

City of Helena-West Helena, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HELENA-WEST HELENA, ARKANSAS
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Arkansas



Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Helena-West Helena, Arkansas, which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Helena-West Helena, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Helena-West Helena, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Substantial Doubt About the City's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As described in Note 21 to the financial statements, the entity has a net fund balance deficit in the General Fund and Street Fund. Additionally, payroll taxes, retirement system payments, amounts due to other governments, and debt payments have not been paid. Management's evaluation of the events and conditions and management's plans regarding these matters are also disclosed in Note 21. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinions are not modified with respect to this matter.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
February 18, 2025
LOM111123

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Helena-West Helena, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated February 18, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2023-1 and 2023-2, that we consider to be material weaknesses.

2023-1 Arkansas Code requires City management maintain an adequate accounting system to ensure proper safeguarding of assets. We noted a lack of adequate controls as journal entries were not reviewed and approved by an employee other than the preparer. These deficiencies were due to a lack of management oversight and could lead to misappropriation of the City's assets. A similar finding was issued in the prior report.

Mayor's Response:

This finding should not fall upon me as the mayor. I do not have an employee directly supervised by me with any access to the City's accounting system. That system is managed exclusively by the offices and employees of the city clerk and city treasurer. Those elected officials and their staff have password protected access to the software which, as I understand it, logs actions taken by the employees. Therefore, the making of a journal entry should only occur by someone with preapproved password access to the system. Each entry should be visible to and monitored by the city clerk/or city treasurer as they have supervisory access to the software.

Mayor's Response: (Continued)

With that understanding, I will make every effort to encourage the city treasurer and city clerk to rectify this weakness without delay.

Treasurer's Response:

This issue is not due to a lack of management oversight. Management is aware of this requirement. The City Treasurer creates the journal entries and management is determining if there is another City employee whose initials and approval would be anything but perfunctory.

Audit's Response:

Management oversight includes the approval process of all journal entries to ensure adequate internal controls.

2023-2 Ark. Code Ann. §§ 14-58-201 – 14-58-203 requires the City Council to approve an annual budget, which is an appropriation of funds for operations, and City management to function within this appropriation. However, the City failed to expend funds within appropriations due to a lack of management oversight, resulting in Street Fund and Landfill Fund expenditures exceeding appropriations by \$424,531 and \$524,244, respectively. Also, General Fund and Street Fund budgeted revenues exceeded actual revenues by \$388,020 and \$205,848, respectively. The effect of this overspending constitutes a control deficiency in the process of maintaining City expenditures within appropriations and a threat to efficient, stable operations of the City. As a result of overspending, the General Fund, Street Fund, and Landfill Fund had deficit balances of \$173,122; \$192,094; and \$238,833, respectively, on December 31, 2023. Another factor contributing to this deficit was various accounts payable in the General Fund totaling \$1,036,692, including the following:

- \$633,585 for payroll taxes.
- \$140,000 for housing of the City's prisoners at the County jail.
- \$263,107 to other vendors.

In addition to the General Fund deficit fund balance, failure to pay retirement system payments in 2024 resulted in the loss of the City's general revenue turnback received from the State. Also, as of the report date, remittances to the Internal Revenue Service (IRS) have not occurred since August 2023. Furthermore, the City's inability to pay its debts timely led to late payment fees, bank overdraft charges, utility shut-off notices, repossessions, and some vendors requiring cash payments on delivery.

Mayor's Response:

The city has passed a lawful budget each year of my administration. One of those years, the city council did not vote to approve the supplemental budget which would have taken care of some of the items you have mentioned in this finding. That is to say that the expenditures were necessary, proper, and legal expenditures but needed additional city council action to fully ratify the actions taken.

This statement that you make is a false narrative: "the city failed to expend funds within appropriations due to a lack of management oversight." That is simply untrue. The issue is not management and oversight. We encountered loss of sales tax revenues which now go to a county jail. We encountered the loss of COVID-19 related funds which had been supplementing our budget, and we did not have a sufficiently funded water department which caused shortages in other departments.

You call this overspending when it really was not "overspending." The clean-up budget was not adopted in time to meet your guidelines. The clean-up budget would have cleared up all this lack of management and overspending language.

I am diligently working to decrease the city's long running outstanding debt. There are two simple ways to clear up debt: reduce spending or raise revenue. A more realistic but complicated approach is to do both. Right now, because of the impact of past inflation, we are undercharging on our sanitation rates. Those fees comprise a significant portion of our budget. The reality is that we cannot get blood from a turnip. Our community is impoverished, and we just raised water and sewer rates. We must raise sanitation rates. We have less than 10 police officers while maintaining thirty firefighters. Our landfill department has about seven employees. Our street, sanitation and water departments have about fifteen employees each. These staffing levels are relatively low. The water department does also have five clerical people in the office and the city administration has about eight non-elected employees.

Mayor's Response: (Continued)

With the recent rate increases in the water department, the city has recently begun to receive full payment of its sanitation fees. We are gradually making headway on our past due payables. We are still attempting to sell our hospital. Should that sale materialize, then we will net about \$2 million dollars which will assist with some of our past due payables. We are also considering some other funding options which are not fully developed. We cannot list those plans here.

The noted failures on retirement payments, IRS funds, and the like occurred because of this financial tailspin caused by charging too little on our water and sewer rates for too many years and the explosion of inflation which raised expenses and reduced the value of the current dollar. I believe that we can get out of this financial doldrum within the next 24 months through a combination of rate increases and reductions in expenses. To get there, however, our governing body will need to act through policies to be voted upon in a public meeting.

Treasurer's Response:

City management will implement procedures to ensure that expenditures are maintained within the appropriation.

