City of Helena-West Helena, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF HELENA-WEST HELENA, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

Arkansas

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

Rep. Robin Lundstrum
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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 (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2024; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change 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, 2024; 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, 2024, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included 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 May 14, 2026, 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
May 14, 2026
LOM111124

Arkansas

Sen. Jim Petty
Senate Chair
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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, 2024, 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 May 14, 2026. 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 a certain deficiency in internal control, described below as item 2024-1, that we consider to be a material weakness.

2024-1 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 General Fund and Street Fund expenditures exceeding appropriations by $407,088 and $390,745, respectively. Also, General Fund and Street Fund budgeted revenues exceeded actual revenues by $238,354 and $257,688, 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 $926,637; $811,916; and $454,140, respectively, on December 31, 2024. Another factor contributing to this deficit was various accounts payable in General Fund totaling $2,148,000, including the following:

- $1,264,005 for payroll taxes.
- $242,155 for retirement benefits (LOPFI and APERS).
- $140,000 for housing of City's prisoners at County jail.
- $133,000 for truck rentals.
- $88,000 for camera lease.
- $280,840 to other vendors.

In addition to the General Fund deficit fund balance, failure to pay retirement system payments resulted in the loss of the City's general revenue turnback received from the State. 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:

To address these issues, the City will strengthen budget oversight through monthly financial reviews, improved revenue forecasting, expenditure monitoring, and timely budget amendments when necessary. The City will also evaluate major operational costs and implement additional approval measures for significant expenditures to improve long-term fiscal stability and compliance with budgetary requirements.

Treasurer's Response:

The City does not have procedures within its purchasing ordinance to ensure expenditures are maintained with the appropriation. Since the appointment of the new mayor, management has begun to implement these procedures more diligently and consistently. In addition to the implementation of the procedures mentioned above, the city has aggressively addressed its deficit balances. Accounts payable have been significantly reduced with extensive cuts made by the new mayor in payroll and other areas. APERS payments are current and payments with LOPFI, DF&A, and the IRS are in place. Also, the city has arranged with the county jail to pay its past due balance and is making current monthly payments. Truck rentals have been paid in full as well as amounts due to various other vendors. Going forward, City management intends to function within the appropriations made by the City Council. Management will increase oversight to ensure that funds are expended within appropriations to prevent overspending and deficit balances.

City Clerk's Response:

The procedures they need to implement are not over-estimate revenue, curtail spending, take necessary steps to decrease staff, decrease hours of operation, trim the expense like many other major companies have done in the past and are doing now. Also, do not try and pass along the city's need for additional funds to the citizens as they did not create the problems and during this hard economic times they are trying to stay afloat themselves.

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 item 2024-1.

We also reported to management of the City in a separate letter dated May 14, 2026.

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 14, 2026

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 2024:

Mayor: Christopher Franklin
Treasurer: Derrick Turner
City Clerk: Sandra Ramsey
District Court Clerk: Valerie Hansberry (hired July 1, 2024)
Charlotte Hansberry (retired June 30, 2024)
Advertising and Promotion Commissioner: Don Etherly
Airport Commissioner: Joe Howe

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

Mayor, Treasurer, and City Clerk

During disbursement testing of 74 items, we noted the following:

1. Adequate supporting documentation was not provided for 17 disbursements totaling $100,499, in noncompliance with Ark. Code Ann. § 14-59-105:

   - Five disbursements totaling $72,819 appear to be for legitimate business expenses; however, documentation was not maintained.
   - Individual fuel tickets were not maintained from a disbursement totaling $25,461; therefore, the validity of this disbursement could not be determined.
   - An employee was paid $2,219 for travel and/or reimbursements without proper documentation; therefore, the validity of these disbursements could not be determined.

   A similar finding was noted in the prior report.

   Additionally, 11 of the 17 disbursements, totaling $42,358, were expended from restricted Street Fund monies. Due to lack of documentation, we could not determine compliance with Ark. Code Ann. §§ 27-70-207 and 26-79-104.

2. For 26 disbursements we could not determine if proper approval was obtained.

3. A reimbursement of $1,435 was paid before an order was placed, in conflict with Ark. Const. art. 12, § 5, which prohibits cities from loaning credit to any individual. A similar finding was noted in the prior report

Supporting documentation was not provided for 12 of 53 credit card transactions totaling $2,546 for the three statements tested for fiscal year 2024, in noncompliance with Ark. Code Ann. § 14-59-105. Due to a lack of documentation, the validity of these transactions could not be determined. A similar finding was noted in the prior report.

