

City of Blytheville, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BLYTHEVILLE, ARKANSAS
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Arkansas

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Senate Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

City of Blytheville, 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 Blytheville, 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, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified 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 Blytheville, Arkansas as of December 31, 2021; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of 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 Blytheville, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position 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 Regulatory Basis Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 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 some 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 Regulatory Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, 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

A handwritten signature in cursive script, reading "Roger A. Norman".

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
September 12, 2022
LOM101221

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
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 Blytheville, 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 Blytheville, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated September 12, 2022. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated September 12, 2022.

Purpose of This Report

The purpose of this report is solely to described 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

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 12, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2021:

Mayor: James Sanders
Clerk/Treasurer: Connie Mosley-Brents
Finance Director: John Callens
District Court Clerk: Darla Atchley
Police Chief: Ross Thompson

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment 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. This matter was discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

District Court Clerk

The District Court Clerk discovered missing funds in excess of \$4,000 from civil and small claims deposits and the District Court petty cash box. The District Court Clerk filed a police report on October 27, 2021, and on November 9, 2021, the employment of the Deputy Court Clerk, who was custodian of these funds, was terminated. We confirmed receipts totaling \$4,929, issued from July 1 through October 29, 2021, could not be traced to a deposit. An envelope in the custody of the former Deputy Court Clerk, containing civil and small claims cash and checks totaling \$4,614, was returned to the City in November 2021 and deposited in December 2021. Furthermore, on May 3, 2022, the former Deputy Court Clerk remitted a money order for \$348 to Arkansas State Police to cover any remaining missing cash. As of the report date, no charges have been filed.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Marti Steel".

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 12, 2022

CITY OF BLYTHEVILLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,076,183	\$ 230,856	\$ 5,771,054
Accounts receivable	857,699	34,240	402,807
Interfund receivables	6,434		
	<u>3,940,316</u>	<u>265,096</u>	<u>6,173,861</u>
TOTAL ASSETS	<u>\$ 3,940,316</u>	<u>\$ 265,096</u>	<u>\$ 6,173,861</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 369,513	\$ 85,044	\$ 54,151
Interfund payables		1,812	4,622
Settlements pending			484,583
Total Liabilities	<u>369,513</u>	<u>86,856</u>	<u>543,356</u>
Fund Balances:			
Restricted			4,964,817
Assigned		178,240	665,688
Unassigned	3,570,803		
Total Fund Balances	<u>3,570,803</u>	<u>178,240</u>	<u>5,630,505</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,940,316</u>	<u>\$ 265,096</u>	<u>\$ 6,173,861</u>

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

CITY OF BLYTHEVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 247,675	\$ 1,243,086	\$ 389,986
Federal aid			1,581,019
Property taxes	589,497	276,532	
Franchise fees	1,024,427		
Sales taxes	3,592,682		4,507,748
Fines, forfeitures, and costs	312,331		20,328
Interest	1,005	222	5,540
Local permits and fees	402,956		
Sanitation fees	1,164,167		
Advertising and promotion taxes			109,609
Golf course fees	272,793		
Land rent			9,579
Hangar fees			25,990
Other	215,495	2,451	42,296
TOTAL REVENUES	7,823,028	1,522,291	6,692,095
EXPENDITURES			
Current:			
General government	1,118,606		16,093
Law enforcement	2,992,131		2,545,179
Highways and streets	6,755	1,603,729	240,737
Public safety	1,469,359		997,157
Sanitation	1,398,870		17,697
Health	195,700		
Recreation and culture	414		990,696
Advertising and promotion			128,536
Airport			379,324
Total Current	7,181,835	1,603,729	5,315,419
Debt Service:			
Bond principal			280,000
Bond interest and other charges			64,500
Lease principal		31,775	272,350
Lease interest		5,525	33,364
TOTAL EXPENDITURES	7,181,835	1,641,029	5,965,633

CITY OF BLYTHEVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 641,193</u>	<u>\$ (118,738)</u>	<u>\$ 726,462</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		169,836	214,662
Transfers out	(384,498)		
Contribution to water department			(146,438)
Contribution from water department	112,136		
Contribution to sewer department	<u>(16,067)</u>	<u></u>	<u>(161,462)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(288,429)</u>	<u>169,836</u>	<u>(93,238)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	352,764	51,098	633,224
FUND BALANCES - JANUARY 1	<u>3,218,039</u>	<u>127,142</u>	<u>4,997,281</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 3,570,803</u></u>	<u><u>\$ 178,240</u></u>	<u><u>\$ 5,630,505</u></u>