Audit's response:

Management oversight includes budgeting expenditures in direct relation to revenue availability. The loss of sales tax revenues, inadequate setting of water and sewer rates, and the limited availability of temporary revenue sources are events that are to be factored into the budgeting process by management, as is approval of any appropriate budget amendments.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed 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 2023-1 and 2023-2.

We also reported to management of the City in a separate letter dated February 18, 2025.

City's Response to Findings

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

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 18, 2025

Arkansas



Sen. Jim Petty
Senate Chair
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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The findings contained in this letter relate to the following officials who held office during 2023:

Mayor: Christopher Franklin
Treasurer: Derrick Turner
City Clerk: Sandra Ramsey
A & P Director: Helen Halbert

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

Mayor, City Clerk, and Treasurer

Nine unauthorized withdrawals, totaling \$7,332 were made from the City's bank account between May and July 2023. The bank discovered five of these withdrawals and returned \$3,304 to the City in June 2023 and \$1,551 in July 2023. The City did not dispute the remaining four withdrawals and, therefore, was unable to recover \$2,477.

A review of credit card transactions selected for testing and identified below revealed that supporting documentation was not provided for the following at the time of payment, in noncompliance with Ark. Code Ann. § 14-59-105:

- 22 of 80 transactions, totaling \$9,566, for the City Clerk and 10 of 10 transactions, totaling \$4,639, for the Mayor made during the four-month period reviewed for fiscal year 2023.
- 5 of 48 transactions, totaling \$3,614, for the City Clerk and 8 of 8 transactions, totaling \$1,037, for the Mayor made during the two-month period reviewed for fiscal year 2024.

Subsequent to fieldwork, the City provided some documentation not previously available. However, some transactions remain undocumented; therefore, the validity of these transactions could not be determined.

During disbursement testing, we noted the following issues:

- The City received a donation of \$50,000 from a nonprofit organization to assist with purchasing an animal shelter building. The building was subsequently repossessed due to the City not paying the remaining balance owed.
- Adequate supporting documentation was not provided for tested disbursements of \$613, in noncompliance with Ark. Code Ann. § 14-59-105.
- The City paid \$7,525 to two vendors (\$4,025 and \$3,500) before work was completed, in conflict with Ark. Const. art. 12 § 5, which prohibits cities from loaning credit to any individual.

The City failed to make payments totaling \$91,692 as specified in five financed purchase agreements:

- An annual payment of \$32,505 was not made for police body cameras.
- Three of twelve payments totaling \$24,540 were not made for an articulated truck.
- Three of twelve payments totaling \$12,495 were not made for a used dozer.
- Two of twelve payments totaling \$12,229 were not made for a dozer.
- Five of twelve payments totaling \$9,923 were not made for an excavator.

A similar finding was issued in the prior report. According to City officials, both dozers have been repossessed, and the articulated truck and excavator will be repossessed.

Mayor, City Clerk, and Treasurer (Continued)

We noted the following issues related to the City Landfill:

- The Supervisor prepared and approved his own timesheets and was paid \$26,502 for overtime.
- The Supervisor and Scale Operator, who are spouses, occupied an RV connected to City utilities. Compensation related to this personal use of City services was neither calculated nor reported on their Internal Revenue Service (IRS) W-2 forms.

Mayor and A&P Director

The City made the following payments totaling \$3,950, for related party transactions without authorizing ordinances, in apparent conflict with Ark. Code Ann. § 14-42-107:

- \$2,250 to a business owned by an A&P Commission member for catering services.
- \$1,700 to a spouse of an employee for Christmas Parade decorations and services.

A similar finding was noted in the prior two reports.

Mayor

During testing of compensated absences, we noted the following:

- Of the five employees tested, two employees were missing from the compensated absences list, and the remaining three had an incorrect rate of pay.
- The list contained negative amounts for four employees, although employees do not appear to have been overpaid.

The governing body reviewed the prior-year report but took no action on the findings and recommendations, in apparent noncompliance with Ark. Code Ann. § 10-4-418.

Treasurer and City Clerk

We noted the following issues during our review of payroll:

- An employee did not prepare timesheets or leave slips as required by the City's personnel policy and procedures manual.
- Total overtime paid exceeded the budgeted amount by \$300,179.
- The City incurred penalties and/or interest totaling \$82,356 due to lack of timely payroll tax submission, as discussed below:
 - Monthly remittances to the Department of Finance and Administration (DFA) were not submitted timely, resulting in penalties and interest of \$18,637. DFA could assess additional penalties and interest due to late filings and unpaid balances of \$118,351 as of April 2024. The City entered into a payment plan with DFA to pay the balance (including assessed penalties and interest) over 25 months. As of report date, the City made eight payments totaling \$46,609.
 - Withholdings and matching reported on Internal Revenue Service (IRS) Form 941 were not submitted timely, resulting in penalties and interest of \$62,050. The IRS could assess additional penalties and interest due to late filings and unpaid balances of \$500,091 as of December 31, 2023.
 - The City owes \$12,720 for taxes due on IRS Form 941 for the tax period ending June 30, 2021, which resulted in interest of \$1,669. The IRS could assess additional penalties and interest. As of report date, the City had made no payments.

Treasurer

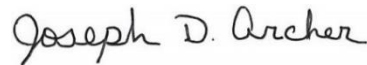
Vehicle allowance payments to the Mayor, totaling \$10,000, were not reported on his Internal Revenue Service (IRS) Form W-2.

Mayor and Treasurer

Street Fund expenditures exceeded appropriations by \$424,531 (37%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior two reports.

