

City of Eureka Springs, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF EUREKA SPRINGS, ARKANSAS
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Senate Chair
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Rep. Jimmy Gazaway
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

City of Eureka Springs, 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 Eureka Springs, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Eureka Springs, Arkansas as of December 31, 2021; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Eureka Springs, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included some funds under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 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

A handwritten signature in cursive script, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
May 11, 2023
LOM103321

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

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 Eureka Springs, 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 Eureka Springs, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated May 11, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as item 2021-1, that we consider to be a material weakness.

2021-1 Arkansas Code requires management to maintain financial records. The City's financial records contained errors that were considered material as noted below:

- General Fund financial records contained misstatements in assets, liabilities, revenues, and expenditures of \$309,671, \$36,802, \$155,650, and \$147,899, respectively, due to errors in cash, unrecorded receivables, classification errors, and posting errors.
- Other Funds in the Aggregate contained misstatements in assets, liabilities, revenues, and expenditures of \$1,113,244, \$508,234, \$694,399, and \$35,018, respectively, due to errors in cash, classification errors, and posting errors.

A similar finding was reported in the previous report.

The effect of these errors constitutes a control deficiency in the process of preparing financial statements. City management should implement procedures to ensure financial records are properly posted.

The Mayor and Finance Director concurred with the above recommendations and have approved the appropriate adjustments to the City's financial records.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our test disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Report on Internal Control over Financial Reporting section as item 2021-1.

We also reported to management of the City in a separate letter dated May 11, 2023.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described previously. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to 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", is written over a horizontal line.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
May 11, 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 Eureka Springs, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

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

Mayor: Robert B. Berry
Recorder/Treasurer: Ann Armstrong
District Court Clerk: Jessica Perew
Police Chief: Brian Young
City Advertising and Promotion Commission Chairperson: Jeff Carter
Historic District Commission Chairperson: Dee Bright
Parks and Recreation Commission Chairperson: Kevin Ruehle
Finance Director: Lonnie Clark
Cemetery Commission Chairperson: Susan Tharp (resigned August 11, 2021)
Roderick Beattie (appointed August 11, 2021)

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

Mayor

An audit was not obtained for the City's Water and Waste Water Department for 2021, 2020, and 2019, as required by Ark. Code Ann. § 14-234-119. A similar finding was noted in the prior report.

Parks and Recreation Commission

Bank reconciliations were not properly prepared or approved by someone other than the person preparing the reconciliation, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports.

Receipts were not issued for all funds received as required by Ark. Code Ann. § 14-59-109. A similar finding was noted in the previous report.

Finance Director

Bank reconciliations were not properly prepared as required by Ark. Code Ann. § 14-59-108 for the following bank accounts: Transit, Administration of Justice, 2020 Bond Fund, 2020 Revenue Fund, LOPFI, General Fund, and Payroll. A similar finding was noted in the previous audit.

A fixed asset listing was established, but records were not updated to include additions, deletions, or control totals, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous report.

Cemetery Commission

Bank reconciliations were not properly prepared, as required by Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports.

City Advertising and Promotion Commission

Competitive bids were not solicited for a piece of equipment and professional services, in noncompliance with Ark. Code Ann. §§ 14-58-303, 19-11-801 – 807, respectively.

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". The signature is fluid and cursive, with the first name "Timothy" being more prominent.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
May 11, 2023

