

City of West Memphis, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WEST MEMPHIS, ARKANSAS
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
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Rep. Jimmy Gazaway
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Kevin William White, CPA, JD
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, 2023; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; and the Statement of Revenues, Expenditures, and Changes in Fund Balances – 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, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; 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, 2023, or the revenues, expenditures, and changes in fund balance 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 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 other 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 as a whole. 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 September 24, 2024, 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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 24, 2024
LOM109423

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
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, 2023, 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 September 24, 2024. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

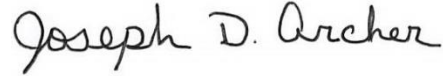
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated September 24, 2024.

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

A handwritten signature in black ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 24, 2024

Arkansas

Sen. David Wallace
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Marco McClendon
Treasurer: Charles Suiter, Jr.
Finance Director: Tori Perry
City Clerk: Patricia Joplin
District Court Clerk: Terry Griffin
Police Chief: Robbin Campbell, Jr.

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.

Mayor, Treasurer, and Finance Director

The City discovered the following unauthorized transactions, totaling \$5,555, in fiscal years 2024 and 2023:

- On July 5, 2024, a City employee purchased three gift cards, totaling \$2,000, after receiving a request from an email address that appeared to belong to the Mayor. After discovering the emails were fictitious, the employee reported the issue to the Finance Director; however, the funds could not be recovered.
- On May 16, 2023, an unauthorized withdrawal of \$3,555 was made from the City's bank account. City personnel discovered the unauthorized withdrawal upon reconciliation of the affected bank account; however, since the withdrawal was approved previously through Positive Pay, the City was unable to recover the funds.

Mayor

Competitive bids were not solicited for two police vehicles costing \$78,400, in noncompliance with Ark. Code Ann. § 14-58-303.

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 dark ink that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 24, 2024

CITY OF WEST MEMPHIS, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 13,099,900	\$ 10,643,821	\$ 39,027,299
Accounts receivable	1,239,684	188,383	1,253,814
Interfund receivables	690,981	497,272	266,394
	<u>15,030,565</u>	<u>11,329,476</u>	<u>40,547,507</u>
TOTAL ASSETS	<u><u>\$ 15,030,565</u></u>	<u><u>\$ 11,329,476</u></u>	<u><u>\$ 40,547,507</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 682,878	\$ 118,288	\$ 469,397
Interfund payables	529,625	68,994	856,028
Settlements pending			166,082
Total Liabilities	<u>1,212,503</u>	<u>187,282</u>	<u>1,491,507</u>
Fund Balances:			
Restricted	3,657,578	11,142,194	33,926,095
Committed			95,271
Assigned	843,517		5,091,781
Unassigned	9,316,967		(57,147)
Total Fund Balances	<u>13,818,062</u>	<u>11,142,194</u>	<u>39,056,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 15,030,565</u></u>	<u><u>\$ 11,329,476</u></u>	<u><u>\$ 40,547,507</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, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 394,338	\$ 3,064,338	\$ 66,677
Federal aid			1,935,895
Property taxes		191,315	1,457,952
Franchise fees	2,174,374		
Sales taxes	10,588,920	2,010,828	452,902
Fines, forfeitures, and costs	657,600		155,968
Interest	18,594	52,955	64,700
Local permits and fees	1,414,583		20,027
Sanitation fees			2,598,464
Advertising and promotion taxes			3,165,349
Emergency 911 fees			407,404
Southland breakage	76,697		
Southland gaming tax	9,364,526		1,304,468
Fuel and oil sales			1,101,990
Rentals			689,381
Donations			239,262
Other	1,738,943	2,088	92,879
TOTAL REVENUES	26,428,575	5,321,524	13,753,318
EXPENDITURES			
Current:			
General government	3,855,220		1,602,854
Law enforcement	11,312,215		964,261
Highways and streets		3,778,116	7,663
Public safety	6,441,219		1,001,441
Sanitation			2,986,247
Health	174,402		
Recreation and culture	816,702		2,157,928
Social services	54,512		49,062
Advertising and promotion			1,103,369
Economic development	560,811		138,338
Community development	100,332		496,759
Airport			1,730,950
Total Current	23,315,413	3,778,116	12,238,872
Debt Service:			
Bond principal			105,000
Bond interest and other charges			91,421
Financed purchases principal	40,000		1,408,783
Financed purchases interest	3,300		471,791
TOTAL EXPENDITURES	23,358,713	3,778,116	14,315,867

