

City of Pocahontas, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF POCAHONTAS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

Financial and Compliance Report

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Arkansas



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Senate Vice Chair

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House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

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

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Pocahontas, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated October 21, 2025. These procedures were not performed for the Water and Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2024:

Mayor: Keith Futrell
Clerk/Treasurer: Michelle Teel
Police Chief: David Edington

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

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Kevin White", written over a light gray rectangular background.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
October 21, 2025
LOM107724

CITY OF POCAHONTAS, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2024
(UNAUDITED)

Exhibit A

| | General | Street | Other Funds in the Aggregate |
|-------------------------------------|---------------------|-------------------|------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,051,420 | \$ 606,098 | \$ 6,686,395 |
| Accounts receivable | 370,792 | 59,735 | 203,890 |
| | <u>4,422,212</u> | <u>665,833</u> | <u>6,890,285</u> |
| TOTAL ASSETS | <u>\$ 4,422,212</u> | <u>\$ 665,833</u> | <u>\$ 6,890,285</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 16,183 | \$ 8,231 | \$ 12,069 |
| Settlements pending | | | 202,831 |
| Total Liabilities | <u>16,183</u> | <u>8,231</u> | <u>214,900</u> |
| Fund Balances: | | | |
| Restricted | 50,052 | | 6,328,983 |
| Assigned | 1,164,091 | 657,602 | 346,402 |
| Unassigned | 3,191,886 | | |
| Total Fund Balances | <u>4,406,029</u> | <u>657,602</u> | <u>6,675,385</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 4,422,212</u> | <u>\$ 665,833</u> | <u>\$ 6,890,285</u> |

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

CITY OF POCAHONTAS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Exhibit B

| | General | Street | Other Funds in the Aggregate |
|---------------------------------|------------|------------|------------------------------------|
| REVENUES | | | |
| State aid | \$ 109,652 | \$ 654,825 | \$ 1,165,787 |
| Federal aid | 6,426 | | 587,627 |
| Property taxes | 145,884 | 38,968 | |
| Franchise fees | 459,679 | | |
| Sales taxes | 3,387,770 | 302,844 | 2,338,289 |
| Fines, forfeitures, and costs | 122,708 | | |
| Interest | 71,843 | 15,506 | 322,321 |
| Local permits and fees | 403,905 | | 1,479 |
| Sanitation fees | 388,868 | | |
| Fire protection fees | 269 | | 111,546 |
| Airport fees | | | 108,106 |
| Fuel sales | | | 177,963 |
| Rent income | | | 19,448 |
| Park fees, rentals, and sales | 339,580 | | 36,529 |
| Other | 351,253 | 14,079 | 64,271 |
| TOTAL REVENUES | 5,787,837 | 1,026,222 | 4,933,366 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,661,066 | | 796,708 |
| Law enforcement | 2,046,621 | | |
| Highways and streets | | 973,841 | |
| Public safety | 803,348 | | 123,989 |
| Sanitation | 492,111 | | |
| Health | 109,779 | | |
| Recreation and culture | 5,615 | | 1,243,051 |
| Social services | | | 14,984 |
| Economic development | 502,006 | | |
| Airport | | | 938,574 |
| Total Current | 5,620,546 | 973,841 | 3,117,306 |
| Debt Service: | | | |
| Bond principal | | | 880,000 |
| Bond interest and other charges | | | 256,910 |
| Note principal | | | 14,074 |
| Note interest | | | 18,098 |
| Financed purchase principal | | | 27,695 |
| Financed purchase interest | | | 1,381 |
| TOTAL EXPENDITURES | 5,620,546 | 973,841 | 4,315,464 |

CITY OF POCAHONTAS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Exhibit B

| | General | Street | Other Funds in the Aggregate |
|--|--------------|------------|------------------------------------|
| EXCESS OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES | \$ 167,291 | \$ 52,381 | \$ 617,902 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | | 88,066 |
| Transfers out | (88,066) | | |
| Arkansas Natural Resource grant remitted to water department | | | (1,010,267) |
| Contribution to Five Rivers Medical Center | (1,195,488) | | |
| Sale of property | 1,638,291 | | |
| Insurance proceeds | 1,545,856 | | |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,900,593 | | (922,201) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) | | | |
| EXPENDITURES AND OTHER USES | 2,067,884 | 52,381 | (304,299) |
| FUND BALANCES - JANUARY 1 | 2,338,145 | 605,221 | 6,979,684 |
| FUND BALANCES - DECEMBER 31 | \$ 4,406,029 | \$ 657,602 | \$ 6,675,385 |

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

CITY OF POCAHONTAS, 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, 2024
(UNAUDITED)

