

CITY OF LINCOLN, ARKANSAS

**REGULATORY BASIS
FINANCIAL STATEMENTS
AND OTHER REPORTS**

December 31, 2023

CITY OF LINCOLN, ARKANSAS
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For the Year Ended December 31, 2023

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

**Report on the Financial Statements
Opinions**

We have audited the regulatory basis financial statements of the City of Lincoln, 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, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion 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 Lincoln, Arkansas, as of December 31, 2023, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of the Arkansas 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 Lincoln, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in net position, and when applicable, cash flows thereof for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Regulatory Basis Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Emphasis of Matter

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

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 Arkansas Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Regulatory Basis 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

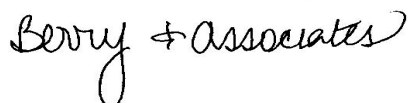
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of the City's internal control over financial reporting and 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 that 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.



BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
September 25, 2024



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**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 Lincoln, Arkansas Officials and Council Members
Legislative Joint Auditing Committee**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Lincoln, Arkansas, 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 25, 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 and street fund were qualified because required disclosures were not made concerning deposit and investment risks.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2023-1, that we consider to be a material weakness.

2023-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

The City officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions to the extent possible with current staffing levels.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 statement. 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. We noted during our tests that the city outsources their bookkeeping services to a third party, independent of the City of Lincoln. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Report on Internal Control over Financial Reporting section as items 2023-2.

2023-2 Arkansas Code requires city management to maintain financial records. The financial records contained omissions/errors that are considered material as enumerated below:

The General Fund financial records contained misstatements in cash, accounts receivable, interfund receivables, accounts payable, interfund payables, fund balance, revenues, expenditures, other financing sources, and other financing uses in the amounts of \$9,741; \$22,718; \$190,462; \$17,034; \$404,877; \$1,099,418; \$208,807; \$80,345; \$310,251 and \$20,492, respectively, due to fund activity being intermingled with other funds and the omission of prior adjustments to the financial statements.

The Street Fund financial records contained misstatements in accounts receivable, interfund receivables, accounts payable, fund balance, revenues, expenditures, and other financing uses in the amounts of \$19,024; \$404,877; \$2,638; \$516,233; \$983; \$2,489; and \$183,575; respectively, due to fund activity being intermingled with other funds and the omission of prior adjustments to the financial statements.

The financial records for the Other Funds in the Aggregate contained misstatements in investments, accounts receivable, accounts payable, interfund payables, fund balance, revenues, expenditures, other financing sources, and other financing uses in the amounts of \$52,996; \$67,911; \$14,561; \$190,462; \$970,227; \$457,919; \$503,441; \$4,729,493 and \$94,813, respectively, due to fund activity being intermingled with other funds and the omission of prior adjustments to the financial statements.

The effect of these omissions/errors constitutes a significant control deficiency in the process of preparing financial statements. City management should consider seeking a more qualified service that understands governmental fund accounting to ensure the financial records are properly posted and presented to the City Council.

The clerk/treasurer has concurred with the above recommendation and has approved the appropriate entries to the City's financial records.

City' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is 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.



BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
September 25, 2024



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September 25, 2024

**MEMBERS OF THE COUNCIL
CITY OF LINCOLN, ARKANSAS**

MANAGEMENT REPORT

City of Lincoln, 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: Doug Hutchens
City Clerk: Belinda Beasley
District Court Clerk: Tracy Irwin
Police Chief: Kenneth Albright

No issues came to our attention that we considered necessary to report to management.

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 to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

Sincerely,

Berry & Associates, P.A.