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

CITY OF BLYTHEVILLE, 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, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid		\$ 247,675	\$ 247,675	\$ 1,085,000	\$ 1,243,086	\$ 158,086
Property taxes	\$ 550,000	589,497	39,497	275,000	276,532	1,532
Franchise fees	992,850	1,024,427	31,577			
Sales taxes	3,304,700	3,592,682	287,982			
Fines, forfeitures, and costs	325,000	312,331	(12,669)			
Interest	3,255	1,005	(2,250)	122	222	100
Local permits and fees	370,573	402,956	32,383			
Sanitation fees	1,126,682	1,164,167	37,485			
Golf course fees		272,793	272,793	144,000		(144,000)
Other	407,575	215,495	(192,080)		2,451	2,451
TOTAL REVENUES	7,080,635	7,823,028	742,393	1,504,122	1,522,291	18,169
EXPENDITURES						
Current:						
General government	1,251,256	1,118,606	132,650			
Law enforcement	3,376,659	2,992,131	384,528			
Highways and streets		6,755	(6,755)	2,150,993	1,603,729	547,264
Public safety	1,684,291	1,469,359	214,932			
Sanitation	1,617,042	1,398,870	218,172			
Health	196,000	195,700	300			
Recreation and culture		414	(414)			
Total Current	8,125,248	7,181,835	943,413	2,150,993	1,603,729	547,264
Debt Service:						
Lease principal				31,775	31,775	
Lease interest				5,525	5,525	
TOTAL EXPENDITURES	8,125,248	7,181,835	943,413	2,188,293	1,641,029	547,264
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,044,613)	641,193	1,685,806	(684,171)	(118,738)	565,433
OTHER FINANCING SOURCES (USES)						
Transfers in					169,836	169,836
Transfers out		(384,498)	(384,498)			
Contribution from water department		112,136	112,136			
Contribution to sewer department		(16,067)	(16,067)			
TOTAL OTHER FINANCING SOURCES (USES)		(288,429)	(288,429)		169,836	169,836
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,044,613)	352,764	1,397,377	(684,171)	51,098	735,269
FUND BALANCES - JANUARY 1	430,000	3,218,039	2,788,039	120,000	127,142	7,142
FUND BALANCES - DECEMBER 31	\$ (614,613)	\$ 3,570,803	\$ 4,185,416	\$ (564,171)	\$ 178,240	\$ 742,411

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

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Blytheville 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: Waterworks and Sewer. 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 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.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund as reported with other funds in the aggregate.

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

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, savings, money market accounts, and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and salary and payroll withholdings 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. 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 BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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)	\$ 925,564	\$ 920,823
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	8,029,012	8,169,654
Uncollateralized	115,937	115,937
Total Deposits	<u>\$ 9,070,513</u>	<u>\$ 9,206,414</u>

The above total deposits do not include cash on hand of \$7,580.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2021, \$115,937 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

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, 2021, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			\$ 1,448
Property taxes	\$ 73,043	\$ 34,240	
Franchise fees	212,901		
Sales taxes	293,156		383,573
Fines, forfeitures, and costs	22,861		317
Local permits and fees	17,661		
Sanitation fees	97,597		
Advertising and promotion taxes			9,255
Golf course fees	764		
Land rent			8,214
Contribution from water department	12,347		
Other	127,369		
Totals	<u>\$ 857,699</u>	<u>\$ 34,240</u>	<u>\$ 402,807</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2021, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 158,207	\$ 44,813	\$ 40,677
Salaries payable	11,544	38,413	12,519
Payroll taxes payable	199,762	1,818	955
Totals	<u>\$ 369,513</u>	<u>\$ 85,044</u>	<u>\$ 54,151</u>

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2021	
	Interfund Receivables	Interfund Payables
General Fund	\$ 6,434	
Street Fund		\$ 1,812
Other Funds in the Aggregate:		
Special Revenue Funds:		
Court Automation		88
Police		2,303
Fire		135
Parks and Recreation		2,096
Totals	<u>\$ 6,434</u>	<u>\$ 6,434</u>

Interfund receivables and payables consist of interfund loans. These balances were repaid in 2022.