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,363,969	\$ 1,521,641	\$ 4,191,438
Investments			748,365
Accounts receivable	337,332	75,268	598,083
Interfund receivables	41,912		61,868
	<u>2,743,213</u>	<u>1,596,909</u>	<u>5,599,754</u>
TOTAL ASSETS	<u>\$ 2,743,213</u>	<u>\$ 1,596,909</u>	<u>\$ 5,599,754</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 53,794	\$ 4,778	\$ 6,470
Interfund payables	58,947		44,833
Settlements pending			77,085
Total Liabilities	<u>112,741</u>	<u>4,778</u>	<u>128,388</u>
Fund Balances:			
Restricted		1,592,131	4,190,625
Committed			42,646
Assigned	97,850		1,238,095
Unassigned	2,532,622		
Total Fund Balances	<u>2,630,472</u>	<u>1,592,131</u>	<u>5,471,366</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,743,213</u>	<u>\$ 1,596,909</u>	<u>\$ 5,599,754</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 61,972	\$ 172,742	\$ 176,056
Federal aid	1,096	50,000	972,763
Property taxes	251,836	88,384	35,339
Franchise fees	54,100		297,085
Sales taxes	1,050,319	533,816	2,097,132
Fines, forfeitures, and costs	89,728		10,126
Interest and dividends	8,375	4,482	64,557
Local permits and fees	356,479		284,572
Advertising and promotion taxes			1,995,115
Parking meter fees and fines	150,294		
Ambulance fees	758,192		
Employee contributions	74,342		
Walton Family Foundation Grant			29,147
Trolley passenger fares			435,490
Promoter ticket sales			186,306
Net increase/(decrease) in fair value of investments			25,386
Other	191,502	2,944	88,334
TOTAL REVENUES	3,048,235	852,368	6,697,408
EXPENDITURES			
Current:			
General government	854,787		465,002
Law enforcement	1,368,928		128,875
Highways and streets		551,973	29,118
Public safety	1,245,423		145,070
Recreation and culture	101,579		1,094,704
Advertising and promotion			1,382,659
Public transit			989,050
Cemetery	39,869		32,696
Wastewater			55,259
Recycling	29,183		
Total Current	3,639,769	551,973	4,322,433
Debt Service:			
Bond principal			268,140
Bond interest and other charges			33,768
Lease principal			8,338
Lease interest			4,710
Principal on prommissory note			27,342
Interest on promissory note			1,413
TOTAL EXPENDITURES	3,639,769	551,973	4,666,144

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (591,534)</u>	<u>\$ 300,395</u>	<u>\$ 2,031,264</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,187,125		142,315
Transfers out	(113,197)	(29,118)	(1,187,125)
Contribution from water department			37,451
Proceeds from energy equipment lease			458,602
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,073,928</u>	<u>(29,118)</u>	<u>(548,757)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	482,394	271,277	1,482,507
FUND BALANCES - JANUARY 1	<u>2,148,078</u>	<u>1,320,854</u>	<u>3,988,859</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,630,472</u></u>	<u><u>\$ 1,592,131</u></u>	<u><u>\$ 5,471,366</u></u>

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

CITY OF EUREKA SPRINGS, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 51,149	\$ 61,972	\$ 10,823	\$ 140,000	\$ 172,742	\$ 32,742
Federal aid	3,969	1,096	(2,873)		50,000	50,000
Property taxes	326,600	251,836	(74,764)	82,000	88,384	6,384
Franchise fees	48,600	54,100	5,500			
Sales taxes	982,000	1,050,319	68,319	345,000	533,816	188,816
Fines, forfeitures, and costs	73,300	89,728	16,428			
Interest	19,500	8,375	(11,125)	10,800	4,482	(6,318)
Local permits and fees	256,025	356,479	100,454			
Parking meter fees and fines	113,700	150,294	36,594			
Ambulance fees	658,000	758,192	100,192			
Employee contributions	73,000	74,342	1,342			
Other	171,501	191,502	20,001	1,400	2,944	1,544
TOTAL REVENUES	2,777,344	3,048,235	270,891	579,200	852,368	273,168
EXPENDITURES						
Current:						
General government	1,132,548	854,787	277,761			
Law enforcement	1,596,114	1,368,928	227,186			
Highways and streets				955,234	551,973	403,261
Public safety	1,301,425	1,245,423	56,002			
Recreation and culture		101,579	(101,579)			
Cemetery		39,869	(39,869)			
Recycling		29,183	(29,183)			
TOTAL EXPENDITURES	4,030,087	3,639,769	390,318	955,234	551,973	403,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,252,743)	(591,534)	661,209	(376,034)	300,395	676,429
OTHER FINANCING SOURCES (USES)						
Transfers in	1,064,500	1,187,125	122,625			
Transfers out	(87,000)	(113,197)	(26,197)		(29,118)	(29,118)
TOTAL OTHER FINANCING SOURCES (USES)	977,500	1,073,928	96,428		(29,118)	(29,118)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(275,243)	482,394	757,637	(376,034)	271,277	647,311
FUND BALANCES - JANUARY 1	2,148,078	2,148,078	0	1,320,854	1,320,854	0
FUND BALANCES - DECEMBER 31	\$ 1,872,835	\$ 2,630,472	\$ 757,637	\$ 944,820	\$ 1,592,131	\$ 647,311

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

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Eureka Springs 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 Waste Water and Hospital 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, property taxes, and sales 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 (other than those financed by Enterprise Funds). See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

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

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government's policy is to establish fees or charges designed to recover the cost of providing services. See Schedules 1 and 2 for the Enterprise Fund reported with other funds in the aggregate.

