ 571,458</u>	<u>\$ 364,778</u>	<u>\$ 354,150</u>	<u>\$ 107,519</u>	<u>\$ 73,723</u>	<u>\$ 31</u>	<u>\$ 18,006,789</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 7,461	\$ 216,128						\$ 623,634
Interfund payables									3,096,389
Settlements pending						\$ 107,519	\$ 73,723	\$ 31	181,273
Total Liabilities		<u>7,461</u>	<u>216,128</u>			<u>107,519</u>	<u>73,723</u>	<u>31</u>	<u>3,901,296</u>
Fund Balances:									
Restricted	\$ 657,716	399,504		\$ 364,778					15,090,867
Assigned	52,051		355,330		\$ 354,150				824,431
Unassigned									(1,809,805)
Total Fund Balances	<u>709,767</u>	<u>399,504</u>	<u>355,330</u>	<u>364,778</u>	<u>354,150</u>				<u>14,105,493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 709,767</u>	<u>\$ 406,965</u>	<u>\$ 571,458</u>	<u>\$ 364,778</u>	<u>\$ 354,150</u>	<u>\$ 107,519</u>	<u>\$ 73,723</u>	<u>\$ 31</u>	<u>\$ 18,006,789</u>

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, 2021

Schedule 2

	SPECIAL REVENUE FUNDS							Metropolitan Planning Organization
	Sanitation	Library	Advertising and Promotion	Narcotics	Park	Community Development	Emergency 911	
REVENUES								
State aid	\$ 153,825	\$ 35,014						\$ 51,365
Federal aid		10,402				\$ 311,692		
Property taxes		612,222						
Franchise fees							\$ 22,421	
Sales taxes								
Fines, forfeitures, and costs				\$ 15,525				
Interest	855	438	\$ 3,779	23			859	
Local permits and fees		2,919						
Sanitation fees	2,594,738							
Advertising and promotion taxes			2,123,887					
Emergency 911 fees							448,715	
Employee contributions								
Fuel and oil sales								
Rentals			18,775		\$ 1,625			
Other	46,661		18,974					16,621
TOTAL REVENUES	2,796,079	660,995	2,165,415	15,548	1,625	311,692	471,995	67,986
EXPENDITURES								
Current:								
General government								
Law enforcement				279,386				
Highways and streets								16,516
Public safety							116,271	
Sanitation	3,213,948							
Recreation and culture		651,112						
Social services								
Advertising and promotion			858,980					
Economic development								
Community development						257,803		
Airport								
Total Current	3,213,948	651,112	858,980	279,386		257,803	116,271	16,516
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Lease interest								
Note principal	53,400							
Note interest	7,900							
TOTAL EXPENDITURES	3,275,248	651,112	858,980	279,386		257,803	116,271	16,516
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(479,169)	9,883	1,306,435	(263,838)	1,625	53,889	355,724	51,470
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out			(275,464)					
TOTAL OTHER FINANCING SOURCES (USES)			(275,464)					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(479,169)	9,883	1,030,971	(263,838)	1,625	53,889	355,724	51,470
FUND BALANCES - JANUARY 1	238,340	(1,028,011)	1,783,145	(256,076)	100,532	(18,537)	446,372	60,814
FUND BALANCES - DECEMBER 31	\$ (240,829)	\$ (1,018,128)	\$ 2,814,116	\$ (519,914)	\$ 102,157	\$ 35,352	\$ 802,096	\$ 112,284