After an employee's payroll check was voided and reissued, the voided check was deposited and cleared the bank. The improper deposit and additional clerical errors resulted in the employee being overpaid $1,259. Instead of seeking reimbursement for the check cashing, the City Treasurer made a journal entry to eliminate the unreconciled difference as an expense. As of report date, the City had not recouped the overpayment or reversed the journal entry.

The City failed to make payments as specified in five financed purchase agreements:

- For the third consecutive year, an annual payment of $32,505 was not made for police body cameras.
- On October 23, 2024, the City was notified that the Caterpillar articulated truck was repossessed. The financed purchase agreement had a balance of $251,297.
- On September 27, 2024, the City was notified that two Caterpillar Track Type Tractors were repossessed and would be sold at public auction on November 7, 2024. The financed purchase agreement balances totaled $61,101 and $158,815.
- On September 27, 2024, the City was notified that the Caterpillar Hydraulic Excavator was in repossession status. The financed purchase agreement had a balance of $92,563.

A similar finding was noted in the prior two reports. Additionally, if the sale proceeds of the repossessed equipment do not compensate the secured party for the contracted balances and reasonable expenses for repossession and selling of equipment, then the City may be held liable.

The City acquired new debt with J.A Riggs for equipment repair with a balance of $141,020 in 2024. This appears to be in conflict with Ark. Const. Amend, 78 § 2, which limits short-term financing obligations for the purpose of acquiring, constructing, installing, or renting real property or tangible property having a useful life of more than one year.

Paid overtime exceeded budgeted appropriations by $283,780, consisting primarily of the following departments:

- Police - $168,265
- Street - $47,639
- Fire - $46,889

A similar finding was noted in the prior report.

The Deputy City Clerk was paid $23,833 under Ark. Code Ann. § 24-12-122 while also collecting APERS benefits, in violation of Ark. Code Ann. § 14-42-117 as interpreted by the Arkansas Supreme Court in Robinson v. Taylor, 342 Ark. 459, 29 S.W.3d 691, (2000) and presupposed in advisory opinion Op. Att'y Gen. no. 95-009.

Mayor and Treasurer

General Fund and Street Fund expenditures exceeded appropriations by $407,088 (5%) and $390,745 (31%) respectively, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior three reports.

The fixed asset listing was not properly maintained, in noncompliance with Ark. Code Ann. § 14-59-107. Specifically, the listing did not contain value, locations, purchase dates, and/or serial numbers for all items; did not contain separate totals for land and buildings; and contained items leased by the street department. Furthermore, additions and deletions were not accurately recorded.

Mayor

During testing of compensated absences, we noted the following:

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

A similar finding was noted in the prior report.

The governing body reviewed the prior-year report but not at the first regularly scheduled meeting following receipt of the report and took no action on the findings and recommendations, in apparent noncompliance with Ark. Code Ann. § 10-4-418. A similar finding was noted in the prior report.

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. A similar finding was noted in the prior report
- Of the three employees tested for leave payouts, two were paid for leave in excess of the amount allowed by the City's personnel policy. One employee was overpaid a total of $2,746 for 176 hours not earned, and the other employee was paid $915 for 80 hours without having worked for the City for more than one year. This is a result of the City failing to maintain adequate leave records.
- The City incurred penalties and/or interest totaling $161,707 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 $14,657. DFA could assess additional penalties and interest due to late filings and unpaid balances of $80,544 as of December 31, 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 sixteen payments totaling $94,607. A similar finding was issued in the prior report.
    - Withholdings and matching reported on Internal Revenue Service (IRS) Form 941 and Form 945 were not submitted timely, resulting in penalties and interest of $147,050. The IRS could assess additional penalties and interest due to late filings and unpaid balances of $1,193,228 as of December 31, 2024. As of report date, the City has made payments totaling $219,821. We noted additional payments totaling $301,128; however, we could not determine if they were for past due amounts. A similar finding was issued in the prior report.

Treasurer

Vehicle allowance payments to the Mayor, totaling $12,000, were not reported on his Internal Revenue Service (IRS) Form W-2. A similar finding was issued in the prior report.

