

**City of Wynne, Arkansas**

**Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WYNNE, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2022

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# Arkansas

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Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



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

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Wynne, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated December 4, 2023. These procedures were not performed for the Municipal Waterworks and Sewer System Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2022:

Mayor: Jennifer Hobbs  
Clerk: Kevin Watts (Resigned November 30, 2022)  
Emily Watts (Appointed December 1, 2022)  
Treasurer: Bobby Caldwell  
District Court Clerk: Amanda Cullen (Resigned August 29, 2022)  
Hannah Jackson (Appointed August 29, 2023)  
Police Chief: Richard Dennis

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas  
December 4, 2023  
LOM109622

CITY OF WYNNE, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2022  
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,015,219	\$ 529,154	\$ 969,619
Accounts receivable	340,376	16,137	1,898
TOTAL ASSETS	<u>\$ 2,355,595</u>	<u>\$ 545,291</u>	<u>\$ 971,517</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,711	\$ 4,243	\$ 862
Settlements pending			146,867
Total Liabilities	<u>6,711</u>	<u>4,243</u>	<u>147,729</u>
Fund Balances:			
Restricted			747,631
Committed			76,157
Assigned	621,637	541,048	
Unassigned	1,727,247		
Total Fund Balances	<u>2,348,884</u>	<u>541,048</u>	<u>823,788</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,355,595</u>	<u>\$ 545,291</u>	<u>\$ 971,517</u>

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

CITY OF WYNNE, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 226,988	\$ 717,803	\$ 72,292
Federal aid			802,717
Property taxes	538,421	147,811	
Franchise fees	360,875		
Sales taxes	3,487,080	183,006	
Fines, forfeitures, and costs	264,362		31,463
Interest	10,093	5,070	3,937
Local permits and fees	88,740		147,133
Sanitation fees	1,129,402		
Donations	17,078		
Rental fees	32,800		
Other	328,349	61,123	
TOTAL REVENUES	6,484,188	1,114,813	1,057,542
EXPENDITURES			
Current:			
General government	679,211		588,907
Law enforcement	1,941,868		41,693
Highways and streets		1,170,722	
Public safety	810,212		5,841
Sanitation	1,186,644		
Health			149,773
Recreation and culture	629,220		
Total Current	5,247,155	1,170,722	786,214
Debt Service:			
Financed purchase principal	146,161	23,150	37,669
Financed purchase interest	10,114	1,450	7,418
TOTAL EXPENDITURES	5,403,430	1,195,322	831,301

CITY OF WYNNE, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,080,758	\$ (80,509)	\$ 226,241
OTHER FINANCING SOURCES (USES)			
Community development pay	125,000		
Sales tax remitted to Economic Development Commission	(700,288)		
TOTAL OTHER FINANCING SOURCES (USES)	(575,288)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	505,470	(80,509)	226,241
FUND BALANCES - JANUARY 1	1,843,414	621,557	597,547
FUND BALANCES - DECEMBER 31	\$ 2,348,884	\$ 541,048	\$ 823,788

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

CITY OF WYNNE, 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, 2022  
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 127,800	\$ 226,988	\$ 99,188	\$ 665,100	\$ 717,803	\$ 52,703
Property taxes	538,400	538,421	21	145,000	147,811	2,811
Franchise fees	440,150	360,875	(79,275)			
Sales taxes	3,523,100	3,487,080	(36,020)	145,000	183,006	38,006
Fines, forfeitures, and costs	269,900	264,362	(5,538)			
Interest	3,690	10,093	6,403	3,500	5,070	1,570
Local permits and fees	82,375	88,740	6,365			
Sanitation fees	1,125,000	1,129,402	4,402			
Donations		17,078	17,078			
Rental fees		32,800	32,800			
Other	365,145	328,349	(36,796)	500	61,123	60,623
TOTAL REVENUES	6,475,560	6,484,188	8,628	959,100	1,114,813	155,713
EXPENDITURES						
Current:						
General government	745,561	679,211	66,350			
Law enforcement	2,134,555	1,941,868	192,687			
Highways and streets				1,340,410	1,170,722	169,688
Public safety	873,110	810,212	62,898			
Sanitation	1,256,060	1,186,644	69,416			
Recreation and culture	853,925	629,220	224,705			
Total Current	5,863,211	5,247,155	616,056	1,340,410	1,170,722	169,688
Debt Service:						
Financed purchase principal		146,161	(146,161)		23,150	(23,150)
Financed purchase interest		10,114	(10,114)		1,450	(1,450)
TOTAL EXPENDITURES	5,863,211	5,403,430	459,781	1,340,410	1,195,322	145,088