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for the Pension Trust 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, savings, and money market accounts, and certificates of deposits.

Investments

Investments are reported at fair value.

Settlements Pending

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

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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)	\$ 1,595,956	\$ 1,698,273
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	6,392,120	6,537,506
Uncollateralized	76,472	76,472
Total Deposits	<u>\$ 8,064,548</u>	<u>\$ 8,312,251</u>

The above total deposits do not include cash on hand of \$12,500.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the City will not be able to recover deposits. A formal policy for custodial credit risk has not been adopted by the City. As of December 31, 2021, \$76,472 of the City's bank balances were exposed to custodial credit risk. The balance exposed to custodial credit risk was deposited in money market accounts which are invested exclusively in U.S. Treasury and Government Obligations and are not FDIC 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.

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.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2021 Fair Value
Trust:	
Firemen's Pension	\$ 748,365

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

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

The City's investments are composed of the following:

December 31, 2021 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual funds	\$ 748,365

Ark. Code Ann. § 24-11-216 authorizes the Firemen's Pension Board of Trustees to have full power to invest and reinvest monies in accordance with the rules promulgated by the Arkansas Fire and Police Pension Review Board. The code also states the Boards shall establish written investment policies to incorporate a rate of return that is at least equal to the rate of return of one-year United States Treasury notes. The 2020 asset allocation guidelines have been established as follows:

Asset Allocation	Minimum	Target	Maximum
Firemen's Pension			
Total Equity	20%	50%	60%
Fixed Income	20%	45%	90%
Real Estate	0%	0%	0%
Cash equivalents	0%	5%	30%

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following summary details the maturity dates in years:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Bond Mutual Funds	\$313,411	\$ 0	\$ 257,043	\$ 56,368	\$ 0

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: Public Fund Investments (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The risk is measured by the credit quality rating of investments in debt securities as described by nationally recognized statistical rating organizations. Obligations of or guaranteed by the U.S. Government are not considered to be exposed to credit risk and are not included in this disclosure. The City's exposure to credit risk as of December 31, 2021, is as follows:

	Fair Value
Bond Mutual Funds	
A	\$ 50,315
BB	56,368
B	206,728
Total	<u>\$ 313,411</u>

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either a counterparty or the counterparty's trust department or agent but not the City's name. The City has not adopted a formal investment policy addressing custodial credit risk. As of December 31, 2021, no investments were exposed to custodial credit risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The City has not adopted a formal policy addressing concentration of a credit risk. As of December 31, 2021, no investments in any one issuer represent more than 5% of total investments.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The City has not adopted a formal investment policy addressing foreign currency risk.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 6,340		
Federal aid			\$ 179,574
Property taxes	68,822	\$ 27,413	17,289
Franchise fees	4,277		45,659
Sales taxes	88,874	47,855	188,002
Fines, forfeitures, and costs	5,715		
Local permits and fees	19,157		
Advertising and promotion taxes			167,559
Parking meter fees and fines	4,181		
Ambulance fees	87,919		
Other	52,047		
Totals	<u>\$ 337,332</u>	<u>\$ 75,268</u>	<u>\$ 598,083</u>

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 53,794	\$ 4,778	\$ 6,470

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2021	
	Interfund Receivables	Interfund Payables
General Fund	\$ 41,912	\$ 58,947
Other Funds in the Aggregate:		
Special Revenue Funds:		
City Advertising and Promotion Commission		14,069
Parks and Recreation Commission	58,947	27,843
Capital Projects Funds:		
Capital Projects		2,921
Enterprise Funds:		
Transit	2,921	
Totals	\$ 103,780	\$ 103,780