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 2,244,447
Law enforcement			1,283,069
Public safety			1,158,657
Advertising and promotion			93,490
Airport			26,583
Capital outlay			13,721
Debt service			144,850
Total Restricted			<u>4,964,817</u>
Assigned to:			
General government			15,645
Highways and streets		\$ 178,240	
Public safety			3,900
Recreation and culture			573,086
Airport			73,057
Total Assigned		<u>178,240</u>	<u>665,688</u>
Unassigned	<u>\$ 3,570,803</u>		
Totals	<u>\$ 3,570,803</u>	<u>\$ 178,240</u>	<u>\$ 5,630,505</u>

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: 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, 2021, the legal debt limit for the bonded debt was \$28,581,377. 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, 2021, the legal debt limit for short-term financing obligations was \$7,613,870. The amount of short-term financing obligations was \$1,038,735 leaving a legal debt margin of \$6,575,135.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2021:

	December 31, 2021
Long-term liabilities	\$ 3,582,652
Construction contract	<u>399,803</u>
Total Commitments	<u>\$ 3,982,455</u>

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

	December 31, 2021
<u>Bonds</u>	
2019 Sales and Use Tax bonds, dated April 30, 2019, in the amount of \$2,420,000, due in annual installments of \$270,000 - \$335,000 plus interest through September 1, 2027; interest of 3.0%. Payments are to be made from the City of Blytheville Sales and Use Tax Bonds, Series 2019 Debt Service Fund.	<u>\$ 1,870,000</u>
<u>Direct Borrowings</u>	
Lease-purchase agreement dated June 15, 2007, with First Security Leasing in the amount of \$460,507 with interest rate of 4.85% for the purchase of energy conservation equipment. Quarterly installments of \$7,145 to \$8,568 for 15 years. Payments are to be made from the Infrastructure Improvement Fund.	16,829
Lease-purchase agreement dated May 24, 2019, with Bancorp South in the amount of \$169,598 with interest rate of 4.19% for the purchase of a dump truck. Monthly payments of \$2,315 for 60 months and a final payment of \$55,000. Payments are to be made from the Infrastructure Improvement Fund.	113,288
Lease-purchase agreement dated February 11, 2020, with Bancorp South in the amount of \$899,303 with interest rate of 3.24% for the purchase of three garbage trucks. Monthly payments of \$16,740 for 24 months and a final payment of \$546,420. Payments are to be made from the Infrastructure Improvement Fund.	575,362
Lease-purchase agreement dated April 15, 2020, with Bancorp South in the amount of \$153,343 with interest rate of 3.24% for the purchase of various trucks. Monthly payments of \$2,981 for 24 months and a final payment of \$90,000. Payments are to be made from the Infrastructure Improvement Fund.	97,933
Lease-purchase agreement dated October 13, 2021, with Bancorp South in the amount of \$247,510 with interest rate of 2.04% for the purchase of a street sweeper. Monthly payments of \$4,476 for 24 months and a final payment of \$148,500. Payments are to be made from the Street Fund.	<u>235,323</u>
Total Direct Borrowings	<u>1,038,735</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>673,917</u>
Total Long-term liabilities	<u><u>\$ 3,582,652</u></u>

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 \$1,870,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

The City's outstanding capital leases from direct borrowings of \$1,038,735 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.

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2021</u>	<u>Maturities to December 31, 2021</u>
<u>Bonds</u>					
4/30/19	9/1/27	3.00%	\$ 2,420,000	\$ 1,870,000	\$ 550,000
<u>Direct Borrowings</u>					
6/15/07	6/15/22	4.85%	460,507	16,829	443,678
5/24/19	6/30/24	4.19%	169,598	113,288	56,310
2/11/20	3/11/22	3.24%	899,303	575,362	323,941
4/15/20	5/15/22	3.24%	153,343	97,933	55,410
10/13/21	11/13/23	2.04%	247,510	235,323	12,187
Total Direct Borrowings			<u>1,930,261</u>	<u>1,038,735</u>	<u>891,526</u>
Total Long-Term Debt			<u>\$ 4,350,261</u>	<u>\$ 2,908,735</u>	<u>\$ 1,441,526</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2021</u>
Bonds payable	\$ 2,150,000	\$ 0	\$ 280,000	\$ 1,870,000
<u>Direct Borrowings</u>				
Capital leases	<u>1,261,078</u>	<u>247,510</u>	<u>469,853</u>	<u>* 1,038,735</u>
Total Long-Term Debt	<u>\$ 3,411,078</u>	<u>\$ 247,510</u>	<u>\$ 749,853</u>	<u>\$ 2,908,735</u>

*Includes a trade-in of \$165,728

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 290,000	\$ 56,100	\$ 346,100	\$ 762,984	\$ 14,487	\$ 777,471
2023	300,000	47,400	347,400	210,433	6,131	216,564
2024	305,000	38,400	343,400	65,318	1,257	66,575
2025	315,000	29,250	344,250			
2026	325,000	19,800	344,800			
2027	335,000	10,050	345,050			
Totals	<u>\$ 1,870,000</u>	<u>\$ 201,000</u>	<u>\$2,071,000</u>	<u>\$1,038,735</u>	<u>\$ 21,875</u>	<u>\$ 1,060,610</u>

