

City of Cabot, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF CABOT, ARKANSAS
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Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Cabot, 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 Cabot, 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, 2022, 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 Cabot, Arkansas as of December 31, 2022; 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 Cabot, Arkansas, as of December 31, 2022, 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 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 .

Emphases of Matter

As discussed in Note 1 to the financial statements, in 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this 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 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 December 19, 2023, 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



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

Little Rock, Arkansas
December 19, 2023
LOM101622

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Cabot, 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 Cabot, Arkansas (City), as of and for the year ended December 31, 2022, 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 December 19, 2023. 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 December 19, 2023.

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 dark ink, appearing to read "Timothy R. Jones", is written over a light gray horizontal line.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
December 19, 2023

Arkansas



Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2022:

Mayor: Ken Kincade
Clerk/Treasurer: Tammy Yocom
District Court Clerk: Jennifer Beranek
Police Chief: Jackie Davis (Retired March 31, 2022)
Scott Steely (Interim Chief as of April 2, 2022, and Chief as of August 6, 2022)

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.

Mayor

Due to an error in the City's new leave accrual software, five employees were overpaid upon separation/retirement. Two employees received overpayments totaling \$1,283 in 2022, and three employees received overpayments totaling \$1,585 in 2023. As of report date, the City had not recouped any of the overpayment amounts from the former employees.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
December 19, 2023

CITY OF CABOT, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 6,487,965	\$ 716,920	\$ 79,317,841
Accounts receivable	1,304,577	1,497	856,876
Interfund receivables	11,041	332,229	3,465
	<u>7,803,583</u>	<u>1,050,646</u>	<u>80,178,182</u>
TOTAL ASSETS	<u>\$ 7,803,583</u>	<u>\$ 1,050,646</u>	<u>\$ 80,178,182</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 696,649	\$ 59,059	\$ 516,611
Interfund payables	3,465		343,270
Settlements pending			68,292
Total Liabilities	<u>700,114</u>	<u>59,059</u>	<u>928,173</u>
Fund Balances:			
Restricted		991,587	77,731,423
Committed			1,456,556
Assigned	429,651		62,030
Unassigned	6,673,818		
Total Fund Balances	<u>7,103,469</u>	<u>991,587</u>	<u>79,250,009</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,803,583</u>	<u>\$ 1,050,646</u>	<u>\$ 80,178,182</u>

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

CITY OF CABOT, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 959,840	\$ 2,307,750	\$ 20,344
Federal aid	19,647	89,083	2,729,799
Property taxes	709,229	371,039	1,052,822
Franchise fees			1,375,027
Sales taxes	11,270,547		6,922,752
Fines, forfeitures, and costs	323,831		136,822
Interest	45,241	1,761	896,471
Local permits and fees	741,686		105,999
Sanitation fees	1,907,267		
Grant proceeds			44,679
Sale of land			54,000
Insurance proceeds			182,649
Other	1,560,997	36,474	41,484
TOTAL REVENUES	17,538,285	2,806,107	13,562,848
EXPENDITURES			
Current:			
General government	3,560,712		3,442,719
Law enforcement	6,948,463		740,902
Highways and streets	414,336	1,946,963	4,419,698
Public safety	3,594,359		53,501
Sanitation	1,879,606		
Health			31,466
Recreation and culture			2,031,609
Social services			288,796
Total Current	16,397,476	1,946,963	11,008,691
Debt Service:			
Bond principal			3,830,000
Bond interest and other charges			2,809,085
Financed purchases principal	50,251		36,629
Financed purchases interest	4,720		2,963
TOTAL EXPENDITURES	16,452,447	1,946,963	17,687,368

CITY OF CABOT, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,085,838	\$ 859,144	\$ (4,124,520)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,174,040		1,404,834
Transfers out	(10)		(2,578,864)
Contribution to parks and recreation commission	(698,385)		
Contribution from water department	281,942		
Contribution to library	(86,677)		(273,654)
Bond proceeds			25,780,000
TOTAL OTHER FINANCING SOURCES (USES)	670,910		24,332,316
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,756,748	859,144	20,207,796
FUND BALANCES - JANUARY 1	5,346,721	132,443	59,042,213
FUND BALANCES - DECEMBER 31	\$ 7,103,469	\$ 991,587	\$ 79,250,009

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

CITY OF CABOT, 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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,059,578	\$ 959,840	\$ (99,738)	\$ 2,539,431	\$ 2,307,750	\$ (231,681)
Federal aid	5,395,827	19,647	(5,376,180)	1,614,000	89,083	(1,524,917)
Property taxes	691,844	709,229	17,385	356,169	371,039	14,870
Sales taxes	9,613,111	11,270,547	1,657,436			
Fines, forfeitures, and costs	268,109	323,831	55,722			
Interest	20,970	45,241	24,271	2,463	1,761	(702)
Local permits and fees	581,731	741,686	159,955			
Sanitation fees	1,875,756	1,907,267	31,511			
Other	831,287	1,560,997	729,710		36,474	36,474
TOTAL REVENUES	20,338,213	17,538,285	(2,799,928)	4,512,063	2,806,107	(1,705,956)
EXPENDITURES						
Current:						
General government	8,280,534	3,560,712	4,719,822			
Law enforcement	7,388,319	6,948,463	439,856			
Highways and streets	462,144	414,336	47,808	4,694,613	1,946,963	2,747,650
Public safety	3,760,521	3,594,359	166,162			
Sanitation	1,856,832	1,879,606	(22,774)			
Total Current	21,748,350	16,397,476	5,350,874	4,694,613	1,946,963	2,747,650
Debt Service:						
Financed purchases principal		50,251	(50,251)			
Financed purchases interest		4,720	(4,720)			
TOTAL EXPENDITURES	21,748,350	16,452,447	5,295,903	4,694,613	1,946,963	2,747,650