CITY OF WEST MEMPHIS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 3,069,862</u>	<u>\$ 1,543,408</u>	<u>\$ (562,549)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			4,724,086
Transfers out	(3,850,000)		(874,086)
Contribution from utility	1,466,825		
Bond proceeds			<u>9,050,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,383,175)</u>		<u>12,900,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	686,687	1,543,408	12,337,451
FUND BALANCES - JANUARY 1	<u>13,131,375</u>	<u>9,598,786</u>	<u>26,718,549</u>
FUND BALANCES - DECEMBER 31	<u>\$ 13,818,062</u>	<u>\$ 11,142,194</u>	<u>\$ 39,056,000</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, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 360,000	\$ 394,338	\$ 34,338	\$ 2,835,000	\$ 3,064,338	\$ 229,338
Property taxes				120,000	191,315	71,315
Franchise fees	2,215,000	2,174,374	(40,626)			
Sales taxes	9,992,300	10,588,920	596,620	1,500,000	2,010,828	510,828
Fines, forfeitures, and costs	550,000	657,600	107,600			
Interest	12,025	18,594	6,569	10,000	52,955	42,955
Local permits and fees	1,528,700	1,414,583	(114,117)			
Southland breakage	95,000	76,697	(18,303)			
Southland gaming tax	7,800,000	9,364,526	1,564,526			
Other	1,338,000	1,738,943	400,943	350,000	2,088	(347,912)
TOTAL REVENUES	23,891,025	26,428,575	2,537,550	4,815,000	5,321,524	506,524
EXPENDITURES						
Current:						
General government	3,407,708	3,855,220	(447,512)			
Law enforcement	9,697,884	11,312,215	(1,614,331)			
Highways and streets				4,784,641	3,778,116	1,006,525
Public safety	7,083,041	6,441,219	641,822			
Health	171,000	174,402	(3,402)			
Recreation and culture	661,182	816,702	(155,520)			
Social services	32,000	54,512	(22,512)			
Economic development	624,966	560,811	64,155			
Community development	140,000	100,332	39,668			
Total Current	21,817,781	23,315,413	(1,497,632)	4,784,641	3,778,116	1,006,525
Debt Service:						
Financed purchases principal		40,000	(40,000)			
Financed purchases interest		3,300	(3,300)			
TOTAL EXPENDITURES	21,817,781	23,358,713	(1,540,932)	4,784,641	3,778,116	1,006,525
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,073,244	3,069,862	996,618	30,359	1,543,408	1,513,049
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,300,000)	(3,850,000)	(550,000)			
Contribution from utility	1,477,722	1,466,825	(10,897)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,822,278)	(2,383,175)	(560,897)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	250,966	686,687	435,721	30,359	1,543,408	1,513,049
FUND BALANCES - JANUARY 1		13,131,375	13,131,375		9,598,786	9,598,786
FUND BALANCES - DECEMBER 31	\$ 250,966	\$ 13,818,062	\$ 13,567,096	\$ 30,359	\$ 11,142,194	\$ 11,111,835

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City 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.

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.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

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

E. Property Taxes

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

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,835,103	\$ 1,843,139
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	51,533,081	52,280,543
Uncollateralized	9,388,780	9,388,780
Total Deposits	\$ 62,756,964	\$ 63,512,462

The above total deposits do not include cash on hand of \$14,056.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The city does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$9,388,780 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of federated treasury obligations, which are not insured or collateralized.

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.

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid		\$ 19,292	
Property taxes		6,327	\$ 48,216
Sales taxes	\$ 855,264	162,330	36,658
Fines, forfeitures, and costs	55,356		6,081
Local permits and fees	78,815		601
Sanitation fees			229,069
Advertising and promotion taxes			267,187
Southland breakage	17,520		
Southland gaming tax			653,502
Rentals			12,500
Other	232,729	434	
Totals	<u>\$ 1,239,684</u>	<u>\$ 188,383</u>	<u>\$ 1,253,814</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 607,075	\$ 118,288	\$ 469,397
Other	75,803		
Totals	<u>\$ 682,878</u>	<u>\$ 118,288</u>	<u>\$ 469,397</u>

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2023	
	Interfund Receivables	Interfund Payables
General Fund	\$ 690,981	\$ 529,625
Street Fund	497,272	68,994
Other Funds in the Aggregate:		
Special Revenue Funds:		
Sanitation	3,151	119,916
Library	19,756	7,416
Advertising and Promotion	1,391	21,473
Narcotics		1,742
Community Development	27,810	9,134
Emergency 911		4,316
Metropolitan Planning Organization		95,144
Special		23,164
Retirement		153,792
Airport		19,713
Industrial Development		21,439
Youth Empowerment		164,393
American Rescue Plan Act		100
Capital Projects Fund:		
Capital Purchases	214,286	
Debt Service Fund:		
Debt Repayment		214,286
	\$ 1,454,647	\$ 1,454,647

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, 2023

NOTE 7: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 7,463,857
Law enforcement	\$ 3,657,578		209,326
Highways and streets		\$ 11,142,194	76,862
Public safety			1,515,444
Recreation and culture			689,840
Social services			869
Advertising and promotion			6,120,552
Economic development			1,439,214
Community development			19,463
Airport			86,010
Police and fire retirement cost			3,972,598
Pension benefits			191,785
Capital outlay			9,931,909
Debt service			2,208,366
Total Restricted	3,657,578	11,142,194	33,926,095
Committed for:			
Sanitation			95,271
Assigned to:			
General government	500		
Law enforcement	12,635		205,890
Public safety	828,203		10,585
Sanitation			250,000
Recreation and culture			451,935
Social services	2,179		
Economic development			7,604
Capital outlay			1,619,144
Debt service			2,546,623
Total Assigned	843,517		5,091,781
Unassigned	9,316,967		(57,147)
Totals	\$ 13,818,062	\$ 11,142,194	\$ 39,056,000

NOTE 8: Deficit Fund Balance

The following funds have deficit fund balances as of December 31, 2023:

	December 31, 2023
Other Funds in the Aggregate:	
Special Revenue Funds:	
Youth Empowerment	\$ (57,147)

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, the legal debt limit for the bonded debt was \$73,818,671. 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, 2023, the legal debt limit for short-term financing obligations was \$19,682,905. The amount of short-term financing obligations, was \$4,837,309 leaving a legal debt margin of \$14,845,596.