CITY OF WYNNE, 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, 2022  
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 612,349	\$ 1,080,758	\$ 468,409	\$ (381,310)	\$ (80,509)	\$ 300,801
OTHER FINANCING SOURCES (USES)						
Community development pay	125,000	125,000	0			
Sales tax remitted to Economic Development Commission	(763,500)	(700,288)	63,212			
TOTAL OTHER FINANCING SOURCES (USES)	(638,500)	(575,288)	63,212			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(26,151)	505,470	531,621	(381,310)	(80,509)	300,801
FUND BALANCES - JANUARY 1	544,715	1,843,414	1,298,699	381,310	621,557	240,247
FUND BALANCES - DECEMBER 31	\$ 518,564	\$ 2,348,884	\$ 1,830,320	\$ 0	\$ 541,048	\$ 541,048

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



CITY OF WYNNE, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS						CUSTODIAL FUNDS		
	Mosquito Control	Fire Equipment and Training (Act 833)	Court Automation	Drug Abuse Resistance Education	Police Drug-Buy	American Rescue Plan Act	Administration of Justice	District Court	Totals
ASSETS									
Cash and cash equivalents	\$ 76,157	\$ 92,220	\$ 19,268	\$ 7,307	\$ 1,860	\$ 625,940	\$ 30,539	\$ 116,328	\$ 969,619
Accounts receivable			1,898						1,898
TOTAL ASSETS	<u>\$ 76,157</u>	<u>\$ 92,220</u>	<u>\$ 21,166</u>	<u>\$ 7,307</u>	<u>\$ 1,860</u>	<u>\$ 625,940</u>	<u>\$ 30,539</u>	<u>\$ 116,328</u>	<u>\$ 971,517</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable						\$ 862			\$ 862
Settlements pending							\$ 30,539	\$ 116,328	146,867
Total Liabilities						<u>862</u>	<u>30,539</u>	<u>116,328</u>	<u>147,729</u>
Fund Balances:									
Restricted		\$ 92,220	\$ 21,166	\$ 7,307	\$ 1,860	625,078			747,631
Committed	\$ 76,157								76,157
Total Fund Balances	<u>76,157</u>	<u>92,220</u>	<u>21,166</u>	<u>7,307</u>	<u>1,860</u>	<u>625,078</u>			<u>823,788</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,157</u>	<u>\$ 92,220</u>	<u>\$ 21,166</u>	<u>\$ 7,307</u>	<u>\$ 1,860</u>	<u>\$ 625,940</u>	<u>\$ 30,539</u>	<u>\$ 116,328</u>	<u>\$ 971,517</u>

CITY OF WYNNE, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	Mosquito Control	Fire Equipment and Training (Act 833)	Court Automation	Municipal Judge and Clerk Retirement	Drug Abuse Resistance Education	Police Drug-Buy	Grant Project	Totals
REVENUES								
State aid		\$ 72,292						\$ 72,292
Federal aid							\$ 802,717	802,717
Fines, forfeitures, and costs			\$ 26,817	\$ 4,646				31,463
Interest	\$ 744						3,193	3,937
Local permits and fees	147,133							147,133
TOTAL REVENUES	147,877	72,292	26,817	4,646			805,910	1,057,542
EXPENDITURES								
Current:								
General government							\$ 150	588,907
Law enforcement			38,750		\$ 2,943			41,693
Public safety		5,841						5,841
Health	149,773							149,773
Total Current	149,773	5,841	38,750		2,943		150	786,214
Debt Service:								
Financed purchase principal		28,384		9,285				37,669
Financed purchase interest		6,616		802				7,418
TOTAL EXPENDITURES	149,773	40,841	38,750	10,087	2,943		150	831,301
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,896)	31,451	(11,933)	(5,441)	(2,943)		(150)	226,241
FUND BALANCES - JANUARY 1	78,053	60,769	33,099	5,441	10,250	\$ 1,860	150	597,547
FUND BALANCES - DECEMBER 31	\$ 76,157	\$ 92,220	\$ 21,166	\$ 0	\$ 7,307	\$ 1,860	\$ 0	\$ 823,788