CITY OF CABOT, 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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,410,137)	\$ 1,085,838	\$ 2,495,975	\$ (182,550)	\$ 859,144	\$ 1,041,694
OTHER FINANCING SOURCES (USES)						
Transfers in	937,887	1,174,040	236,153	79,965		(79,965)
Transfers out	(344,965)	(10)	344,955			
Contribution to parks and recreation commission		(698,385)	(698,385)			
Contribution from water department		281,942	281,942			
Contribution to library		(86,677)	(86,677)			
TOTAL OTHER FINANCING SOURCES (USES)	592,922	670,910	77,988	79,965		(79,965)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(817,215)	1,756,748	2,573,963	(102,585)	859,144	961,729
FUND BALANCES - JANUARY 1		5,346,721	5,346,721		132,443	132,443
FUND BALANCES - DECEMBER 31	\$ (817,215)	\$ 7,103,469	\$ 7,920,684	\$ (102,585)	\$ 991,587	\$ 1,094,172

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

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Cabot 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 Wastewater Department, Advertising and Promotion Commission, and Parks and Recreation Commission. 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.

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.

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

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.

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.

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

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 and certificates of deposit.

Settlements Pending

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

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 350,498	\$ 350,498
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	13,737,387	13,996,366
Uncollateralized	72,434,741	72,434,741
	<u>\$ 86,522,626</u>	<u>\$ 86,781,605</u>
Total Deposits		

The above total deposits do not include cash on hand of \$100.

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 formal deposit policy for custodial credit risk. As of December 31, 2022, \$72,434,741 of the City's bank balances of \$86,781,605 was 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.

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2022, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			\$ 300
Property taxes	\$ 10,447	\$ 1,325	3,709
Franchise fees			37,278
Sales taxes	955,429		587,893
Fines, forfeitures, and costs	24,194		15,759
Interest	453		210,151
Local permits and fees	13,772		1,746
Sanitation fees	146,355		
Other	153,927	172	40
Totals	<u>\$ 1,304,577</u>	<u>\$ 1,497</u>	<u>\$ 856,876</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2022, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 509,364	\$ 41,646	\$ 514,026
Salaries payable	146,124	16,191	2,405
Payroll taxes payable	41,161	1,222	180
Totals	<u>\$ 696,649</u>	<u>\$ 59,059</u>	<u>\$ 516,611</u>

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund	\$ 11,041	\$ 3,465
Street Fund	332,229	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Senior Citizen/Health/Library	2,856	
Community and Economic Development		1,167
People Experiencing Activities, Arts, and		
Knowledge (PEAK) Center Millage	609	
Capital Projects Funds:		
2021 Capital Projects Franchise Fee		1,665
2021 Capital Projects Sales and Use Tax		340,438
	<u> </u>	<u> </u>
Totals	<u>\$ 346,735</u>	<u>\$ 346,735</u>

Interfund receivables and payables consist of errors in depositing restricted revenues. These balances were repaid in January 2023.

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2022, are composed of the following:

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 5,066,430
Law enforcement			133,317
Highways and streets		\$ 991,587	
Public safety			126,149
Capital outlay			67,354,010
Debt service			5,051,517
Total Restricted		<u>991,587</u>	<u>77,731,423</u>
Committed for:			
General government			145,303
Law enforcement			110,756
Highways and streets			574,133
Public safety			232,474
Social services			393,890
Total Committed			<u>1,456,556</u>
Assigned to:			
Law enforcement	\$ 319,193		7,030
Sanitation	110,458		
Social services			55,000
Total Assigned	<u>429,651</u>		<u>62,030</u>
Unassigned	<u>6,673,818</u>		
Totals	<u>\$ 7,103,469</u>	<u>\$ 991,587</u>	<u>\$ 79,250,009</u>

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, 2022, the legal debt limit for the bonded debt was \$80,759,972. 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, 2022, the legal debt limit for short-term financing obligations was \$21,045,694. The amount of short-term financing obligations was \$811,122, leaving a legal debt margin of \$20,234,572.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 101,471,135
Construction contracts	<u>35,690,206</u>
Total Commitments	<u>\$ 137,161,341</u>