Interfund receivables and payables consist of errors in depositing restricted revenues and posting errors. These balances are expected to be repaid in 2023.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 107,437
Law enforcement			12,071
Highways and streets		\$ 1,592,131	
Recreation and culture			518,317
Advertising and promotion			1,481,261
Cemetery			100,255
Pension benefits			843,204
Debt service			1,128,080
Total Restricted		<u>1,592,131</u>	<u>4,190,625</u>
Committed for:			
Cemetery			<u>42,646</u>
Assigned to:			
Law enforcement	\$ 97,850		
Public transit			615,249
Capital outlay			622,846
Total Assigned	<u>97,850</u>		<u>1,238,095</u>
Unassigned	<u>2,532,622</u>		
Totals	<u>\$ 2,630,472</u>	<u>\$ 1,592,131</u>	<u>\$ 5,471,366</u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$13,249,220. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$3,481,937. The amount of short-term financing obligations was \$37,113, leaving a legal debt margin of \$3,444,824.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments

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

	December 31, 2021
Long-term liabilities	\$ 2,285,753
Construction contracts	936,706
	<hr/>
Total Commitments	\$ 3,222,459
	<hr/>

Long-term liabilities

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

	December 31, 2021
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds, Series 2020 dated June 16, 2020, in the amount of \$1,840,566, due in annual installments of \$5,509 to \$292,615 plus interest through October 1, 2027; interest rate of 1.64%. Payments are to be made through the Debt Service Fund.	<hr/> \$ 1,566,917
<u>Direct Borrowings</u>	
Promissory Note dated October 24, 2019, in the amount of \$34,500 due in monthly installments of \$619 through October 24, 2024; interest rate of 2.91%. Payments are made from the Parks and Recreation Fund.	20,174
Promissory Note dated October 24, 2019, in the amount of \$28,958, due in monthly installments of \$520 through October 24, 2024; interest rate of 2.91%. Payments are made from the Parks and Recreation Fund.	16,939
On September 1, 2021, the City of Eureka Springs entered into an equipment lease purchase agreement in the amount of \$458,602, due in monthly installments of \$3,262 including interest, with Stone Bank for the purchase of energy saving improvements. Terms are set forth in the lease contract dated November 6, 2020, between the City of Eureka Springs and BancLeasing, LLC. at 4.153% and due in monthly installments over 16 years. Payments will be made from annually budgeted and legally available funds, but do not constitute pledge or specific revenue.	450,264
Total Direct Borrowings	<hr/> 487,377
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<hr/> 231,459
Total Long-term liabilities	<hr/> \$ 2,285,753
	<hr/>

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

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$1,566,917 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding notes and lease purchase agreement from direct borrowings of \$487,377 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, 2021	Maturities to December 31, 2021
<u>Bonds</u>					
6/16/20	10/1/27	1.64%	\$ 1,840,566	\$ 1,566,917	\$ 273,649
<u>Direct Borrowings</u>					
10/24/19	10/24/24	2.91%	34,500	20,174	14,326
10/24/19	10/24/24	2.91%	28,958	16,939	12,019
9/1/21	9/1/37	4.15%	458,602	450,264	8,338
Total Direct Borrowings			522,060	487,377	34,683
Total Long-Term Debt			<u>\$ 2,362,626</u>	<u>\$ 2,054,294</u>	<u>\$ 308,332</u>

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
Bonds payable	\$ 1,835,057	\$ 0	\$ 268,140	\$ 1,566,917
<u>Direct Borrowings</u>				
Notes payable	64,455		27,342	37,113
Capital leases		458,602	8,338	450,264
Total Direct Borrowings	64,455	458,602	35,680	487,377
Total Long-Term Debt	<u>\$ 1,899,512</u>	<u>\$ 458,602</u>	<u>\$ 303,820</u>	<u>\$ 2,054,294</u>

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 276,417	\$ 25,698	\$ 302,115	\$ 33,584	\$ 19,227	\$ 52,811
2023	278,825	21,164	299,989	34,847	17,964	52,811
2024	285,748	16,592	302,340	33,885	16,656	50,541
2025	286,954	11,905	298,859	23,599	15,545	39,144
2026	292,615	7,199	299,814	24,598	14,546	39,144
2027 through 2031	146,358	2,400	148,758	139,518	56,202	195,720
2032 through 2036				171,652	24,068	195,720
2037				25,694	402	26,096
Totals	<u>\$ 1,566,917</u>	<u>\$ 84,958</u>	<u>\$ 1,651,875</u>	<u>\$ 487,377</u>	<u>\$ 164,610</u>	<u>\$ 651,987</u>