CITY OF WYNNE, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Mosquito Control	Wynne Ordinance no 392 (April 6, 1971) designated a separate fund for the collection of a fee for mosquito control.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Municipal Judge and Clerk Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Drug Abuse Resistance Education	Established to account for donations received for the drug abuse resistance education program.
Police Drug-Buy	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.
Grant Project	Established to account for grant received from the Arkansas Community and Economic Development Program (ACEP) for replacement of residential sewer service lines.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Recover 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.
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.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**1. A. Basis of Presentation – Regulatory**

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

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

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

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

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

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

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

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

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

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

1. (Continued)

**B. Basis of Accounting - Regulatory**

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

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

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

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

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, 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.

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

1. (Continued)

**C. Assets, Liabilities, and Fund Balances (Continued)**

Fund Balance Classifications (Continued)

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.

**D. Property Taxes**

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

**E. Budget Law**

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

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

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

Basis of Accounting

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

**F. Fund Balance Classification Policies and Procedures**

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

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

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**2. Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 625,078
Law enforcement			30,333
Public safety			92,220
Total Restricted			<u>747,631</u>
Committed for:			
Health			<u>76,157</u>
Assigned to:			
General government	\$ 23,691		
Law enforcement	9,108		
Highways and streets		\$ 541,048	
Recreation and culture	<u>588,838</u>		
Total Assigned	<u>621,637</u>	<u>541,048</u>	
Unassigned	<u>1,727,247</u>		
Totals	<u>\$ 2,348,884</u>	<u>\$ 541,048</u>	<u>\$ 823,788</u>

**3. Commitments**

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 991,427
Lease	<u>113,990</u>
Total Commitments	<u>\$ 1,105,417</u>

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**3. Commitments (Continued)**

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
<u>Direct Borrowings</u>	
Financed purchase with First National Bank of Eastern Arkansas, dated June 18, 2020, for \$301,875 to pay off an existing fire truck loan with Evolve Bank and to purchase another fire truck. Terms of the new agreement are 4 annual payments of \$35,000 and a final payment of \$192,602 with an interest rate of 2.7%. Payments are to be made from the Fire Equipment and Training Fund.	\$ 216,673
Financed purchase with Cross County Bank in the amount of \$140,523, dated July 29, 2021, for purchase of a storage shed and containers. Monthly installments of \$4,100 for 36 months with an interest rate of 2.85%. Payments are to be made from the General and Street Funds.	75,211
Financed purchase with First Financial Bank in the amount of \$360,000, dated October 19, 2021, for the sports complex construction. Yearly installments of \$95,470 for 4 years with an interest rate of 2.4%. Payments are to be made from the Parks and Recreation Fund.	273,193
Total Direct Borrowings	<u>565,077</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	426,350
Total Long-term liabilities	<u>\$ 991,427</u>

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

The City's outstanding financed purchases from direct borrowings of \$565,077 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.



CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**3. Commitments (Continued)**

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Direct Borrowings</u>					
6/18/20	4/1/25	2.70%	\$ 301,875	\$ 216,673	\$ 85,202
7/29/21	7/18/24	2.85%	140,523	75,211	65,312
10/19/21	10/20/21	2.40%	360,000	273,193	86,807
Total Direct Borrowings			<u>\$ 802,398</u>	<u>\$ 565,077</u>	<u>\$ 237,321</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchases	\$ 772,117	\$ 0	\$ 207,040 *	<u>\$ 565,077</u>

\* includes \$60 of early retirement

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 136,569	\$ 8,101	\$ 144,670
2024	147,725	10,562	158,287
2025	280,783	7,295	288,078
Totals	<u>\$ 565,077</u>	<u>\$ 25,958</u>	<u>\$ 591,035</u>

Lease

The City entered into a lease agreement for a leaf vacuum trailer on October 11, 2022. Terms of the lease are semi-annual rental payments of \$18,998 for three years. At the end of the lease term, the City will return the equipment. The City is obligated for the following amounts for the next three years:

Year	Amount
2023	\$ 37,997
2024	37,997
2025	37,996
Total	<u>\$ 113,990</u>

There was no lease expense for 2022.