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	<u>December 31, 2022</u>
<u>Bonds</u>	
2018 Franchise Fee Revenue Bonds, dated April 3, 2018, in the amount of \$2,655,000; maturing February 1, 2043, principal payments of \$70,000 - \$160,000 on February 1 plus interest payments on February 1 and August 1; interest rate 2%-3.875%. Payments are to be made from the Debt Service Fund.	\$ 2,360,000
2021 Franchise Fee Revenue Bonds, dated October 28, 2021, in the amount of \$3,335,000; maturing August 1, 2041, principal payments of \$100,000 - \$220,000 on February 1 plus interest payments on February 1 and August 1; interest rate 1.45% - 3.27%. Payments are to be made from the Debt Service Fund.	3,235,000
2021 Sales and Use Tax Improvement Bonds, dated November 17, 2021, in the amount of \$71,700,000; maturing December 1, 2056, principal payments of \$675,000-\$3,070,000 on June 1 plus interest payments on June 1 and December 1; interest rate 1.46% - 5%. Payments are to be made from the Debt Service Fund.	68,455,000
2022 Sales and Use Tax Improvement Bonds, dated May 17, 2022, in the amount of \$25,780,000; maturing December 1, 2043, principal payments of \$410,000 - \$1,780,000 on December 1 plus interest payments on June 1 and December 1; interest rate 2.850% - 5%. Payments are to be made from the Debt Service Fund.	<u>25,370,000</u>
Total Bonds	<u>99,420,000</u>
<u>Direct Borrowings</u>	
Financed purchase agreement dated May 10, 2022, with Simmons Bank in the amount of \$325,395, with interest rate 1.65% for the refurbishment of Engine 1. 60 monthly payments of \$5,656 begin June 2022 maturing May 10, 2027. Payments are to be made from the Fire Apparatus Fund.	288,766
Financed purchase agreement dated February 16, 2022, with First Arkansas Bank and Trust in the amount of \$217,638, with interest rate of 2.389% for the Veterans Park Community Center Expansion Project. 60 monthly payments of \$3,855 begin March 16, 2022, maturing February 16, 2027. Payments are to be made by the Parks and Recreation Commission.	183,116
Financed purchase agreement dated February 1, 2018, with Regions Bank in the amount of \$267,264, with interest rate 2.13% for the Parks and Recreation project. 60 monthly payments of \$4,700 begin February 2018 maturing February 1, 2023. Payments are to be made by the Parks and Recreation Commission.	4,835
Financed purchase agreement dated September 10, 2019, with First Arkansas Bank and Trust, in the amount of \$652,000, with interest rate of 2.48% for the Astroturf project. 60 monthly payments of \$11,576 begin October 2019; maturing September 10, 2024. Payments are to be made by the Parks and Recreation Commission.	237,556
Financed purchase agreement dated November 4, 2019, with First Arkansas Bank and Trust, in the amount of \$250,000, with interest rate of 3.74% for roof replacement of the Municipal Building. 60 monthly payments of \$4,581 begin December 4, 2019 maturing November 4, 2024. Payments are to be made from the General Fund.	<u>96,849</u>
Total Direct Borrowings	<u>811,122</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>1,240,013</u>
Total Long-term liabilities	<u>\$ 101,471,135</u>

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

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding bonds payable of \$5,595,000 and \$93,825,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 51% and 25%, respectively, in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding financed purchases from direct borrowings of \$811,122 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.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Bonds</u>					
4/3/18	2/1/43	2 - 3.875%	\$ 2,655,000	\$ 2,360,000	\$ 295,000
10/28/21	8/1/41	1.45 - 3.27%	3,335,000	3,235,000	100,000
11/17/21	12/1/56	1.46 - 5%	71,700,000	68,455,000	3,245,000
5/17/22	12/1/43	2.850 - 5%	25,780,000	25,370,000	410,000
Total Bonds			<u>103,470,000</u>	<u>99,420,000</u>	<u>4,050,000</u>
<u>Direct Borrowings</u>					
2/1/18	2/1/23	2.13%	267,264	4,835	262,429
9/10/19	9/10/24	2.48%	652,000	237,556	414,444
11/4/19	11/4/24	3.74%	250,000	96,849	153,151
5/10/22	5/10/27	1.65%	325,395	288,766	36,629
2/16/22	2/16/27	2.389%	217,638	183,116	34,522
Total Direct Borrowings			<u>1,712,297</u>	<u>811,122</u>	<u>901,175</u>
Total Long-Term Debt			<u>\$ 105,182,297</u>	<u>\$ 100,231,122</u>	<u>\$ 4,951,175</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	\$ 77,470,000	\$ 25,780,000	\$ 3,830,000	\$ 99,420,000
<u>Direct Borrowings</u>				
Financed purchases	<u>576,344</u>	<u>543,033</u>	<u>308,255</u>	<u>* 811,122</u>
Total Long-Term Debt	<u>\$ 78,046,344</u>	<u>\$ 26,323,033</u>	<u>\$ 4,138,255</u>	<u>\$ 100,231,122</u>

*Includes \$221,375 paid by Parks and Recreation Commission.

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,080,000	\$ 3,136,019	\$ 6,216,019	\$ 297,462	\$ 15,392	\$ 312,854
2024	1,865,000	3,053,889	4,918,889	255,764	7,972	263,736
2025	1,945,000	2,971,369	4,916,369	110,147	3,983	114,130
2026	2,015,000	2,896,768	4,911,768	112,306	1,824	114,130
2027	2,095,000	2,818,206	4,913,206	35,443	224	35,667
2028 through 2032	11,775,000	12,789,865	24,564,865			
2033 through 2037	14,065,000	10,471,081	24,536,081			
2038 through 2042	16,640,000	7,693,653	24,333,653			
2043 through 2047	16,260,000	4,901,780	21,161,780			
2048 through 2052	16,025,000	2,821,774	18,846,774			
2053 through 2056	13,655,000	753,837	14,408,837			
Totals	<u>\$ 99,420,000</u>	<u>\$ 54,308,241</u>	<u>\$ 153,728,241</u>	<u>\$ 811,122</u>	<u>\$ 29,395</u>	<u>\$ 840,517</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2022:

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2022
Broadband and Supply	December 2023	\$ 19,876,972
Barnwell Drainage	December 2023	689,628
Crestwood Drainage	December 2023	81,123
City Hall Façade & PD Improvements	September 2023	119,946
Indoor Sports Complex	April 2024	14,066,002
Dakota Extension Phase II	December 2023	670,203
Street Overlay	October 2023	186,332
Total Construction Contracts		<u>\$ 35,690,206</u>

NOTE 10: Interfund Transfers

The General Fund transferred \$10 to the Other Funds in the Aggregate to open a new account. Other Funds in the Aggregate transferred \$1,174,040 in excess franchise fees to the General Fund. Within Other Funds in the Aggregate, \$1,404,824 was transferred for debt service payments.