Construction Contract

The City was contractually obligated for the following construction contracts at December 31, 2021:

Project Name	Completion Date	Contract Balance December 31, 2021
Airport Runway and Lighting Rehabilitation	April 22, 2022	<u>\$ 399,803</u>

NOTE 10: Interfund Transfers

The General Fund transferred \$169,836 to the Street Fund to supplement highway and street expenditures and \$214,662 to Other Funds in the Aggregate (\$35,000 to Airport and \$179,662 to Parks and Recreation) to supplement operations.

NOTE 11: Pledged Revenues

The City pledged future 0.50% sales and use taxes to repay \$2,420,000 in bonds that were issued in 2019 to provide funding for financing all or a portion of the cost of capital improvements for the Justice Center Complex. Total principal and interest remaining on the bonds are \$1,870,000 and \$201,000, respectively, payable through September 1, 2027. For 2021, principal and interest paid were \$280,000 and \$64,500, respectively.

The Debt Service Fund received \$346,078 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for public safety purposes.

NOTE 12: 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.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12: Risk Management (Continued)

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.

**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.

On December 31, 2020 and May 18, 2004, administration of the City of Blytheville Firemen's Pension and Relief Fund and the City of Blytheville Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

**NOTE 13: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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 \$555,055 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$316,422 for the year ended December 31, 2021.

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, 2021 (actuarial valuation date and measurement date) was \$3,614,665.

NOTE 14: 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 the District Court Clerk 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. 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 was \$7,316 for the year ended June 30, 2021.

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, 2021 (actuarial valuation date and measurement date) was \$18,386.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15: 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 55 with a minimum of ten years of service, in accordance with Blytheville Ordinance no. 1678 (September 16, 2008) or 2.) upon serving 20 years, regardless of age. The City paid former Mayor Barrett Harrison \$35,124 for the year ended December 31, 2021.

NOTE 16: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk Grace Haynie \$17,755 for the year ended December 31, 2021.

NOTE 17: Nonuniformed Employee Pension Plan (A Defined Contribution Plan)

Plan Description

On July 1, 1987, the City established a defined contribution plan for all nonuniformed employees with a private insurance carrier who maintains accounts for the City. In a defined contribution pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The contribution plan requires the City to contribute to the insurance carrier an amount equal to six percent of the employee's base salary. The City's contribution shall be invested ratably in the guaranteed benefit portion of the annuity contract unless the employee chooses otherwise. Eligibility commences one year from date of employment and employees are vested after five years. City contributions for and interest forfeited by employees who leave employment before being fully vested are used to reduce the City's future period contribution requirements. Interest earned is credited to each employees' account. Employees are entitled only to the funds deposited on their behalf. The Contribution to the plan was \$182,980 for the year ended December 31, 2021.

NOTE 18: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City Received \$39,000 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The City was awarded \$2,787,618 in federal aid from the American Rescue Plan Act of 2021. In 2021 and 2022, the City received funds in the amount of \$1,393,817 and \$1,398,801, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 19: Subsequent Events

On February 22, 2022, the City entered into a 25 month lease-purchase agreement with Bancorp South Equipment Finance for three freightliners in the amount of \$471,467.

On March 21, 2022, the City entered into a 25 month lease-purchase agreement with Bancorp South Equipment Finance for three freightliners in the amount of \$615,281.

CITY OF BLYTHEVILLE, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

SPECIAL REVENUE FUNDS								
	Airport	Advertising and Promotion	Magnetek	Court Automation	Infrastructure Improvement	Police	Fire	Parks and Recreation
ASSETS								
Cash and cash equivalents	\$ 91,329	\$ 84,235	\$ 97,979	\$ 150,810	\$ 857,169	\$ 202,748	\$ 1,125,544	\$ 528,512
Accounts receivable	8,311	9,255		317	76,695	38,348	39,796	76,695
TOTAL ASSETS	<u>\$ 99,640</u>	<u>\$ 93,490</u>	<u>\$ 97,979</u>	<u>\$ 151,127</u>	<u>\$ 933,864</u>	<u>\$ 241,096</u>	<u>\$ 1,165,340</u>	<u>\$ 605,207</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable					\$ 20,740		\$ 2,648	\$ 30,025
Interfund payables				\$ 88		\$ 2,303	135	2,096
Settlements pending								
Total Liabilities				<u>88</u>	<u>20,740</u>	<u>2,303</u>	<u>2,783</u>	<u>32,121</u>
Fund Balances:								
Restricted	\$ 26,583	\$ 93,490	\$ 97,979	151,039	913,124	238,793	1,158,657	
Assigned	73,057						3,900	573,086
Total Fund Balances	<u>99,640</u>	<u>93,490</u>	<u>97,979</u>	<u>151,039</u>	<u>913,124</u>	<u>238,793</u>	<u>1,162,557</u>	<u>573,086</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,640</u>	<u>\$ 93,490</u>	<u>\$ 97,979</u>	<u>\$ 151,127</u>	<u>\$ 933,864</u>	<u>\$ 241,096</u>	<u>\$ 1,165,340</u>	<u>\$ 605,207</u>

