

City of Hughes, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUGHES, ARKANSAS
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Arkansas



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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Hughes, 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 Hughes, 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 Hughes, 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 Hughes, 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 other funds 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, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 March 19, 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
March 19, 2026
LOM208824

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

City of Hughes, 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 Hughes, 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 March 19, 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 certain deficiencies in internal control, described below as item 2024-1, that we consider to be a material weakness.

2024-1 Arkansas Code requires management to maintain financial records. The financial records contained omissions/errors that were considered material as noted below:

The General Fund financial records contained misstatements in assets, liabilities, fund balance, revenues, expenditures, and disclosures of \$1,880,507, \$270,154, \$1,979,403, \$97,610, \$165,358, \$1,968,443, respectively, due to unrecorded interfund payables, classification errors, journal entry errors, and posting errors.

The Street Fund financial records contained misstatements in assets, liabilities, fund balance, revenues, expenditures, and disclosures of \$48,776, \$53,022, \$236,933, \$3,924, \$2,213, and \$98,576, respectively, due to unrecorded interfund receivables, journal entry errors, and posting errors.

The Other Funds in the Aggregate financial records contained misstatements in assets, liabilities, fund balance, revenues, expenditures, and disclosures of \$140,206, \$57,747, \$55,687, \$129,247, \$52,034, \$140,206, respectively, due to unrecorded interfund receivables, journal entry errors, and posting errors.

The effect of these errors constitutes a control deficiency in the process of preparing financial statements.

City officials concurred with the above recommendation and approved the appropriate entries to the City's financial records.

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 March 19, 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, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 19, 2026

Arkansas



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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Lincoln Barnett
Recorder/Treasurer: Shalondra Smith
Bookkeeper: Shelby Pulliam
Police Chief: Corbin Dixon (appointed April 15, 2024)
Cortez Bowers (resigned April 9, 2024)

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

Street Fund expenditures exceeded budgeted appropriations by \$28,929 (58%), in noncompliance with Ark. Code Ann. § 14-58-203. Additionally, expenditures from the Community Development Block Grant Fund were not budgeted.

Bookkeeper

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was not in compliance with these codes and other accounting procedures as follows:

- The bank balances in the General, Street, and Sanitation Funds were not reconciled in a timely manner; additionally, the cash receipts and disbursements journals were not reconciled monthly to total bank deposits and withdrawals as shown on the municipality's bank statements.
- Monthly financial reports provided to the council did not include revenues and expenditures.
- Prenumbered receipts were not issued for all funds received and at the time of collection. Additionally, receipts were not always deposited timely or identifiable with individual payees or payment composition.
- The fixed asset listing did not contain all land, building, vehicles and equipment assets of the city including prior year and current year additions and deletions.

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

Handwritten signature of Joseph D. Archer in black ink.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 19, 2026

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 87,935	\$ 89,009	\$ 260,740
Investments			142,649
Accounts receivable	45,891		
Interfund receivables		3,924	85,126
	<u>\$ 133,826</u>	<u>\$ 92,933</u>	<u>\$ 488,515</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,332	\$ 3,718	\$ 14,620
Interfund payables	89,050		
Total Liabilities	<u>114,382</u>	<u>3,718</u>	<u>14,620</u>
Fund Balances:			
Restricted		89,215	472,944
Assigned	11,174		951
Unassigned	8,270		
Total Fund Balances	<u>19,444</u>	<u>89,215</u>	<u>473,895</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 133,826</u>	<u>\$ 92,933</u>	<u>\$ 488,515</u>

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

CITY OF HUGHES, 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	\$ 15,704	\$ 86,836	\$ 31,647
Federal aid	7,400		845,210
Property taxes	21,951	3,924	
Franchise fees	43,255		
Sales taxes	259,062		168,291
Fines, forfeitures, and costs	21,045		
Interest	194	197	10,104
Local permits and fees	3,229		
Net increase/(decrease) in fair value of investments			8,795
Other	24,509		773
TOTAL REVENUES	396,349	90,957	1,064,820
EXPENDITURES			
Current:			
General government	255,692		
Law enforcement	155,017		1,375
Highways and streets	1,648	79,129	
Public safety	18,232		42,401
Sanitation	14,836		223,747
Health	4,028		
Recreation and culture	10,234		
Wastewater			845,210
TOTAL EXPENDITURES	459,687	79,129	1,112,733
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,338)	11,828	(47,913)
OTHER FINANCING SOURCES (USES)			
Contribution to water department	(12,492)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(75,830)	11,828	(47,913)
FUND BALANCES - JANUARY 1	95,274	77,387	521,808
FUND BALANCES - DECEMBER 31	\$ 19,444	\$ 89,215	\$ 473,895