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 11: Pledged Revenues

Franchise Fees

The City pledged future franchise fees to repay \$2,655,000 of capital improvement bonds issued in 2018 and \$3,335,000 of capital improvement bonds issued in 2021. Total principal and interest remaining on the bonds are \$2,360,000 and \$1,037,769, respectively, payable through February 2043 for the 2018 series; and \$3,235,000 and \$1,033,297, respectively, payable through August 2041 for the 2021 series. For 2022, principal and interest paid for the 2018 series was \$75,000 and \$85,022, respectively; and for the 2021 series was \$100,000 and \$66,172, respectively.

The Franchise Fee Fund received \$1,375,027 in franchise fees in 2022 and transferred \$1,174,040 in excess franchise fees to the General Fund. Any surplus in the Franchise Fee Fund may be utilized for any valid governmental purpose under state law.

Sales and Use Tax

The City pledged future 1% sales and use taxes to repay \$71,700,000 in bonds that were issued in 2021 and \$25,780,000 in bonds that were issued in 2022 to provide funding for various capital improvements and to refund capital improvement bonds issued in 2013 and 2016. Total principal and interest remaining on the bonds are \$68,455,000 and \$38,658,636, respectively, payable through December 1, 2056 for the 2021 series; and \$25,370,000 and \$13,578,539, payable through December 1, 2043 for the 2022 series. For 2022, principal and interest paid for the 2021 series was \$3,245,000 and \$2,069,896, respectively; and for the 2022 series was \$410,000 and \$584,996, respectively.

The Debt Service Fund received \$6,922,752 in sales taxes in 2022. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to retire the bonds.

NOTE 12: Jointly Governed Organization

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Central Arkansas Regional Solid Waste Management District and Board were organized to protect the public health and environmental quality for its service area by establishing a regional solid waste management system in the Arkansas Counties of Lonoke, Prairie, and Monroe. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the Counties in the District and representatives of all first class cities, of all cities with a population over 2,000, and the largest city of each county in the District. The City made no contributions to or disbursements on behalf of the Central Arkansas Regional Solid Waste Management District. Separate financial statements for the Central Arkansas Regional Solid Waste Management District are available at 902 N. Center, Lonoke, Arkansas, 72086.

NOTE 13: 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 has workers' compensation insurance with JTS Financial Services.

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13: Risk Management (Continued)

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

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 CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**NOTE 14: 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 November 10, 2020, administration of the City of Cabot Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$943,789 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$434,182 for the year ended December 31, 2022.

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, 2022, (actuarial valuation date and measurement date) was \$12,272,530.

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

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

CITY OF CABOT, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 15: Arkansas Public Employees Retirement System (Continued)

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. 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 \$892,368 for the year ended June 30, 2022.

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, 2022, (actuarial valuation date and measurement date) was \$7,513,834.

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/Treasurers Marva Verkler and Katie Weeks \$37,702 and \$28,095, respectively for the year ended December 31, 2022.

NOTE 17: 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 was awarded \$5,452,521 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, the total amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 18: Subsequent Event

On March 16, 2023, the City issued \$8,900,000 of Franchise Fee Revenue Bonds, Series 2023 with interest rates ranging from 2.5 to 4 percent. The bond proceeds will be used for the purpose of financing the costs of capital improvements to a portion of a city-owned building to be used for courts and police facilities.

The City entered into an agreement with Shields for road construction and improvements for the Hwy 89 Streetscape project for \$1,852,131.

The City entered into an agreement with Baldwin & Shell to provide construction management services for the Cabot Justice Center project for \$8,145,499.

The City entered into an agreement with WHP Trainingtowers for a fire department training facility for \$941,051.

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS									
	Act 833 Fire Protection	District Court Automation	District Court Cost	Boundary Street Improvement	Senior Citizen/Health/Li brary	District Court Retirement	Drug Control	Public Safety and Equipment	Sidewalk	Fire Apparatus
ASSETS										
Cash and cash equivalents	\$ 44,961	\$ 27,918	\$ 21,411	\$ 80,464	\$ 165,392	\$ 76,812	\$ 3,475	\$ 49,104	\$ 493,111	\$ 181,066
Accounts receivable	300	1,776	2,044		1,673	810	8,405	1,746	558	558
Interfund receivables					2,856					
TOTAL ASSETS	\$ 45,261	\$ 29,694	\$ 23,455	\$ 80,464	\$ 169,921	\$ 77,622	\$ 11,880	\$ 50,850	\$ 493,669	\$ 181,624
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		\$ 1,186	\$ 1,118		\$ 22,958					
Interfund payables										
Settlements pending										
Total Liabilities		<u>1,186</u>	<u>1,118</u>		<u>22,958</u>					
Fund Balances:										
Restricted	\$ 45,261	28,508	15,307			\$ 77,622	\$ 11,880			
Committed				\$ 80,464	146,963			\$ 50,850	\$ 493,669	\$ 181,624
Assigned			7,030							
Total Fund Balances	<u>45,261</u>	<u>28,508</u>	<u>22,337</u>	<u>80,464</u>	<u>146,963</u>	<u>77,622</u>	<u>11,880</u>	<u>50,850</u>	<u>493,669</u>	<u>181,624</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,261	\$ 29,694	\$ 23,455	\$ 80,464	\$ 169,921	\$ 77,622	\$ 11,880	\$ 50,850	\$ 493,669	\$ 181,624