CITY OF BLYTHEVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	CUSTODIAL FUNDS				
	Coronavirus Disease of 2019 Relief	American Rescue Plan Act	2001 Maintenance Construction	2000 Sidewalk Improvements	2019 Sales and Use Tax	Administration of Justice	Police Bond and Fine	District Court Clerk-Small Claims/Civil	Payroll	Totals
ASSETS										
Cash and cash equivalents	\$ 15,645	\$ 1,233,344	\$ 11,286	\$ 2,435	\$ 115,937	\$ 17,944	\$ 163,682	\$ 13,561	\$ 289,396	\$ 5,771,054
Accounts receivable					28,913					402,807
TOTAL ASSETS	\$ 15,645	\$ 1,233,344	\$ 11,286	\$ 2,435	\$ 144,850	\$ 17,944	\$ 163,682	\$ 13,561	\$ 289,396	\$ 6,173,861
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable										\$ 54,151
Interfund payables										4,622
Settlements pending						\$ 17,944	\$ 163,682	\$ 13,561	\$ 289,396	484,583
Total Liabilities						17,944	163,682	13,561	289,396	543,356
Fund Balances:										
Restricted		\$ 1,233,344	\$ 11,286	\$ 2,435	\$ 144,850					4,964,817
Assigned	\$ 15,645									665,688
Total Fund Balances	15,645	1,233,344	11,286	2,435	144,850					5,630,505
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,645	\$ 1,233,344	\$ 11,286	\$ 2,435	\$ 144,850	\$ 17,944	\$ 163,682	\$ 13,561	\$ 289,396	\$ 6,173,861

CITY OF BLYTHEVILLE, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS								
	Airport	Advertising and Promotion	Magnetek	Court Automation	Infrastructure Improvement	Police	Fire	Public Safety	Parks and Recreation
REVENUES									
State aid	\$ 195,576					\$ 79,422	\$ 114,988		
Federal aid	157,202								
Sales taxes	9,535				\$ 899,643	449,821	449,821	\$ 1,453,207	\$ 899,643
Fines, forfeitures, and costs				\$ 20,328					
Interest	5	\$ 10	\$ 9	14	76	14	4,481		868
Advertising and promotion taxes		109,609							
Land rent	9,579								
Hangar fees	25,990								
Other	8,020					8,829	500		24,947
TOTAL REVENUES	405,907	109,619	9	20,342	899,719	538,086	569,790	1,453,207	925,458
EXPENDITURES									
Current:									
General government					10,311				
Law enforcement				1,483		455,718		1,639,139	
Highways and streets					239,627				
Public safety							570,973	423,311	
Sanitation					16,740				
Recreation and culture									990,600
Advertising and promotion		128,536							
Airport	379,324								
Total Current	379,324	128,536		1,483	266,678	455,718	570,973	2,062,450	990,600
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal					272,350				
Lease interest					33,364				
TOTAL EXPENDITURES	379,324	128,536		1,483	572,392	455,718	570,973	2,062,450	990,600
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	26,583	(18,917)	9	18,859	327,327	82,368	(1,183)	(609,243)	(65,142)
OTHER FINANCING SOURCES (USES)									
Transfers in	35,000								179,662
Contribution to water department					(144,044)				
Contribution to sewer department									
TOTAL OTHER FINANCING SOURCES (USES)	35,000				(144,044)				179,662
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	61,583	(18,917)	9	18,859	183,283	82,368	(1,183)	(609,243)	114,520
FUND BALANCES - JANUARY 1	38,057	112,407	97,970	132,180	729,841	156,425	1,163,740	1,502,480	458,566
FUND BALANCES - DECEMBER 31	\$ 99,640	\$ 93,490	\$ 97,979	\$ 151,039	\$ 913,124	\$ 238,793	\$ 1,162,557	\$ 893,237	\$ 573,086