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

ARKANSAS LEGISLATIVE AUDIT

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 18, 2025

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

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 528,537	\$ 16,855	\$ 2,041,890
Accounts receivable	335,033	52,143	372,461
Interfund receivables			3,986
	<u>863,570</u>	<u>68,998</u>	<u>2,418,337</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,036,692	\$ 257,106	\$ 343,981
Interfund payables		3,986	
Settlements pending			13,299
Total Liabilities	<u>1,036,692</u>	<u>261,092</u>	<u>357,280</u>
Fund Balances:			
Restricted	2,135		2,298,499
Committed	95,346		
Assigned			1,391
Unassigned	(270,603)	(192,094)	(238,833)
Total Fund Balances	<u>(173,122)</u>	<u>(192,094)</u>	<u>2,061,057</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 863,570</u>	<u>\$ 68,998</u>	<u>\$ 2,418,337</u>

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

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 144,729	\$ 632,837	\$ 337,734
Federal aid	34,000		
Property taxes	596,400	175,129	
Franchise fees	580,914		
Sales taxes	2,356,146		3,393,075
Fines, forfeitures, and costs	161,260		
Interest	263	76	57,608
Local permits and fees	82,071		
Sanitation fees	1,094,948		
Advertising and promotion taxes			333,502
Rent			68,559
Landfill fees			1,033,847
Donations			61,234
Other	398,020	69,413	20,687
	<u>5,448,751</u>	<u>877,455</u>	<u>5,306,246</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	2,316,644		4,592
Law enforcement	2,228,942		
Highways and streets		1,576,975	
Public safety	1,991,257		145,656
Sanitation	1,054,247		
Recreation and culture	18,534		
Advertising and promotion	735		232,270
Airport			102,173
Water and sewer			42,542
Landfill			1,341,922
Total Current	<u>7,610,359</u>	<u>1,576,975</u>	<u>1,869,155</u>
Debt Service:			
Bond principal			670,000
Bond interest and other charges			239,903
Financed purchase principal	414,828	7,952	168,269
Financed purchase interest	27,582		17,873
	<u>8,052,769</u>	<u>1,584,927</u>	<u>2,965,200</u>
TOTAL EXPENDITURES			

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,604,018)	\$ (707,472)	\$ 2,341,046
OTHER FINANCING SOURCES (USES)			
Transfers in	2,704,824	558,930	246,765
Transfers out	(667,469)		(2,843,050)
Contribution to water department	(63,438)		
TOTAL OTHER FINANCING SOURCES (USES)	1,973,917	558,930	(2,596,285)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(630,101)	(148,542)	(255,239)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,439,473	(505,896)	1,775,838
Restatement adjustment (Note 19)	(982,494)	462,344	540,458
FUND BALANCES - JANUARY 1, AS RESTATED	456,979	(43,552)	2,316,296
FUND BALANCES - DECEMBER 31	\$ (173,122)	\$ (192,094)	\$ 2,061,057

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

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 160,785	\$ 144,729	\$ (16,056)	\$ 701,972	\$ 632,837	\$ (69,135)
Federal aid	311,276	34,000	(277,276)			
Property taxes	407,975	596,400	188,425	375,950	175,129	(200,821)
Franchise fees	644,541	580,914	(63,627)			
Sales taxes	2,208,977	2,356,146	147,169			
Fines, forfeitures, and costs	94,271	161,260	66,989			
Interest	255	263	8	157	76	(81)
Local permits and fees	58,425	82,071	23,646			
Sanitation fees	1,708,009	1,094,948	(613,061)			
Donations	30,000		(30,000)			
Other	212,257	398,020	185,763	5,224	69,413	64,189
TOTAL REVENUES	5,836,771	5,448,751	(388,020)	1,083,303	877,455	(205,848)
EXPENDITURES						
Current:						
General government	1,743,818	2,316,644	(572,826)			
Law enforcement	3,253,866	2,228,942	1,024,924			
Highways and streets				1,158,229	1,576,975	(418,746)
Public safety	1,886,401	1,991,257	(104,856)			
Sanitation	1,067,264	1,054,247	13,017			
Health	18,800		18,800	2,167		2,167
Recreation and culture	22,093	18,534	3,559			
Advertising and promotion		735	(735)			
Total Current	7,992,242	7,610,359	381,883	1,160,396	1,576,975	(416,579)
Debt Service:						
Financed purchase principal	527,591.00	414,828	112,763		7,952	(7,952)
Financed purchase interest	35,708.00	27,582	8,126			
TOTAL EXPENDITURES	8,555,541	8,052,769	502,772	1,160,396	1,584,927	(424,531)

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,718,770)	\$ (2,604,018)	\$ 114,752	\$ (77,093)	\$ (707,472)	\$ (630,379)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,664,304	2,704,824	40,520	111,768	558,930	447,162
Transfers out		(667,469)	(667,469)			
Contribution to water department	128,004	(63,438)	(191,442)			
TOTAL OTHER FINANCING SOURCES (USES)	2,792,308	1,973,917	(818,391)	111,768	558,930	447,162
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	73,538	(630,101)	(703,639)	34,675	(148,542)	(183,217)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED		1,439,473	1,439,473		(505,896)	(505,896)
Restatement adjustment (Note 19)		(982,494)	(982,494)		462,344	462,344
FUND BALANCES - JANUARY 1, AS RESTATED		456,979	456,979		(43,552)	(43,552)
FUND BALANCES - DECEMBER 31	\$ 73,538	\$ (173,122)	\$ (246,660)	\$ 34,675	\$ (192,094)	\$ (226,769)

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Helena-West Helena 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 fund of the City would have been included in the reporting entity: Water and Sewer. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government’s policy is to establish fees or charges designed to recover the cost of providing services. See Schedules 1 and 2 for the Enterprise Fund reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand, savings, and money market accounts, certificates of deposit, treasury bills, and short-term investments with an original maturity of three months or less.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications (Continued)