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS		
	Community and Economic Development	Franchise Fees	Incarceration Fees	People Experiencing Activities, Arts, and Knowledge (PEAK) Center Millage	American Rescue Plan Act	Advertising and Promotion Commission Grants	Arkansas Community and Economic Development Program Project	2021 Capital Projects Franchise Fee	2021 Capital Projects Sales and Use Tax	2022 Capital Projects
ASSETS										
Cash and cash equivalents	\$ 148,970	\$ 43,610	\$ 108,032	\$ 303,688	\$ 5,057,413	\$ 9,371	\$ 10	\$ 138,590	\$ 43,733,859	\$ 24,109,469
Accounts receivable		37,278	2,724	960				602	128,337	70,411
Interfund receivables				609						
TOTAL ASSETS	<u>\$ 148,970</u>	<u>\$ 80,888</u>	<u>\$ 110,756</u>	<u>\$ 305,257</u>	<u>\$ 5,057,413</u>	<u>\$ 9,371</u>	<u>\$ 10</u>	<u>\$ 139,192</u>	<u>\$ 43,862,196</u>	<u>\$ 24,179,880</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 2,500			\$ 3,330		\$ 364		\$ 28,893	\$ 310,355	\$ 145,907
Interfund payables	1,167							1,665	340,438	
Settlements pending										
Total Liabilities	<u>3,667</u>			<u>3,330</u>		<u>364</u>		<u>30,558</u>	<u>650,793</u>	<u>145,907</u>
Fund Balances:										
Restricted		\$ 80,888			\$ 5,057,413	9,007	\$ 10	108,634	43,211,403	24,033,973
Committed	145,303		\$ 110,756	246,927						
Assigned				55,000						
Total Fund Balances	<u>145,303</u>	<u>80,888</u>	<u>110,756</u>	<u>301,927</u>	<u>5,057,413</u>	<u>9,007</u>	<u>10</u>	<u>108,634</u>	<u>43,211,403</u>	<u>24,033,973</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 148,970</u>	<u>\$ 80,888</u>	<u>\$ 110,756</u>	<u>\$ 305,257</u>	<u>\$ 5,057,413</u>	<u>\$ 9,371</u>	<u>\$ 10</u>	<u>\$ 139,192</u>	<u>\$ 43,862,196</u>	<u>\$ 24,179,880</u>

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	DEBT SERVICE FUNDS				CUSTODIAL FUNDS		
	2018 Debt Service Bond/Reserve Franchise Fee	2021 Debt Service Bond/Reserve Franchise Fee	2021 Debt Service Bond/Reserve Sales and Use Tax	2022 Debt Service Bond/Reserve	District Court	Administration of Justice	Totals
ASSETS							
Cash and cash equivalents	\$ 193,330	\$ 209,481	\$ 3,842,681	\$ 207,331	\$ 68,262	\$ 30	\$ 79,317,841
Accounts receivable		471	597,661	562			856,876
Interfund receivables							3,465
TOTAL ASSETS	<u>\$ 193,330</u>	<u>\$ 209,952</u>	<u>\$ 4,440,342</u>	<u>\$ 207,893</u>	<u>\$ 68,262</u>	<u>\$ 30</u>	<u>\$ 80,178,182</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 516,611
Interfund payables							343,270
Settlements pending					\$ 68,262	\$ 30	68,292
Total Liabilities					<u>68,262</u>	<u>30</u>	<u>928,173</u>
Fund Balances:							
Restricted	\$ 193,330	\$ 209,952	\$ 4,440,342	\$ 207,893			77,731,423
Committed							1,456,556
Assigned							62,030
Total Fund Balances	<u>193,330</u>	<u>209,952</u>	<u>4,440,342</u>	<u>207,893</u>			<u>79,250,009</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 193,330</u>	<u>\$ 209,952</u>	<u>\$ 4,440,342</u>	<u>\$ 207,893</u>	<u>\$ 68,262</u>	<u>\$ 30</u>	<u>\$ 80,178,182</u>

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS								
	Act 833 Fire Protection	District Court Automation	District Court Cost	Boundary Street Improvement	Senior Citizen/Health/Li brary	District Court Retirement	Drug Control	Street Bond Refund	Public Safety and Equipment
REVENUES									
State aid	\$ 20,344								
Federal aid									
Property taxes					\$ 468,535				
Franchise fees									
Sales taxes									
Fines, forfeitures, and costs		\$ 21,710	\$ 26,568			\$ 9,717	\$ 13,883		\$ 28,465
Interest	132	62	53	\$ 196	445	101	22	\$ 2	114
Local permits and fees				15,852					
Grant proceeds									
Sale of land									
Insurance proceeds					182,649				
Other			232		339				
TOTAL REVENUES	20,476	21,772	26,853	16,048	651,968	9,818	13,905	2	28,579
EXPENDITURES									
Current:									
General government									
Law enforcement		20,995	22,962			5	13,299		
Highways and streets								16	
Public safety	19,699								18,536
Health					31,466				
Recreation and culture					252,160				
Social services					44,729				
Total Current	19,699	20,995	22,962		328,355	5	13,299	16	18,536
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchases principal									
Financed purchases interest									
TOTAL EXPENDITURES	19,699	20,995	22,962		328,355	5	13,299	16	18,536
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	777	777	3,891	16,048	323,613	9,813	606	(14)	10,043
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out									
Contribution to library					(273,654)				
Bond proceeds									
TOTAL OTHER FINANCING SOURCES (USES)					(273,654)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	777	777	3,891	16,048	49,959	9,813	606	(14)	10,043
FUND BALANCES - JANUARY 1	44,484	27,731	18,446	64,416	97,004	67,809	11,274	14	40,807
FUND BALANCES - DECEMBER 31	\$ 45,261	\$ 28,508	\$ 22,337	\$ 80,464	\$ 146,963	\$ 77,622	\$ 11,880	\$ 0	\$ 50,850