The financed purchase agreement with the West Memphis Public Buildings Development Company, LLC, with a balance at December 31, 2023, of \$10,211,681, 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, 2023:

	December 31, 2023
Long-term liabilities	\$ 28,638,337
Leases	201,032
Subscription-Based Information Technology Arrangement	273,966
Construction contracts	7,676,420
Total Commitments	\$ 36,789,755

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Long-term liabilities

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

	December 31, 2023
<u>Bonds</u>	
City of West Memphis, Arkansas, Airport Revenue Refunding and Improvement Bond, Series 2013, dated October 3, 2013, in the amount of \$3,055,000 due in yearly installments of \$147,636 - \$194,275 through May 2038; interest of 1.00% - 4.50%. Payments are to be made from the Airport Bond 2013 Debt Service Fund.	\$ 2,145,000
City of West Memphis, Arkansas, Net Casino Gaming Receipts Tax Bonds, Series 2023, dated November 30, 2023, in the amount of \$9,050,000 due in yearly installments of \$445,584 - \$872,537 through December 2039; interest of 4.00% - 5.125%. Payments are to be made from the Casino Bond Debt Service Fund.	9,050,000
Total Bonds	11,195,000
<u>Direct Borrowings</u>	
Financed 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 Projects Fund and Debt Repayment Debt Service Fund.	10,211,681
Financed purchase 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.	80,000
Financed purchase agreement dated March 18, 2022, with Motorola Solutions Inc. in the amount of \$6,019,993, to acquire, develop, and construct a radio tower and purchase radio equipment for police, fire, and emergency management departments. The terms of payments are an initial \$500,000 down payment, an additional \$1,500,000 down payment due upon the completion of project milestones, and yearly installments of \$762,684 - \$846,403 for five years; interest rate of 2.638%. Payments are to be made from the American Rescue Plan Act and Debt Repayment Funds.	4,757,309
Total Direct Borrowings	15,048,990
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	2,394,347
Total Long-term liabilities	\$ 28,638,337

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, 2023

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$11,195,000 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 direct borrowings of \$15,048,990 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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
10/3/13	5/1/38	1.00 - 4.5%	\$ 3,055,000	\$ 2,145,000	\$ 910,000
11/30/23	12/1/39	4.00 - 5.125%	9,050,000	9,050,000	
Total Bonds			<u>12,105,000</u>	<u>11,195,000</u>	<u>910,000</u>
<u>Direct Borrowings</u>					
11/19/19	11/1/39	3.44%	11,434,010	10,211,681	1,222,329
7/15/20	7/15/25	Variable	200,000	80,000	120,000
3/18/22	4/1/27	2.638%	6,019,993	4,757,309	1,262,684
Total Direct Borrowings			<u>17,654,003</u>	<u>15,048,990</u>	<u>2,605,013</u>
Total Long-Term Debt			<u>\$ 29,759,003</u>	<u>\$ 26,243,990</u>	<u>\$ 3,515,013</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 2,250,000	\$ 9,050,000	\$ 105,000	\$ 11,195,000
<u>Direct Borrowings</u>				
Financed purchases	16,497,773	0	1,448,783 *	15,048,990
Total Long-Term Debt	<u>\$ 18,747,773</u>	<u>\$ 9,050,000</u>	<u>\$ 1,553,783</u>	<u>\$ 26,243,990</u>

* Includes \$106,800 early retirement of debt.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 110,000	\$ 531,470	\$ 641,470	\$ 2,813,264	\$ 433,125	\$ 3,246,389
2025	540,000	526,634	1,066,634	1,351,055	393,534	1,744,589
2026	565,000	501,250	1,066,250	1,349,990	352,799	1,702,789
2027	590,000	479,019	1,069,019	1,390,103	312,686	1,702,789
2028	610,000	455,654	1,065,654	562,701	271,356	834,057
2029 through 2033	3,505,000	1,827,421	5,332,421	3,122,592	1,047,697	4,170,289
2034 through 2038	4,445,000	882,250	5,327,250	3,707,721	462,568	4,170,289
2039	830,000	42,537	872,537	751,564	12,989	764,553
Totals	<u>\$ 11,195,000</u>	<u>\$ 5,246,235</u>	<u>\$ 16,441,235</u>	<u>\$ 15,048,990</u>	<u>\$ 3,286,754</u>	<u>\$ 18,335,744</u>

Leases

The City entered into a lease agreement for a sanitation vehicle on August 22, 2023. Terms of the lease are monthly rental payments of \$5,617 for 24 months. At the end of the lease term, the City will return the vehicle.

The City entered into a lease agreement for a sanitation vehicle on November 2, 2023. Terms of the lease are monthly rental payments of \$3,856 for 24 months. At the end of the lease term, the City will return the vehicle.

