

City of Clarksville, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF CLARKSVILLE, ARKANSAS
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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

Independent Auditor's Report

City of Clarksville, 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 Clarksville, 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 Clarksville, 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 Clarksville, 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 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 other funds under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, 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
April 30, 2024
LOM102022



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 Clarksville, 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 the City of Clarksville, 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 April 30, 2024. 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 April 30, 2024.

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, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
April 30, 2024

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 Clarksville, 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: David Rieder
Clerk/Treasurer: Barbara Blackard
District Court Clerk: Dianna Sadler (Resigned May 10, 2022)
Abbie Yarbrough (May 11, 2022 through November 17, 2022)
Sierra Garcia (November 18, 2022 through December 31, 2022)
Police Chief: Jeff Ross

No issues came to our attention that we considered necessary to report to management.

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
April 30, 2024

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 14,800,132	\$ 462,560	\$ 9,681,035
Accounts receivable	929,845		282,044
Interfund receivables	17,678		68,132
	<u>15,747,655</u>	<u>462,560</u>	<u>10,031,211</u>
TOTAL ASSETS	<u>\$ 15,747,655</u>	<u>\$ 462,560</u>	<u>\$ 10,031,211</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 485,273	\$ 832	\$ 85,796
Interfund payables			85,810
Settlements pending			425,900
Total Liabilities	<u>485,273</u>	<u>832</u>	<u>597,506</u>
Fund Balances:			
Restricted		461,728	9,433,705
Assigned	7,311,663		
Unassigned	7,950,719		
Total Fund Balances	<u>15,262,382</u>	<u>461,728</u>	<u>9,433,705</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,747,655</u>	<u>\$ 462,560</u>	<u>\$ 10,031,211</u>

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

CITY OF CLARKSVILLE, 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	\$ 461,833	\$ 809,924	\$ 49,619
Federal aid	261,234		1,023,297
Property taxes	296,374	202,617	
Franchise fees	1,087,745		
Sales taxes	4,647,358		3,122,324
Fines, forfeitures, and costs	261,267		44,337
Interest	82,707	3,687	109,163
Local permits and fees	59,733		
Gas and oil company reimbursements	8,875		
Advertising and promotion taxes	377,452		46,405
Park fees, rentals, and sales	313,917		
Airport hangar fees and fuel sales	131,245		
Other	334,354	14,608	517
TOTAL REVENUES	8,324,094	1,030,836	4,395,662
EXPENDITURES			
Current:			
General government	1,080,068		31,160
Law enforcement	1,079,941		1,618,725
Highways and streets	667,977	1,229,714	
Public safety	394,053		71,653
Sanitation	62,114		
Recreation and culture	1,467,757		2,285,459
Advertising and promotion			29,093
Airport	481,324		
Total Current	5,233,234	1,229,714	4,036,090
Debt Service:			
Bond principal			2,090,000
Bond interest and other charges			268,867
TOTAL EXPENDITURES	5,233,234	1,229,714	6,394,957

CITY OF CLARKSVILLE, 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	<u>\$ 3,090,860</u>	<u>\$ (198,878)</u>	<u>\$ (1,999,295)</u>
OTHER FINANCING SOURCES (USES) Contribution from water department	<u>229,407</u>		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,320,267	(198,878)	(1,999,295)
FUND BALANCES - JANUARY 1	<u>11,942,115</u>	<u>660,606</u>	<u>11,433,000</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 15,262,382</u></u>	<u><u>\$ 461,728</u></u>	<u><u>\$ 9,433,705</u></u>