Exhibit C

| | General | | | Street | | |
|-------------------------------|------------|------------|--|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| State aid | \$ 109,652 | \$ 109,652 | \$ 0 | \$ 557,522 | \$ 654,825 | \$ 97,303 |
| Federal aid | | 6,426 | 6,426 | | | |
| Property taxes | 103,712 | 145,884 | 42,172 | 39,140 | 38,968 | (172) |
| Franchise fees | 494,440 | 459,679 | (34,761) | | | |
| Sales taxes | 4,121,134 | 3,387,770 | (733,364) | 291,880 | 302,844 | 10,964 |
| Fines, forfeitures, and costs | 109,454 | 122,708 | 13,254 | | | |
| Interest | 47,791 | 71,843 | 24,052 | 13,068 | 15,506 | 2,438 |
| Local permits and fees | 217,035 | 403,905 | 186,870 | | | |
| Sanitation fees | 423,223 | 388,868 | (34,355) | | | |
| Fire protection fees | 269 | 269 | 0 | | | |
| Park fees, rentals, and sales | 714 | 339,580 | 338,866 | | | |
| Other | 2,073,755 | 351,253 | (1,722,502) | 110,472 | 14,079 | (96,393) |
| TOTAL REVENUES | 7,701,179 | 5,787,837 | (1,913,342) | 1,012,082 | 1,026,222 | 14,140 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,670,668 | 1,661,066 | 9,602 | | | |
| Law enforcement | 2,049,536 | 2,046,621 | 2,915 | | | |
| Highways and streets | | | | 1,095,608 | 973,841 | 121,767 |
| Public safety | 804,474 | 803,348 | 1,126 | | | |
| Sanitation | 492,424 | 492,111 | 313 | | | |
| Health | 109,779 | 109,779 | 0 | | | |
| Recreation and culture | | 5,615 | (5,615) | | | |
| Economic development | 538,998 | 502,006 | 36,992 | | | |
| TOTAL EXPENDITURES | 5,665,879 | 5,620,546 | 45,333 | 1,095,608 | 973,841 | 121,767 |

CITY OF POCAHONTAS, 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, 2024
(UNAUDITED)

Exhibit C

| | General | | | Street | | |
|--|--------------|--------------|--|-------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 2,035,300 | \$ 167,291 | \$ (1,868,009) | \$ (83,526) | \$ 52,381 | \$ 135,907 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 138,658 | | (138,658) | | | |
| Transfers out | (1,062,221) | (88,066) | 974,155 | | | |
| Contribution to Five Rivers Medical Center | (1,195,488) | (1,195,488) | 0 | | | |
| Sale of property | | 1,638,291 | 1,638,291 | | | |
| Insurance proceeds | | 1,545,856 | 1,545,856 | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,119,051) | 1,900,593 | 4,019,644 | | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (83,751) | 2,067,884 | 2,151,635 | (83,526) | 52,381 | 135,907 |
| FUND BALANCES - JANUARY 1 | 1,983,276 | 2,338,145 | 933,145 | 450,000 | 605,221 | 155,221 |
| FUND BALANCES - DECEMBER 31 | \$ 1,899,525 | \$ 4,406,029 | \$ 3,084,780 | \$ 366,474 | \$ 657,602 | \$ 291,128 |

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

CITY OF POCAHONTAS , ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

| | SPECIAL REVENUE FUNDS | | | | CAPITAL PROJECTS FUNDS | |
|--|-----------------------|--------------------------|---|---------------------------|--|--|
| | Airport | Recreation Facilities | Fire Equipment and Training (Act 833) | Rural Fire Association | Sales and Use Tax Refunding and Improvement Bonds, Capital Projects, Series 2023 | United States Department of Agriculture Rural Development Black River Area Development Expansion Construction |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 71,449 | \$ 256,079 | \$ 65,403 | \$ 88,345 | \$ 4,819,115 | \$ 49,527 |
| Accounts receivable | 2,283 | 97,184 | | 8,421 | | |
| TOTAL ASSETS | \$ 73,732 | \$ 353,263 | \$ 65,403 | \$ 96,766 | \$ 4,819,115 | \$ 49,527 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | | \$ 6,861 | \$ 3,603 | \$ 1,605 | | |
| Settlements pending | | | | | | |
| Total Liabilities | | 6,861 | 3,603 | 1,605 | | |
| Fund Balances: | | | | | | |
| Restricted | \$ 73,732 | | 61,800 | 95,161 | \$ 4,819,115 | \$ 49,527 |
| Assigned | | 346,402 | | | | |
| Total Fund Balances | 73,732 | 346,402 | 61,800 | 95,161 | 4,819,115 | 49,527 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 73,732 | \$ 353,263 | \$ 65,403 | \$ 96,766 | \$ 4,819,115 | \$ 49,527 |

CITY OF POCAHONTAS , ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

| | DEBT SERVICE FUNDS | | | | CUSTODIAL FUNDS | | | | |
|-------------------------------------|--|--|--|--|---------------------------|------------------|---|--------------------------------------|---------------------|
| | Arkansas Department of Economic Development Loan | United States Department of Agriculture Rural Development Debt Reserve | Sales and Use Tax Refunding and Improvement Bonds, Debt Service, Series 2023 | Five Rivers Medical Center Debt Reserve | Forfeiture and Seizure | Payroll | Electronic Funds Transfer Bill Pay | Five Rivers Medical Center PAD | Totals |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 46,237 | \$ 14,802 | \$ 658,927 | \$ 413,680 | \$ 2,847 | \$ 98,501 | \$ 68,859 | \$ 32,624 | \$ 6,686,395 |
| Accounts receivable | | | 96,002 | | | | | | 203,890 |
| TOTAL ASSETS | <u>\$ 46,237</u> | <u>\$ 14,802</u> | <u>\$ 754,929</u> | <u>\$ 413,680</u> | <u>\$ 2,847</u> | <u>\$ 98,501</u> | <u>\$ 68,859</u> | <u>\$ 32,624</u> | <u>\$ 6,890,285</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | | | | | | | | | \$ 12,069 |
| Settlements pending | | | | | \$ 2,847 | \$ 98,501 | \$ 68,859 | \$ 32,624 | 202,831 |
| Total Liabilities | | | | | <u>2,847</u> | <u>98,501</u> | <u>68,859</u> | <u>32,624</u> | <u>214,900</u> |
| Fund Balances: | | | | | | | | | |
| Restricted | \$ 46,237 | \$ 14,802 | \$ 754,929 | \$ 413,680 | | | | | 6,328,983 |
| Assigned | | | | | | | | | 346,402 |
| Total Fund Balances | <u>46,237</u> | <u>14,802</u> | <u>754,929</u> | <u>413,680</u> | | | | | <u>6,675,385</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 46,237</u> | <u>\$ 14,802</u> | <u>\$ 754,929</u> | <u>\$ 413,680</u> | <u>\$ 2,847</u> | <u>\$ 98,501</u> | <u>\$ 68,859</u> | <u>\$ 32,624</u> | <u>\$ 6,890,285</u> |