The City is obligated for the following amounts for the next two years:

Year	December 31, 2023
2024	\$ 113,678
2025	87,354
Total	<u>\$ 201,032</u>

Lease expense for 2023, was \$26,324.

Subscription-Based Information Technology Arrangement (SBITA)

The City entered into a Subscription-Based Information Technology Arrangement (SBITA) for accounting software on April 26, 2023. Terms of the SBITA are annual subscription payments of \$136,983 for 3 years. The City is obligated for the following amounts for the next two years:

Year	December 31, 2023
2024	\$ 136,983
2025	136,983
Total	<u>\$ 273,966</u>

Subscription expense for 2023, was \$136,983.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Construction Contracts

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

Project Name	Estimated Completion Date	Contract Balance December 31, 2023
Jet A Tank Improvements	September 2024	\$ 459,928
Hightower Park Improvements	September 2024	1,683,252
American Rescue Plan Act Fiber	November 2024	278,813
North Apron Improvements	November 2024	4,667,171
Tilden Rogers Park Improvements	March 2025	587,256
Total Construction Contracts		<u>\$ 7,676,420</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$3,850,000 to Other Funds in the Aggregate (Capital Purchases \$1,300,000, General Park \$500,000, Debt Repayment \$1,800,000, Sanitation \$250,000) for capital purchases, future debt service payments, and to supplement operations, respectively. Within the Other Funds in the Aggregate, the Airport Fund transferred \$47,000 to the Airport Construction Fund for capital expenditures and \$222,500 to the Airport Bond 2013 Fund for debt service payments. The Advertising and Promotion and Capital Purchases Funds transferred \$354,586 and \$250,000, respectively, to the General Park Fund for capital purchases.

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 \$2,145,000 and \$759,101, respectively, payable through May 1, 2038. For 2023, principal and interest and other charges paid were \$105,000 and \$91,421, respectively.

The Airport Fund received \$1,529,991 in airport fees in 2023. 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 and fines and forfeitures to repay \$11,434,010 for a financed 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 financed-purchase agreement are \$10,211,681 and \$3,063,738, respectively, payable through November 1, 2039. For 2023, principal and interest paid were \$473,899 and \$360,158, respectively.

The General Fund received \$2,174,374 and \$657,600 in franchise fees and fines and forfeitures, respectively, in 2023.

The City pledged future Southland gaming tax revenues to repay \$9,050,000 in net casino gaming receipts tax bonds that were issued in 2023 to provide funding for improvements to park and recreational facilities. Total principal and interest remaining on the bonds are \$9,050,000 and \$4,487,134, respectively, payable through December 1, 2039. No payments were made in 2023.

The Casino Bond Fund received \$1,304,468 in southland gaming tax revenues in 2023. Any gaming taxes collected in excess of debt service payments on these bonds is permitted to be used for other City expenditures.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023 was \$1,466,825.

The City also charges the Department five percent of utility sales in lieu of franchise taxes. The amount paid by the Department in 2023 was \$1,699,118.

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: Jointly Governed Organization – Second Judicial District Drug Task Force

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

NOTE 15: 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:

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.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15: Risk Management

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.

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

On January 1, 2018, administration of the City of West Memphis Firemen's Pension and Relief Fund and the City of West Memphis Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$1,428,603 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$775,721 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$19,075,317.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$8,992.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$77,172.

NOTE 18: 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 \$77,575 for the year ended December 31, 2023.

NOTE 19: 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, 2023.

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 20: 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 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, 2023.

NOTE 21: 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, 2023.

NOTE 22: 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 23: 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 24: Federal Funds Program Compliance

The federal grants for 2023 and 2022 were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City. On August 8, 2024, the City contracted with a CPA firm to perform the 2022 federal audit. An engagement letter has not been signed for 2023; however, discussions with federal auditors have been made.

NOTE 25: Subsequent Events

On January 19, 2024, the City returned the remaining Arkansas Port, Intermodal, and Waterways Development grant funding of \$901,900 to Arkansas Waterways Commission.

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

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	\$ 235,199	\$ 998,036	\$ 5,918,832	\$ 207,632	\$ 114,481	\$ 787	\$ 1,473,084	\$ 172,006	\$ 576,975
Accounts receivable	229,069	23,400	267,187						11,522
Interfund receivables	3,151	19,756	1,391			27,810			
TOTAL ASSETS	\$ 467,419	\$ 1,041,192	\$ 6,187,410	\$ 207,632	\$ 114,481	\$ 28,597	\$ 1,473,084	\$ 172,006	\$ 588,497
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,232	\$ 6,482	\$ 45,385						
Interfund payables	119,916	7,416	21,473	\$ 1,742		\$ 9,134	\$ 4,316	\$ 95,144	\$ 23,164
Settlements pending									
Total Liabilities	122,148	13,898	66,858	1,742		9,134	4,316	95,144	23,164
Fund Balances:									
Restricted		575,359	6,120,552		\$ 114,481	19,463	1,458,183	76,862	565,333
Committed	95,271								
Assigned	250,000	451,935		205,890			10,585		
Unassigned									
Total Fund Balances	345,271	1,027,294	6,120,552	205,890	114,481	19,463	1,468,768	76,862	565,333
TOTAL LIABILITIES AND FUND BALANCES	\$ 467,419	\$ 1,041,192	\$ 6,187,410	\$ 207,632	\$ 114,481	\$ 28,597	\$ 1,473,084	\$ 172,006	\$ 588,497