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, 2021

Schedule 2

	SPECIAL REVENUE FUNDS								
	Special	Federal Grants Programs	Retirement	Airport	Port Authority	Industrial Development	Tandem Properties	Youth Empowerment	American Rescue Plan Act
REVENUES									
State aid	\$ 27,060								
Federal aid	32,484	\$ 9,087							\$ 3,319,674
Property taxes			\$ 682,525						
Franchise fees									
Sales taxes	117,234			\$ 162,306		\$ 117,234			
Fines, forfeitures, and costs	12,987		79,060						
Interest	716			152	\$ 2,569				
Local permits and fees				3,495					
Sanitation fees									
Advertising and promotion taxes									
Emergency 911 fees									
Employee contributions			1,899						
Fuel and oil sales				971,507					
Rentals				446,223	405,261				
Other	5,000			1,758		100			
TOTAL REVENUES	195,481	9,087	763,484	1,585,441	407,830	117,334			3,319,674
EXPENDITURES									
Current:									
General government					35,672				19,628
Law enforcement	59,189		140						13,055
Highways and streets									4,774
Public safety	15,695								9,239
Sanitation									4,340
Recreation and culture									1,736
Social services		12,534						\$ 30,934	
Advertising and promotion									1,302
Economic development	218,760					26,975			1,085
Community development									
Airport				1,296,730					651
Total Current	293,644	12,534	140	1,296,730	35,672	26,975		30,934	55,810
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal									
Lease interest									
Note principal									
Note interest									
TOTAL EXPENDITURES	293,644	12,534	140	1,296,730	35,672	26,975		30,934	55,810
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(98,163)	(3,447)	763,344	288,711	372,158	90,359		(30,934)	3,263,864
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out				(300,600)		(20,687)			
TOTAL OTHER FINANCING SOURCES (USES)				(300,600)		(20,687)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(98,163)	(3,447)	763,344	(11,889)	372,158	69,672		(30,934)	3,263,864
FUND BALANCES - JANUARY 1	669,005	4,316	2,364,474	99,671	1,553,648	811,132	\$ 7,979		
FUND BALANCES - DECEMBER 31	\$ 570,842	\$ 869	\$ 3,127,818	\$ 87,782	\$ 1,925,806	\$ 880,804	\$ 7,979	\$ (30,934)	\$ 3,263,864

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, 2021

Schedule 2

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS		Totals
	General Park	Airport Construction	Capital Purchases	Airport Bond 2013	Debt Repayment	
REVENUES						
State aid						\$ 267,264
Federal aid		\$ 48,457				3,731,796
Property taxes						1,294,747
Franchise fees						22,421
Sales taxes						396,774
Fines, forfeitures, and costs						107,572
Interest		839		\$ 121		10,351
Local permits and fees						6,414
Sanitation fees						2,594,738
Advertising and promotion taxes						2,123,887
Emergency 911 fees						448,715
Employee contributions						1,899
Fuel and oil sales						971,507
Rentals						871,884
Other	\$ 40,614					129,728
TOTAL REVENUES	<u>40,614</u>	<u>49,296</u>		<u>121</u>		<u>12,979,697</u>
EXPENDITURES						
Current:						
General government					\$ 129	55,429
Law enforcement			\$ 216,128			567,898
Highways and streets						21,290
Public safety						141,205
Sanitation						3,218,288
Recreation and culture						652,848
Social services						43,468
Advertising and promotion						860,282
Economic development						246,820
Community development						257,803
Airport		349,882		950		1,648,213
Total Current		<u>349,882</u>	<u>216,128</u>	<u>950</u>	<u>129</u>	<u>7,713,544</u>
Debt Service:						
Bond principal				100,000		100,000
Bond interest and other charges				97,264		97,264
Lease principal	295,794	12,000			37,453	345,247
Lease interest	283,162				32,052	315,214
Note principal						53,400
Note interest						7,900
TOTAL EXPENDITURES	<u>578,956</u>	<u>361,882</u>	<u>216,128</u>	<u>198,214</u>	<u>69,634</u>	<u>8,632,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(538,342)</u>	<u>(312,586)</u>	<u>(216,128)</u>	<u>(198,093)</u>	<u>(69,634)</u>	<u>4,347,128</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	926,320	48,600	571,458	252,000	423,784	2,222,162
Transfers out	(60,464)					(657,215)
TOTAL OTHER FINANCING SOURCES (USES)	<u>865,856</u>	<u>48,600</u>	<u>571,458</u>	<u>252,000</u>	<u>423,784</u>	<u>1,564,947</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>327,514</u>	<u>(263,986)</u>	<u>355,330</u>	<u>53,907</u>	<u>354,150</u>	<u>5,912,075</u>
FUND BALANCES - JANUARY 1	<u>382,253</u>	<u>663,490</u>		<u>310,871</u>		<u>8,193,418</u>
FUND BALANCES - DECEMBER 31	<u>\$ 709,767</u>	<u>\$ 399,504</u>	<u>\$ 355,330</u>	<u>\$ 364,778</u>	<u>\$ 354,150</u>	<u>\$ 14,105,493</u>

CITY OF WEST MEMPHIS, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
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, 2021

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.
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.
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, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Capital Purchases	Established for future capital purchases.
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.
Debt Repayment	Established for future debt repayment.
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, 2021
(Unaudited)