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,230,477	\$ 1,234,739
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	1,350,014	1,632,902
Uninsured and uncollateralized	6,761	7,169
Total Deposits	\$ 2,587,252	\$ 2,874,810

The above total deposits do not include cash on hand of \$30.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial risk. As of December 31, 2023, \$7,169 of the City's bank balances were exposed to custodial credit risk.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

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

NOTE 4: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes		\$ 15,777	
Sales taxes	\$ 199,555		\$ 284,445
Sanitation fees	135,478		26,679
Advertising and promotion taxes			60,287
Rent			1,050
Other		36,366	
Totals	<u>\$ 335,033</u>	<u>\$ 52,143</u>	<u>\$ 372,461</u>

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 387,387	\$ 257,106	\$ 343,981
Payroll taxes payable	633,585		
Other	15,720		
Totals	<u>\$ 1,036,692</u>	<u>\$ 257,106</u>	<u>\$ 343,981</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2023	
	Interfund Receivables	Interfund Payables
Street Fund		\$ 3,986
Other Funds in the Aggregate:		
Enterprise Fund:		
Landfill	\$ 3,986	
Totals	<u>\$ 3,986</u>	<u>\$ 3,986</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid in 2025.

NOTE 7: Federal Funds Program Compliance

The federal funds of the City have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. As of the report date, the City has contracted for an audit of these funds for 2022. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

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

NOTE 8: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 394
Law enforcement	\$ 2,135		
Public safety			83,696
Advertising and promotion			576,696
Airport			113,148
Debt service			1,524,565
Total Restricted	<u>2,135</u>		<u>2,298,499</u>
Committed for:			
Law enforcement	<u>95,346</u>		
Assigned to:			
Advertising and promotion			<u>1,391</u>
Unassigned	<u>(270,603)</u>	<u>\$ (192,094)</u>	<u>(238,833)</u>
Totals	<u>\$ (173,122)</u>	<u>\$ (192,094)</u>	<u>\$ 2,061,057</u>

NOTE 9: Deficit Fund Balances

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

	December 31, 2023
General Fund	\$ (173,122)
Street Fund	(192,094)
Other Funds in the Aggregate:	
Enterprise Fund:	
Landfill	<u>(238,833)</u>
Total	<u>\$ (604,049)</u>

NOTE 10: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$14,377,983. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$3,963,098. The amount of short-term financing obligations was \$1,313,230 leaving a legal debt margin of \$2,649,868.

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

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	<u>\$ 9,848,591</u>

Long-term liabilities

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

	December 31, 2023
<u>Bonds</u>	
2016 Sales and Use Tax Refunding Bonds, dated December 29, 2016, in the amount of \$8,115,000 due in annual installments of \$240,000 - \$705,000 plus interest through July 1, 2032; interest of 1.75% - 4.75%. Payments are to be made from Landfill Debt Service Fund.	<u>\$ 5,445,000</u>
<u>Direct Borrowings</u>	
Financed purchase dated August 15, 2015, with Leasing 2, Inc. (Santander Bank) in the amount \$663,948, with interest rate 3.99% for the purchase of three new E-One Navistar 4400 commercial pumper. Yearly payment of \$79,726 for 10 years. Payments are to be made from the General Fund (Fire Pumper Account).	76,670
Financed purchase dated May 1, 2020, with Caterpillar Finance Corporation in the amount of \$398,331, with interest rate of 3.35% for the purchase of a Caterpillar Track Type Tractor. Monthly payments of \$6,116 for 72 months. Payments are to be made from the Landfill Fund.	175,735 *
Financed purchase dated May 1, 2020, with Caterpillar Finance Corporation in the amount of \$229,794, with interest rate of 3.35% for the purchase of a Used Caterpillar Track Type Tractor. Monthly payments of \$4,165 for 60 months. Payments are to be made from the Landfill Fund.	76,968 *
Financed purchase dated June 18, 2021, with Caterpillar Finance Corporation in the amount of \$455,350, with interest rate of 2.99% for the purchase of a Caterpillar Articulated Truck. Monthly payments of \$8,180 for 60 months. Payments are to be made from the Landfill Fund.	281,325 *
Financed purchase dated July 22, 2021, with Government Capital Corporation (Citizens Bank) in the amount of \$448,900, with interest rate of 3.28% for the purchase of 10 Ford Sports Utility Vehicles. Monthly payments of \$10,074 for 48 months. Payments are to be made from the General Fund.	186,274
Financed purchase dated September 28, 2021, with Axon Enterprise in the amount of \$162,527, with interest rate of 0.0% for the purchase of 30 police body cameras. Yearly payments of \$32,505 for 5 years. Payments are to be made from the General Fund.	130,021
Financed purchase dated January 10, 2022, with Leasing 2, Inc. (Santander Bank) in the amount \$339,788, with interest rate of 3.72% for the purchase of a 2020 Freightliner with side loader. Yearly payment of \$93,739 for 3 years and one final payment of \$80,000. Payments are to be made from the General Fund.	164,741
Financed purchase dated March 15, 2022, with Caterpillar Finance Corporation in the amount of \$115,521, with interest rate of 4.14% for the purchase of a Caterpillar Hydraulic Excavator. Monthly payments of \$1,985 for 60 months and a final payment of \$10,000. Payments are to be made from the Landfill Fund.	97,508
Financed purchase dated January 6, 2022, with Partners Bank in the amount of \$33,696, with interest rate of 4.00% for the purchase of a truck for the Fire Chief. Monthly payments of \$997 for 36 months. Payments are to be made from the General Fund.	12,654
Financed purchase dated August 9, 2023, with John Deere Financial in the amount of \$119,286, for the purchase of two cab utility tractors with flex wing rotary cutter. Monthly payments of \$1,988 for 60 months. Payments are to be made from the Street Fund.	111,334
Total Direct Borrowings	<u>1,313,230</u>