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**4. Jointly Governed Organization**

Cross and St. Francis County, including the cities of Wynne and Forrest City, entered into an agreement on February 11, 2003, to establish the Delta Regional Airport Authority (DRAA). The Delta Regional Airport Authority is governed by eight board members. Three commissioners were appointed by the Mayor of each of the cities and one commissioner was appointed by the Judge of each of the counties. Any funds received by the City relating to the DRAA are reflected in the respective financial statements. Any accounts handled directly by the DRAA are not included.

**5. Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan)**

**Plan Description**

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

On May 9, 2004, administration of the City of Wynne Firemen's Pension and Relief Fund and the City of Wynne 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 \$190,179 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$136,139 for the year ended December 31, 2022.

**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, 2022, (actuarial valuation date and measurement date) was \$3,317,856.

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**6. Arkansas Public Employees Retirement System**

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$185,888 for the year ended June 30, 2022.

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, 2022, (actuarial valuation date and measurement date) was \$1,565,195.

**7. Mayor's Retirement Benefits**

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayors James Luker and Paul Nichols \$12,146 and \$23,185, respectively, for the year ended December 31, 2022.

**8. Capital Assets**

The Municipality's capital assets records are summarized below :

	December 31, 2022
Land	\$ 1,735,818
Buildings	8,389,488
Equipment	<u>6,477,537</u>
Total	<u><u>\$ 16,602,843</u></u>

CITY OF WYNNE, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**9. Corona Virus (COVID-19)**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City was awarded \$1,605,444 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$1,605,444 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

**10. Community Development Pay**

On September 23, 2021, the City of Wynne entered into an agreement with Quartz Solar, LLC that would require the company to make annual "Community Development Payments" of \$125,000 over a 5 year period ending on November 1, 2025, for a combined total of \$625,000. Each of the Community Development Payments shall constitute a contribution for the furtherance of community development and shall be used by the City for the construction, repair, or maintenance of infrastructure, the improvement of the park systems, community development projects or other services provided in the City, all which shall be determined by the City Council.

In exchange for these Community Development Payments, the City will assist the Company with the installation of solar panels, communication systems, transmission lines, electrical lines, substations, switchyards, access roads, construction and related facilities, equipment and improvements related to the development and construction of a solar-powered electric generating facility on approximately 1,200 acres of land with the entirety of the site located within the boundaries of Cross County, Arkansas and the northern portion located within and the southern portion located outside the limits of the City.