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	SPECIAL REVENUE FUNDS								
	Sidewalk	Fire Apparatus	Community and Economic Development	Franchise Fees	Incarceration Fees	People Experiencing Activities, Arts, and Knowledge (PEAK) Center Millage	American Rescue Plan Act	Advertising and Promotion Commission Grants	Arkansas Community and Economic Development Program Project
REVENUES									
State aid									
Federal aid							\$ 2,729,799		
Property taxes	\$ 156,175	\$ 156,180				\$ 271,932			
Franchise fees				\$ 1,375,027					
Sales taxes									
Fines, forfeitures, and costs					\$ 36,479				
Interest	1,194	305	\$ 294	593	88	244		\$ 12	
Local permits and fees			90,147						
Grant proceeds								44,679	
Sale of land			54,000						
Insurance proceeds									
Other						27,688			
TOTAL REVENUES	157,369	156,485	144,441	1,375,620	36,567	299,864	2,729,799	44,691	
EXPENDITURES									
Current:									
General government			125,879				165,713	35,684	
Law enforcement									
Highways and streets	156,830								
Public safety		7,057							
Health									
Recreation and culture									
Social services						244,067			
Total Current	156,830	7,057	125,879			244,067	165,713	35,684	
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchases principal		36,629							
Financed purchases interest		2,963							
TOTAL EXPENDITURES	156,830	46,649	125,879			244,067	165,713	35,684	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	539	109,836	18,562	1,375,620	36,567	55,797	2,564,086	9,007	
OTHER FINANCING SOURCES (USES)									
Transfers in									\$ 10
Transfers out				(1,583,869)					
Contribution to library									
Bond proceeds									
TOTAL OTHER FINANCING SOURCES (USES)				(1,583,869)					10
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	539	109,836	18,562	(208,249)	36,567	55,797	2,564,086	9,007	10
FUND BALANCES - JANUARY 1	493,130	71,788	126,741	289,137	74,189	246,130	2,493,327		
FUND BALANCES - DECEMBER 31	\$ 493,669	\$ 181,624	\$ 145,303	\$ 80,888	\$ 110,756	\$ 301,927	\$ 5,057,413	\$ 9,007	\$ 10

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 2

	CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS					
	2021 Capital Projects Franchise Fee	2021 Capital Projects Sales and Use Tax	2022 Capital Projects	2013 Debt Service Bond/Reserve	2018 Debt Service Bond/Reserve Franchise Fee	2021 Debt Service Bond/Reserve Franchise Fee	2021 Debt Service Bond/Reserve Sales and Use Tax	2022 Debt Service Bond/Reserve	Totals
REVENUES									
State aid									\$ 20,344
Federal aid									2,729,799
Property taxes									1,052,822
Franchise fees									1,375,027
Sales taxes							\$ 6,922,752		6,922,752
Fines, forfeitures, and costs									136,822
Interest	\$ 7,337	\$ 534,479	\$ 285,488		\$ 1,207	\$ 1,884	59,858	\$ 2,361	896,471
Local permits and fees									105,999
Grant proceeds									44,679
Sale of land									54,000
Insurance proceeds									182,649
Other							13,225		41,484
TOTAL REVENUES	7,337	534,479	285,488		1,207	1,884	6,995,835	2,361	13,562,848
EXPENDITURES									
Current:									
General government	1,003,797	254,614	1,538,019	\$ 49		31,000		287,964	3,442,719
Law enforcement		683,641							740,902
Highways and streets		4,262,852							4,419,698
Public safety		8,209							53,501
Health									31,466
Recreation and culture		1,779,449							2,031,609
Social services									288,796
Total Current	1,003,797	6,988,765	1,538,019	49		31,000		287,964	11,008,691
Debt Service:									
Bond principal					75,000	100,000	3,245,000	410,000	3,830,000
Bond interest and other charges					86,522	67,672	2,069,896	584,995	2,809,085
Financed purchases principal									36,629
Financed purchases interest									2,963
TOTAL EXPENDITURES	1,003,797	6,988,765	1,538,019	49	161,522	198,672	5,314,896	1,282,959	17,687,368
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(996,460)	(6,454,286)	(1,252,531)	(49)	(160,315)	(196,788)	1,680,939	(1,280,598)	(4,124,520)
OTHER FINANCING SOURCES (USES)									
Transfers in					164,976	244,853		994,995	1,404,834
Transfers out							(994,995)		(2,578,864)
Contribution to library									(273,654)
Bond proceeds			25,286,504					493,496	25,780,000
TOTAL OTHER FINANCING SOURCES (USES)			25,286,504		164,976	244,853	(994,995)	1,488,491	24,332,316
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(996,460)	(6,454,286)	24,033,973	(49)	4,661	48,065	685,944	207,893	20,207,796
FUND BALANCES - JANUARY 1	1,105,094	49,665,689		49	188,669	161,887	3,754,398		59,042,213
FUND BALANCES - DECEMBER 31	\$ 108,634	\$ 43,211,403	\$ 24,033,973	\$ 0	\$ 193,330	\$ 209,952	\$ 4,440,342	\$ 207,893	\$ 79,250,009

CITY OF CABOT, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Act 833 Fire Protection	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.
District 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.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Boundary Street Improvement	Established to account for bonds collected for street improvements in new subdivisions as authorized by Cabot Ordinance no. 25 (June 13, 1994).
Senior Citizen/Health/Library	Cabot Ordinance no. 10 (May 19, 2008) established fund to receive property tax millage for maintenance.
District Court Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Street Bond Refund	Established to account for refunding of bonds from Boundary Street Improvement.
Public Safety and Equipment	Cabot Ordinance no. 18 (November 15, 2010) established fund to receive 10% of court fines.
Sidewalk	Cabot Ordinance no. 17 (November 15, 2010) established fund to receive property taxes for sidewalk projects.
Fire Apparatus	Cabot Ordinance no. 8 (May 18, 2015) established fund to receive property taxes for fire apparatus.
Community and Economic Development	Cabot Ordinance no. 22 (May 21, 2018) established fund to account for the business license fees collected in accordance with Cabot Ordinance no. 6 of 2017 (April 17, 2017).
Franchise Fees	Cabot Ordinance no. 8 (February 22, 2018) established to account for franchise fees collected to repay the Franchise Fee Revenue Bonds, Series 2018.