CITY OF LINCOLN, ARKANSAS
BALANCE SHEET – REGULATORY BASIS
December 31, 2023

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 2,547,712	\$ 94,969	\$ 4,831,953
Investments	-	-	160,386
Accounts receivable	81,957	19,024	67,911
Interfund receivables	<u>190,462</u>	<u>404,877</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,820,131</u></u>	<u><u>\$ 518,870</u></u>	<u><u>\$ 5,060,250</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 49,145	\$ 2,638	\$ 14,561
Interfund payables	<u>404,877</u>	<u>-</u>	<u>190,462</u>
Total Liabilities	<u><u>454,022</u></u>	<u><u>2,638</u></u>	<u><u>205,023</u></u>
Fund balances:			
Restricted	-	-	4,855,227
Assigned	297,070	516,232	-
Unassigned	<u>2,069,039</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>2,366,109</u></u>	<u><u>516,232</u></u>	<u><u>4,855,227</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,820,131</u></u>	<u><u>\$ 518,870</u></u>	<u><u>\$ 5,060,250</u></u>

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF LINCOLN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
REGULATORY BASIS
For the Year Ended December 31, 2023

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 79,975	\$ 192,839	\$ -
Property taxes	154,206	16,475	-
Franchise taxes	150,917	-	-
Sales taxes	930,850	35,967	860,619
Fines, forfeitures and costs	152,426	-	6,768
Grants	113,200	-	-
Interest and dividends	998	305	44,406
Local permits and fees	39,611	-	274
Sanitation fees	302,972	-	-
County aid	-	-	102,948
Other	128,954	38,695	74,940
TOTAL REVENUES	<u>2,054,109</u>	<u>284,281</u>	<u>1,089,955</u>
EXPENDITURES			
Current:			
General government	2,097,917	42,535	633,451
Law enforcement	106,860	3,656	131,639
Highways and streets	1,729	49,940	2,652
Public safety	129,651	-	16,790
Recreation and culture	11,800	-	21,341
Total Current	<u>2,347,957</u>	<u>96,131</u>	<u>805,873</u>
Debt Service:			
Bond principal	-	-	478,928
Bond interest	-	-	17,373
Capital Outlay	18,506	-	110,705
TOTAL EXPENDITURES	<u>2,366,463</u>	<u>96,131</u>	<u>1,412,879</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(312,354)</u>	<u>188,150</u>	<u>(322,924)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	167,738	-	296,285
Transfers out	(120,770)	(183,575)	(159,678)
Contribution from water department	789,256	-	-
Bond proceeds	-	-	3,885,000
Net appreciation in fair value of investments	-	-	22,834
TOTAL OTHER FINANCING SOURCES (USES)	<u>836,224</u>	<u>(183,575)</u>	<u>4,044,441</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	523,870	4,575	3,721,517
FUND BALANCES - JANUARY 1	<u>1,842,239</u>	<u>511,657</u>	<u>1,133,710</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,366,109</u>	<u>\$ 516,232</u>	<u>\$ 4,855,227</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF LINCOLN, 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

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 34,000	\$ 79,975	\$ 45,975	\$ 189,700	\$ 192,839	\$ 3,139
Property taxes	132,800	154,206	21,406	14,000	16,475	2,475
Franchise taxes	135,000	150,917	15,917	-	-	-
Sales taxes	691,750	930,850	239,100	33,300	35,967	2,667
Fines, forfeitures and costs	67,400	152,426	85,026	-	-	-
Grants	-	113,200	113,200	-	-	-
Interest and dividends	400	998	598	10	305	295
Local permits and fees	25,875	39,611	13,736	-	-	-
Sanitation fees	290,100	302,972	12,872	-	-	-
Other	133,500	128,954	(4,546)	250	38,695	38,445
TOTAL REVENUES	1,510,825	2,054,109	543,284	237,260	284,281	47,021
EXPENDITURES						
Current:						
General government	1,475,250	2,097,917	(622,667)	43,700	42,535	1,165
Law enforcement	-	106,860	(106,860)	-	3,656	(3,656)
Highways and streets	-	1,729	(1,729)	184,900	49,940	134,960
Public safety	-	129,651	(129,651)	-	-	-
Recreation and culture	16,000	11,800	4,200	-	-	-
Total Current	1,491,250	2,347,957	(856,707)	228,600	96,131	132,469
Capital Outlay	-	18,506	(18,506)	-	-	-
TOTAL EXPENDITURES	1,491,250	2,366,463	(875,213)	228,600	96,131	132,469