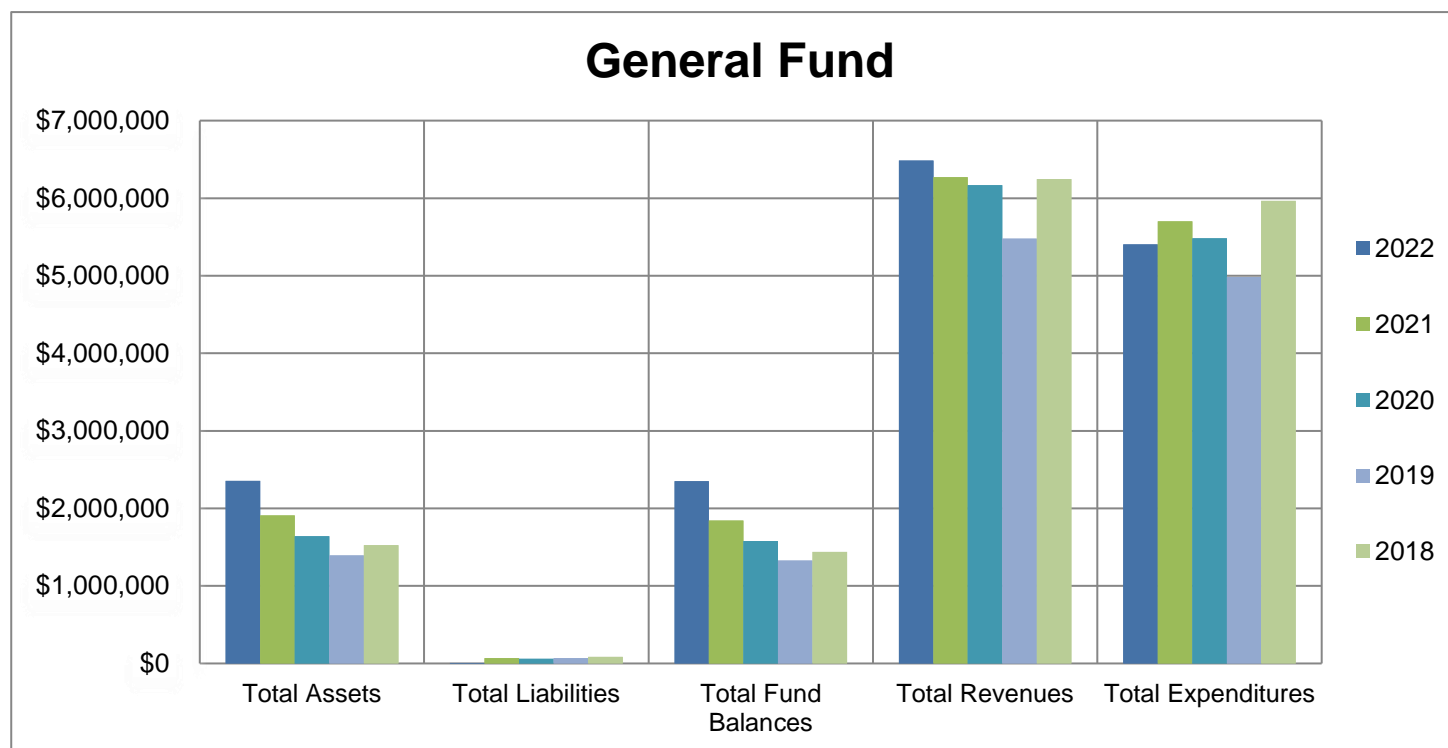
**11. Subsequent Events**

The City Council accepted a bid on October 11, 2022, from Emergency Vehicle Specialist for a Pierce enforcer pumper truck totaling \$807,624. The Council agreed to make two down payments of \$200,000 each, paid on October 13, 2022 and on October 4, 2023. The expected date of delivery for this vehicle is in 2024.

CITY OF WYNNE, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
DECEMBER 31, 2022  
(Unaudited)