CITY OF CABOT, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Incarceration Fees	Ark. Code Ann. § 16-17-129 established fund to authorize the City to levy up to an additional \$20 fine to defray the expense of incarcerating city prisoners.
People Experiencing Activities, Arts, and Knowledge (PEAK) Center Millage	Cabot Resolution no. 30 (May 3, 2021) established fund to receive property tax millage for operations.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Advertising and Promotion Commission Grants	Established to account for grant monies from the Advertising and Promotion Commission to help offset the cost of events or programs that promote tourism and economics.
Arkansas Community and Economic Development Program Project	The Arkansas Community and Economic Development Program, which is funded through the Community Development Block Grant (CDBG) Program, provides federal funding to eligible cities for community and economic development and improvement projects.
2021 Capital Projects Franchise Fee	Cabot Ordinance no. 34 (September 20, 2021) established a capital projects fund to pay all or a portion of the cost of capital improvements for the City, funding a debt service reserve, paying a premium for the insurance policy and paying expenses of issuing the 2021 bonds.
2021 Capital Projects Sales and Use Tax	Cabot Ordinance no. 12 (August 24, 2021) established a capital projects fund to pay all or a portion of the costs of various capital improvements for the City.
2022 Capital Projects	Cabot Ordinance no.10 (April 4, 2022) established a capital projects fund to pay all or a portion of the costs of various capital improvements for the City.
2013 Debt Service Bond/Reserve	Cabot Ordinance no. 11 (May 16, 2013) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
2018 Debt Service Bond/Reserve Franchise Fee	Cabot Ordinance no. 8 (February 22, 2018) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund equal to one-half of the maximum annual debt service requirements on the bonds.

CITY OF CABOT, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
2021 Debt Service Bond/Reserve Franchise Fee	Cabot Ordinance no. 34 (September 20, 2021) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
2021 Debt Service Bond/Reserve Sales and Use Tax	Cabot Ordinance no. 12 (August 24, 2021) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
2022 Debt Service Bond/Reserve	Cabot Ordinance no. 10 (April 4, 2022) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
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.

CITY OF CABOT, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)

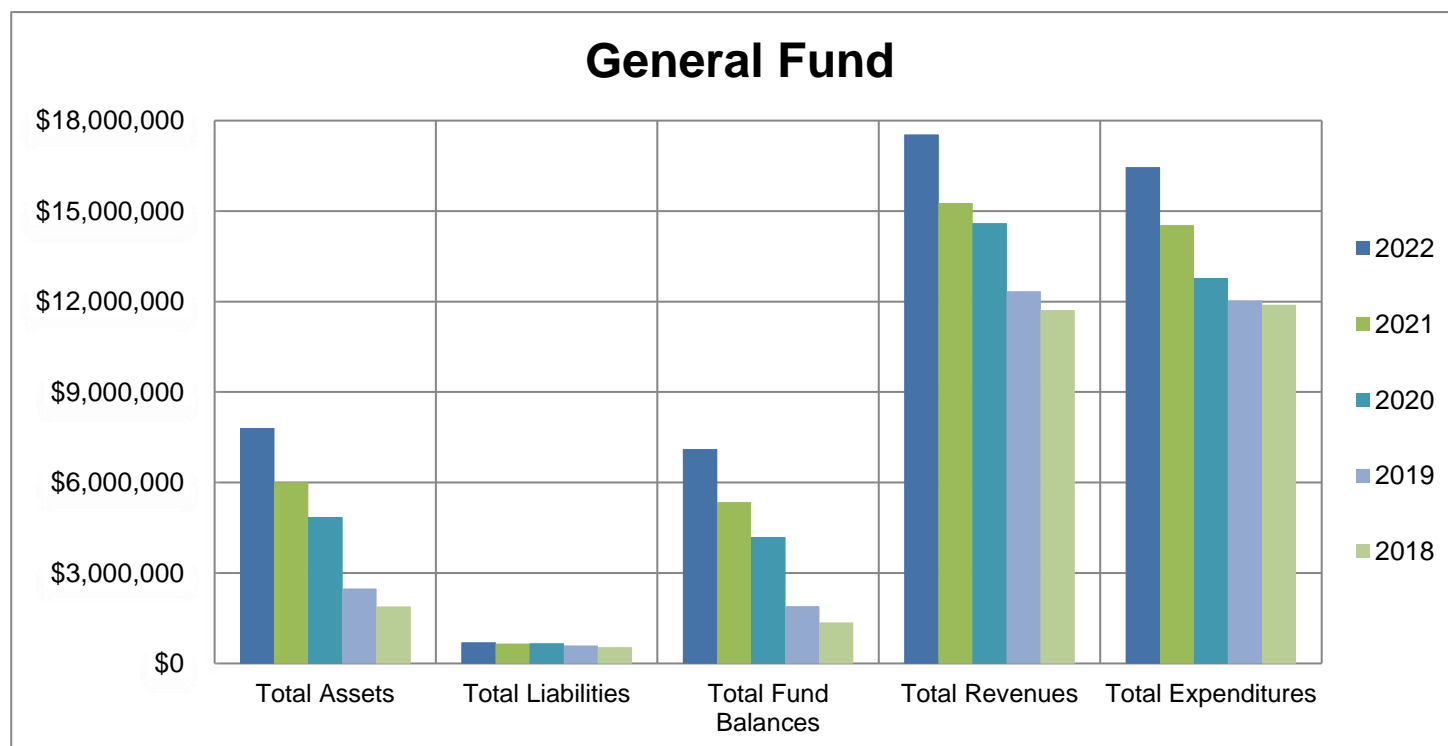
Schedule 3

	December 31, 2022
Land	\$ 2,841,669
Buildings	15,732,828
Equipment	7,284,110
Construction in progress	<u>6,426,585</u>
Total	<u><u>\$ 32,285,192</u></u>