CITY OF POCAHONTAS, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

| | SPECIAL REVENUE FUNDS | | | | | CAPITAL PROJECTS FUNDS | |
|--|-----------------------|--------------------------|---|---------------------------|----------------------------------|--|--|
| | Airport | Recreation Facilities | Fire Equipment and Training (Act 833) | Rural Fire Association | Municipal Water Works Project | Sales and Use Tax Refunding and Improvement Bonds, Capital Projects, Series 2023 | United States Department of Agriculture Rural Development Black River Area Development Expansion Construction |
| REVENUES | | | | | | | |
| State aid | \$ 66,390 | | \$ 89,130 | | \$ 1,010,267 | | |
| Federal aid | 538,100 | | | | | | \$ 49,527 |
| Sales taxes | 5,769 | \$ 1,166,260 | | | | | |
| Interest | 244 | 5,253 | 254 | \$ 338 | | \$ 262,187 | |
| Local permits and fees | | 1,479 | | | | | |
| Fire protection fees | | | | 111,546 | | | |
| Airport fees | 108,106 | | | | | | |
| Fuel sales | 177,963 | | | | | | |
| Rent income | | | | | | | |
| Park fees, rentals, and sales | | 36,529 | | | | | |
| Other | 55,319 | 8,920 | | 32 | | | |
| TOTAL REVENUES | 951,891 | 1,218,441 | 89,384 | 111,916 | 1,010,267 | 262,187 | 49,527 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | 796,708 | |
| Public safety | | | 72,717 | 51,272 | | | |
| Recreation and culture | | 1,243,051 | | | | | |
| Social services | | 14,984 | | | | | |
| Airport | 938,574 | | | | | | |
| Total Current | 938,574 | 1,258,035 | 72,717 | 51,272 | | 796,708 | |
| Debt Service: | | | | | | | |
| Bond principal | | | | | | | |
| Bond interest and other charges | | | | | | | |
| Note principal | | | | | | | |
| Note interest | | | | | | | |
| Financed purchase principal | | 5,005 | | 22,690 | | | |
| Financed purchase interest | | 1,169 | | 212 | | | |
| TOTAL EXPENDITURES | 938,574 | 1,264,209 | 72,717 | 74,174 | | 796,708 | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 13,317 | (45,768) | 16,667 | 37,742 | 1,010,267 | (534,521) | 49,527 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | | 49,728 | | | | | |
| Arkansas Natural Resource grant remitted to water department | | | | | (1,010,267) | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | 49,728 | | | (1,010,267) | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 13,317 | 3,960 | 16,667 | 37,742 | | (534,521) | 49,527 |
| FUND BALANCES - JANUARY 1 | 60,415 | 342,442 | 45,133 | 57,419 | | 5,353,636 | |
| FUND BALANCES - DECEMBER 31 | \$ 73,732 | \$ 346,402 | \$ 61,800 | \$ 95,161 | \$ 0 | \$ 4,819,115 | \$ 49,527 |

CITY OF POCAHONTAS, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

| | DEBT SERVICE FUNDS | | | | |
|--|--|--|---|---|------------------|
| | Arkansas Department of Economic Development Loan | United States Department of Agriculture Rural Development Debt Reserve | Sales and Use Tax Refunding and Improvement Bonds, Debt Service, Series 2023 | Five Rivers Medical Center Debt Reserve | Totals |
| REVENUES | | | | | |
| State aid | | | | | \$ 1,165,787 |
| Federal aid | | | | | 587,627 |
| Sales taxes | | | \$ 1,166,260 | | 2,338,289 |
| Interest | | \$ 33 | 43,428 | \$ 10,584 | 322,321 |
| Local permits and fees | | | | | 1,479 |
| Fire protection fees | | | | | 111,546 |
| Airport fees | | | | | 108,106 |
| Fuel sales | | | | | 177,963 |
| Rent income | \$ 19,448 | | | | 19,448 |
| Park fees, rentals, and sales | | | | | 36,529 |
| Other | | | | | 64,271 |
| TOTAL REVENUES | 19,448 | 33 | 1,209,688 | 10,584 | 4,933,366 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | | | | | 796,708 |
| Public safety | | | | | 123,989 |
| Recreation and culture | | | | | 1,243,051 |
| Social services | | | | | 14,984 |
| Airport | | | | | 938,574 |
| Total Current | | | | | 3,117,306 |
| Debt Service: | | | | | |
| Bond principal | | | 880,000 | | 880,000 |
| Bond interest and other charges | | | 256,910 | | 256,910 |
| Note principal | 14,074 | | | | 14,074 |
| Note interest | 18,098 | | | | 18,098 |
| Financed purchase principal | | | | | 27,695 |
| Financed purchase interest | | | | | 1,381 |
| TOTAL EXPENDITURES | 32,172 | | 1,136,910 | | 4,315,464 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (12,724) | 33 | 72,778 | 10,584 | 617,902 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 34,853 | 3,485 | | | 88,066 |
| Arkansas Natural Resource grant remitted to water department | | | | | (1,010,267) |
| TOTAL OTHER FINANCING SOURCES (USES) | 34,853 | 3,485 | | | (922,201) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 22,129 | 3,518 | 72,778 | 10,584 | (304,299) |
| FUND BALANCES - JANUARY 1 | 24,108 | 11,284 | 682,151 | 403,096 | 6,979,684 |
| FUND BALANCES - DECEMBER 31 | \$ 46,237 | \$ 14,802 | \$ 754,929 | \$ 413,680 | \$ 6,675,385 |