Schedule 3-1

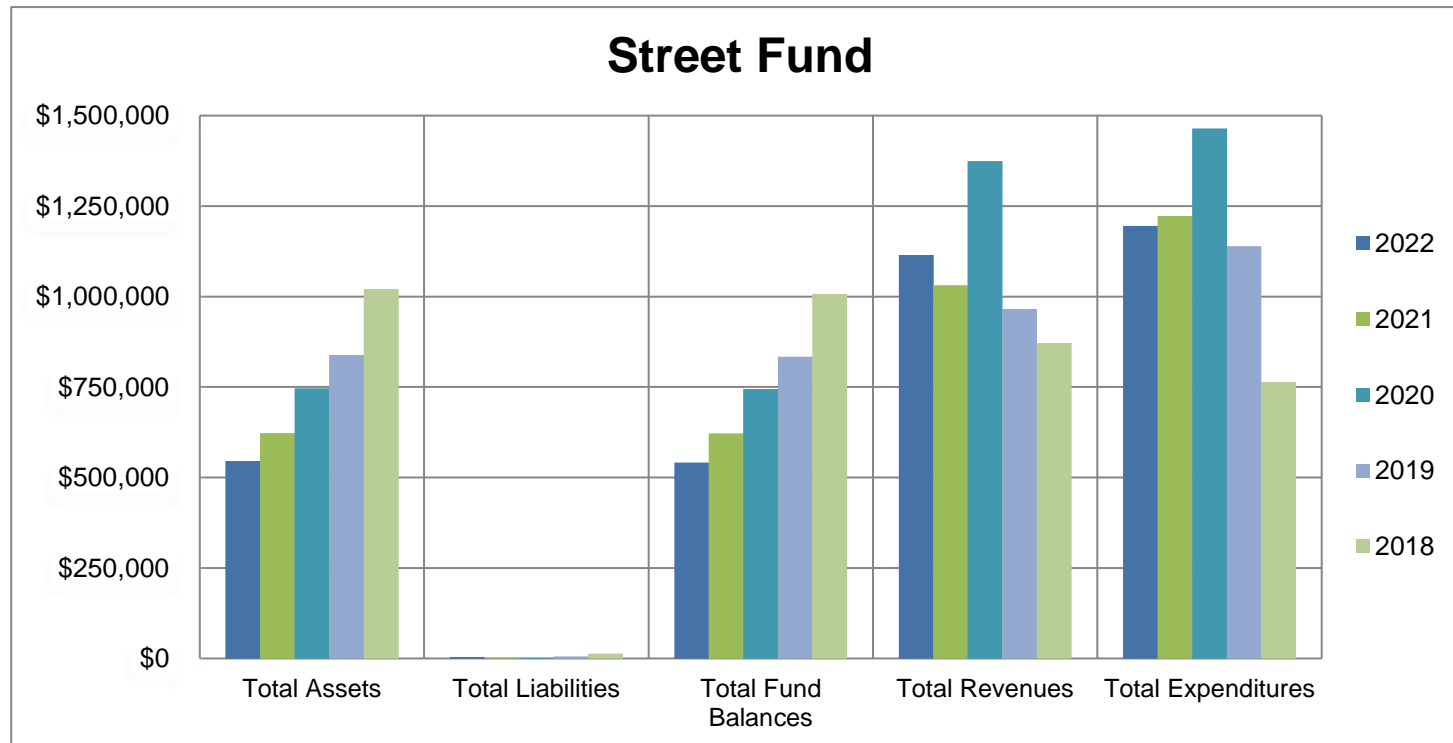
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 2,355,595	\$ 1,910,756	\$ 1,639,470	\$ 1,393,885	\$ 1,524,712
Total Liabilities	6,711	67,342	60,059	67,991	85,913
Total Fund Balances	2,348,884	1,843,414	1,579,411	1,325,894	1,438,799
Total Revenues	6,484,188	6,272,034	6,167,811	5,477,117	6,245,047
Total Expenditures	5,403,430	5,699,124	5,481,284	4,983,363	5,965,074
Total Other Financing Sources/Uses	(575,288)	(308,907)	(433,010)	(606,659)	(483,080)



CITY OF WYNNE, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
DECEMBER 31, 2022  
(Unaudited)

Schedule 3-2

<b><u>Street</u></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total Assets	\$ 545,291	\$ 621,681	\$ 745,490	\$ 838,280	\$ 1,019,587
Total Liabilities	4,243	124	1,703	4,622	12,436
Total Fund Balances	541,048	621,557	743,787	833,658	1,007,151
Total Revenues	1,114,813	1,030,246	1,374,101	965,252	871,369
Total Expenditures	1,195,322	1,222,668	1,463,972	1,138,745	763,236
Total Other Financing Sources/Uses		70,192			



CITY OF WYNNE, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
DECEMBER 31, 2022  
(Unaudited)

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 971,517	\$ 683,065	\$ 355,285	\$ 350,437	\$ 324,590
Total Liabilities	147,729	85,518	78,387	75,329	49,151
Total Fund Balances	823,788	597,547	276,898	275,108	275,439
Total Revenues	1,057,542	1,062,864	257,817	248,375	306,684
Total Expenditures	831,301	742,215	256,027	248,706	314,338
Total Other Financing Sources/Uses					(92,653)