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

NOTE 11: Commitments (Continued)

Long-term liabilities (Continued)

Settlement for the 1997 Agreement with US Army Corp of Engineers for the construction of structural flood control features of the City of Helena and Vicinity Project.	\$150,000
2020 Agreement with Phillips County Port Authority for the sales taxes collected.	351,899
Arkansas District Judge's Retirement unfunded pension liability. Twelve years remaining on unfunded liability. Annual payments are to be made from the General Fund.	52,908
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	143,813
Landfill closure and postclosure care costs	<u>2,391,741</u>
Total Long-term liabilities	<u><u>\$ 9,848,591</u></u>

* See Subsequent Event (Note # 20) below.

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

The City's outstanding bonds payable of \$5,445,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 25% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$1,313,230 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 (see Subsequent Event - Note #20 lender exercised these rights), 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.

Landfill Closure and Postclosure Care Costs

The City of Helena-West Helena is the owner of permit #0258-S1-R1 to operate a Class I solid waste landfill. State and federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and the performance of certain maintenance and monitoring functions at the site for two years after the closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure care costs are being recognized as a commitment each year based on landfill capacity used as of the balance sheet date. The estimated commitment for landfill closure and postclosure care costs has a balance of \$2,391,741 as of December 31, 2023, and represents the cumulative amount reported to date based on 84.31% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$444,976 as the remaining capacity is filled. At the present utilization rate, the landfill site is estimated to exhaust in 5.7 years from the balance sheet date.

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

NOTE 11: Commitments (Continued)

Landfill Closure and Postclosure Care Costs (Continued)

Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2023. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. In accordance with Ark. Code Ann. § 8-6-1603, the City has provided financial assurance of \$1,895,551 in the form of a Surety Bond.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
12/29/16	7/1/32	1.75-4.75%	\$ 8,115,000	\$ 5,445,000	\$ 2,670,000
<u>Direct Borrowings</u>					
8/15/15	12/15/24	3.99%	663,948	76,670	587,278
5/1/20	3/1/26	3.35%	398,331	175,735	222,596
5/1/20	3/1/25	3.35%	229,794	76,968	152,826
6/18/21	6/18/26	2.99%	455,350	281,325	174,025
7/22/21	7/22/25	3.28%	448,900	186,274	262,626
9/28/21	11/1/25	0.00%	162,527	130,021	32,506
1/10/22	4/10/25	3.72%	339,788	164,741	175,047
3/15/22	3/24/27	4.14%	115,521	97,508	18,013
1/6/22	1/15/25	4.00%	33,696	12,654	21,042
8/9/23	9/9/28	0.00%	119,286	111,334	7,952
Total Direct Borrowings			2,967,141	1,313,230	1,653,911
Total Long-Term Debt			\$ 11,082,141	\$ 6,758,230	\$ 4,323,911

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 6,115,000	\$ 0	\$ 670,000	\$ 5,445,000
<u>Direct Borrowings</u>				
Financed purchases	1,784,993	119,286	591,049	1,313,230
Total Long-Term Debt	\$ 7,899,993	\$ 119,286	\$ 1,261,049	\$ 6,758,230

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

NOTE 11: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 525,000	\$ 216,725	\$ 741,725	\$ 641,585	\$ 31,430	\$ 673,015
2025		200,319	200,319	418,627	13,756	432,383
2026	1,105,000	182,606	1,287,606	178,604	3,917	182,521
2027	575,000	164,406	739,406	58,509	1,147	59,656
2028	595,000	145,719	740,719	15,905		15,905
2029 through 2032	2,645,000	320,863	2,965,863			
Totals	<u>\$ 5,445,000</u>	<u>\$ 1,230,638</u>	<u>\$ 6,675,638</u>	<u>\$ 1,313,230</u>	<u>\$ 50,250</u>	<u>\$ 1,363,480</u>

Corps of Engineers Project Costs

The City of Helena entered into an agreement with the US Army Corps of Engineers in 1997 for the construction of the structural flood control features of the City of Helena and Vicinity Project. The agreement stated that costs would be shared 75% (Federal) and 25% (non-Federal). A portion of the City's costs were offset by the City providing Lands, Easements, Rights-of-Way, Relocations, and Dredge material disposal areas (LERRDs). The balance of the City's 25% share after consideration of all (LERRDs) provided by the City is \$1,424,809. In September 2016, the Department of the Treasury intercepted \$20,510 of federal payments that the City Airport had applied for and applied it to the City's Project debt. The debt was referred to the Department of Justice for review of the City's ability to pay. On January 8, 2020, the City received a settlement offer of \$300,000 to be paid over six years. The City signed the settlement offer on July 18, 2021. As of December 31, 2023, the balance was \$150,000.

Phillips County Port Authority

The City of Helena-West Helena entered into an agreement with the Phillips County Port Authority for sales taxes the City did not turn over to the Port Authority. The City will pay quarterly payments of \$16,500. At December 31, 2023, the balance was \$351,899.

NOTE 12: Interfund Transfers

Other Funds in the Aggregate transferred \$2,704,824 to the General Fund for sales taxes collected in excess of the debt service requirements on the 2007 sales tax bonds. Other Funds in the Aggregate transferred \$138,226 to the Street Fund for municipal aid collected in excess of the debt service requirements on the 2014 sales tax bonds. General Fund transferred \$420,704 to Street Fund for street expense and \$246,765 to Other Funds in the Aggregate for various expenses.