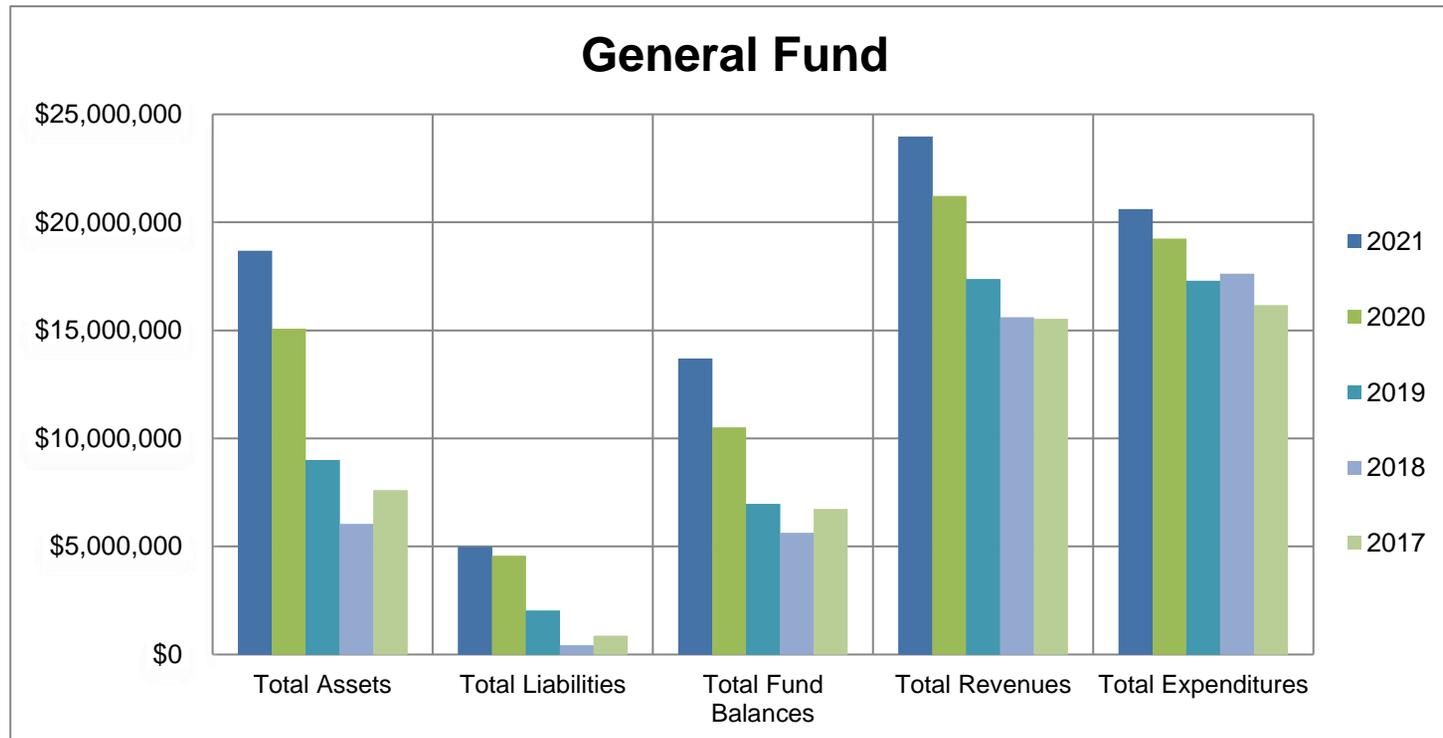
Schedule 3

	December 31, 2021
Land	\$ 6,116,517
Buildings	14,218,084
Equipment	<u>14,496,667</u>
Total	<u><u>\$ 34,831,268</u></u>

CITY OF WEST MEMPHIS, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2021
 (Unaudited)