CITY OF POCAHONTAS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024
(UNAUDITED)

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|---|---|
| Airport | Ark. Code Ann. § 14-361-116 established fund to receive revenues obtained by a municipality from the ownership, control, or operation of any airport or air navigation facility, including proceeds from the sale of any airport or portion thereof or air navigation facility property. The revenues shall be used solely for airport purposes. |
| Recreation Facilities | Pocahontas Ordinance nos. 2013-02 and 2013-03 (March 12, 2013) established fund to receive sales and use tax of 1/2% approved by the voters to pay and secure the repayment of bonds and to acquire, construct, improve, expand, equip, furnish, operate, and maintain new or existing park and recreation facilities. |
| 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. |
| Rural Fire Association | Pocahontas Ordinance no. 2019-13 (December 8, 2019) established fund to account for rural fire protection fees. The revenues shall be used solely for rural fire purposes. |
| Municipal Water Works Project | Established to receive a grant from the Delta Regional Authority for water and sewer upgrades. |
| Sales and Use Tax Refunding and Improvement Bonds, Capital Projects, Series 2023 | Pocahontas Ordinance no. 2023-17 (August 8, 2023) authorized the issuance of sales and use tax refunding and improvement bonds for the purpose of financing all or a portion of the cost of capital improvements to existing streets, including particularly, without limitation, paving and resurfacing and related intersection, curb, gutter, drainage and utility improvements, sidewalks, lighting and traffic control devices and improvements. |
| United States Department of Agriculture Rural Development Black River Area Development Expansion Construction | Pocahontas Ordinance no. 2019-15 (November 12, 2019) established fund in relation to a revenue bond issue to pay the related expenses to construct a child care facility. |
| Arkansas Department of Economic Development Loan | Established to finance a loan from the United States Department of Agriculture Rural Development to construct a child care facility. Monies are received from Black River Area Development (BRAD). |
| United States Department of Agriculture Rural Development Debt Reserve | Pocahontas Ordinance no. 2019-15 (November 12, 2019) authorized the issuance of community development center revenue bonds for the purpose of financing the expansion and improvement of facilities for public health and social services and for the payment of the principal and interest on the bonds. |

CITY OF POCAHONTAS, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024
(UNAUDITED)

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|--|--|
| Sales and Use Tax Refunding and Improvement Bonds, Debt Service, Series 2023 | Pocahontas Ordinance no. 2023-17 (August 8, 2023) authorized the issuance of sales and use tax refunding and improvement bonds for the purpose of financing and refinancing all or a portion of the cost of capital improvements; pledging sales and use taxes aggregating 1% to pay the principal of and interest on the bonds. |
| Five Rivers Medical Center Debt Reserve | Established to maintain a debt reserve for the City's special obligation bonds issued for the Five Rivers Medical Center. These bonds do not constitute debt of the City and are payable solely by revenues derived from the operation of the hospital. |
| Forfeiture and Seizure | Established as holding account for seized monies until court orders are issued to specify their distribution. |
| Payroll | Established to account for payroll expenditures. |
| Electronic Funds Transfer Bill Pay | Established to account for clearing of electronic bill pay items. |
| Five Rivers Medical Center PAD | Established to account for appropriated General Fund contributions to the Five Rivers Medical Center in order to facilitate the payment of debt for the special obligation bonds issued by the City for the medical center. |

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. A. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Enterprise Funds). The Capital Projects Funds presented on Schedules 1 and 2 are 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. The Debt Service Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

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

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. (Continued)

B. Basis of Accounting - Regulatory

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

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

C. 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, and treasury bills.

Settlements Pending

Settlements pending are considered forfeitures,, payroll withholdings, excess transfers to the payroll fund, Five Rivers Medical Center contributions, and electronic fund transfer bill payments 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.
1. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

D. Property Taxes

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

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. (Continued)

E. Budget Law

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

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

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

Basis of Accounting

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

F. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year-end.

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

2. Details of Fund Balance Classifications

Fund balance classifications at December 31, 2024, are composed of the following:

| Description | General Fund | Street Fund | Other Funds in the Aggregate |
|------------------------|----------------------------|--------------------------|---------------------------------|
| Fund Balances: | | | |
| Restricted for: | | | |
| Law enforcement | \$ 50,052 | | |
| Public safety | | | \$ 156,961 |
| Airport | | | 73,732 |
| Capital outlay | | | 4,868,642 |
| Debt service | | | 1,229,648 |
| Total Restricted | <u>50,052</u> | | <u>6,328,983</u> |
| Assigned to: | | | |
| General government | 759,296 | | |
| Law enforcement | 35,578 | | |
| Highw ays and streets | | \$ 657,602 | |
| Recreation and culture | | | 346,402 |
| Economic development | 369,217 | | |
| Total Assigned | <u>1,164,091</u> | <u>657,602</u> | <u>346,402</u> |
| Unassigned | <u>3,191,886</u> | | |
| Totals | <u><u>\$ 4,406,029</u></u> | <u><u>\$ 657,602</u></u> | <u><u>\$ 6,675,385</u></u> |