NOTE 13: Pledged Revenues

The City pledged future 2% sales and use taxes to repay \$8,115,000 in bonds that were issued in 2016 to refund a 2007 bond issue that was used to provide funding for capital improvements and refunding of a prior bond issue. Total principal and interest remaining on the bonds are \$5,445,000 and \$1,230,638, respectively, payable through July 1, 2032. For 2023, principal and interest paid were \$510,000 and \$232,024, respectively.

The Landfill Debt Service Fund received \$3,393,075 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

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

NOTE 14: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. Settlements for 2023 totaled \$10,000. Settlements were made by the City in 2022 and 2021 that totaled \$55,649 and \$18,500, respectively. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

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

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

Municipal Vehicle Program

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

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

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

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

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

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

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 \$418,774 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$215,650 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$3,799,915.

NOTE 16: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$418,124.

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

NOTE 16: Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$3,588,498.

NOTE 17: 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 Jo Ann Smith and Johnny Weaver \$9,000 and \$44,255, respectively, for the year ended December 31, 2023.

NOTE 18: City Attorney Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of service. The City paid the spouse of former City Attorney Ralph Murray \$1,300 for the year ended December 31, 2023.

NOTE 19: Prior Year Restatement

The General Fund beginning balance was decreased by \$1,002,802 and the Street Fund and Other Funds in the Aggregate beginning balances were increased by \$462,344 and \$540,458, respectively to write off an interfund payable from the Street and Landfill Funds to the General Fund. The General Fund beginning balance was also increased by \$20,308 for changes made after audit was conducted.

NOTE 20: Subsequent Events

On September 27, 2024, the City was notified that due to various defaults, Caterpillar Financial Services Corporation would sell the two Track Type Tractors at public auction on November 7, 2024. Caterpillar Financial had previously taken possession of the items in August 2024. Caterpillar Financial also took possession of the articulated truck on October 23, 2024.

On June 15, 2024, the City executed a \$226,000 financed purchase agreement for the purchase an excavator.

On June 15, 2024, the City executed a \$675,000 financed purchase agreement for the purchase a dozer.

On September 12, 2024, the City executed a \$389,465 financed purchase agreement for the purchase a fire pumper.

On January 17, 2025, the City executed a \$805,529 financed purchase agreement for the purchase of two garbage trucks and one knuckle boom truck.

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

NOTE 21: Going Concern

The City's Regulatory Basis General Fund Balance as of the end of the fiscal year has a deficit of \$173,122. During the year, the deficit in the General Fund grew by \$630,101 or approximately 11.6 percent of revenues. The cumulative deficit in the General Fund is primarily the result of the trend over the last seventeen years of expenditures exceeding revenues. The last time the City received any contributions from the Water and Sewer departments was 2019. The City made contributions to the Water and Sewer departments totaling \$63,438 for 2023.

These factors create an uncertainty about the City's ability to continue as a going concern. The Mayor and council have implemented/plan to implement the following:

- Water and Sewer rates were increased (effective January 1, 2025), uncertain as to when or if additional monies will be paid over to General Fund.
- Sale of the hospital - \$1,000,000 will be directed to past due payables.
- Potential bond issue on new water well – free up sanitation fees that were not being turned over to General Fund. These fees will be used to pay down past due payables.
- Use Sales Tax proceeds to pay down debt.

The ability of the City to continue as a going concern is dependent upon this plan's success. The financial statements do not include any of the adjustments that might be necessary if the City is unable to continue as a going concern.

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

Schedule 1

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		ENTERPRISE FUND	CUSTODIAL FUND	Totals
	Fire Equipment and Training (Act 833)	Advertising and Promotion Commission	Airport	American Rescue Plan Act	Landfill Debt Service	Street Debt Service	Landfill	District Court	
ASSETS									
Cash and cash equivalents	\$ 91,697	\$ 517,800	\$ 112,098	\$ 394	\$ 1,240,015	\$ 105	\$ 66,482	\$ 13,299	\$ 2,041,890
Accounts receivable		60,287	1,050		284,445		26,679		372,461
Interfund receivables							3,986		3,986
TOTAL ASSETS	\$ 91,697	\$ 578,087	\$ 113,148	\$ 394	\$ 1,524,460	\$ 105	\$ 97,147	\$ 13,299	\$ 2,418,337
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 8,001						\$ 335,980		\$ 343,981
Settlements pending								\$ 13,299	13,299
Total Liabilities	8,001						335,980	13,299	357,280
Fund Balances:									
Restricted	83,696	\$ 576,696	\$ 113,148	\$ 394	\$ 1,524,460	\$ 105			2,298,499
Assigned		1,391							1,391
Unassigned							(238,833)		(238,833)
Total Fund Balances	83,696	578,087	113,148	394	1,524,460	105	(238,833)		2,061,057
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,697	\$ 578,087	\$ 113,148	\$ 394	\$ 1,524,460	\$ 105	\$ 97,147	\$ 13,299	\$ 2,418,337