CITY OF BLYTHEVILLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND	
	Coronavirus Disease of 2019 Relief	American Rescue Plan Act	2001 Maintenance Construction	2000 Sidewalk Improvements	2019 Justice Center Construction	2019 Sales and Use Tax	Totals
REVENUES							
State aid							\$ 389,986
Federal aid	\$ 30,000	\$ 1,393,817					1,581,019
Sales taxes						\$ 346,078	4,507,748
Fines, forfeitures, and costs							20,328
Interest	2	31	\$ 6	\$ 3	\$ 9	12	5,540
Advertising and promotion taxes							109,609
Land rent							9,579
Hangar fees							25,990
Other							42,296
TOTAL REVENUES	30,002	1,393,848	6	3	9	346,090	6,692,095
EXPENDITURES							
Current:							
General government	3,879					1,903	16,093
Law enforcement	3,352				445,487		2,545,179
Highways and streets				1,110			240,737
Public safety	2,873						997,157
Sanitation	957						17,697
Recreation and culture			96				990,696
Advertising and promotion							128,536
Airport							379,324
Total Current	11,061		96	1,110	445,487	1,903	5,315,419
Debt Service:							
Bond principal						280,000	280,000
Bond interest and other charges						64,500	64,500
Lease principal							272,350
Lease interest							33,364
TOTAL EXPENDITURES	11,061		96	1,110	445,487	346,403	5,965,633
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,941	1,393,848	(90)	(1,107)	(445,478)	(313)	726,462
OTHER FINANCING SOURCES (USES)							
Transfers in							214,662
Contribution to water department	(2,394)						(146,438)
Contribution to sewer department	(958)	(160,504)					(161,462)
TOTAL OTHER FINANCING SOURCES (USES)	(3,352)	(160,504)					(93,238)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	15,589	1,233,344	(90)	(1,107)	(445,478)	(313)	633,224
FUND BALANCES - JANUARY 1	56		11,376	3,542	445,478	145,163	4,997,281
FUND BALANCES - DECEMBER 31	\$ 15,645	\$ 1,233,344	\$ 11,286	\$ 2,435	\$ 0	\$ 144,850	\$ 5,630,505

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Airport	Ark. Code Ann. §§ 14-359-101 - 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.
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.
Magnetek	Established by the City to account for restricted bond proceeds used to fund improvements and repairs to the Magnetek building. Interest on the fund and other sources have also been added to the fund.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Infrastructure Improvement	Blytheville Ordinance no. 1429 (November 18, 1997) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay for the cost of improvements and betterments to the infrastructure of the City, including but not limited to, maintaining and closing ditches, building and repairing sidewalks, and maintaining alleyways.
Police	Blytheville Ordinance no. 1683 (January 20, 2009) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of police and fire protection expenditures.
Fire	Blytheville Ordinance no. 1683 (January 20, 2009) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of police and fire protection expenditures.
Public Safety	Blytheville Ordinance no. 1814 (February 21, 2017) established fund to receive one half of one percent sales and use tax, approved by voters, to fund public safety purposes (including police, firefighting, code enforcement and animal control purposes) and to pay and secure the repayment of bonds approved by the voters and issued by the City from time to time to finance capital improvements.
Parks and Recreation	Blytheville Ordinance no. 1648 (July 17, 2007) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of park and recreational expenditures.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Coronavirus Disease of 2019 Relief	Established to account for Federal aid relating to the Coronavirus Aid, Relief and Economic Security Act of 2020.
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.
2001 Maintenance Construction	Blytheville Ordinance no. 1516 (February 20, 2001) established fund to receive bond issue proceeds, approved by voters, to pay the related expenses to finance all or a portion of the cost of capital improvements.
2000 Sidewalk Improvements	Blytheville Ordinance no. 1497 (April 8, 2000) established fund to receive bond issue proceeds, approved by voters, to pay the related expenses to finance all or a portion of the cost of street, sidewalk, and drainage improvements.
2019 Justice Center Construction	Blytheville Ordinance no. 1871 (March 19, 2019) established fund to receive bond issue proceeds, approved by voters, to pay the related expenses to construct the Justice Center.
2019 Sales and Use Tax	Blytheville Ordinance no. 1871 (March 19, 2019) established fund to receive one half of one percent sales and use tax, and pay principal and interest on bonds, approved by votes, for the purpose of finance all or a portion of the cost of the Justice Center.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court Clerk-Small Claims/Civil	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.
Payroll	Established to process the payroll of City's employees.