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

Joseph D. Archer

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 14, 2026

CITY OF HELENA-WEST HELENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2024

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 382,686	$ 3,296	$ 2,094,194
Accounts receivable	382,978	18,868	331,586
Interfund receivables	457,624		3,985
TOTAL ASSETS	$ 1,223,288	$ 22,164	$ 2,429,765
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,148,000	$ 667,505	$ 242,946
Interfund payables		166,575	295,034
Settlements pending	1,925		12,794
Total Liabilities	2,149,925	834,080	550,774
Fund Balances:			
Restricted	2,135		2,331,740
Committed	95,316		
Assigned			1,391
Unassigned	(1,024,088)	(811,916)	(454,140)
Total Fund Balances	(926,637)	(811,916)	1,878,991
TOTAL LIABILITIES AND FUND BALANCES	$ 1,223,288	$ 22,164	$ 2,429,765

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, 2024

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 135,122	$ 782,754	$ 188,504
Property taxes	531,490	104,014	
Franchise fees	657,623		
Sales taxes	2,368,006		3,435,478
Fines, forfeitures, and costs	136,185		
Interest	159	39	65,610
Local permits and fees	53,341		
Sanitation fees	1,023,919		
Advertising and promotion taxes			353,700
Rent			70,778
Landfill fees			784,060
Cascade System Grant			44,650
Other	336,782	8,808	17,321
TOTAL REVENUES	5,242,627	895,615	4,960,101
EXPENDITURES			
Current:			
General government	2,548,910		130
Law enforcement	1,847,493		
Highways and streets		1,631,091	
Public safety	2,151,619		227,786
Sanitation	1,650,853		
Recreation and culture	22,627		
Advertising and promotion			334,126
Airport			70,067
Water and sewer	12,692		
Landfill			790,667
Total Current	8,234,194	1,631,091	1,422,776
Debt Service:			
Bond principal			525,000
Bond interest and other charges			220,353
Financed purchase principal	350,881	23,857	162,831
Financed purchase interest	19,873		63,187
TOTAL EXPENDITURES	8,604,948	1,654,948	2,394,147

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (3,362,321)	$ (759,333)	$ 2,565,954
OTHER FINANCING SOURCES (USES)			
Transfers in	2,748,175		
Transfers out			(2,748,175)
TOTAL OTHER FINANCING SOURCES (USES)	2,748,175		(2,748,175)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(614,146)	(759,333)	(182,221)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	(173,122)	(192,094)	2,061,057
Restatement adjustment (Note 12)	(139,369)	139,511	155
FUND BALANCES - JANUARY 1, AS RESTATED	(312,491)	(52,583)	2,061,212
FUND BALANCES - DECEMBER 31	$ (926,637)	$ (811,916)	$ 1,878,991

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, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 152,285	$ 135,122	$ (17,163)	$ 771,972	$ 782,754	$ 10,782
Property taxes	452,141	531,490	79,349	375,950	104,014	(271,936)
Franchise fees	685,433	657,623	(27,810)			
Sales taxes	2,408,358	2,368,006	(40,352)			
Fines, forfeitures, and costs	95,623	136,185	40,562			
Interest	225	159	(66)	157	39	(118)
Local permits and fees	60,812	53,341	(7,471)			
Sanitation fees	1,388,732	1,023,919	(364,813)			
Cascade System Grant	30,000		(30,000)			
Other	207,372	336,782	129,410	5,224	8,808	3,584
TOTAL REVENUES	5,480,981	5,242,627	(238,354)	1,153,303	895,615	(257,688)
EXPENDITURES						
Current:						
General government	1,846,509	2,548,910	(702,401)			
Law enforcement	2,822,348	1,847,493	974,855			
Highways and streets				1,262,036	1,631,091	(369,055)
Public safety	2,038,747	2,151,619	(112,872)			
Sanitation	1,139,995	1,650,853	(510,858)			
Health	18,800		18,800	2,167		2,167
Recreation and culture	25,157	22,627	2,530			
Water and sewer		12,692	(12,692)			
Total Current	7,891,556	8,234,194	(342,638)	1,264,203	1,631,091	(366,888)
Debt Service:						
Financed purchase principal		350,881	(350,881)		23,857	(23,857)
Financed purchase interest		19,873	(19,873)			
Lease principle	292,461		292,461			
Lease interest	13,843		13,843			
TOTAL EXPENDITURES	8,197,860	8,604,948	(407,088)	1,264,203	1,654,948	(390,745)

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, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (2,716,879)	$ (3,362,321)	$ (645,442)	$ (110,900)	$ (759,333)	$ (648,433)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,756,799	2,748,175	(8,624)	111,768		(111,768)
Contribution to water department	128,004		(128,004)			
Payments in lieu of taxes	15,000		(15,000)			
TOTAL OTHER FINANCING SOURCES (USES)	2,899,803	2,748,175	(151,628)	111,768		(111,768)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	182,924	(614,146)	(797,070)	868	(759,333)	(760,201)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED		(173,122)	(173,122)		(192,094)	(192,094)
Restatement adjustment (Note 12)		(139,369)	(139,369)		139,511	139,511
FUND BALANCES - JANUARY 1, AS RESTATED		(312,491)	(312,491)		(52,583)	(52,583)
FUND BALANCES - DECEMBER 31	$ 182,924	$ (926,637)	$ (1,109,561)	$ 868	$ (811,916)	$ (812,784)

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

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.