3. Commitments

Total commitments consist of the following at December 31, 2024:

| | December 31, 2024 |
|-----------------------|----------------------------|
| Long-term liabilities | \$ 6,676,922 |
| Lease | 83,020 |
| Construction contract | <u>338,338</u> |
| Total Commitments | <u><u>\$ 7,098,280</u></u> |

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2024, are comprised of the following:

| | December 31, 2024 |
|--|----------------------|
| <u>Bonds</u> | |
| Sales and Use Tax Refunding and Improvement Bonds dated November 21, 2023, in the amount of \$5,980,000, due in annual installment of varying amounts through November 1, 2033; interest rates from 4.2% to 5%. Payments are to be made from the Sales and Use Tax Refunding and Improvement Bonds, Debt Service, Series 2023 Debt Service Fund. | \$ 5,100,000 |
| <u>Direct Borrowings</u> | |
| Promissory note to the United States Department of Agriculture dated May 7, 2020, used in aid of construction of a child care building. Total amount authorized is \$830,000. Interest is to accrue at 2.375% from the date of each advance. Payments are to be made from the Arkansas Department of Economic Development Loan Fund beginning June 7, 2020, from rentals received from Black River Area Development Council. Terms are 480 monthly payments of \$2,681 and will mature in 2059. As of December 31, 2021, the City had drawn a total of \$830,000. The note is secured with a \$830,000 revenue bond issued in accordance with City of Pocahontas Ordinance no. 2019-15 (November 12, 2019), and is held by the United States Department of Agriculture. The bond is a special obligation of the City and will be returned once the note is paid in full. Accordingly, the bond has been excluded from long-term liabilities. | 754,377 |
| Financed purchase dated October 15, 2023, used to obtain a tractor, loader, and utility task vehicle. Total amount authorized is \$32,900. Terms are 12 quarterly payments of \$3,087. Interest is to accrue at 8.94%. Payments are to be made from the Recreation Facilities Fund. | 19,801 |
| Financed purchase dated September 23, 2024, used to obtain a fire truck. Total amount authorized is \$500,000. Terms are 10 bi-annual payments of \$32,618. Interest is to accrue at 5.50%. Payments are to be made from the Rural Fire Association Fund. | 500,000 |
| Total Direct Borrowings | 1,274,178 |
| Arkansas District Judge's Retirement unfunded pension liability to be repaid over 30 years beginning January 1, 2005. Payments are to be made from the General Fund. | 56,622 |
| Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost | 246,122 |
| Total Long-term liabilities | \$ 6,676,922 |

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 \$5,100,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

The City's outstanding notes payable from direct borrowings of \$754,377, that are secured by bonds that are held by the United States Department of Agriculture, contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding financed purchase from direct borrowings of \$19,801, that is secured by Fire Station No. 1 building and property located on Highway 62 in Pocahontas, Randolph County, Arkansas, contains a provision that in an event of default, all or any part of the agreed fees and charges, accrued interest and principal, at the Mortgagee's sole option, may be declared immediately due and payable, and the Mortgagee may exercise any rights and remedies, including the right to foreclose the security instrument, available to it under the Constitution and laws of the State.

The City's outstanding financed purchase from direct borrowings of \$500,000, that is secured by a 2024 Pierce Pumper Freightliner Fire Truck, contains a provision that in an event of default, all or any part of the agreed fees and charges, accrued interest and principal, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to foreclose the security instrument and the right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account), available to it under the Constitution and laws of the State.

Change in Compensated Absences

| | December 31, 2024 |
|--|---------------------------|
| Beginning balance compensated absences | \$ 323,288 |
| Ending balance compensated absences | <u>246,122</u> |
| Net increase (decrease) | <u><u>\$ (77,166)</u></u> |

Long-Term Debt Issued and Outstanding

| Date of Issue | Date of Final Maturity | Rate of Interest | Amount Authorized and Issued | Debt Outstanding December 31, 2024 | Maturities to December 31, 2024 |
|--------------------------|---------------------------|---------------------|------------------------------------|--|---------------------------------------|
| <u>Bonds</u> | | | | | |
| 11/21/23 | 11/1/33 | 4.2% - 5% | \$ 5,980,000 | \$ 5,100,000 | \$ 880,000 |
| <u>Direct Borrowings</u> | | | | | |
| 5/7/20 | 2/7/59 | 2.375% | 830,000 | 754,377 | 75,623 |
| 10/15/23 | 7/15/26 | 8.94% | 32,900 | 19,801 | 13,099 |
| 9/23/24 | 7/15/29 | 5.50% | 500,000 | 500,000 | |
| Total Direct Borrowings | | | <u>1,362,900</u> | <u>1,274,178</u> | <u>88,722</u> |
| Total Long-Term Debt | | | <u><u>\$ 7,342,900</u></u> | <u><u>\$ 6,374,178</u></u> | <u><u>\$ 968,722</u></u> |