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

CITY OF CLARKSVILLE, 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	\$ 370,000	\$ 461,833	\$ 91,833	\$ 777,220	\$ 809,924	\$ 32,704
Federal aid		261,234	261,234			
Property taxes	287,000	296,374	9,374	200,000	202,617	2,617
Franchise fees	893,000	1,087,745	194,745			
Sales taxes	4,044,979	4,647,358	602,379			
Fines, forfeitures, and costs	221,500	261,267	39,767			
Interest	57,775	82,707	24,932	2,500	3,687	1,187
Local permits and fees	50,000	59,733	9,733			
Gas and oil company reimbursements	4,500	8,875	4,375			
Advertising and promotion taxes	299,000	377,452	78,452			
Park fees, rentals, and sales	300,000	313,917	13,917			
Airport hangar fees and fuel sales	111,895	131,245	19,350			
Other	118,700	334,354	215,654	1,000	14,608	13,608
TOTAL REVENUES	6,758,349	8,324,094	1,565,745	980,720	1,030,836	50,116
EXPENDITURES						
Current:						
General government	1,202,974	1,080,068	122,906			
Law enforcement	2,321,009	1,079,941	1,241,068			
Highways and streets	722,044	667,977	54,067	1,261,668	1,229,714	31,954
Public safety	431,411	394,053	37,358			
Sanitation	66,755	62,114	4,641			
Recreation and culture	1,703,668	1,467,757	235,911			
Airport	1,871,223	481,324	1,389,899			
TOTAL EXPENDITURES	8,319,084	5,233,234	3,085,850	1,261,668	1,229,714	31,954
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,560,735)	3,090,860	4,651,595	(280,948)	(198,878)	82,070
OTHER FINANCING SOURCES (USES)						
Transfers in	459,925		(459,925)			
Transfers out	(110,000)		110,000			
Contribution from water department	211,408	229,407	17,999			
TOTAL OTHER FINANCING SOURCES (USES)	561,333	229,407	(331,926)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(999,402)	3,320,267	4,319,669	(280,948)	(198,878)	82,070
FUND BALANCES - JANUARY 1	9,203,288	11,942,115	2,738,827	2,158,415	660,606	(1,497,809)
FUND BALANCES - DECEMBER 31	\$ 8,203,886	\$ 15,262,382	\$ 7,058,496	\$ 1,877,467	\$ 461,728	\$ (1,415,739)

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Clarksville 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: Clarksville Connected Utilities Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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 the Capital Projects Fund reported with other funds in the aggregate.

CITY OF CLARKSVILLE, 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 the Debt Service Fund 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.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and money market accounts, and certificates of deposit.

Settlements Pending

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

Fund Balance Classifications

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

CITY OF CLARKSVILLE, 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 (Continued)

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.

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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)	\$ 1,000,000	\$ 1,000,000
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	16,649,269	19,688,843
Uncollateralized	<u>7,293,143</u>	<u>7,293,143</u>
Total Deposits	<u>\$ 24,942,412</u>	<u>\$ 27,981,986</u>

The above total deposits do not include cash on hand of \$1,315.

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 addressing custodial credit risk. As of December 31, 2022, the City had \$7,293,143 of uninsured, uncollateralized bank deposits that 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.

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments (Continued)

Pension Trust Funds

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

NOTE 4: Accounts Receivable

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

Description	General Fund	Other Funds in the Aggregate
Federal aid	\$ 224,176	
Franchise fees	181,978	
Sales taxes	405,519	\$ 272,529
Fines, forfeitures, and costs	32,270	3,831
Interest	4,156	
Local permits and fees	90	
Gas and oil company reimbursements	767	
Advertising and promotion taxes	34,206	5,684
Park fees, rentals, and sales	335	
Airport hangar fees and fuel sales	531	
Other	10,053	
Contribution from water department	35,764	
	<u>\$ 929,845</u>	<u>\$ 282,044</u>
Totals	<u>\$ 929,845</u>	<u>\$ 282,044</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	<u>\$ 485,273</u>	<u>\$ 832</u>	<u>\$ 85,796</u>

CITY OF CLARKSVILLE, 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	\$ 17,678	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Advertising and Promotion		\$ 2,842
Aquatic Maintenance	34,066	14,836
Police Maintenance	17,033	
Fire Maintenance	17,033	
Debt Service Funds:		
2021 Sales and Use Tax Capital Improvement and Refunding Bonds		68,132
Totals	<u>\$ 85,810</u>	<u>\$ 85,810</u>

Interfund receivables and payables consist of sales tax revenues that are transferred between funds. The sales tax was transferred in January 2023.

NOTE 7: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 2,392
Law enforcement			609,971
Highways and streets		\$ 461,728	
Public safety			730,797
Recreation and culture			602,271
Advertising and promotion			69,785
Capital outlay			6,730,124
Debt service			688,365
Total Restricted		<u>461,728</u>	<u>9,433,705</u>
Assigned to:			
General government	\$ 1,183,670		
Law enforcement	13,778		
Highways and streets	5,883,953		
Recreation and culture	175,415		
Airport	54,847		
Total Assigned	<u>7,311,663</u>		
Unassigned	<u>7,950,719</u>		
Totals	<u>\$ 15,262,382</u>	<u>\$ 461,728</u>	<u>\$ 9,433,705</u>

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

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 \$30,428,354. 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 \$7,829,787. There were no short-term financing obligations.