Construction Contracts

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

Project Name	Completed	Contract Balance December 31, 2021
Nabholz Auditorium Remodel	November of 2022	\$ 222,234
Nabholz Public Works Maintenance Building	November of 2022	714,472
Total Construction Contracts		<u>\$ 936,706</u>

NOTE 11: Interfund Transfers

The Other Funds in the Aggregate (Debt Service Fund) transferred \$1,187,125 in excess sales taxes and franchise fees to the General Fund. The General Fund transferred the following amounts to the Other Funds in the Aggregate: \$19,100 to support Cemetery Commission operations; \$15,771 for debt service payments and \$78,326 for capital projects. The Street Fund transferred \$29,118 to the Other Funds in the Aggregate for capital projects.

NOTE 12: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$1,840,566 in bonds that were issued in 2020 to refund bonds issued in 2012. Total principal and interest remaining on the bonds are \$1,566,917 and \$84,958, respectively, payable through October 1, 2027. For 2021, principal and interest paid were \$268,140 and \$30,095, respectively.

The Debt Service Fund received \$1,525,187 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for lawful purposes of the City.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13: Joint Venture

The Cities of Eureka Springs, Berryville, and Green Forest and Carroll County entered into an agreement pursuant to Ark. Code Ann. §§ 14-233-101 – 14-233-121, creating the Carroll County Solid Waste Authority (CCSWA). On October 28, 2019, the Arkansas Pollution Control and Ecology Commission approved CCSWA to become a single county Regional Solid Waste Management District. On September 10, 2020, CCSWA board approved changing its name to Carroll County Solid Waste District (CCSWD). The CCSWD was established in an effort to adequately, reliably, and economically dispose of the Cities' and County's solid waste. Payment in the amount of \$15,000 was made to the CCSWD during the 2021 year. Separate financial statements of the CCSWD are available at: 3190 East Van Buren Street, Eureka Springs, AR 72632.

NOTE 14: Risk Management

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

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

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

Municipal Vehicle Program

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

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

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

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14: Risk Management (Continued)

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

NOTE 15: Firemen's Pension and Relief Plan

Plan Description

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

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$36,337 for the year ended December 31, 2021. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2021 actuarial valuation, the plan has a net pension liability of \$ 0.

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$167,960 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$120,416 for the year ended December 31, 2021.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16: Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$1,594,659.

NOTE 17: 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. 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 \$9,893 for the year ended June 30, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$24,862.

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). The City was awarded \$436,323 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$436,323 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 19: Money Purchase Pension Plan

During the year ended December 31, 1992, the City adopted a money purchase plan covering all employees who are 21 years of age, completed 12 months of service, and have been credited with 1,000 hours of services during the 12 month period beginning with date the employee was hired. Employees can contribute a minimum of 5% of compensation up to Internal Revenue Service limitations and the City matches 5%. Vesting is 20% per year over a period of two to six years.

NOTE 20: Recycling Facility

On January 27, 1998, the City leased its Recycled Material Recovery Facility (Facility) to the Carroll County Solid Waste Authority (CCSWA). The Facility (building only), value at \$265,151 was leased to CCSWA for 99 years at the amount of \$1 per year. The value of the facility has been removed from the City's fixed asset records. On June 1, 2000, the City leased all equipment, value at \$278,087, utilized in the collection of recyclable materials to the CCSWA for \$1 year. The value of equipment leased to the CCSWA has been removed from the City's fixed asset records.

CITY OF EUREKA SPRINGS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21: Contribution to Water and Waste Water Fund

For the period January 1, 2013 through December 2020, the General Fund transferred a total of \$1,166,742 to the Water and Waste Water Fund for operating purposes. As of December 31, 2021, the Water and Waste Water Fund owed the General Fund \$1,119,900. It is the City's intention that the Water and Waste Water Fund will reimburse the General Fund in the future; therefore, the transfer was recorded as an interfund receivable in the City's General Fund financial statements. No transfers were made to the Water and Waste Water Fund from the General Fund in 2021. In prior years audited financial statements, the transfer from the General Fund were presented as contribution to the water department.