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

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	\$ 4,287,377	\$ 98,385	\$ 2,931,985	\$ 1,150,710	\$ 7,979	\$ 107,246	\$ 4,519,472
Accounts receivable		30,798	15,014	12,500	10,822			
Interfund receivables								
TOTAL ASSETS	\$ 869	\$ 4,318,175	\$ 113,399	\$ 2,944,485	\$ 1,161,532	\$ 7,979	\$ 107,246	\$ 4,519,472
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 7,676					
Interfund payables		\$ 153,792	19,713		\$ 21,439		\$ 164,393	\$ 100
Settlements pending								
Total Liabilities		<u>153,792</u>	<u>27,389</u>		<u>21,439</u>		<u>164,393</u>	<u>100</u>
Fund Balances:								
Restricted	\$ 869	4,164,383	86,010	\$ 2,944,485	1,132,489	\$ 7,979		4,519,372
Committed								
Assigned					7,604			
Unassigned							(57,147)	
Total Fund Balances	<u>869</u>	<u>4,164,383</u>	<u>86,010</u>	<u>2,944,485</u>	<u>1,140,093</u>	<u>7,979</u>	<u>(57,147)</u>	<u>4,519,372</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 869	\$ 4,318,175	\$ 113,399	\$ 2,944,485	\$ 1,161,532	\$ 7,979	\$ 107,246	\$ 4,519,472

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	<u>CAPITAL PROJECTS FUNDS</u>				<u>DEBT SERVICE FUNDS</u>		
	<u>General Park</u>	<u>Airport Construction</u>	<u>Capital Purchases</u>	<u>Casino Bond Construction</u>	<u>Airport Bond 2013</u>	<u>Debt Repayment</u>	<u>Casino Bond</u>
ASSETS							
Cash and cash equivalents	\$ 364,249	\$ 615,559	\$ 2,026,766	\$ 8,737,815	\$ 375,201	\$ 3,289,606	\$ 650,966
Accounts receivable							653,502
Interfund receivables			214,286				
TOTAL ASSETS	<u>\$ 364,249</u>	<u>\$ 615,559</u>	<u>\$ 2,241,052</u>	<u>\$ 8,737,815</u>	<u>\$ 375,201</u>	<u>\$ 3,289,606</u>	<u>\$ 1,304,468</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable			\$ 407,622				
Interfund payables						\$ 214,286	
Settlements pending							
Total Liabilities			<u>407,622</u>			<u>214,286</u>	
Fund Balances:							
Restricted	\$ 364,249	\$ 615,559	214,286	\$ 8,737,815	\$ 375,201	528,697	\$ 1,304,468
Committed							
Assigned			1,619,144			2,546,623	
Unassigned							
Total Fund Balances	<u>364,249</u>	<u>615,559</u>	<u>1,833,430</u>	<u>8,737,815</u>	<u>375,201</u>	<u>3,075,320</u>	<u>1,304,468</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 364,249</u>	<u>\$ 615,559</u>	<u>\$ 2,241,052</u>	<u>\$ 8,737,815</u>	<u>\$ 375,201</u>	<u>\$ 3,289,606</u>	<u>\$ 1,304,468</u>

CITY OF WEST MEMPHIS, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

CUSTODIAL FUNDS				
	District Court	Police Confiscation	Administration of Justice	Totals
ASSETS				
Cash and cash equivalents	\$ 123,740	\$ 42,227	\$ 115	\$ 39,027,299
Accounts receivable				1,253,814
Interfund receivables				266,394
TOTAL ASSETS	\$ 123,740	\$ 42,227	\$ 115	\$ 40,547,507
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 469,397
Interfund payables				856,028
Settlements pending	\$ 123,740	\$ 42,227	\$ 115	166,082
Total Liabilities	123,740	42,227	115	1,491,507
Fund Balances:				
Restricted				33,926,095
Committed				95,271
Assigned				5,091,781
Unassigned				(57,147)
Total Fund Balances				39,056,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 123,740	\$ 42,227	\$ 115	\$ 40,547,507