CITY OF LINCOLN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL AND STREET FUNDS - REGULATORY BASIS (continued)
For the Year Ended December 31, 2023

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 19,575	\$ (312,354)	\$ (331,929)	\$ 8,660	\$ 188,150	\$ 179,490
OTHER FINANCING SOURCES (USES)						
Transfers in	-	167,738	167,738	-	-	-
Transfers out	-	(120,770)	(120,770)	-	(183,575)	(183,575)
Contribution from water department	-	789,256	789,256	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	836,224	836,224	-	(183,575)	(183,575)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	19,575	523,870	504,295	8,660	4,575	(4,085)
FUND BALANCES - JANUARY 1	1,842,239	1,842,239	-	511,657	511,657	-
FUND BALANCES - DECEMBER 31	<u>\$ 1,861,814</u>	<u>\$ 2,366,109</u>	<u>\$ 504,295</u>	<u>\$ 520,317</u>	<u>\$ 516,232</u>	<u>\$ (4,085)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lincoln 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: Water and Sewer Funds. 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 Arkansas 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 fund and street fund; notes to the 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. See Schedules 1 and 2 for special revenue funds as reported with other funds in the aggregate.

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 outlays, 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.

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 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. 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.

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 and savings accounts, certificates of deposit, treasury bills, and short-term investments with an original maturity date of three months or less.

Investments

Investments are reported at fair market value.

Fund Balance Classifications

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 or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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.

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 the other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

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

- a) Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b) The proposed budget is discussed at a City Council meeting prior to adoption.
- c) Prior to February 1, the budget is legally enacted by action 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 Special Revenue 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 within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

There were no committed fund balances at year end.

H. Date of Management's Review

The City of evaluated subsequent events though September 25, 2024, the date to which the financial statements were available for issue.

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: Cash and Investments

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)	\$ 3,760,466	\$ 3,760,466
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department, or agent in the City's name.	3,714,168	3,834,901
Total Deposits	<u>\$ 7,474,634</u>	<u>\$ 7,595,367</u>

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, saving 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: Public Fund Investments

A summary of investments by Fund types is as follows:

Fund Type	Fair Value
LOPFI	<u>\$ 160,386</u>

Investments are reported at fair value. In 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. This establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- Level I – quoted prices in active markets for identical assets
- Level II – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc)
- Level III – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: Public Fund Investments (Continued)

The City's investments are composed of the following:

Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual Funds	\$ 160,386

The fair value of mutual funds is measured on a recurring basis and are based on quoted marked prices obtained from independent pricing sources and are classified as Level I inputs.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 4,561	\$ 15,908	\$ -
Property taxes	-	-	-
Franchise fees	-	-	-
Sales taxes	77,396	3,116	67,911
	\$ 81,957	\$ 19,024	\$ 67,911

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 34,345	\$ 2,638	\$ 14,561
Payroll taxes payable	5,546	-	-
Other	9,254	-	-
	\$ 49,145	\$ 2,638	\$ 14,561

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances as of December 31, 2023 are as follows:

Fund	Interfund Receivables	Interfund Payables
General	\$ 190,462	\$ 404,877
Street	404,877	-
Library	-	190,462
Totals	\$ 595,339	\$ 595,339

\$ 3,885,000

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10: Commitments (Continued)Notes

Loan Agreement at Simmons Bank, used to purchase trash truck.

Payments of \$2,564 are to be made monthly, including interest at 3.5%.

Payments are to be made from Sales and Use Tax Fund. \$ 35,034

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

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding 12/31/2023</u>	<u>Maturities to 12/31/2023</u>
<u>Bonds</u>					
9/21/2023	10/1/2053	various	\$ 3,885,000	\$ 3,885,000	\$ -
<u>Notes</u>					
2/10/2020	2/10/2025	3.50%	63,962	35,034	28,928
			<u>\$ 3,948,962</u>	<u>\$ 3,920,034</u>	<u>\$ 28,928</u>