CITY OF BLYTHEVILLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

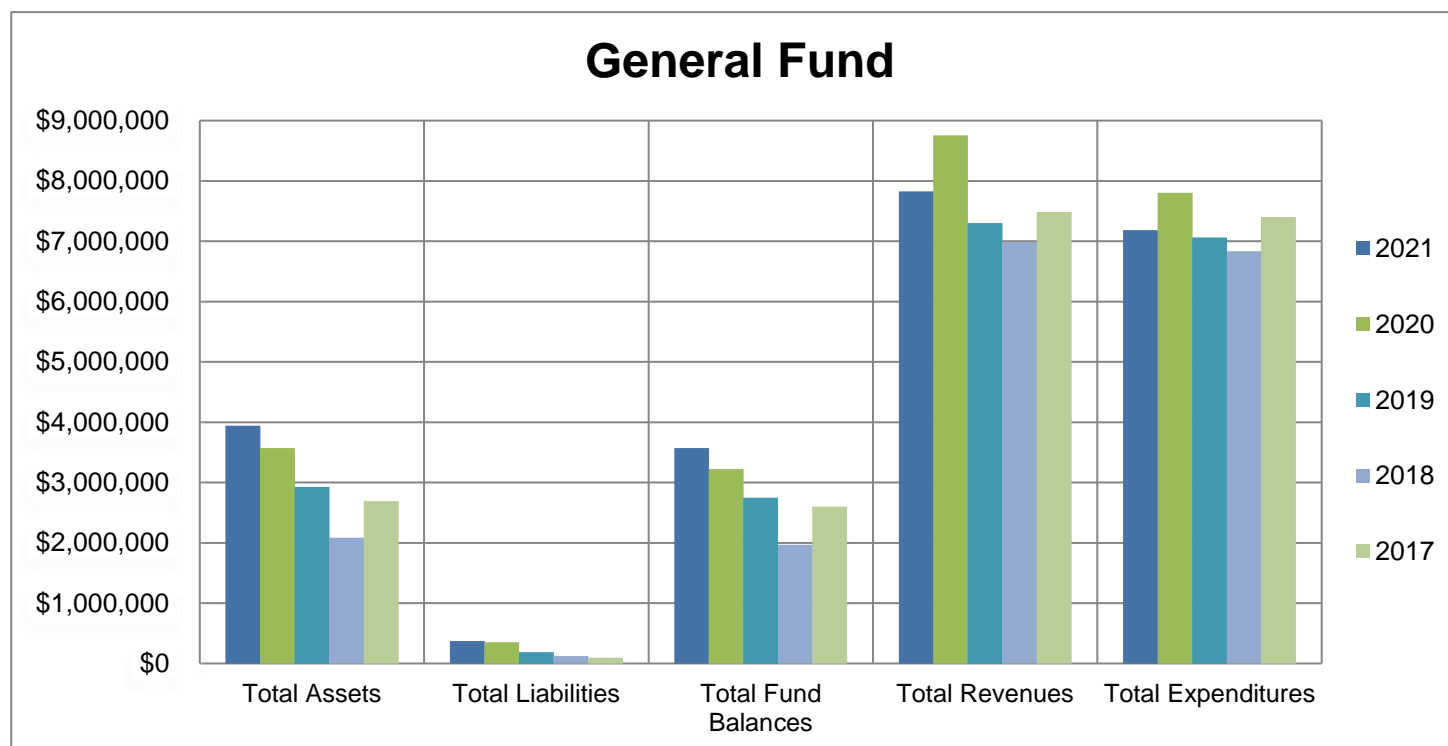
Schedule 3

	December 31, 2021
Land, buildings, and improvements	\$ 24,332,199
Equipment	10,287,104
Construction in progress	<u>45,918</u>
Total	<u><u>\$ 34,665,221</u></u>