Schedule 4-1

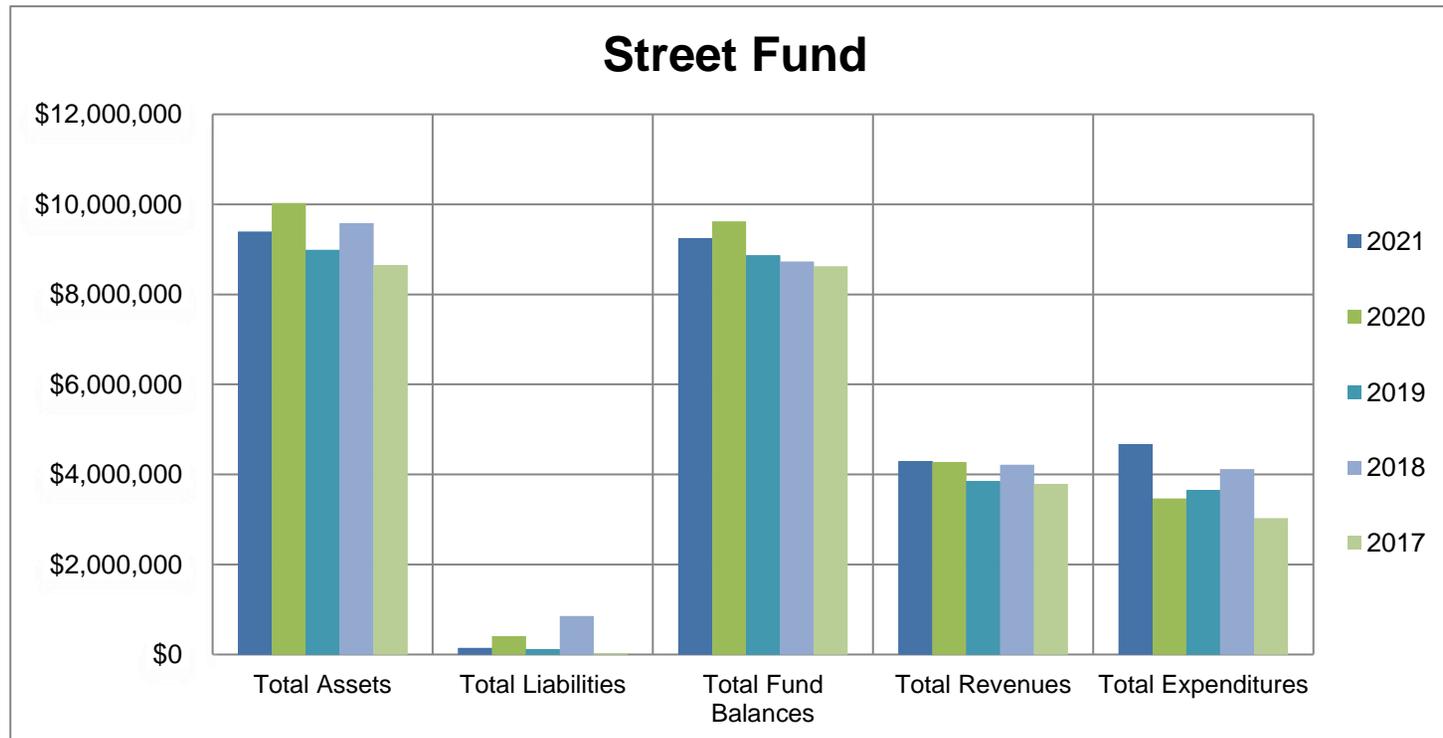
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 18,684,101	\$ 15,071,735	\$ 8,995,777	\$ 6,040,374	\$ 7,595,102
Total Liabilities	4,981,230	4,565,572	2,025,902	418,579	867,683
Total Fund Balances	13,702,871	10,506,163	6,969,875	5,621,795	6,727,419
Total Revenues	23,970,873	21,216,984	17,363,974	15,606,499	15,522,981
Total Expenditures	20,605,535	19,243,972	17,288,257	17,616,340	16,162,772
Total Other Financing Sources/Uses	(168,630)	1,624,881	1,272,363	904,217	2,013,100



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

Schedule 4-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 9,389,857	\$ 10,025,521	\$ 8,985,540	\$ 9,580,047	\$ 8,649,558
Total Liabilities	142,423	408,015	116,868	854,098	27,168
Total Fund Balances	9,247,434	9,617,506	8,868,672	8,725,949	8,622,390
Total Revenues	4,301,152	4,274,788	3,854,465	4,215,312	3,789,760
Total Expenditures	4,671,224	3,462,771	3,650,773	4,111,753	3,024,904
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, 2021
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2021	2020	2019	2018	2017
Total Assets	\$ 18,006,789	\$ 11,275,826	\$ 12,240,113	\$ 11,491,754	\$ 12,478,244
Total Liabilities	3,901,296	3,082,408	2,340,077	1,847,570	3,464,854
Total Fund Balances	14,105,493	8,193,418	9,900,036	9,644,184	9,013,390
Total Revenues	12,979,697	8,497,053	9,289,436	12,336,334	20,323,725
Total Expenditures	8,632,569	10,595,459	9,820,278	12,166,500	19,041,198
Total Other Financing Sources/Uses	1,564,947	330,183	786,694	144,580	(14,008,920)