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, 2023

Schedule 2

	SPECIAL REVENUE FUNDS								
	Sanitation	Library	Advertising and Promotion	Narcotics	Park	Community Development	Emergency 911	Metropolitan Planning Organization	Special
REVENUES									
State aid		\$ 36,102							\$ 30,575
Federal aid						\$ 462,246			16,953
Property taxes		689,394							
Sales taxes									134,055
Fines, forfeitures, and costs				\$ 77,170					12,948
Interest	\$ 457	1,929	\$ 39,931	23			\$ 1,883		625
Local permits and fees		7,150							
Sanitation fees	2,598,464								
Advertising and promotion taxes			3,165,349						
Emergency 911 fees							407,404		
Southland gaming tax									
Fuel and oil sales									
Rentals			71,839		\$ 7,017				
Donations									
Other	4,659		73,170						
TOTAL REVENUES	2,603,580	734,575	3,350,289	77,193	7,017	462,246	409,287		195,156
EXPENDITURES									
Current:									
General government									
Law enforcement				112,901					189,911
Highways and streets								\$ 7,663	
Public safety							56,075		15,246
Sanitation	2,959,923								
Recreation and culture		472,975			225				
Social services									
Advertising and promotion			1,103,369						
Economic development									138,338
Community development						496,759			
Airport									
Total Current	2,959,923	472,975	1,103,369	112,901	225	496,759	56,075	7,663	343,495
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchases principal	160,200								
Financed purchases interest	5,585								
TOTAL EXPENDITURES	3,125,708	472,975	1,103,369	112,901	225	496,759	56,075	7,663	343,495
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	(522,128)	261,600	2,246,920	(35,708)	6,792	(34,513)	353,212	(7,663)	(148,339)
OTHER FINANCING SOURCES (USES)									
Transfers in	250,000								
Transfers out			(354,586)						
Bond proceeds									
TOTAL OTHER FINANCING SOURCES (USES)	250,000		(354,586)						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	(272,128)	261,600	1,892,334	(35,708)	6,792	(34,513)	353,212	(7,663)	(148,339)
FUND BALANCES - JANUARY 1	617,399	765,694	4,228,218	241,598	107,689	53,976	1,115,556	84,525	713,672
FUND BALANCES - DECEMBER 31	\$ 345,271	\$ 1,027,294	\$ 6,120,552	\$ 205,890	\$ 114,481	\$ 19,463	\$ 1,468,768	\$ 76,862	\$ 565,333

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, 2023

Schedule 2

	SPECIAL REVENUE FUNDS							
	Federal Grants Programs	Retirement	Airport	Port Authority	Industrial Development	Tandem Properties	Youth Empowerment	American Rescue Plan Act
REVENUES								
State aid								
Federal aid								
Property taxes		\$ 768,558						
Sales taxes			\$ 184,792		\$ 134,055			
Fines, forfeitures, and costs		65,850						
Interest			206	\$ 2,626				
Local permits and fees			12,877					
Sanitation fees								
Advertising and promotion taxes								
Emergency 911 fees								
Southland gaming tax								
Fuel and oil sales			1,101,990					
Rentals			415,124	195,401				
Donations								
Other		3,509	1,541				\$ 10,000	
TOTAL REVENUES		<u>837,917</u>	<u>1,716,530</u>	<u>198,027</u>	<u>134,055</u>		<u>10,000</u>	
EXPENDITURES								
Current:								
General government				54,518				\$ 1,265,094
Law enforcement		346,069						
Highways and streets								
Public safety		332,498						
Sanitation								
Recreation and culture								
Social services							49,062	
Advertising and promotion								
Economic development								
Community development								
Airport			1,504,377					
Total Current		<u>678,567</u>	<u>1,504,377</u>	<u>54,518</u>			<u>49,062</u>	<u>1,265,094</u>
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchases principal								
Financed purchases interest								
TOTAL EXPENDITURES		<u>678,567</u>	<u>1,504,377</u>	<u>54,518</u>			<u>49,062</u>	<u>1,265,094</u>
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES		<u>159,350</u>	<u>212,153</u>	<u>143,509</u>	<u>134,055</u>		<u>(39,062)</u>	<u>(1,265,094)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out			(269,500)					
Bond proceeds								
TOTAL OTHER FINANCING SOURCES (USES)			<u>(269,500)</u>					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES		159,350	(57,347)	143,509	134,055		(39,062)	(1,265,094)
FUND BALANCES - JANUARY 1	\$ 869	4,005,033	143,357	2,800,976	1,006,038	\$ 7,979	(18,085)	5,784,466
FUND BALANCES - DECEMBER 31	<u>\$ 869</u>	<u>\$ 4,164,383</u>	<u>\$ 86,010</u>	<u>\$ 2,944,485</u>	<u>\$ 1,140,093</u>	<u>\$ 7,979</u>	<u>\$ (57,147)</u>	<u>\$ 4,519,372</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, 2023

Schedule 2

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS			Totals
	General Park	Airport Construction	Capital Purchases	Casino Bond Construction	Airport Bond 2013	Debt Repayment	
REVENUES							
State aid							\$ 66,677
Federal aid		\$ 59,268				\$ 1,397,428	1,935,895
Property taxes							1,457,952
Sales taxes							452,902
Fines, forfeitures, and costs							155,968
Interest		1,049		\$ 1,206	\$ 14,765		64,700
Local permits and fees							20,027
Sanitation fees							2,598,464
Advertising and promotion taxes							3,165,349
Emergency 911 fees							407,404
Southland gaming tax						\$ 1,304,468	1,304,468
Fuel and oil sales							1,101,990
Rentals							689,381
Donations		24,976	\$ 214,286				239,262
Other							92,879
TOTAL REVENUES		85,293	214,286	1,206	14,765	1,397,428	13,753,318
EXPENDITURES							
Current:							
General government				188,725			1,602,854
Law enforcement			315,380			94,517	964,261
Highways and streets							7,663
Public safety			597,622				1,001,441
Sanitation					26,324		2,986,247
Recreation and culture	\$ 1,654,579			30,149			2,157,928
Social services							49,062
Advertising and promotion							1,103,369
Economic development							138,338
Community development							496,759
Airport		226,573					1,730,950
Total Current	1,654,579	226,573	913,002	218,874		26,324	12,238,872
Debt Service:							
Bond principal					105,000		105,000
Bond interest and other charges					91,421		91,421
Financed purchases principal		12,000				1,236,583	1,408,783
Financed purchases interest						466,206	471,791
TOTAL EXPENDITURES	1,654,579	238,573	913,002	218,874	196,421	1,729,113	14,315,867
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,654,579)	(153,280)	(698,716)	(217,668)	(181,656)	(331,685)	(562,549)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,104,586	47,000	1,300,000		222,500	1,800,000	4,724,086
Transfers out			(250,000)				(874,086)
Bond proceeds				8,955,483			9,050,000
TOTAL OTHER FINANCING SOURCES (USES)	1,104,586	47,000	1,050,000	8,955,483	222,500	1,800,000	12,900,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(549,993)	(106,280)	351,284	8,737,815	40,844	1,468,315	12,337,451
FUND BALANCES - JANUARY 1	914,242	721,839	1,482,146		334,357	1,607,005	26,718,549
FUND BALANCES - DECEMBER 31	\$ 364,249	\$ 615,559	\$ 1,833,430	\$ 8,737,815	\$ 375,201	\$ 3,075,320	\$ 39,056,000