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

CITY OF HUGHES, 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	\$ 61,000	\$ 15,704	\$ (45,296)	\$ 103,000	\$ 86,836	\$ (16,164)
Federal aid		7,400	7,400			
Property taxes	12,000	21,951	9,951	5,000	3,924	(1,076)
Franchise fees	39,600	43,255	3,655			
Sales taxes	384,800	259,062	(125,738)			
Fines, forfeitures, and costs	30,000	21,045	(8,955)			
Interest	200	194	(6)	200	197	(3)
Local permits and fees	5,000	3,229	(1,771)			
Rent	6,361		(6,361)			
Other	5,000	24,509	19,509			
TOTAL REVENUES	543,961	396,349	(147,612)	108,200	90,957	(17,243)
EXPENDITURES						
Current:						
General government	165,592	255,692	(90,100)			
Law enforcement	254,620	155,017	99,603			
Highways and streets		1,648	(1,648)	50,200	79,129	(28,929)
Public safety	33,200	18,232	14,968			
Sanitation		14,836	(14,836)			
Health		4,028	(4,028)			
Recreation and culture	6,700	10,234	(3,534)			
TOTAL EXPENDITURES	460,112	459,687	425	50,200	79,129	(28,929)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,849	(63,338)	(147,187)	58,000	11,828	(46,172)
OTHER FINANCING SOURCES (USES)						
Transfers in	22,200		(22,200)			
Transfers out	(160,000)		160,000			
Contribution to water department		(12,492)	(12,492)			
TOTAL OTHER FINANCING SOURCES (USES)	(137,800)	(12,492)	125,308			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(53,952)	(75,830)	(21,879)	58,000	11,828	(46,172)
FUND BALANCES - JANUARY 1	107,000	95,274	(11,726)	90,000	77,387	(12,613)
FUND BALANCES - DECEMBER 31	<u>\$ 53,049</u>	<u>\$ 19,444</u>	<u>\$ (33,605)</u>	<u>\$ 148,000</u>	<u>\$ 89,215</u>	<u>\$ (58,785)</u>

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

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Hughes was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Water and Sewer Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by 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.

Pension Trust Funds - Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for Pension Trust Funds as reported with other funds in the aggregate.

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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. 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.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

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. 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.

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.

CITY OF HUGHES, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

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.

There were no committed fund balances at year end.

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)	\$ 259,301	\$ 256,926
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	178,383	228,433
Total Deposits	\$ 437,684	\$ 485,359

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2024 Fair Value
Firemen's Pension	\$ 142,649

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

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

The City's investments are composed of the following:

December 31, 2024 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual funds	\$ 142,649

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

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4: Public Fund Investments (Continued)

Other required disclosures for investments

- **Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments subject to credit risk at December 31, 2024, was \$142,649 (100%). Morningstar Rating Service rates the fixed income funds on five levels ranging from low to high. The Morningstar rating for these investments were rated as follows: \$112,830 (79%) average, and \$29,819 (21%) below average.
- **Interest Rate Risk** – Interest rate risk is the risk that the value of investments will be reduced when market interest rates climb higher than the interest rate of the investment. The City invests in fixed income accounts and mutual funds which hold investments in both government and corporate bonds. The City had invested a total of \$39,543 (28%) in such funds at December 31, 2024.
- **Foreign Currency Risk** – This risk relates to the adverse affect on the fair value of an investment from changes in exchange rates. The City has investments totaling \$66,788 (47%) in mutual funds that may be affected by such changes in exchange rates.

NOTE 5: Accounts Receivable

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

Description	General Fund
Property taxes	\$ 4,759
Franchise fees	63
Sales taxes	34,754
Fines, forfeitures, and costs	1,785
Other	4,530
Totals	\$ 45,891

NOTE 6: 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	\$ 21,375	\$ 3,584	\$ 14,276
Payroll taxes payable	3,957	134	344
Totals	\$ 25,332	\$ 3,718	\$ 14,620

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund		\$ 89,050
Street Fund	\$ 3,924	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Sanitation	85,126	
Totals	\$ 89,050	\$ 89,050

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

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8: Federal Funds Program Compliance

The Community Development Block Grant was not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City. An engagement letter was signed on December 1, 2025.

NOTE 9: 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			\$ 1,975
Highways and streets		\$ 89,215	
Public safety			52,800
Sanitation			251,518
Recreation and culture			275
Police and fire retirement cost			14,425
Pension benefits			151,951
Total Restricted		<u>89,215</u>	<u>472,944</u>
Assigned to:			
General government			751
Public safety	\$ 3,425		
Health	7,244		
Recreation and culture	505		
Airport			100
Wastewater			100
Total Assigned	<u>11,174</u>		<u>951</u>
Unassigned	<u>8,270</u>		
Totals	<u>\$ 19,444</u>	<u>\$ 89,215</u>	<u>\$ 473,895</u>

NOTE 10: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was \$1,542,029. 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 \$418,305. There were no short-term financing obligations.

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

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

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

Municipal Vehicle Program

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

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

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

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

CITY OF HUGHES, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City made no contributions to the plan for the year ended December 31, 2024. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2024, actuarial valuation, the plan does not have a net pension liability.