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		ENTERPRISE FUND	Totals
	Fire Equipment and Training (Act 833)	Advertising and Promotion Commission	Airport	American Rescue Plan Act	Landfill Debt Service	Street Debt Service	Landfill	
REVENUES								
State aid	\$ 133,739		\$ 33,842			\$ 170,153		\$ 337,734
Sales taxes					\$ 3,393,075			3,393,075
Interest	23	\$ 5,247	57	\$ 40	48,968	3,155	\$ 118	57,608
Advertising and promotion taxes		333,502						333,502
Rent			68,559					68,559
Landfill fees							1,033,847	1,033,847
Donations	61,234							61,234
Other	3,381	1,996	876				14,434	20,687
TOTAL REVENUES	198,377	340,745	103,334	40	3,442,043	173,308	1,048,399	5,306,246
EXPENDITURES								
Current:								
General government				4,592				4,592
Public safety	145,656							145,656
Advertising and promotion		232,270						232,270
Airport			102,173					102,173
Water and sewer				42,542				42,542
Landfill					89		1,341,833	1,341,922
Total Current	145,656	232,270	102,173	47,134	89		1,341,833	1,869,155
Debt Service:								
Bond principal					510,000	160,000		670,000
Bond interest and other charges					235,803	4,100		239,903
Financed purchase principal							168,269	168,269
Financed purchase interest							17,873	17,873
TOTAL EXPENDITURES	145,656	232,270	102,173	47,134	745,892	164,100	1,527,975	2,965,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	52,721	108,475	1,161	(47,094)	2,696,151	9,208	(479,576)	2,341,046
OTHER FINANCING SOURCES (USES)								
Transfers in	5,000						241,765	246,765
Transfers out					(2,704,824)	(138,226)		(2,843,050)
TOTAL OTHER FINANCING SOURCES (USES)	5,000				(2,704,824)	(138,226)	241,765	(2,596,285)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	57,721	108,475	1,161	(47,094)	(8,673)	(129,018)	(237,811)	(255,239)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	25,975	469,612	111,987	47,488	1,533,133	129,123	(541,480)	1,775,838
Restatement adjustment (Note 19)							540,458	540,458
FUND BALANCES - JANUARY 1, AS RESTATED	25,975	469,612	111,987	47,488	1,533,133	129,123	(1,022)	2,316,296
FUND BALANCES - DECEMBER 31	\$ 83,696	\$ 578,087	\$ 113,148	\$ 394	\$ 1,524,460	\$ 105	\$ (238,833)	\$ 2,061,057

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

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Advertising and Promotion Commission	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Airport	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Landfill Debt Service	Established by Helena-West Helena Ordinance no. 33-2016 (November 15, 2016) providing refinancing of the 2007 Series Sales & Use Tax Bonds and providing a reserve for payment of principal and interest on landfill bonds.
Street Debt Service	Established by Helena-West Helena Ordinance no. 8-2014 (March 18, 2014) providing a reserve for payment of principal and interest on street paving bonds.
Landfill	Established to receive and disburse monies for the operation and maintenance of the City landfill.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

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

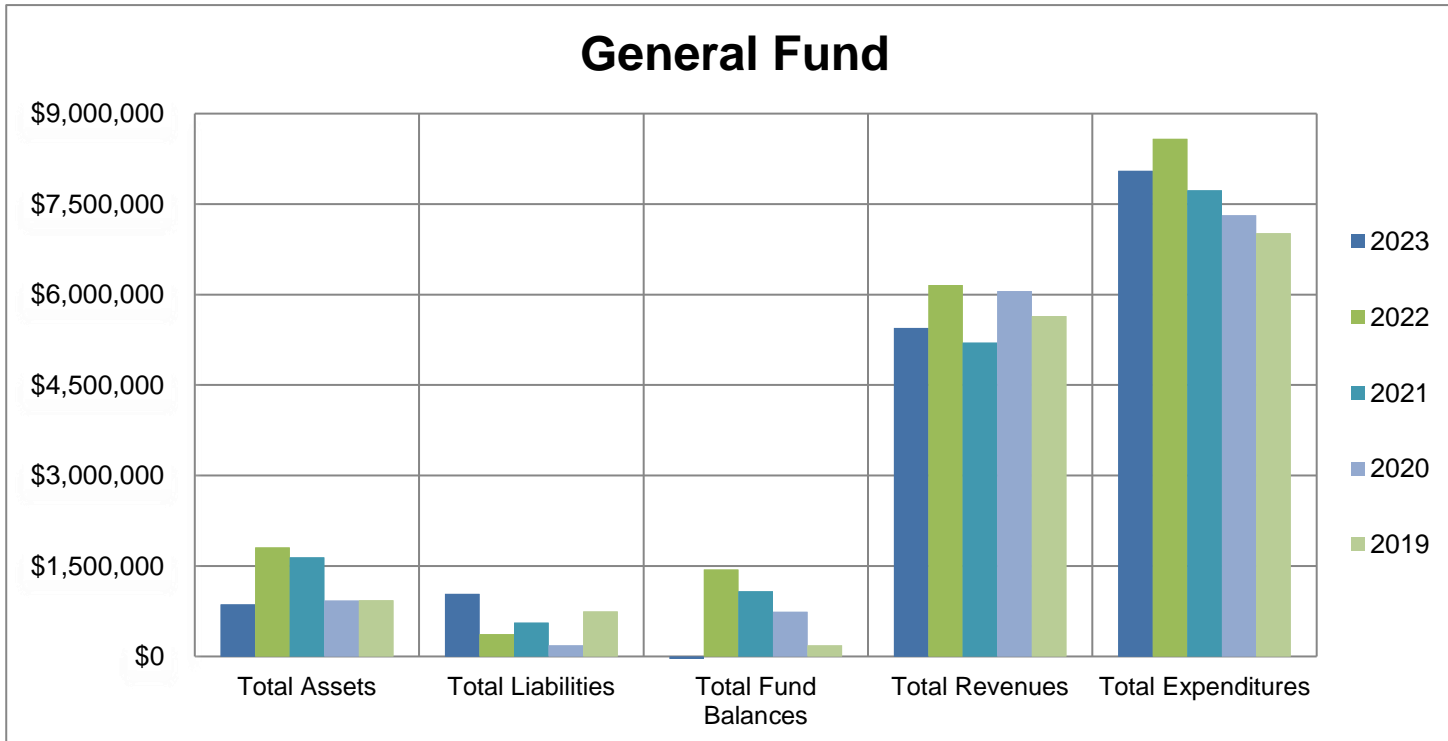
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 69,956
Buildings	20,480,858
Equipment	<u>8,386,842</u>
Total	<u><u>\$ 28,937,656</u></u>