Changes in Long-Term Debt

	<u>Balance 1/1/2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2023</u>
Bonds Payable	\$ 450,000	\$ 3,885,000	\$ 450,000	\$ 3,885,000
Notes Payable	<u>63,962</u>	<u>-</u>	<u>28,928</u>	<u>35,034</u>
	<u>\$ 513,962</u>	<u>\$ 3,885,000</u>	<u>\$ 478,928</u>	<u>\$ 3,920,034</u>

Debt Service Requirements to Maturity

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

<u>Years Ending December 31,</u>	<u>Bonds</u>			<u>Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 65,000	\$ 167,200	\$ 232,200	\$ 30,200	\$ 570	\$ 30,770
2025	70,000	160,406	230,406	4,834	90	4,924
2026	75,000	157,956	232,956	-	-	-
2027	75,000	155,331	230,331	-	-	-
2028	80,000	152,707	232,707	-	-	-
2029-2033	440,000	715,731	1,155,731	-	-	-
2034-2038	545,000	619,931	1,164,931	-	-	-
2039-2043	675,000	498,907	1,173,907	-	-	-
2044-2048	830,000	343,969	1,173,969	-	-	-
2049-2053	1,030,000	143,100	1,173,100	-	-	-
Total Obligations	<u>\$ 3,885,000</u>	<u>\$ 3,115,238</u>	<u>\$ 7,000,238</u>	<u>\$ 35,034</u>	<u>\$ 660</u>	<u>\$ 35,694</u>

Compensated Absences

Compensated absences do not vest or accumulate. The amount of compensated absences was not determined.

**CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 10: Commitments (Continued)

Post-Employment Benefits Other Than Pensions

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

NOTE 11: Pledged Revenues

The City pledged future .625% bond sales and use taxes and .37% permanent sales and use taxes to repay \$3,885,000 in bonds that were issued in 2023 to provide funding for construction of a new community building and to refinance previously issued Series 2012 bonds. Total principal and interest remaining on the bonds are \$3,885,000 and \$3,115,238, respectively, payable through October 1, 2053. For 2023, no principal and interest was paid.

The Debt Service Fund received \$409,329 in sales taxes in 2023. Any bond sales and use taxes collected in excess of debt service payments on these bonds is to be used for redemption of Series 2023 Bonds, and payment of trustee and paying agent fees. Permanent sales taxes collected shall be used to make debt service payments if the bond sales and use tax collections are unable to meet debt service obligations. However, any permanent sales and use taxes not needed for debt service obligations will be used for library purposes and for park and recreational purposes.

NOTE 12: Joint Venture

Washington County Ambulance Authority

Washington County and the Cities of Elkins, Fayetteville, Farmington, Goshen, Greenland, Lincoln, Prairie Grove, West Fork, Winslow, and Johnson entered into an agreement on March 21, 2008 pursuant to Ark. Code Ann. §§14-14-910, 14-266-102, and 25-20-101 to establish Washington County Ambulance Authority (Authority). The purpose of the Authority is to provide emergency and non-emergency medical services. The City paid the Authority \$23,843 during 2023.

NOTE 13: 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 city 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

**CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 13: Risk Management (Continued)

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 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 \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program – The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment become final, of \$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 \$250,000 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 14: 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 issue 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 or by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

**CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 14: Local Police and Fire Retirement System (LOPFI) (Continued)

On December 31, 2016, administration of the City of Lincoln's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute 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 \$131,592 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$55,853 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, is 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 \$1,193,572.

NOTE 15: 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 provision 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, Ste. 400, Little Rock, Arkansas 72201 or 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 5.50% as of July 1, 2023. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The current employer rate is 15.32% of annual covered payroll. The City's contribution to the plan was \$140,825 for the year ended June 30, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is 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 \$1,208,613.

CITY OF LINCOLN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 16: Interfund Transfers

Transfers between funds are as follows:

Incoming/(Outgoing) Transfers			
<u>Fund</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
General	\$ -	\$ (183,575)	\$ 136,607
Street	183,575	-	-
Library	15,329	-	(123,640)
Sales & Use Tax	30,910	-	123,640
Sales & Use Construction	(36,731)	-	-
LOPFI	(145,830)	-	-
Court Automation	(286)	-	-
	<u>\$ 46,968</u>	<u>\$ (183,575)</u>	<u>\$ 136,607</u>

NOTE 17: Sources and Uses of Funds

In September 2023, the City issued new debt of \$3,885,000 with the Sales and Use Tax Refunding and Improvement Bonds, Series 2023.