NOTE: 22: Federal Funds Program Compliance

The 2020 and 2021 federal grants have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. As of the report date, the City has contacted a Firm, but has not officially contracted for an audit of these funds for 2020, and 2021. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

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

Schedule 1

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	DEBT SERVICE FUND
	City Advertising and Promotion Commission	Historic District Commission	District Court Automation	Parks and Recreation Commission	Cemetery Commission	American Rescue Plan Act	Capital Outlay	Debt Service
ASSETS								
Cash and cash equivalents	\$ 1,327,771	\$ 8,877	\$ 12,772	\$ 427,063	\$ 142,901	\$ 107,437	\$ 625,767	\$ 945,692
Investments								
Accounts receivable	167,559			51,273				182,388
Interfund receivables				58,947				
TOTAL ASSETS	<u>\$ 1,495,330</u>	<u>\$ 8,877</u>	<u>\$ 12,772</u>	<u>\$ 537,283</u>	<u>\$ 142,901</u>	<u>\$ 107,437</u>	<u>\$ 625,767</u>	<u>\$ 1,128,080</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 701					
Interfund payables	\$ 14,069			\$ 27,843			\$ 2,921	
Settlements pending								
Total Liabilities	<u>14,069</u>		<u>701</u>	<u>27,843</u>			<u>2,921</u>	
Fund Balances:								
Restricted	1,481,261	\$ 8,877	12,071	509,440	\$ 100,255	\$ 107,437		\$ 1,128,080
Committed					42,646			
Assigned							622,846	
Total Fund Balances	<u>1,481,261</u>	<u>8,877</u>	<u>12,071</u>	<u>509,440</u>	<u>142,901</u>	<u>107,437</u>	<u>622,846</u>	<u>1,128,080</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,495,330</u>	<u>\$ 8,877</u>	<u>\$ 12,772</u>	<u>\$ 537,283</u>	<u>\$ 142,901</u>	<u>\$ 107,437</u>	<u>\$ 625,767</u>	<u>\$ 1,128,080</u>

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

Schedule 1

	ENTERPRISE FUND	TRUST FUND	CUSTODIAL FUNDS				
	Transit	Firemen's Pension and Relief	Police Bond and Fine	District Court	Disbursing	Administration of Justice	Totals
ASSETS							
Cash and cash equivalents	\$ 438,523	\$ 77,550	\$ 4,468	\$ 58,820	\$ 12,332	\$ 1,465	\$ 4,191,438
Investments		748,365					748,365
Accounts receivable	179,574	17,289					598,083
Interfund receivables	2,921						61,868
TOTAL ASSETS	\$ 621,018	\$ 843,204	\$ 4,468	\$ 58,820	\$ 12,332	\$ 1,465	\$ 5,599,754
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,769						\$ 6,470
Interfund payables							44,833
Settlements pending			\$ 4,468	\$ 58,820	\$ 12,332	\$ 1,465	77,085
Total Liabilities	5,769		4,468	58,820	12,332	1,465	128,388
Fund Balances:							
Restricted		\$ 843,204					4,190,625
Committed							42,646
Assigned	615,249						1,238,095
Total Fund Balances	615,249	843,204					5,471,366
TOTAL LIABILITIES AND FUND BALANCES	\$ 621,018	\$ 843,204	\$ 4,468	\$ 58,820	\$ 12,332	\$ 1,465	\$ 5,599,754

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

Schedule 2

	SPECIAL REVENUE FUNDS					
	City Advertising and Promotion Commission	Historic District Commission	District Court Automation	Parks and Recreation Commission	Cemetery Commission	American Rescue Plan Act
REVENUES						
State aid						
Federal aid						\$ 218,163
Property taxes						
Franchise fees						
Sales taxes				\$ 571,945		
Fines, forfeitures, and costs			\$ 10,126			
Interest and dividends	\$ 2,820	\$ 9	68	475	\$ 720	
Local permits and fees				284,572		
Advertising and promotion taxes	1,995,115					
Walton Family Foundation Grant				29,147		
Trolley passenger fares						
Promoter ticket sales	186,306					
Net increase/(decrease) in fair value of investments						
Other	22,998	290		19,559	34,270	
TOTAL REVENUES	2,207,239	299	10,194	905,698	34,990	218,163
EXPENDITURES						
Current:						
General government						4,734
Law enforcement			20,747			27,215
Highways and streets						
Public safety						36,900
Recreation and culture	209,986	503		812,555		
Advertising and promotion	1,382,659					
Public transit						24,069
Cemetery					32,696	
Wastewater						17,808
Total Current	1,592,645	503	20,747	812,555	32,696	110,726
Debt Service:						
Bond principal						
Bond interest and other charges						
Lease principal						
Lease interest						
Principal on promissory note				12,368		
Interest on promissory note				1,299		
TOTAL EXPENDITURES	1,592,645	503	20,747	826,222	32,696	110,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	614,594	(204)	(10,553)	79,476	2,294	107,437
OTHER FINANCING SOURCES (USES)						
Transfers in					19,100	
Transfers out						
Contribution from water department						
Proceeds from energy equipment lease						
TOTAL OTHER FINANCING SOURCES (USES)					19,100	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	614,594	(204)	(10,553)	79,476	21,394	107,437
FUND BALANCES - JANUARY 1	866,667	9,081	22,624	429,964	121,507	
FUND BALANCES - DECEMBER 31	<u>\$ 1,481,261</u>	<u>\$ 8,877</u>	<u>\$ 12,071</u>	<u>\$ 509,440</u>	<u>\$ 142,901</u>	<u>\$ 107,437</u>