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 as reported with other funds in the aggregate.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory(Continued)

Other Funds in the Aggregate (Continued)

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, and certificates of deposit.

Settlements Pending

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

Fund Balance Classifications

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

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.

4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

<u>Basis of Accounting</u>

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 1,294,698	$ 1,299,934
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	1,185,448	1,562,851
Total Deposits	$ 2,480,146	$ 2,862,785

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2024, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	$ 76,648	$ 18,868	
Sales taxes	191,569		$ 295,252
Sanitation fees	114,761		
Advertising and promotion taxes			33,184
Rent			3,150
Totals	$ 382,978	$ 18,868	$ 331,586

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2024, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	$ 623,772	$ 667,505	$ 242,946
Payroll taxes payable	1,264,005		
Retirement payable	242,155		
Other	18,068		
Totals	$ 2,148,000	$ 667,505	$ 242,946

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund	$ 457,624	
Street Fund		$ 166,575
Other Funds in the Aggregate:		
Enterprise Funds:		
Landfill	3,985	295,034
Totals	$ 461,609	$ 461,609

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

NOTE 7: 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:			
General government			$ 268
Law enforcement	$ 2,135		
Public safety			13,797
Advertising and promotion			615,864
Airport			129,133
Debt service			1,572,678
Total Restricted	2,135		2,331,740
Committed for:			
General government	95,316		
Assigned to:			
Advertising and promotion			1,391
Unassigned	(1,024,088)	$ (811,916)	(454,140)
Totals	$ (926,637)	$ (811,916)	$ 1,878,991

NOTE 8: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2024:

	December 31, 2024
General Fund	$ (926,637)
Street Fund	(811,916)
Other Funds in the Aggregate:	
Enterprise Funds:	
Landfill	(454,140)
Total	$ (2,192,693)

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was $14,514,159. 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, 2024, the legal debt limit for short-term financing obligations was $4,011,246. The amount of short-term financing obligations was $2,664,412 leaving a legal debt margin of $1,346,834.

NOTE 10: Commitments

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

	December 31, 2024
Long-term liabilities	$ 10,772,968
Lease	7,054
Total Commitments	$ 10,780,022

NOTE 10: Commitments (Continued)

Long-term liabilities

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

		December 31, 2024	
Bonds			
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.	$	4,920,000	
Direct Borrowings			
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 Vehichles. Monthly payments of $10,074 for 48 months. Payments are to be made from the General Fund.		55,804	
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 interst 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.		77,131	
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.		92,563	*
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.		993	
Financed purchase dated August 9, 2023, with John Deere Financial in the amount of $119,286, with 0.0% interest, 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.		87,477	
Financed purchase dated June 15, 2024, with KS State Bank in the amount of $675,000, with interest rate of 7.79%,for the purchase of a Liebherr Dozer. Monthly payments of $13,619 for 60 months. Payments are made from the Landfill Fund.		618,671	
Financed purchase dated June 15, 2024, with KS State Bank in the amount of $226,000, with interest rate of 7.09%, for the purchase of a Develon Excavator. Monthly payments of $4,485 for 60 months. Payments are made from the Landfill Fund.		206,822	
Financed purchase dated September 12, 2024, with PNC Bank in the amount of $389,465, with interest rate of 3.59%, for the purchase of a Pierce 4-Door Pumper. Yearly payments of $91,855 for 5 years. Payments are made from the General Fund.		389,465	

NOTE 10: Commitments (Continued)

Financed purchase dated December 6, 2024, with J.A. Riggs in the amount of $141,020, with interest rate of 6.95%, for repairs on equipment. Monthly payments of $5,185 for 30 months. Payments are made from the Landfill Fund.	141,020
Financed purchase dated June 18, 2024, with Community Partners Funding Inc. in the amount of $897,000, with interest rate of 6.95%, for the purchase of a compactor. Monthly payments of $17,741 for 60 months. Payments are made from the Landfill Fund.	820,629
Financed purchase dated August 21, 2024, with Siddons-Martin Emergency Group in the amount of $54,770, with 0.0% interest, for the purchase of a cascade system. Yearly payments of $10,954 for 5 years. Payments are made from the Fire Equipment and Training (Act 833) Fund.	43,816
Total Direct Borrowings	2,664,412
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.	100,000
2020 Agreement with Phillips County Port Authority for the sales taxes collected.	351,899
Arkansas District Judge's Retirement unfunded pension liability. Eleven years remaining on unfunded liability. Annual payments are to be made from the General Fund.	49,971
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	104,347
Landfill closure and postclosure care costs	2,582,339
Total Long-term liabilities	$ 10,772,968

* Item is in repossession status; however, it is still in possession of the city.