The sources and uses of funds required for the transaction are shown below.

<u>Sources</u>	
Principal Amount of Series 2023 Bonds	\$ 3,885,000
Net Original Issue Discount	(49,416)
Available from Bonds Refunded	<u>383,854</u>
	<u>\$ 4,219,438</u>
<u>Uses</u>	
Costs of Improvements	\$ 3,508,931
Series 2012 Bonds Refunding Costs	457,544
Debt Service Reserve	118,441
Costs of Issuance	66,534
Underwriter's Discount	<u>67,988</u>
	<u>\$ 4,219,438</u>

CITY OF LINCOLN, ARKANSAS
COMBINING BALANCE SHEET – OTHER FUNDS IN THE AGGREGATE –
REGULATORY BASIS – SCHEDULE 1
December 31, 2023

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS	DEBT SERVICE	
			Local Police and Fire Retirement (LOPFI)	Sales and Use Tax Construction	Sales and Use Tax Bonds, Series 2023	Totals
	Library	Court Automation				
ASSETS						
Cash and cash equivalents	\$ 126,327	\$ 5,596	\$ 28,761	\$ 910,803	\$ 3,760,466	\$ 4,831,953
Investments	-	-	160,386	-	-	160,386
Accounts receivable	3,635	-	-	32,138	32,138	67,911
TOTAL ASSETS	<u>\$ 129,962</u>	<u>\$ 5,596</u>	<u>\$ 189,147</u>	<u>\$ 942,941</u>	<u>\$ 3,792,604</u>	<u>\$ 5,060,250</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,004	\$ -	\$ 12,557	\$ -	\$ -	\$ 14,561
Interfund payables	190,462	-	-	-	-	190,462
Total Liabilities	<u>192,466</u>	<u>-</u>	<u>12,557</u>	<u>-</u>	<u>-</u>	<u>205,023</u>
Fund Balances:						
Restricted, (deficit)	(62,504)	5,596	176,590	942,941	3,792,604	4,855,227
Total Fund Balances	<u>(62,504)</u>	<u>5,596</u>	<u>176,590</u>	<u>942,941</u>	<u>3,792,604</u>	<u>4,855,227</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 129,962</u>	<u>\$ 5,596</u>	<u>\$ 189,147</u>	<u>\$ 942,941</u>	<u>\$ 3,792,604</u>	<u>\$ 5,060,250</u>

CITY OF LINCOLN, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –
REGULATORY BASIS – SCHEDULE 2
For the Year Ended December 31, 2023

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS	DEBT SERVICE	
	Library	Court Automation	Local Police and Fire Retirement (LOPFI)	Sales and Use Tax Construction	Sales and Use Tax Bonds, Series 2023	Totals
REVENUES						
Sales taxes	\$ 41,961	\$ -	\$ -	\$ 409,329	\$ 409,329	\$ 860,619
Fines, forfeitures, and costs	507	3,848	2,413	-	-	6,768
Interest and dividends	13	-	78	1,671	42,644	44,406
Loan permits and fees	274	-	-	-	-	274
County aid	102,948	-	-	-	-	102,948
Other	19,088	-	55,852	-	-	74,940
TOTAL REVENUES	<u>164,791</u>	<u>3,848</u>	<u>58,343</u>	<u>411,000</u>	<u>451,973</u>	<u>1,089,955</u>
EXPENDITURES						
Current:						
General government	235,005	3,118	53,630	160,741	180,957	633,451
Law enforcement	-	-	131,639	-	-	131,639
Highways and streets	2,652	-	-	-	-	2,652
Public safety	-	-	16,790	-	-	16,790
Recreation and culture	21,341	-	-	-	-	21,341
Total Current	<u>258,998</u>	<u>3,118</u>	<u>202,059</u>	<u>160,741</u>	<u>180,957</u>	<u>805,873</u>
Debt Service						
Bond principal	-	-	-	28,928	450,000	478,928
Bond interest	-	-	-	1,842	15,531	17,373
Capital Outlay	<u>22,090</u>	<u>-</u>	<u>-</u>	<u>88,615</u>	<u>-</u>	<u>110,705</u>
TOTAL EXPENDITURES	<u>\$ 281,088</u>	<u>\$ 3,118</u>	<u>\$ 202,059</u>	<u>\$ 280,126</u>	<u>\$ 646,488</u>	<u>\$ 1,412,879</u>