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

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE	ENTERPRISE FUND	TRUST FUND	
	Capital Outlay	Capital Projects	Debt Service	Transit	Firemen's Pension and Relief	Totals
REVENUES						
State aid				\$ 169,752	\$ 6,304	\$ 176,056
Federal aid				754,600		972,763
Property taxes					35,339	35,339
Franchise fees			\$ 297,085			297,085
Sales taxes			1,525,187			2,097,132
Fines, forfeitures, and costs						10,126
Interest and dividends	\$ 2,380		2,289	901	54,895	64,557
Local permits and fees						284,572
Advertising and promotion taxes						1,995,115
Walton Family Foundation Grant						29,147
Trolley passenger fares				435,490		435,490
Promoter ticket sales						186,306
Net increase/(decrease) in fair value of investments					25,386	25,386
Other			1	11,216		88,334
TOTAL REVENUES	2,380		1,824,562	1,371,959	121,924	6,697,408
EXPENDITURES						
Current:						
General government		\$ 460,268				465,002
Law enforcement	80,913					128,875
Highways and streets		29,118				29,118
Public safety					108,170	145,070
Recreation and culture		71,660				1,094,704
Advertising and promotion						1,382,659
Public transit				964,981		989,050
Cemetery						32,696
Wastewater		37,451				55,259
Total Current	80,913	598,497		964,981	108,170	4,322,433
Debt Service:						
Bond principal			268,140			268,140
Bond interest and other charges			33,768			33,768
Lease principal			8,338			8,338
Lease interest			4,710			4,710
Principal on promissory note	14,974					27,342
Interest on promissory note	114					1,413
TOTAL EXPENDITURES	96,001	598,497	314,956	964,981	108,170	4,666,144
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	(93,621)	(598,497)	1,509,606	406,978	13,754	2,031,264
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	102,444	15,771			142,315
Transfers out			(1,187,125)			(1,187,125)
Contribution from water department		37,451				37,451
Proceeds from energy equipment lease		458,602				458,602
TOTAL OTHER FINANCING SOURCES (USES)	5,000	598,497	(1,171,354)			(548,757)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)						
EXPENDITURES AND OTHER USES	(88,621)		338,252	406,978	13,754	1,482,507
FUND BALANCES - JANUARY 1	711,467		789,828	208,271	829,450	3,988,859
FUND BALANCES - DECEMBER 31	\$ 622,846	\$ 0	\$ 1,128,080	\$ 615,249	\$ 843,204	\$ 5,471,366

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

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

<u>Fund Name</u>	<u>Fund Description</u>
City Advertising and Promotion Commission	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. Eureka Springs Ordinance no. 1227 (May 14, 1985) established the fund and tax levy.
Historic District Commission	Ark. Code Ann. § 14-172-206 established fund to promote the preservation and protection of buildings, sites, places, and districts of historic interest.
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.
Parks and Recreation Commission	Ark. Code Ann. § 14-269-301 established fund for the purpose of operating and managing the parks and recreation program.
Cemetery Commission	Eureka Springs Ordinance no. 1031 (February 11, 1978) established Commission for the purpose of operating and maintaining cemetery. Funds were received from a will and testament of a citizen to be used for the cemetery.
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.
Capital Outlay	Eureka Springs Ordinance no. 1120 (May 12, 1981) established to account for capital assets and improvements.
Capital Projects	Established to account for loan proceeds to be disbursed for energy savings equipment.
Debt Service	Eureka Springs Ordinance nos. 1467 (November 22, 1991), 1800 (October 13, 1998), 1827 (February 17, 2000), 1883 (January 10, 2002), and 2063 (September 1, 2007) established fund used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.
Transit	Established to account for revenue and expenditures of the City Transit Department.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Disbursing	Established to facilitate disbursements relating to payroll, payroll related costs, and the procurement of goods and services.
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 EUREKA SPRINGS, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