NOTE 9: Commitments

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

	December 31, 2022
Long-term liabilities	\$ 11,185,741
Construction contracts	<u>5,670,633</u>
Total Commitments	<u>\$ 16,856,374</u>

Long-term liabilities

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

	December 31, 2022
<u>Bonds</u>	
Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, dated October 19, 2021, in the amount of \$12,715,000, due in annual installments of \$935,000 - \$1,565,000 plus interest through November 1, 2031; interest from 1% - 3%. Payments are to be made from the 2021 Sales and Use Tax Capital Improvement and Refunding Bonds Debt Service Fund.	\$ 10,625,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>560,741</u>
Total Long-term liabilities	<u>\$ 11,185,741</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 \$10,625,000 contains a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 51% 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 CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9: Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

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>					
10/19/21	11/1/31	1 - 3%	<u>\$ 12,715,000</u>	<u>\$ 10,625,000</u>	<u>\$ 2,090,000</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	<u>\$ 12,715,000</u>	<u>\$ 0</u>	<u>\$ 2,090,000</u>	<u>\$ 10,625,000</u>

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2023	\$ 1,165,000	\$ 220,738	\$ 1,385,738
2024	1,205,000	185,787	1,390,787
2025	1,235,000	149,638	1,384,638
2026	1,270,000	112,587	1,382,587
2027	1,315,000	74,488	1,389,488
2028 through 2031	<u>4,435,000</u>	<u>141,812</u>	<u>4,576,812</u>
Totals	<u>\$ 10,625,000</u>	<u>\$ 885,050</u>	<u>\$ 11,510,050</u>

Construction Contracts

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

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2022
Lake Ludwig Bike Trails	December 16, 2023	\$ 52,969
Clarksville Soccer Complex	April 30, 2024	326,164
Marvin Vinson Building Addition	May 31, 2024	<u>5,291,500</u>
Total Construction Contracts		<u>\$ 5,670,633</u>

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

NOTE 10: Pledged Revenues

The City pledged future .75% temporary sales and use taxes and .25% permanent sales and use tax revenues to repay \$12,715,000 in Series 2021 bonds that were issued in 2021 to refund the City's Sales and Use Tax Capital Improvement Bonds, Series 2011 and 2012, respectively, and provide funding for various improvement projects. Collection of these taxes commenced on April 1, 2012. Total principal and interest remaining on the Series 2021 bonds are \$10,625,000 and \$885,050, respectively, payable through November 1, 2031. For 2022, principal and interest paid were \$2,090,000 and \$265,317, respectively.

The Debt Service Fund received \$2,341,744 in sales taxes in 2022. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for redemption of Series 2021 Bonds, payments of any arbitrage rebates, and payments to Trustee and Paying Agent fees and expenses. Permanent sales taxes collected shall be used to make debt service payments if the temporary tax collections are unable to meet debt service obligations. However, any permanent taxes not needed for debt service obligations shall be allocated and used as follows:

- 50% for operation of the Aquatic Center and other park facilities
- 25% for operation and maintenance expenses associated with Police Department Operations
- 25% for operation and maintenance expenses associated with Fire Department Operations

Permanent sales taxes collected totaled \$780,580 in 2022.

NOTE 11: Related Party Transactions

During 2022, the City received franchise fees from Clarksville Connected Utilities (formerly Clarksville Light & Water) in the amount \$941,020 and contributions in the amount of \$229,407.

NOTE 12: Jointly Governed Organizations

Fifth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Franklin, Johnson, and Pope Counties, and the Police Departments of Clarksville, Ozark, and Russellville entered into an agreement to establish the Fifth Judicial Drug Task Force (Task Force). Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Task Force are not available. The City did not contribute any funding to the Task Force during 2022.

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Alma, Atkins, Booneville, Charleston, Clarksville, Dardanelle, Morrilton, Ozark, Paris, Russellville, Waldron, and Van Buren entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The City did not provide any funding to the District. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

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 purchased commercial insurance for coverage of property and equipment. Coverage is based on the cost of the replacement of equipment less the \$5,000 deductible.

CITY OF CLARKSVILLE, 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:

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

Municipal Vehicle Program

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

Municipal 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 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.

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

NOTE 14: Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)

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 \$126,846 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$88,896 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 \$2,368,941.