CITY OF LINCOLN, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –
SCHEDULE 2 (continued)
REGULATORY BASIS
For the Year Ended December 31, 2023

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	
	<u>Library</u>	<u>Court Automation</u>	<u>Local Police and Fire Retirement (LOPFI)</u>	<u>Sales and Use Tax Construction</u>	<u>Sales and Use Tax Bonds, Series 2023</u>	<u>Total</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (116,297)	\$ 730	\$ (143,716)	\$ 130,874	\$ (194,515)	\$ (322,924)
OTHER FINANCING SOURCES (USES)						
Transfers in	108,311	286	145,829	41,859	-	296,285
Transfers out	-	-	-	(5,128)	(154,550)	(159,678)
Bond proceeds	-	-	-	-	3,885,000	3,885,000
Net appreciation in fair value of investments	-	-	22,834	-	-	22,834
TOTAL OTHER FINANCING SOURCES (USES)	<u>108,311</u>	<u>286</u>	<u>168,663</u>	<u>36,731</u>	<u>3,730,450</u>	<u>4,044,441</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(7,986)	1,016	24,947	167,605	3,535,935	3,721,517
FUND BALANCE (DEFICIT) JANUARY 1	<u>(54,518)</u>	<u>4,580</u>	<u>151,643</u>	<u>775,336</u>	<u>256,669</u>	<u>1,133,710</u>
FUND BALANCE (DEFICIT) DECEMBER 31	<u><u>\$ (62,504)</u></u>	<u><u>\$ 5,596</u></u>	<u><u>\$ 176,590</u></u>	<u><u>\$ 942,941</u></u>	<u><u>\$ 3,792,604</u></u>	<u><u>\$ 4,855,227</u></u>

CITY OF LINCOLN, 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.