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 $4,920,000 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 $2,664,412 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	$ 143,813
Ending balance compensated absences	104,347
Net increase (decrease)	$ (39,466)

NOTE 10: Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

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 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 $2,582,339 as of December 31, 2024, and represents the cumulative amount reported to date based on 85.66% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $432,470 as the remaining capacity is filled. At the present utilization rate, the landfill site is estimated to exhaust in 10.7 years from the balance sheet date.

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, 2024. 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 $2,018,761 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, 2024	Maturities to December 31, 2024
Bonds					
12/29/16	7/1/32	1.75-4.75%	$ 8,115,000	$ 4,920,000	$ 3,195,000
Direct Borrowings					
7/22/21	7/22/25	3.28%	448,900	55,804	393,096
9/28/21	11/1/25	0.00%	162,527	130,021	32,506
1/10/22	4/10/25	3.72%	339,788	77,131	262,657
3/15/22	3/24/27	4.14%	115,521	92,563	22,958
1/6/22	1/15/25	4.00%	33,696	993	32,703
8/9/23	9/9/28	0.00%	119,286	87,477	31,809
6/15/24	6/15/29	7.79%	675,000	618,671	56,329
6/15/24	6/15/29	7.09%	226,000	206,822	19,178
9/12/24	9/12/29	3.59%	389,465	389,465	
12/6/24	7/27/27	6.95%	141,020	141,020	
6/18/24	6/20/29	6.95%	897,000	820,629	76,371
8/21/24	2/21/28	0.00%	54,770	43,816	10,954
Total Direct Borrowings			3,602,973	2,664,412	938,561
Total Long-Term Debt			$ 11,717,973	$ 7,584,412	$ 4,133,561

NOTE 10: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired		Balance December 31, 2024
Bonds payable	$ 5,445,000	$ 0	$ 525,000		$ 4,920,000
Direct Borrowings					
Financed purchases	1,313,230	2,383,255	1,032,073	*	2,664,412
Total Long-Term Debt	$ 6,758,230	$ 2,383,255	$ 1,557,073		$ 7,584,412

* Includes early retirement of debt of $471,213 due to repossession of two track type tractors and an articulated truck. Also, early retirement of debt of $23,291 for insurance payoff directly to lender.

Debt Service Requirements to Maturity

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

Years Ending	Bonds			Direct Borrowings		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 545,000	$ 200,319	$ 745,319	$ 757,294	$ 147,785	$ 905,079
2026	560,000	182,606	742,606	531,915	110,916	642,831
2027	575,000	164,406	739,406	540,879	75,988	616,867
2028	595,000	145,719	740,719	536,905	41,782	578,687
2029	620,000	125,638	745,638	297,419	9,500	306,919
2030 through 2032	2,025,000	195,225	2,220,225			
Totals	$ 4,920,000	$ 1,013,913	$ 5,933,913	$ 2,664,412	$ 385,971	$ 3,050,383

Lease

The City entered into a lease agreement for five mowers on May 12, 2022. Terms of the lease are monthly rental payments of $1,411 for 36 months. At the end of the lease term, the City intends to return the equipment. The City is obligated for the following amount for the next year:

Year	December 31, 2024
2025	$ 7,054

Lease expense for 2024, was $16,931.

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, 2024, the balance was $100,000.

NOTE 10: Commitments (Continued)

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, 2024, the balance was $351,899. No payments were made in 2024.

NOTE 11: **Interfund Transfers**

Other Funds in the Aggregate transferred $2,698,175 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 $50,000 to the General Fund for fire-equipment related debt payment.

NOTE 12: Prior Year Restatement

Prior year Street Fund expenditures totaling $139,511 were reclassified to General Fund. The General Fund and Other Funds in the Aggregate (Airport Commission) beginning balances were increased $142 and $155, respectively, for changes made after audit was conducted.

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 $4,920,000 and $1,013,913, respectively, payable through July 1, 2032. For 2024, principal and interest paid were $525,000 and $216,725, respectively.

The Landfill Debt Service Fund received $3,435,478 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

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 exceeding insurance coverage for 2024, 2023, and 2022 totaled $45,000, $10,000, and $55,649, 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.

NOTE 14: Risk Management (Continued)

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.

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 $464,629 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $177,179 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 $3,310,607.

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 5.75% as of July 1, 2024. 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, 2024, (date of APERS Employer Allocation Report) was $498,232.

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, 2024, (actuarial valuation date and measurement date) was $3,561,996.

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 $9,270 and $45,582, respectively, for the year ended December 31, 2024.