**NOTE 13: 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 \$25,300 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$16,284 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 \$187,078.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Sanitation	Fire Equipment and Training (Act 833)	Fire Department Emergency Medical Services	House Tear Down	American Rescue Plan Act	Community Development Block Grant	Delta Regional Authority Grant	Playground Project
ASSETS								
Cash and cash equivalents	\$ 181,012	\$ 52,495	\$ 305	\$ 1,975	\$ 751	\$ 100	\$ 100	\$ 275
Investments								
Interfund receivables	85,126							
TOTAL ASSETS	\$ 266,138	\$ 52,495	\$ 305	\$ 1,975	\$ 751	\$ 100	\$ 100	\$ 275
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 14,620							
Fund Balances:								
Restricted	251,518	\$ 52,495	\$ 305	\$ 1,975				\$ 275
Assigned					\$ 751	\$ 100	\$ 100	
Total Fund Balances	251,518	52,495	305	1,975	751	100	100	275
TOTAL LIABILITIES AND FUND BALANCES	\$ 266,138	\$ 52,495	\$ 305	\$ 1,975	\$ 751	\$ 100	\$ 100	\$ 275

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

Schedule 1

	TRUST FUNDS		
	Local Police and Fire Retirement (LOPFI)	Firemen's Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 14,425	\$ 9,302	\$ 260,740
Investments		142,649	142,649
Interfund receivables			85,126
TOTAL ASSETS	\$ 14,425	\$ 151,951	\$ 488,515
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable			\$ 14,620
Fund Balances:			
Restricted	\$ 14,425	\$ 151,951	472,944
Assigned			951
Total Fund Balances	14,425	151,951	473,895
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,425	\$ 151,951	\$ 488,515

CITY OF HUGHES, 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							
	Sanitation	Fire Equipment and Training (Act 833)	Fire Department Emergency Medical Services	House Tear Down	American Rescue Plan Act	Community Development Block Grant	Delta Regional Authority Grant	Playground Project
REVENUES								
State aid		\$ 29,271						
Federal aid						\$ 845,210		
Sales taxes	\$ 168,291							
Interest	481							
Net increase/(decrease) in fair value of investments								
Other	773							
TOTAL REVENUES	<u>169,545</u>	<u>29,271</u>				<u>845,210</u>		
EXPENDITURES								
Current:								
Law enforcement								
Public safety		28,482						
Sanitation	223,747							
Wastewater						845,210		
TOTAL EXPENDITURES	<u>223,747</u>	<u>28,482</u>				<u>845,210</u>		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(54,202)	789						
FUND BALANCES - JANUARY 1	305,720	51,706	\$ 305	\$ 1,975	\$ 751	100	\$ 100	\$ 275
FUND BALANCES - DECEMBER 31	<u>\$ 251,518</u>	<u>\$ 52,495</u>	<u>\$ 305</u>	<u>\$ 1,975</u>	<u>\$ 751</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 275</u>

CITY OF HUGHES, 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

	<u>TRUST FUNDS</u>		
	<u>Local Police and Fire Retirement (LOPFI)</u>	<u>Firemen's Pension</u>	<u>Totals</u>
REVENUES			
State aid		\$ 2,376	\$ 31,647
Federal aid			845,210
Sales taxes			168,291
Interest	\$ 30	9,593	10,104
Net increase/(decrease) in fair value of investments		8,795	8,795
Other			773
	<u>30</u>	<u>20,764</u>	<u>1,064,820</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
Law enforcement	1,375		1,375
Public safety		13,919	42,401
Sanitation			223,747
Wastewater			845,210
	<u>1,375</u>	<u>13,919</u>	<u>1,112,733</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,345)	6,845	(47,913)
FUND BALANCES - JANUARY 1	<u>15,770</u>	<u>145,106</u>	<u>521,808</u>
FUND BALANCES - DECEMBER 31	<u>\$ 14,425</u>	<u>\$ 151,951</u>	<u>\$ 473,895</u>

CITY OF HUGHES, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024

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

<u>Fund Name</u>	<u>Fund Description</u>
Sanitation	Established to a account for a 1 cent sales tax for the purpose of collection and disposal of solid waste per St. Francis County Ordinance no. 94-21 (September 20, 1994) as approved by voters in a special election.
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.
Fire Department Emergency Medical Services	Established to account for first responder program funds for the purpose of emergency medical transportation.
House Tear Down	Established to account for grants received from Mid South Foundation to pay for tearing down houses and cleaning up lots within the City.
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.
Community Development Block Grant	Established fund to account for federal funds received for improvements to the waste water facility.
Delta Regional Authority Grant	Established to receive and disburse grant funds for waste water facility improvements.
Playground Project	Established to account for donations to update and maintain the community playground.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.

CITY OF HUGHES, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2024
(Unaudited)

Schedule 3

	<u>December 31, 2024</u>
Land and Buildings	\$ 748,225
Equipment	<u>384,393</u>
Total	<u><u>\$ 1,132,618</u></u>