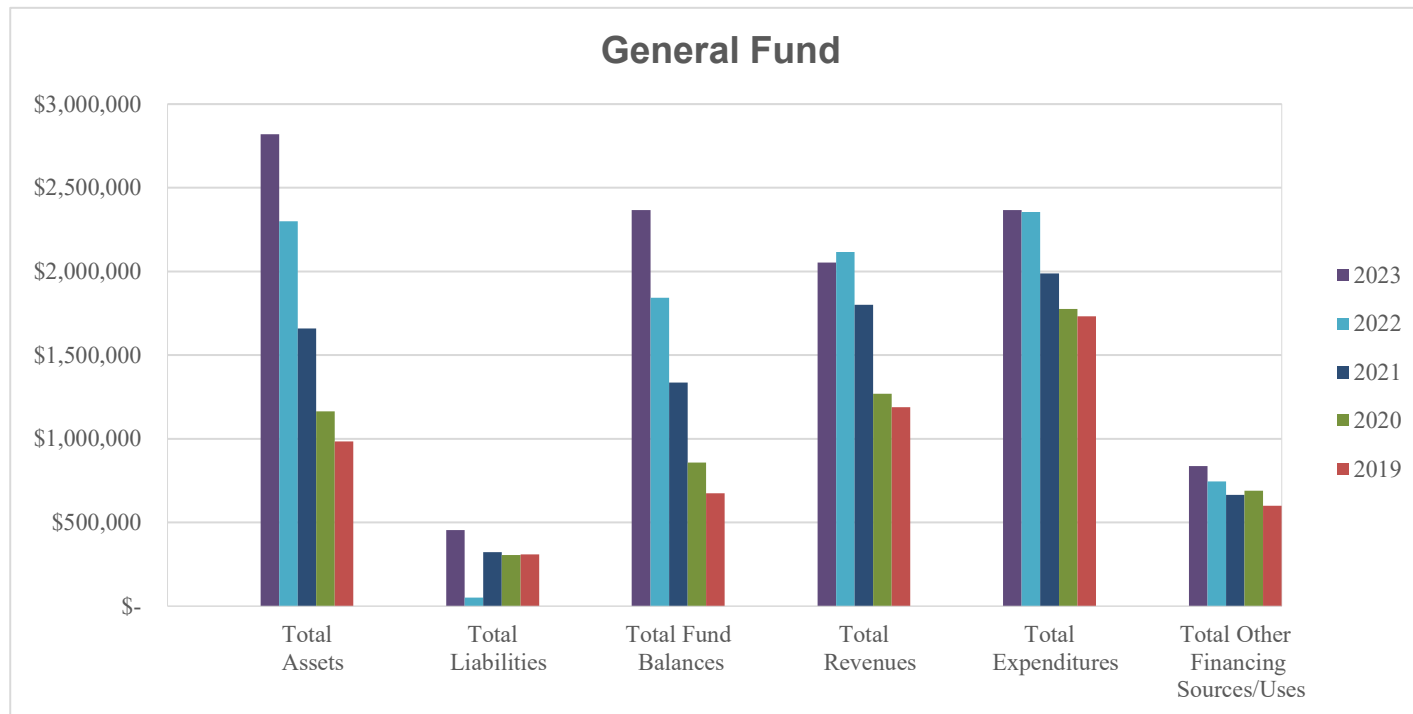
Fund Name	Fund Description
Library	Established by interlocal agreement to account for property tax and state aid funding provided by Washington County that is restricted to library operations.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Sales and Use Tax Construction	Established by Lincoln Ordinance no. 1999-4 (March 8, 1999) to account for sales and use tax collections restricted for financing capital improvements.
Sales and Use Tax Bonds, Series 2023	Established by bond indenture to account for accumulation of resources, and the payment of, long-term debt principal, interest, and related costs.

**CITY OF LINCOLN, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2023
(Unaudited)**

Land	\$	385,750
Buildings		1,969,000
Equipment		<u>2,250,367</u>
Total	\$	<u><u>4,605,117</u></u>