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 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 $1,339 for the year ended December 31, 2024.

NOTE 19: Going Concern

The City's Regulatory Basis General Fund Balance as of the end of the fiscal year has a deficit of $926,637. During the year, the deficit in the General Fund grew by $614,146 or approximately 11.7 percent of revenues. The cumulative deficit in the General Fund is primarily the result of the trend over the last eighteen years of expenditures exceeding revenues. The last time the City received any contributions from the Water and Sewer departments was 2019.

NOTE 19: Going Concern (Continued)

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:

- Entered into an agreement with the County to take over dispatching of law enforcement, fire, and ambulance services within the City resulting in annual savings of $165,000.
- Paid off APERS balance and entered into a payment plan with LOPFI to make eighteen monthly payments of $66,187 to repay the $1,191,366 arrearage that resulted from noncompliance.
- A zero-based budgeting process for FY2026 to ensure all spending is justified.
- Spending caps and approval workflows for all departments.

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.

NOTE 20: Subsequent Events

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.

On September 15, 2025, the City executed a $417,275 financed purchase agreement for the purchase of an articulating dump truck.

CITY OF HELENA-WEST HELENA, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2024

Schedule 1

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	ENTERPRISE FUND	CUSTODIAL FUND	
	Fire Equipment and Training (Act 833)	Advertising and Promotion	Airport Commission	American Rescue Plan Act	Landfill Debt Service	Landfill	District Court	Totals
ASSETS								
Cash and cash equivalents	$ 13,797	$ 584,071	$ 125,983	$ 268	$ 1,277,426	$ 79,855	$ 12,794	$ 2,094,194
Accounts receivable		33,184	3,150		295,252			331,586
Interfund receivables						3,985		3,985
TOTAL ASSETS	$ 13,797	$ 617,255	$ 129,133	$ 268	$ 1,572,678	$ 83,840	$ 12,794	$ 2,429,765
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable						$ 242,946		$ 242,946
Interfund payables						295,034		295,034
Settlements pending							$ 12,794	12,794
Total Liabilities						537,980	12,794	550,774
Fund Balances:								
Restricted	$ 13,797	$ 615,864	$ 129,133	$ 268	$ 1,572,678			2,331,740
Assigned		1,391						1,391
Unassigned						(454,140)		(454,140)
Total Fund Balances	13,797	617,255	129,133	268	1,572,678	(454,140)		1,878,991
TOTAL LIABILITIES AND FUND BALANCES	$ 13,797	$ 617,255	$ 129,133	$ 268	$ 1,572,678	$ 83,840	$ 12,794	$ 2,429,765

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, 2024

Schedule 2

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		ENTERPRISE FUND	
	Fire Equipment and Training (Act 833)	Advertising and Promotion	Airport Commission	American Rescue Plan Act	Landfill Debt Service	Street Debt Service	Landfill	Totals
REVENUES								
State aid	$ 173,444		$ 15,060					$ 188,504
Sales taxes					$ 3,435,478			3,435,478
Interest	58	$ 9,162	59	$ 4	56,252	$ 1	$ 74	65,610
Advertising and promotion taxes		353,700						353,700
Rent			70,778					70,778
Landfill fees							784,060	784,060
Cascade System Grant	44,650							44,650
Other	689	10,432					6,200	17,321
TOTAL REVENUES	218,841	373,294	85,897	4	3,491,730	1	790,334	4,960,101
EXPENDITURES								
Current:								
General government				130				130
Public safety	227,786							227,786
Advertising and promotion		334,126						334,126
Airport			70,067					70,067
Landfill					90		790,577	790,667
Total Current	227,786	334,126	70,067	130	90		790,577	1,422,776
Debt Service:								
Bond principal					525,000			525,000
Bond interest and other charges					220,247	106		220,353
Financed purchase principal	10,954						151,877	162,831
Financed purchase interest							63,187	63,187
TOTAL EXPENDITURES	238,740	334,126	70,067	130	745,337	106	1,005,641	2,394,147
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,899)	39,168	15,830	(126)	2,746,393	(105)	(215,307)	2,565,954
OTHER FINANCING SOURCES (USES)								
Transfers out	(50,000)				(2,698,175)			(2,748,175)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(69,899)	39,168	15,830	(126)	48,218	(105)	(215,307)	(182,221)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	83,696	578,087	113,148	394	1,524,460	105	(238,833)	2,061,057
Restatement adjustment (Note 12)			155					155
FUND BALANCES - JANUARY 1, AS RESTATED	83,696	578,087	113,303	394	1,524,460	105	(238,833)	2,061,212
FUND BALANCES - DECEMBER 31	$ 13,797	$ 617,255	$ 129,133	$ 268	$ 1,572,678	$ 0	$ (454,140)	$ 1,878,991

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

Fund Name	Fund Description
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	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 Commission	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.