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.

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 \$221,301 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 \$1,863,379.

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

NOTE 16: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid surviving spouse of former Mayor Marvin Vinson \$5,116 , for the year ended December 31, 2022.

NOTE 17: 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/Treasurer Metta Holman \$14,132, for the year ended December 31, 2022.

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 was awarded \$2,022,914 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$2,022,914 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 19: Interlocal Agreement

9-1-1 Communication System

The County entered into an interlocal agreement dated March 17, 2021, with the Cities of Clarksville, Coal Hill, and Lamar. The purpose of this agreement is to establish a permanent and perpetual relationship in order to provide all persons, businesses, and residences in Johnson County, Arkansas, the services of an enhanced 9-1-1 emergency telephone system. The Johnson County Sheriff's office will act as 911 administrator under the supervision and control of the Johnson County Judge. An election was held and the people approved the measure to implement the enhanced 9-1-1 emergency telephone system and to provide the necessary service charge. The County will initially pay all expenses incurred for operation and management of the program. The County and the cities will participate in a cost sharing agreement as follows: City of Clarksville, 60%; Johnson County, 35%; and 5% split between the Cities of Coal Hill and Lamar. The cost sharing will equitably allocate the expenses for the 911 Emergency Dispatch.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance	American Rescue Plan Act
ASSETS									
Cash and cash equivalents	\$ 66,943	\$ 87,164	\$ 74,556	\$ 35,256	\$ 2,569	\$ 583,041	\$ 430,614	\$ 679,457	\$ 2,392
Accounts receivable	5,684	341	1,254		2,236				
Interfund receivables						34,066	17,033	17,033	
TOTAL ASSETS	<u>\$ 72,627</u>	<u>\$ 87,505</u>	<u>\$ 75,810</u>	<u>\$ 35,256</u>	<u>\$ 4,805</u>	<u>\$ 617,107</u>	<u>\$ 447,647</u>	<u>\$ 696,490</u>	<u>\$ 2,392</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 383	\$ 713	\$ 3,774		\$ 1,639	\$ 236	
Interfund payables	\$ 2,842					\$ 14,836			
Settlements pending									
Total Liabilities	<u>2,842</u>		<u>383</u>	<u>713</u>	<u>3,774</u>	<u>14,836</u>	<u>1,639</u>	<u>236</u>	
Fund Balances:									
Restricted	<u>69,785</u>	<u>\$ 87,505</u>	<u>75,427</u>	<u>34,543</u>	<u>1,031</u>	<u>602,271</u>	<u>446,008</u>	<u>696,254</u>	<u>\$ 2,392</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,627</u>	<u>\$ 87,505</u>	<u>\$ 75,810</u>	<u>\$ 35,256</u>	<u>\$ 4,805</u>	<u>\$ 617,107</u>	<u>\$ 447,647</u>	<u>\$ 696,490</u>	<u>\$ 2,392</u>

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

Schedule 1

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	CUSTODIAL FUNDS			
	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	2021 Sales and Use Tax Capital Improvement and Refunding Bonds -Debt Service	District Court	Administration of Justice	Tax and Loan	Totals
ASSETS						
Cash and cash equivalents	\$ 6,809,175	\$ 483,968	\$ 424,227	\$ 1,560	\$ 113	\$ 9,681,035
Accounts receivable		272,529				282,044
Interfund receivables						68,132
TOTAL ASSETS	<u>\$ 6,809,175</u>	<u>\$ 756,497</u>	<u>\$ 424,227</u>	<u>\$ 1,560</u>	<u>\$ 113</u>	<u>\$ 10,031,211</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 79,051					\$ 85,796
Interfund payables		\$ 68,132				85,810
Settlements pending			\$ 424,227	\$ 1,560	\$ 113	425,900
Total Liabilities	<u>79,051</u>	<u>68,132</u>	<u>424,227</u>	<u>1,560</u>	<u>113</u>	<u>597,506</u>
Fund Balances:						
Restricted	<u>6,730,124</u>	<u>688,365</u>				<u>9,433,705</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,809,175</u>	<u>\$ 756,497</u>	<u>\$ 424,227</u>	<u>\$ 1,560</u>	<u>\$ 113</u>	<u>\$ 10,031,211</u>