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

Schedule 4-1

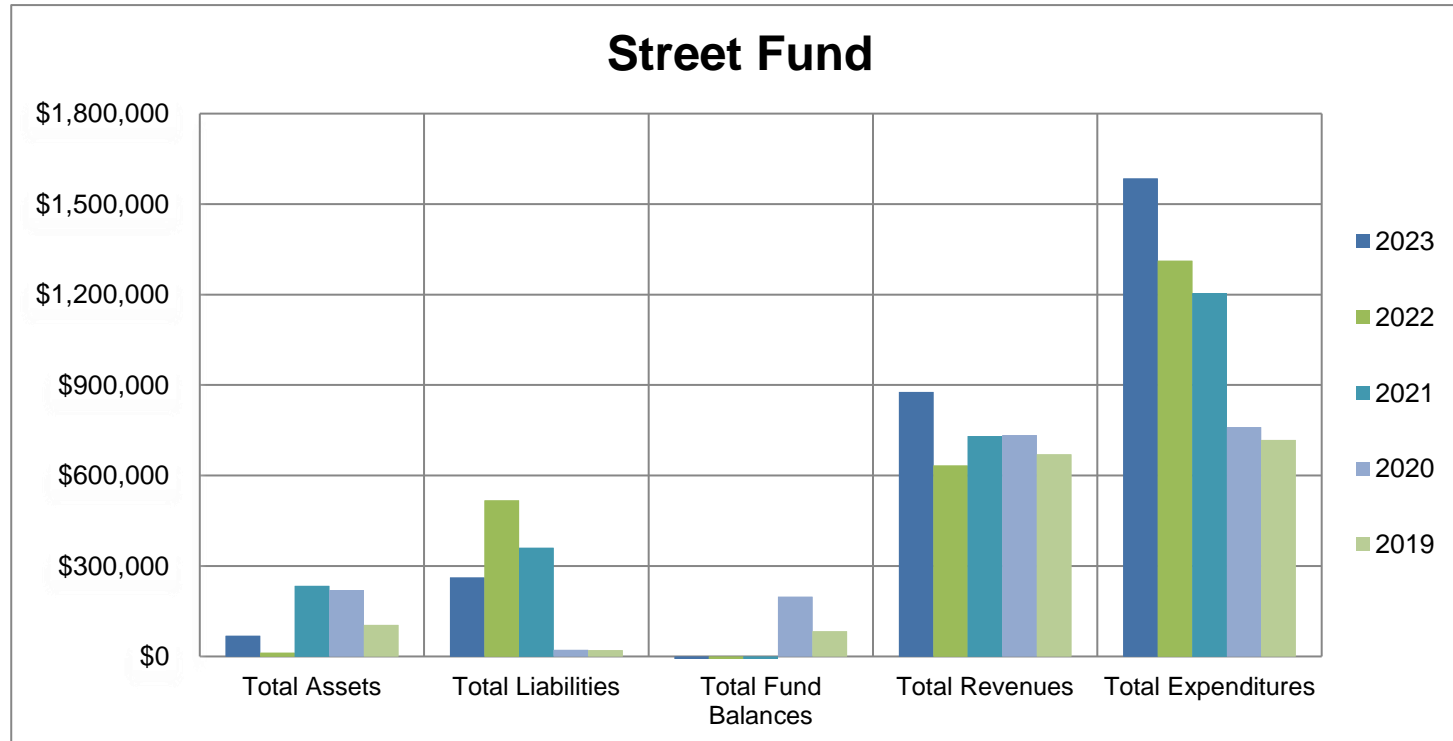
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 863,570	\$ 1,808,377	\$ 1,641,196	\$ 925,738	\$ 932,715
Total Liabilities	1,036,692	368,904	559,262	184,488	747,040
Total Fund Balances	(173,122)	1,439,473	1,081,934	741,250	185,675
Total Revenues	5,448,751	6,154,816	5,202,410	6,053,969	5,640,583
Total Expenditures	8,052,769	8,583,830	7,725,702	7,316,063	7,018,074
Total Other Financing Sources/Uses	1,973,917	2,846,144	2,855,376	1,588,173	2,154,938



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

Schedule 4-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 68,998	\$ 11,966	\$ 234,324	\$ 220,071	\$ 104,786
Total Liabilities	261,092	517,862	360,019	22,128	21,216
Total Fund Balances	(192,094)	(505,896)	(125,695)	197,943	83,570
Total Revenues	877,455	633,188	730,577	733,843	669,888
Total Expenditures	1,584,927	1,311,585	1,205,045	760,030	717,383
Total Other Financing Sources/Uses	558,930	154,458	150,705	140,560	130,388



CITY OF HELENA-WEST HELENA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 2,418,337	\$ 2,529,133	\$ 3,536,650	\$ 3,523,692	\$ 2,617,978
Total Liabilities	357,280	760,409	613,074	594,885	624,567
Total Fund Balances	2,061,057	1,768,724	2,923,576	2,928,807	1,993,411
Total Revenues	5,306,246	6,351,521	7,130,194	8,896,771	5,091,812
Total Expenditures	2,965,200	4,528,473	4,155,961	6,239,548	3,067,890
Total Other Financing Sources/Uses	(2,596,285)	(3,000,602)	(3,006,081)	(1,688,154)	(2,262,658)