Schedule 3

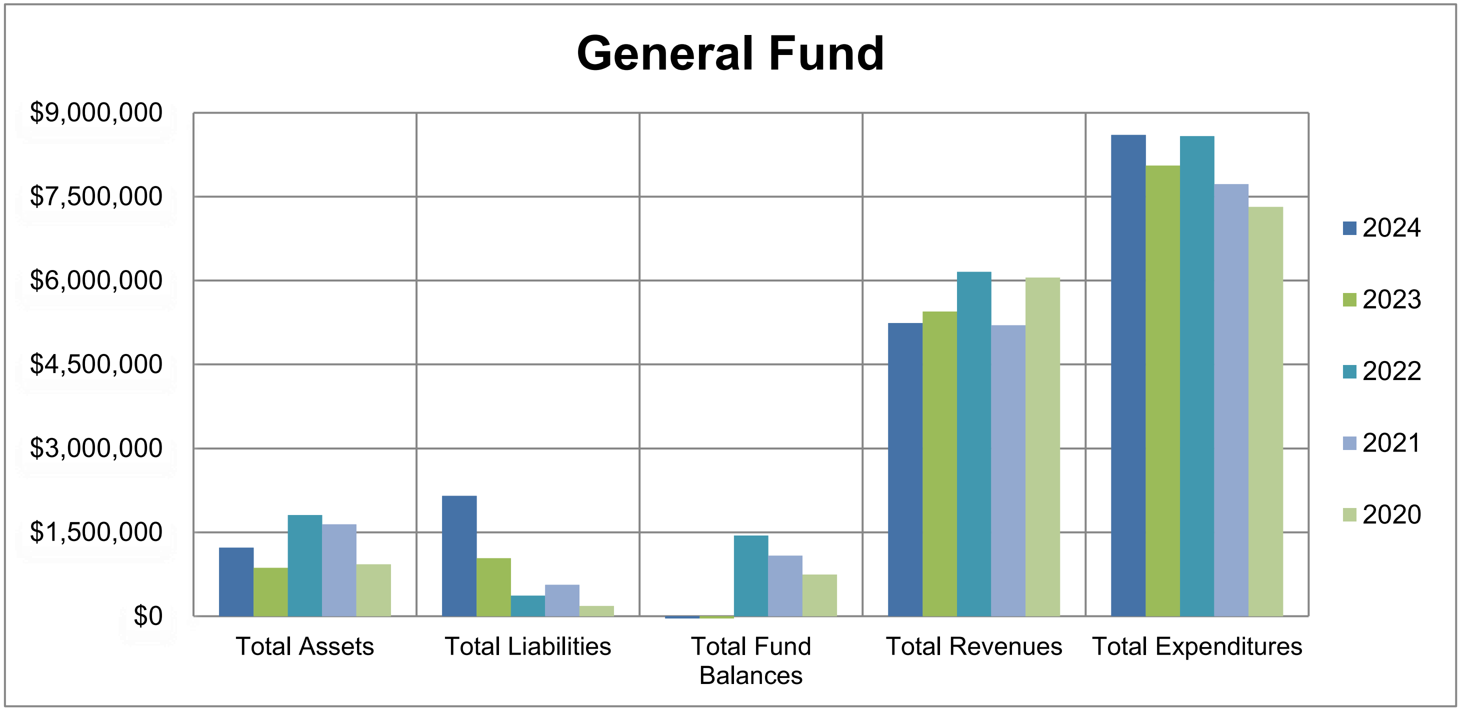
CITY OF HELENA-WEST HELENA, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2024
(Unaudited)

	December 31, 2024
Land	$ 69,956
Buildings	20,480,858
Equipment	9,470,642
Total	$ 30,021,456