CITY OF CLARKSVILLE, 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								
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance	American Rescue Plan Act
REVENUES									
State aid				\$ 49,619					
Federal aid							\$ 11,846		\$ 1,011,451
Sales taxes						\$ 390,290	195,145	\$ 195,145	
Fines, forfeitures, and costs		\$ 3,753	\$ 10,760		\$ 29,824				
Interest	\$ 504	640	689	470	68	4,194	2,907	4,573	8,530
Advertising and promotion taxes	46,405								
Other				517					
TOTAL REVENUES	46,909	4,393	11,449	50,606	29,892	394,484	209,898	199,718	1,019,981
EXPENDITURES									
Current:									
General government									31,160
Law enforcement			37,225		45,058		127,671		1,408,771
Public safety				65,378				4,660	1,615
Recreation and culture						415,557			3,616
Advertising and promotion	29,093								
Total Current	29,093		37,225	65,378	45,058	415,557	127,671	4,660	1,445,162
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES	29,093		37,225	65,378	45,058	415,557	127,671	4,660	1,445,162
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	17,816	4,393	(25,776)	(14,772)	(15,166)	(21,073)	82,227	195,058	(425,181)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	17,816	4,393	(25,776)	(14,772)	(15,166)	(21,073)	82,227	195,058	(425,181)
FUND BALANCES - JANUARY 1	51,969	83,112	101,203	49,315	16,197	623,344	363,781	501,196	427,573
FUND BALANCES - DECEMBER 31	\$ 69,785	\$ 87,505	\$ 75,427	\$ 34,543	\$ 1,031	\$ 602,271	\$ 446,008	\$ 696,254	\$ 2,392

CITY OF CLARKSVILLE, 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 FUND	DEBT SERVICE FUND	
	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	2021 Sales and Use Tax Capital Improvement and Refunding Bonds -Debt Service	Totals
REVENUES			
State aid			\$ 49,619
Federal aid			1,023,297
Sales taxes		\$ 2,341,744	3,122,324
Fines, forfeitures, and costs			44,337
Interest	\$ 75,497	11,091	109,163
Advertising and promotion taxes			46,405
Other			517
TOTAL REVENUES	75,497	2,352,835	4,395,662
EXPENDITURES			
Current:			
General government			31,160
Law enforcement			1,618,725
Public safety			71,653
Recreation and culture	1,866,286		2,285,459
Advertising and promotion			29,093
Total Current	1,866,286		4,036,090
Debt Service:			
Bond principal		2,090,000	2,090,000
Bond interest and other charges		268,867	268,867
TOTAL EXPENDITURES	1,866,286	2,358,867	6,394,957
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,790,789)	(6,032)	(1,999,295)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,790,789)	(6,032)	(1,999,295)
FUND BALANCES - JANUARY 1	8,520,913	694,397	11,433,000
FUND BALANCES - DECEMBER 31	\$ 6,730,124	\$ 688,365	\$ 9,433,705

CITY OF CLARKSVILLE, 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>
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. Clarksville Ordinance no. 15-736 (January 12, 2015) established fund to accumulate an additional 1% tax upon the gross receipts of hotels and motels in the city.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive court costs to be used for housing prisoners.
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.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Jail	Ark. Code Ann. § 16-17-129 established fund to receive \$20 additional fee from each defendant who pleads guilty, nolo contendere, is found guilty of or forfeits bonds for any misdemeanor or traffic violation to be used for expenses of incarcerating city prisoners.
Aquatic Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Aquatic Center.
Police Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Police Department.
Fire Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Fire Department.
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.
2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	Created by the bond indenture to account for proceeds from Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, issued October 19, 2021. Bond proceeds will be used to finance all or a portion of the costs of various park and recreation facilities and improvements within the City.

CITY OF CLARKSVILLE, 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 Sales and Use Tax Capital Improvement and Refunding Bonds -Debt Service	Created by the bond indenture to account for monies used to pay principal and interest payments on Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, issued October 19, 2021 and to redeem outstanding Sales and Use Tax Capital Improvement Bonds, Series 2011 and Series 2012.
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.
Tax and Loan	Established to remit payroll taxes to the U.S. Treasury.