CITY OF WEST MEMPHIS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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, 2023

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, 2023

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.
Casino Bond Construction	West Memphis City Ordinance no. 2649 (October 19, 2023) established fund in relation to a bond issue to pay the related expenses to construct and improve city parks.
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 of various debt agreements.
Casino Bond	West Memphis City Ordinance no. 2649 (October 19, 2023) established fund to pay the principal and interest of bonds to finance the cost of constructing improvements to the City's park and recreational facilities.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Police Confiscation	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF WEST MEMPHIS, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

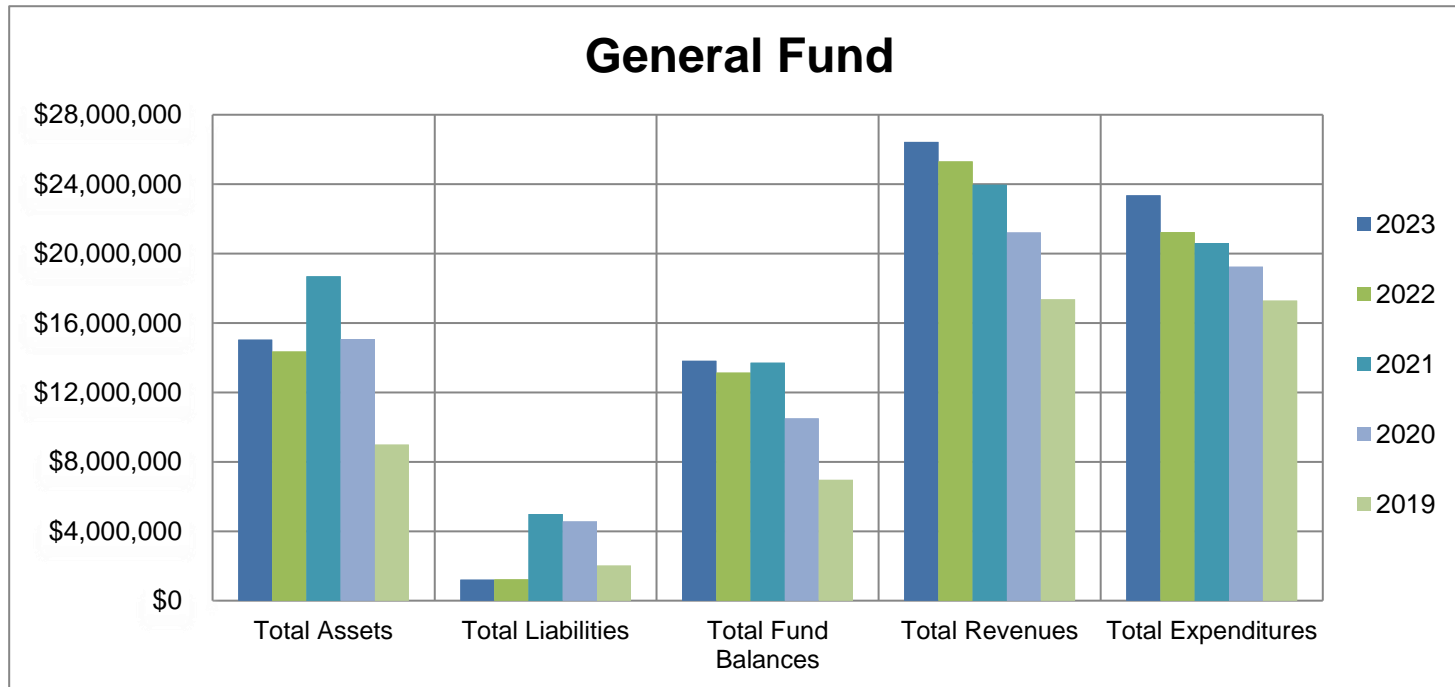
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 7,188,992
Buildings	14,459,154
Equipment	<u>15,530,190</u>
Total	<u><u>\$ 37,178,336</u></u>