CITY OF BLYTHEVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-1

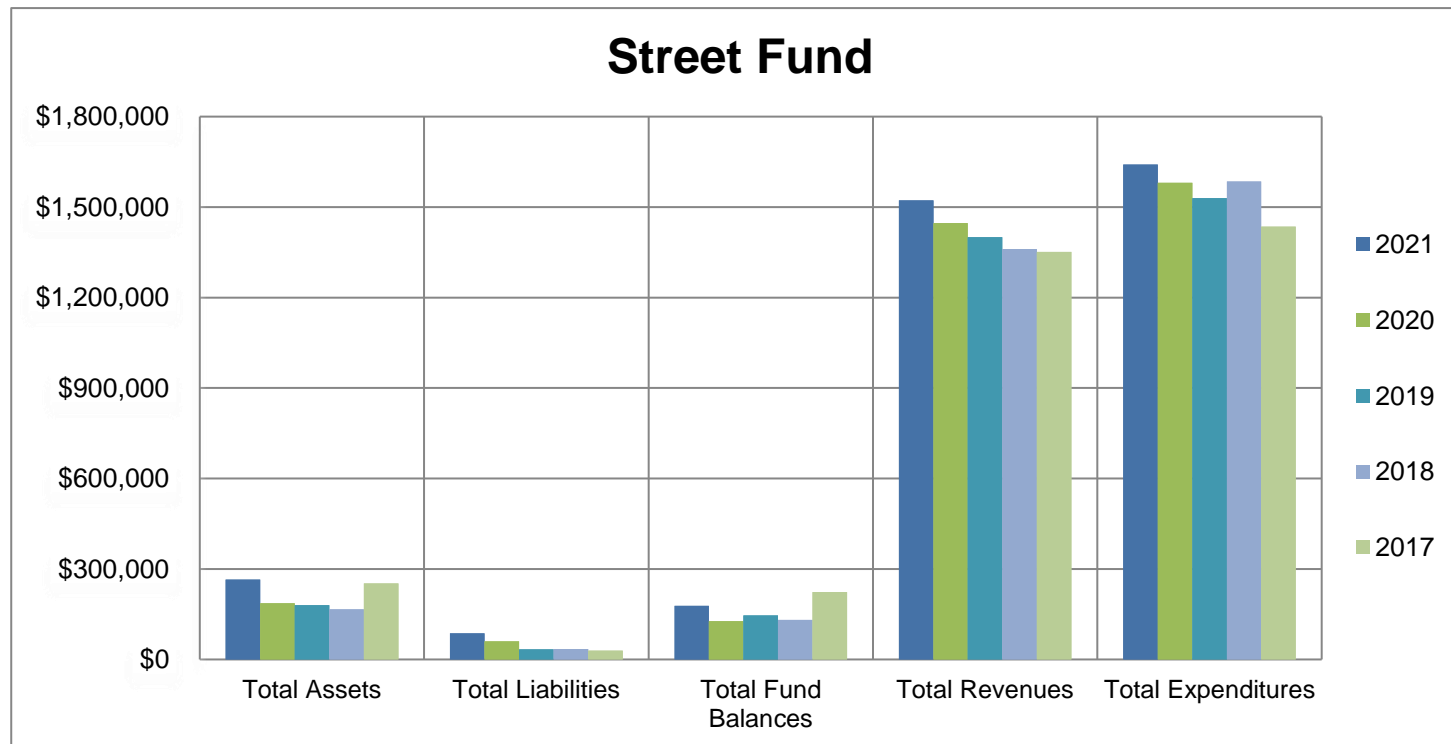
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 3,940,316	\$ 3,565,556	\$ 2,928,854	\$ 2,084,142	\$ 2,689,842
Total Liabilities	369,513	347,517	183,999	117,063	94,064
Total Fund Balances	3,570,803	3,218,039	2,744,855	1,967,079	2,595,778
Total Revenues	7,823,028	8,752,859	7,298,152	6,987,084	7,481,797
Total Expenditures	7,181,835	7,802,580	7,060,428	6,832,123	7,398,167
Total Other Financing Sources/Uses	(288,429)	(216,107)	540,052	(783,660)	323,557



CITY OF BLYTHEVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-2

Street	2021	2020	2019	2018	2017
Total Assets	\$ 265,096	\$ 186,655	\$ 179,523	\$ 165,691	\$ 252,341
Total Liabilities	86,856	59,513	33,776	34,588	29,017
Total Fund Balances	178,240	127,142	145,747	131,103	223,324
Total Revenues	1,522,291	1,447,214	1,399,982	1,360,990	1,351,029
Total Expenditures	1,641,029	1,581,007	1,529,338	1,585,211	1,435,295
Total Other Financing Sources/Uses	169,836	144,000	144,000	132,000	



CITY OF BLYTHEVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 6,173,861	\$ 5,760,558	\$ 8,746,474	\$ 5,086,082	\$ 5,028,655
Total Liabilities	543,356	763,277	499,328	334,933	499,757
Total Fund Balances	5,630,505	4,997,281	8,247,146	4,751,149	4,528,898
Total Revenues	6,692,095	5,960,433	4,645,509	4,409,270	3,533,347
Total Expenditures	5,965,633	7,194,376	3,563,997	3,942,965	2,666,390
Total Other Financing Sources/Uses	(93,238)	(2,000,175)	2,414,485	(244,054)	(317,239)