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

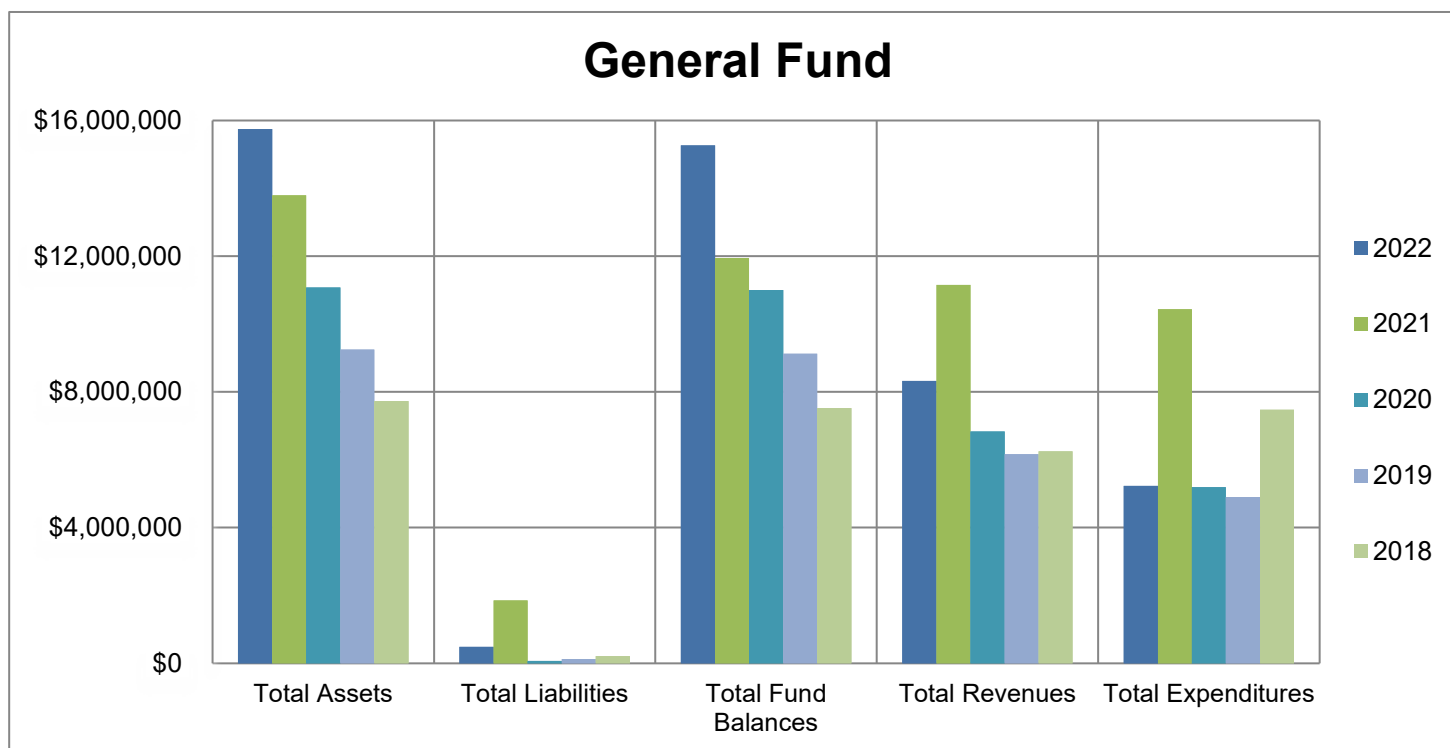
Schedule 3

	December 31, 2022
	<hr/>
Land	\$ 3,261,902
Buildings	19,572,470
Improvements	6,382,591
Equipment	7,822,030
Construction in progress	<hr/> 4,106,753
	<hr/>
Total	<u><u>\$ 41,145,746</u></u>