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

Schedule 4-1

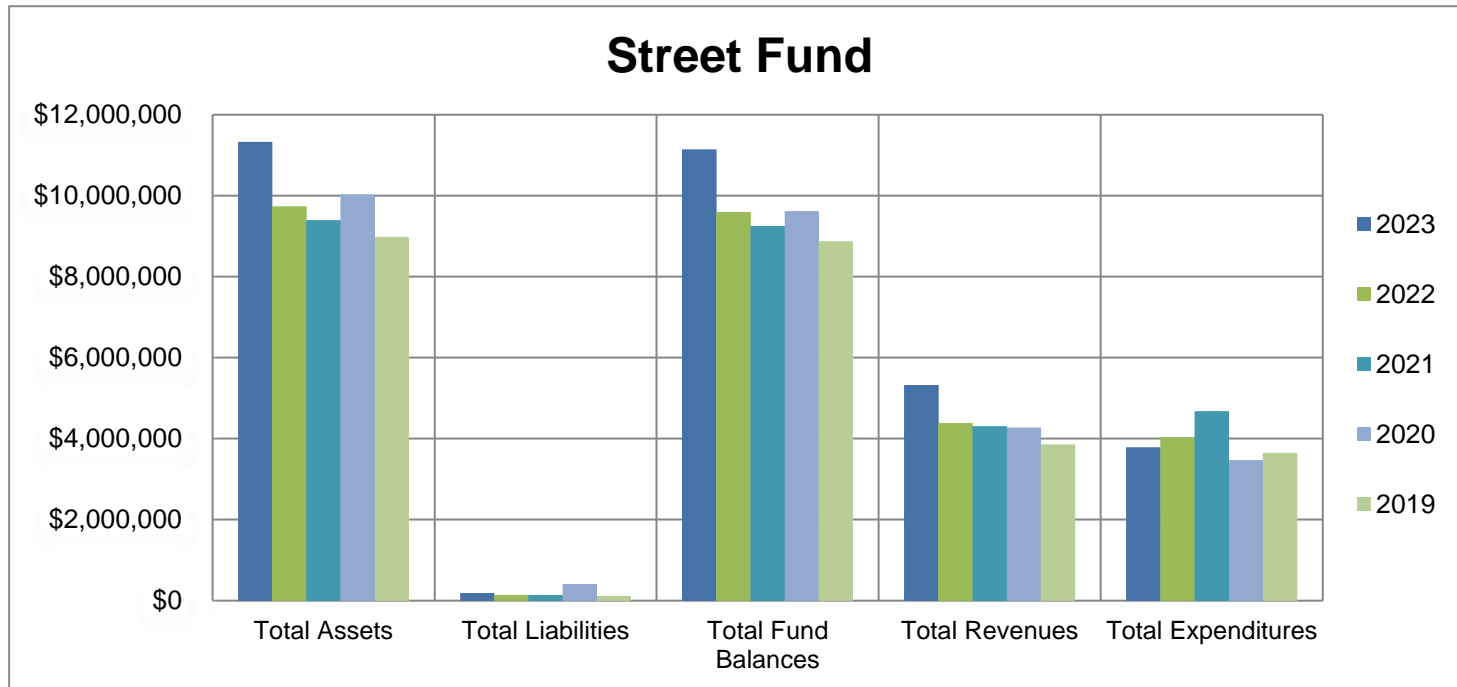
General	2023	2022	2021	2020	2019
Total Assets	\$ 15,030,565	\$ 14,363,398	\$ 18,684,101	\$ 15,071,735	\$ 8,995,777
Total Liabilities	1,212,503	1,232,023	4,981,230	4,565,572	2,025,902
Total Fund Balances	13,818,062	13,131,375	13,702,871	10,506,163	6,969,875
Total Revenues	26,428,575	25,300,217	23,970,873	21,216,984	17,363,974
Total Expenditures	23,358,713	21,231,410	20,605,535	19,243,972	17,288,257
Total Other Financing Sources/Uses	(2,383,175)	(4,640,303)	(168,630)	1,624,881	1,272,363



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

Schedule 4-2

Street	2023	2022	2021	2020	2019
Total Assets	\$ 11,329,476	\$ 9,736,146	\$ 9,389,857	\$ 10,025,521	\$ 8,985,540
Total Liabilities	187,282	137,360	142,423	408,015	116,868
Total Fund Balances	11,142,194	9,598,786	9,247,434	9,617,506	8,868,672
Total Revenues	5,321,524	4,383,776	4,301,152	4,274,788	3,854,465
Total Expenditures	3,778,116	4,032,424	4,671,224	3,462,771	3,650,773
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, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2023	2022	2021	2020	2019
Total Assets	\$ 40,547,507	\$ 27,339,571	\$ 18,006,789	\$ 11,275,826	\$ 12,240,113
Total Liabilities	1,491,507	621,022	3,901,296	3,082,408	2,340,077
Total Fund Balances	39,056,000	26,718,549	14,105,493	8,193,418	9,900,036
Total Revenues	13,753,318	15,597,903	12,979,697	8,497,053	9,289,436
Total Expenditures	14,315,867	9,035,689	8,632,569	10,595,459	9,820,278
Total Other Financing Sources/Uses	12,900,000	6,050,842	1,564,947	330,183	786,694