CITY OF CABOT, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-1

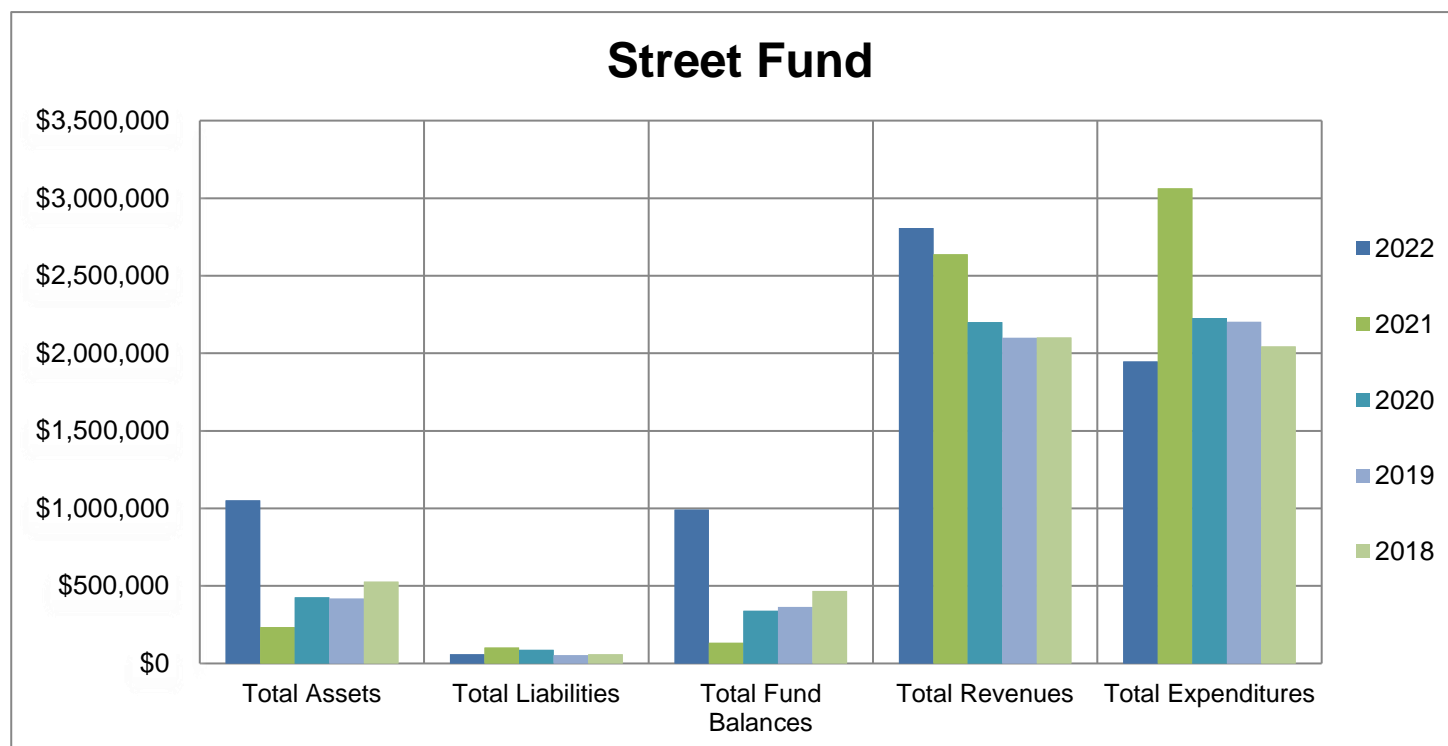
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 7,803,583	\$ 5,999,925	\$ 4,851,972	\$ 2,482,919	\$ 1,886,608
Total Liabilities	700,114	653,204	664,111	586,921	535,815
Total Fund Balances	7,103,469	5,346,721	4,187,861	1,895,998	1,350,793
Total Revenues	17,538,285	15,260,426	14,593,674	12,339,784	11,706,838
Total Expenditures	16,452,447	14,536,817	12,778,747	12,029,734	11,889,423
Total Other Financing Sources/Uses	670,910	435,251	476,936	263,335	(185,115)



CITY OF CABOT, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-2

Street	2022	2021	2020	2019	2018
Total Assets	\$ 1,050,646	\$ 234,511	\$ 426,113	\$ 417,241	\$ 527,406
Total Liabilities	59,059	102,068	87,405	52,956	59,714
Total Fund Balances	991,587	132,443	338,708	364,285	467,692
Total Revenues	2,806,107	2,638,492	2,201,021	2,099,265	2,101,475
Total Expenditures	1,946,963	3,063,543	2,226,598	2,202,672	2,042,821
Total Other Financing Sources/Uses		218,786			265,494



CITY OF CABOT, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 80,178,182	\$ 59,265,507	\$ 4,949,323	\$ 8,399,779	\$ 8,184,429
Total Liabilities	928,173	223,294	133,721	182,809	210,493
Total Fund Balances	79,250,009	59,042,213	4,815,602	8,216,970	7,973,936
Total Revenues	13,562,848	12,046,576	8,134,349	7,900,702	6,956,642
Total Expenditures	17,687,368	6,911,850	7,370,494	6,669,143	8,004,173
Total Other Financing Sources/Uses	24,332,316	49,091,885	(4,165,223)	(991,444)	1,820,582