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

Schedule 4-1

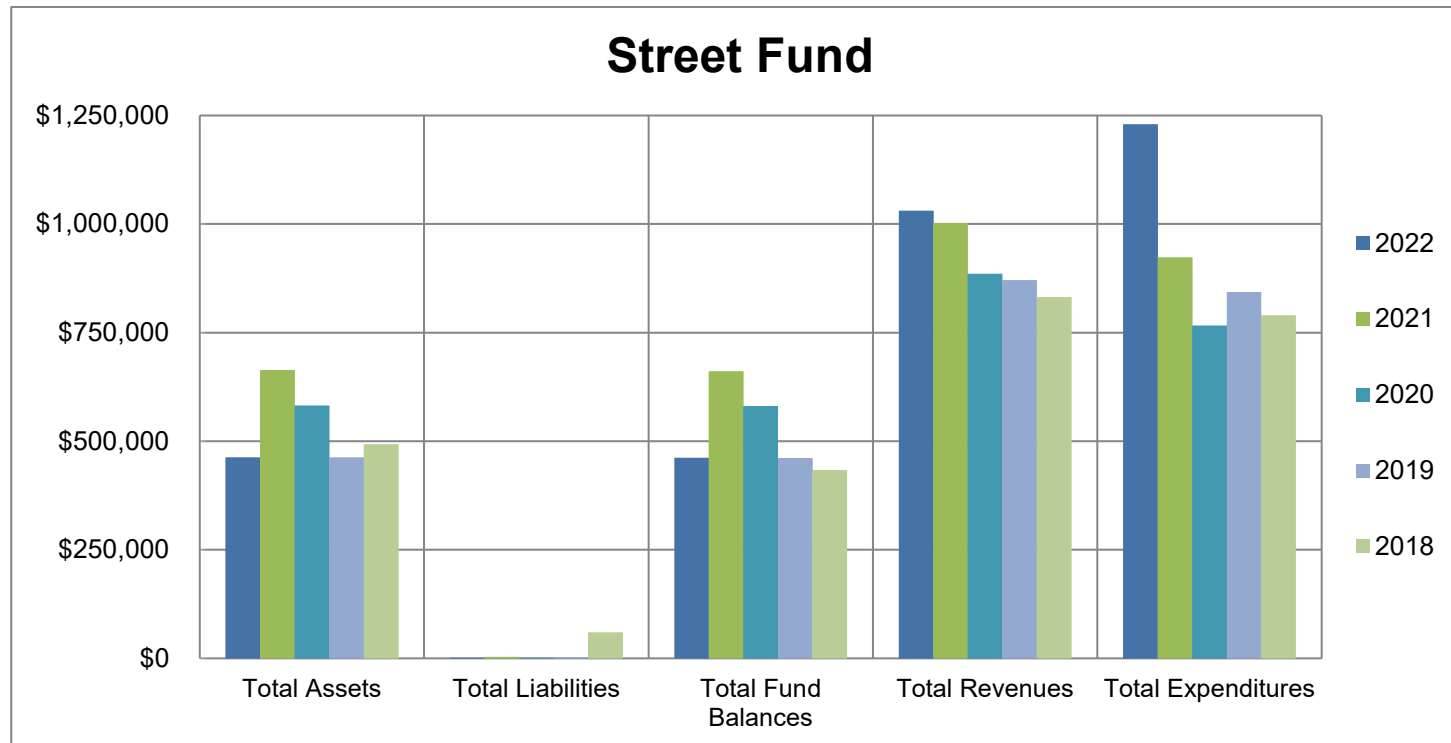
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 15,747,655	\$ 13,793,374	\$ 11,076,049	\$ 9,252,688	\$ 7,734,315
Total Liabilities	485,273	1,851,259	75,612	125,271	210,182
Total Fund Balances	15,262,382	11,942,115	11,000,437	9,127,417	7,524,133
Total Revenues	8,324,094	11,155,528	6,835,407	6,164,454	6,250,795
Total Expenditures	5,233,234	10,439,943	5,189,672	4,904,736	7,472,747
Total Other Financing Sources/Uses	229,407	226,093	227,285	243,321	855,615



CITY OF CLARKSVILLE, 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	\$ 462,560	\$ 663,681	\$ 581,952	\$ 462,765	\$ 492,639
Total Liabilities	832	3,075	1,187	1,841	59,036
Total Fund Balances	461,728	660,606	580,765	460,924	433,603
Total Revenues	1,030,836	1,002,812	885,686	871,008	831,668
Total Expenditures	1,229,714	922,971	765,845	843,687	789,283
Total Other Financing Sources/Uses					(446,159)



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

Schedule 4-3

Other Funds in the Aggregate	2022	2021	2020	2019	2018
Total Assets	\$ 10,031,211	\$ 11,817,214	\$ 4,441,277	\$ 4,180,557	\$ 3,932,816
Total Liabilities	597,506	384,214	219,678	276,972	294,362
Total Fund Balances	9,433,705	11,433,000	4,221,599	3,903,585	3,638,454
Total Revenues	4,395,662	3,970,166	2,607,959	2,522,316	2,428,021
Total Expenditures	6,394,957	3,236,035	2,289,945	2,257,185	2,267,401
Total Other Financing Sources/Uses		6,477,270			(132,116)