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

Schedule 4-1

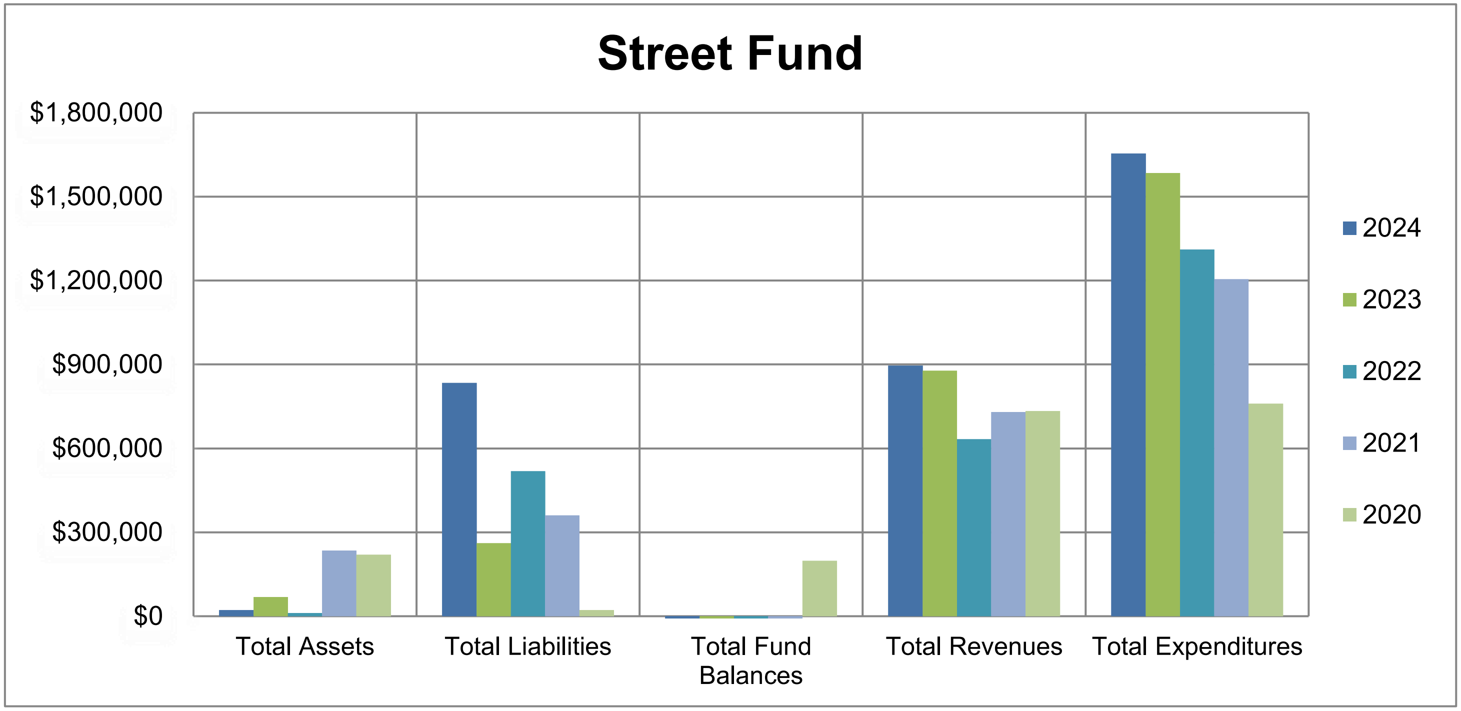
General	2024	2023	2022	2021	2020
Total Assets	$ 1,223,288	$ 863,570	$ 1,808,377	$ 1,641,196	$ 925,738
Total Liabilities	2,149,925	1,036,692	368,904	559,262	184,488
Total Fund Balances	(926,637)	(173,122)	1,439,473	1,081,934	741,250
Total Revenues	5,242,627	5,448,751	6,154,816	5,202,410	6,053,969
Total Expenditures	8,604,948	8,052,769	8,583,830	7,725,702	7,316,063
Total Other Financing Sources/Uses	2,748,175	1,973,917	2,846,144	2,855,376	1,588,173



Schedule 4-2

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

Street	2024	2023	2022	2021	2020
Total Assets	$ 22,164	$ 68,998	$ 11,966	$ 234,324	$ 220,071
Total Liabilities	834,080	261,092	517,862	360,019	22,128
Total Fund Balances	(811,916)	(192,094)	(505,896)	(125,695)	197,943
Total Revenues	895,615	877,455	633,188	730,577	733,843
Total Expenditures	1,654,948	1,584,927	1,311,585	1,205,045	760,030
Total Other Financing Sources/Uses		558,930	154,458	150,705	140,560



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

Schedule 4-3

Other Funds in the Aggregate	2024	2023	2022	2021	2020
Total Assets	$ 2,429,765	$ 2,418,337	$ 2,529,133	$ 3,536,650	$ 3,523,692
Total Liabilities	550,774	357,280	760,409	613,074	594,885
Total Fund Balances	1,878,991	2,061,057	1,768,724	2,923,576	2,928,807
Total Revenues	4,960,101	5,306,246	6,351,521	7,130,194	8,896,771
Total Expenditures	2,394,147	2,965,200	4,528,473	4,155,961	6,239,548
Total Other Financing Sources/Uses	(2,748,175)	(2,596,285)	(3,000,602)	(3,006,081)	(1,688,154)