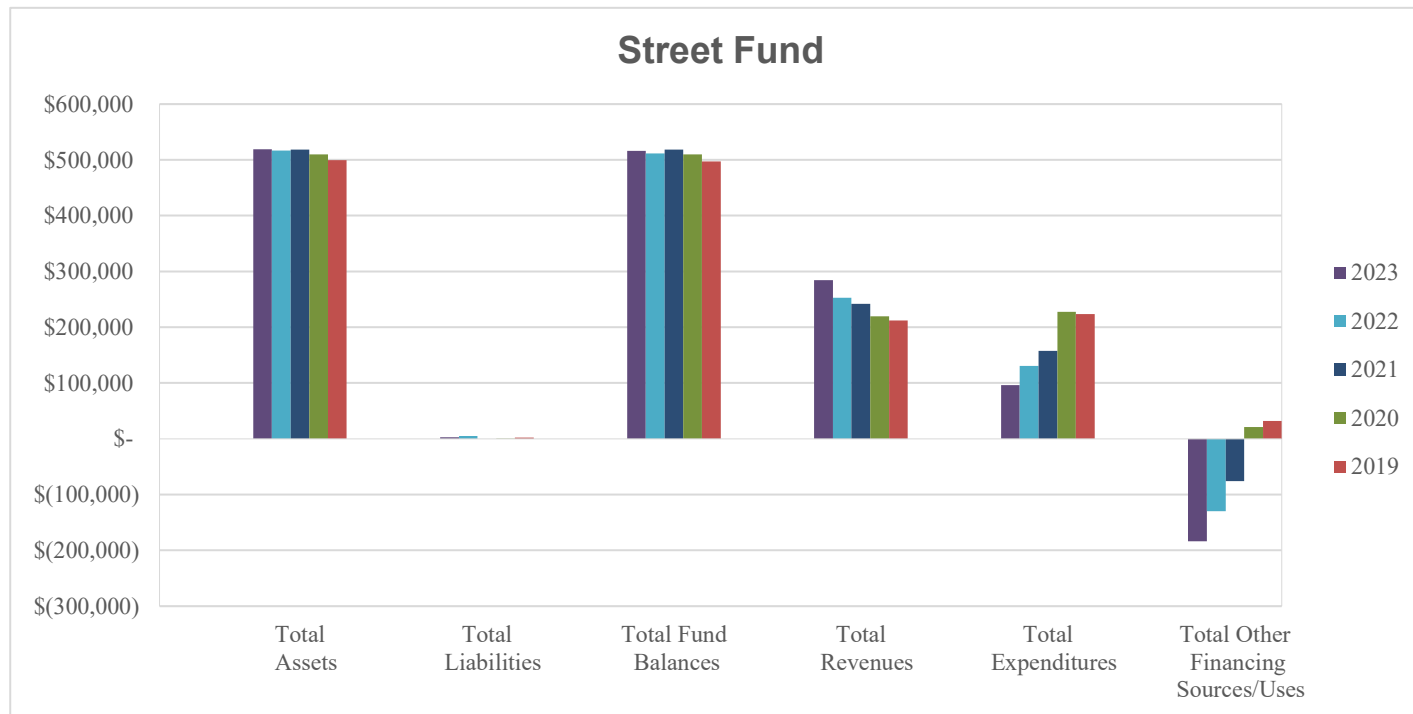
CITY OF LINCOLN, ARKANSAS
OTHER INFORMATION
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS – GENERAL FUND – REGULATORY BASIS
December 31, 2023
(Unaudited)

General	2023	2022	2021	2020	2019
Total Assets	\$ 2,820,131	\$ 2,299,033	\$ 1,658,996	\$ 1,163,603	\$ 984,284
Total Liabilities	454,022	51,917	322,959	305,737	310,302
Total Fund Balances	2,366,109	1,842,239	1,336,037	857,866	673,982
Total Revenues	2,054,109	2,116,357	1,801,106	1,270,220	1,189,495
Total Expenditures	2,366,463	2,354,784	1,988,600	1,776,068	1,731,405
Total Other Financing Sources/Uses	836,224	744,629	665,664	689,733	600,783



CITY OF LINCOLN, ARKANSAS
OTHER INFORMATION
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS – STREET FUND – REGULATORY BASIS
December 31, 2023
(Unaudited)

Street	2023	2022	2021	2020	2019
Total Assets	\$ 518,870	\$ 516,786	\$ 518,711	\$ 510,118	\$ 499,697
Total Liabilities	2,638	5,129	-	5	2,257
Total Fund Balances	516,232	511,657	518,711	510,113	497,440
Total Revenues	284,281	253,093	241,935	219,408	211,954
Total Expenditures	96,131	130,678	157,419	227,904	223,402
Total Other Financing Sources/Uses	(183,575)	(129,469)	(75,918)	21,169	32,033



CITY OF LINCOLN, ARKANSAS
OTHER INFORMATION
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS – OTHER FUNDS IN THE AGGREGATE – REGULATORY BASIS
December 31, 2023
(Unaudited)

Other Funds in the Aggregate	2023	2022	2021	2020	2019
Total Assets	\$ 5,060,250	\$ 1,370,343	\$ 1,386,718	\$ 1,212,359	\$ 1,134,594
Total Liabilities	205,023	46,171	208,409	212,003	196,048
Total Fund Balances	4,855,227	1,133,710	1,178,309	1,000,356	938,546
Total Revenues	1,089,955	1,038,510	932,977	829,557	746,756
Total Expenditures	1,412,879	1,064,720	816,909	816,361	744,363
Total Other Financing Sources/Uses	4,044,441	1,610	61,885	48,614	60,358