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

Changes in Long-Term Debt

| | Balance January 01, 2024 | Issued | Retired | Balance December 31, 2024 |
|--------------------------|-----------------------------|----------------|----------------|------------------------------|
| Bonds payable | \$ 5,980,000 | \$ 0 | \$ 880,000 | \$ 5,100,000 |
| <u>Direct Borrowings</u> | | | | |
| Note payable | 768,451 | | 14,074 | 754,377 |
| Financed purchases | 47,496 * | 500,000 | 27,695 | 519,801 |
| Total Direct Borrowings | 815,947 | 500,000 | 41,769 | 1,274,178 |
| Total Long-Term Debt | \$ 6,795,947 | \$ 500,000 | \$ 921,769 | \$ 6,374,178 |

*Adjusted for an omitted payment made in the prior year.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2024:

| Years Ending December 31, | Bonds | | | Direct Borrowings | | |
|------------------------------|-----------------|-----------------|-----------------|-------------------|----------------|-----------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | \$ 505,000 | \$ 242,375 | \$ 747,375 | \$ 68,712 | \$ 41,044 | \$ 109,756 |
| 2026 | 530,000 | 216,500 | 746,500 | 63,940 | 42,729 | 106,669 |
| 2027 | 555,000 | 189,375 | 744,375 | 57,711 | 39,697 | 97,408 |
| 2028 | 585,000 | 135,135 | 720,135 | 60,613 | 36,795 | 97,408 |
| 2029 | 610,000 | 110,040 | 720,040 | 344,798 | 33,828 | 378,626 |
| 2030 through 2034 | 2,315,000 | 176,085 | 2,491,085 | 86,048 | 74,812 | 160,860 |
| 2035 through 2039 | | | | 96,760 | 64,100 | 160,860 |
| 2040 through 2044 | | | | 108,694 | 52,166 | 160,860 |
| 2045 through 2049 | | | | 122,338 | 38,522 | 160,860 |
| 2050 through 2054 | | | | 137,569 | 23,291 | 160,860 |
| 2055 through 2059 | | | | 126,995 | 6,414 | 133,409 |
| Totals | \$5,100,000 | \$1,069,510 | \$6,169,510 | \$1,274,178 | \$ 453,398 | \$1,727,576 |

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

Lease

The City entered into a 10-year lease agreement with Black River Technical College for an aviation building on January 24, 2020. Terms of the lease are monthly rental payments of \$1,250 for 12 months then increasing 1% annually thereafter. At the end of the lease term, the City plans to renegotiate the lease agreement. The City is obligated for the following amounts for the next six years:

| <u>Year</u> | <u>December 31, 2024</u> |
|-------------|--------------------------|
| 2025 | \$ 15,739 |
| 2026 | 15,897 |
| 2027 | 16,056 |
| 2028 | 16,216 |
| 2029 | 16,378 |
| 2030 | <u>2,734</u> |
| Total | <u>\$ 83,020</u> |

Lease expense for 2024 was \$15,583.

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2024:

| <u>Project Name</u> | <u>Completion Date</u> | <u>Contract Balance December 31, 2024</u> |
|---------------------|------------------------|---|
| Traffic Signals | September 1, 2025 | <u>\$ 338,338</u> |

4. Interfund Transfers

The Economic Development Fund, which is included in the General Fund, transferred \$34,853 and \$3,485 to Other Funds in the Aggregate (Arkansas Department of Economic Development Loan Fund and United States Department of Agriculture Rural Development Debt Reserve Fund, respectively) for debt service payments. Additionally, the General Fund transferred \$49,728 to the Recreation Facilities Fund to supplement operations.

5. Pledged Revenues

The City pledged two future one-half percent sales and use taxes to repay \$5,980,000 in bonds that were issued in 2023 to provide funding for financing all or a portion of the cost of capital improvements. Total principal and interest remaining on the bonds are \$5,100,000 and \$1,069,510, respectively, payable through November 1, 2033. For 2024, principal and interest and other charges paid were \$880,000 and \$256,910, respectively.

The Sales and Use Tax Refunding and Improvement Bonds, Debt Service, Series 2023 Fund received \$1,166,260 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used solely to retire the bonds.

The Recreation Facilities Fund received \$1,166,260 in sales taxes in 2024. Any sales tax collection is a secondary pledge to retire the bonds and to acquire, construct, improve, expand, equip, furnish, operate, and maintain new or existing park and recreational facilities.

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

6. Related Party Transaction

The City had \$5,278,228 on deposit with Riverbank at December 31, 2024. Council member, Rob Olvey, serves as board member of Riverbank. Pocahontas Ordinance 2024-11 (May 14, 2024) authorized the City to conduct business with the related parties.

7. Jointly Governed Organization – Third Judicial District Drug Task Force

The Prosecuting Attorney's Office of the Third Judicial District, the Sheriffs' Departments of Jackson, Lawrence, Randolph, Sharp, and the Police Departments of Ash Flat, Cherokee Village, Highland, Newport, Pocahontas, and Walnut Ridge entered into an agreement to establish the Third Judicial District Drug Task Force. This agreement covers the period July 11, 2024 to June 30, 2025, and may be extended upon written mutual agreement. Funding is provided through a Drug Law Enforcement Program grant, applied for by the Prosecuting Attorney of the Third Judicial District. No contributions or payment for expenditures were made to the Third Judicial District Drug Task Force by the City. The financial statements of the Third Judicial District Drug Task Force have not been audited.

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

Plan Description

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

On December 15, 2008, administration of the City of Pocahontas Firemen's Pension and Relief Fund and Relief Fund was transferred to LOPFI. The benefit structure of this plan was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$286,707, and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$127,424 for the year ended December 31, 2024.

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, 2024, (actuarial valuation date and measurement date) was \$2,049,831.

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

9. 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 Mayor John Patrick \$15,950 for the year ended December 31, 2024.

10. Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurers Sheila Rose and Suzanne Hawkins \$19,746 and \$27,973, respectively, for the year ended December 31, 2024.

11. City Attorney Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of service. The City paid former City Attorney John Throesch \$11,000 for the year ended December 31, 2024.

12. Non-uniformed Employee's Pension Plan (A Defined Contribution)

Plan Description

The City maintains a pension plan for all non-uniformed employees. MetLife Insurance Company is the trustee. Plan provisions were established in accordance with the Employees Retirement Security Act of 1974. All non-uniformed regular and full-time employees are eligible to become members of the plan after six months of service. Participation in the plan is compulsory. Normal retirement age is 62. Funding is provided by contributions from the General Fund of \$1,000 every six months per eligible employee. The City's contributions are vested at a rate of 20 percent per year of service, with the employee being fully vested after five years of service. Employees may choose to contribute to the plan in addition to the City's contributions. Upon retirement, the employee may choose to withdraw the funds in a lump sum or to receive an annuity, which will end when funds are exhausted. The City's contribution to the plan was \$56,000 for the year ended December 31, 2024. Benefits are limited to contributions made by and on-behalf of the employee; therefore, there is no net pension liability.

CITY OF POCAHONTAS, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

13. Capital Assets

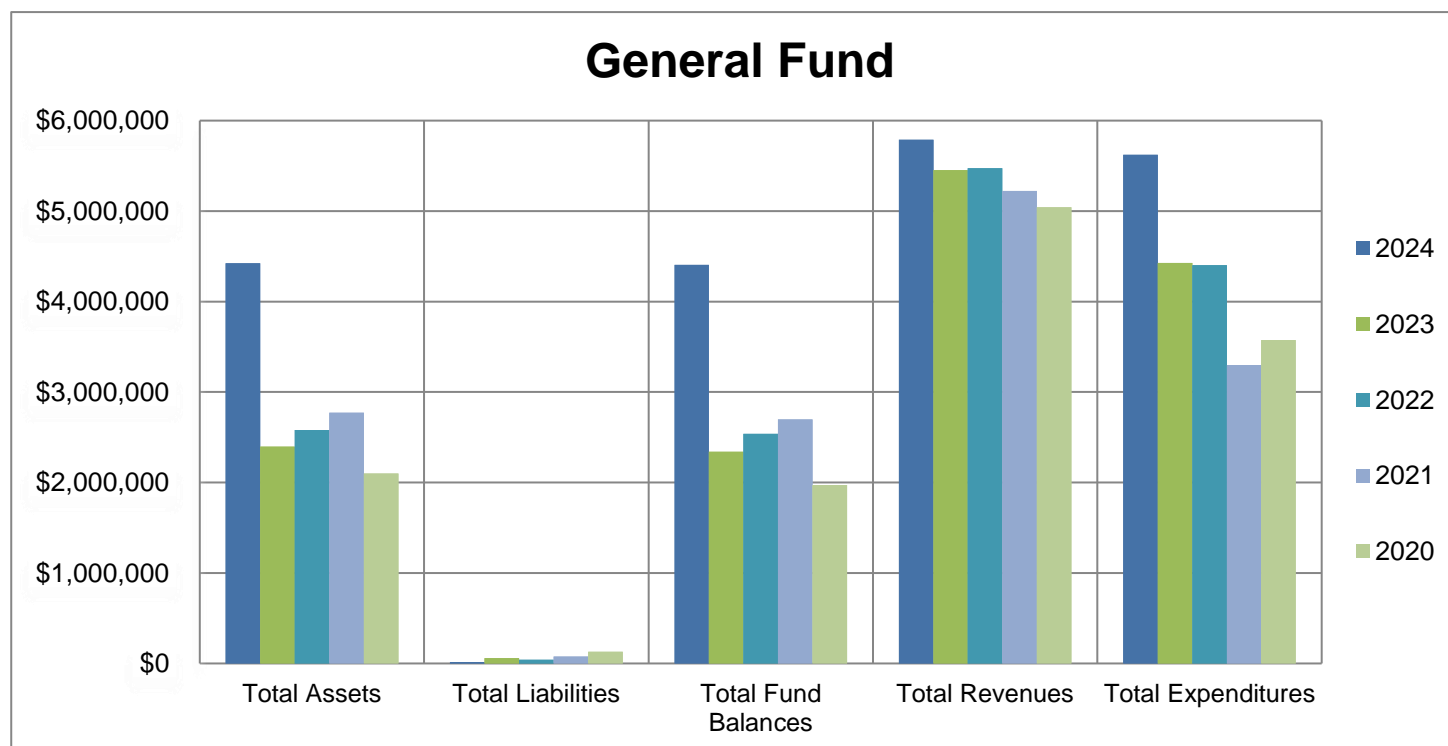
The Municipality's capital assets records are summarized below :

| | December 31, 2024 |
|--------------------------|----------------------------|
| | <hr/> |
| Land | \$ 6,376,799 |
| Construction in progress | 1,037,242 |
| Buildings | 18,629,302 |
| Equipment | <hr/> 7,684,533 |
| Total | <hr/> <u>\$ 33,727,876</u> |

CITY OF POCAHONTAS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 3-1

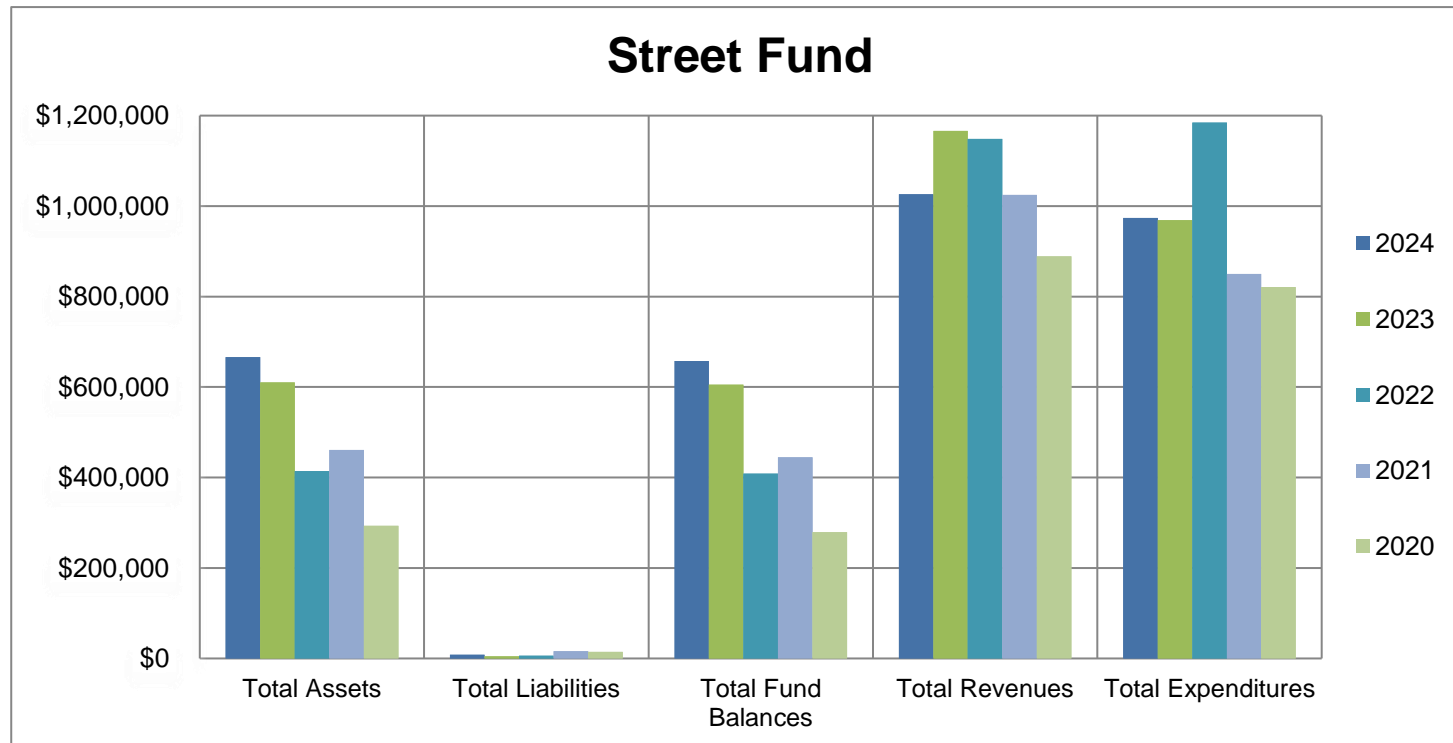
| <u>General</u> | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 4,422,212 | \$ 2,395,650 | \$ 2,579,502 | \$ 2,772,635 | \$ 2,099,396 |
| Total Liabilities | 16,183 | 57,505 | 41,358 | 76,769 | 127,623 |
| Total Fund Balances | 4,406,029 | 2,338,145 | 2,538,144 | 2,695,866 | 1,971,773 |
| Total Revenues | 5,787,837 | 5,453,037 | 5,472,877 | 5,222,912 | 5,043,357 |
| Total Expenditures | 5,620,546 | 4,425,108 | 4,403,362 | 3,299,070 | 3,573,940 |
| Total Other Financing Sources/Uses | 1,900,593 | (1,227,928) | (1,227,237) | (1,232,373) | (1,216,132) |



CITY OF POCAHONTAS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 3-2

| <u>Street</u> | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Assets | \$ 665,833 | \$ 610,160 | \$ 414,167 | \$ 460,774 | \$ 293,526 |
| Total Liabilities | 8,231 | 4,939 | 5,853 | 15,987 | 14,419 |
| Total Fund Balances | 657,602 | 605,221 | 408,314 | 444,787 | 279,107 |
| Total Revenues | 1,026,222 | 1,165,893 | 1,148,390 | 1,024,987 | 888,988 |
| Total Expenditures | 973,841 | 968,986 | 1,184,863 | 850,307 | 821,237 |
| Total Other Financing Sources/Uses | | | | (9,000) | |



CITY OF POCAHONTAS, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 3-3

| <u>Other Funds in the Aggregate</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 6,890,285 | \$ 7,154,130 | \$ 2,784,132 | \$ 2,974,838 | \$ 2,683,428 |
| Total Liabilities | 214,900 | 174,446 | 95,882 | 962,297 | 156,454 |
| Total Fund Balances | 6,675,385 | 6,979,684 | 2,688,250 | 2,012,541 | 2,526,974 |
| Total Revenues | 4,933,366 | 3,880,806 | 4,294,159 | 3,668,820 | 3,202,297 |
| Total Expenditures | 4,315,464 | 4,165,988 | 4,581,751 | 4,801,598 | 3,339,698 |
| Total Other Financing Sources/Uses | (922,201) | 4,183,445 | 963,301 | 618,345 | 851,691 |