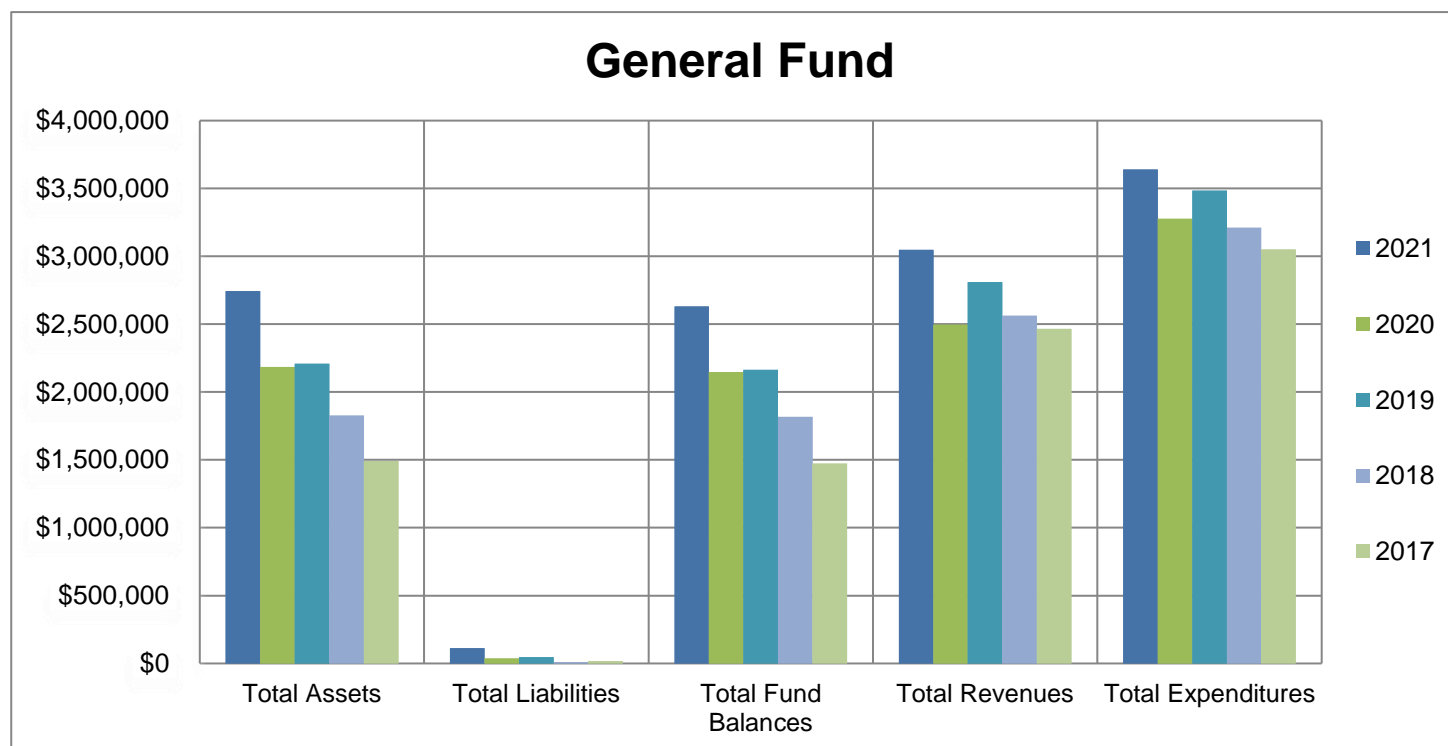
Schedule 3

	December 31, 2021
Land	\$ 3,219,898
Buildings	1,985,328
Improvements	3,414,417
Equipment	<u>8,106,912</u>
Total	<u><u>\$ 16,726,555</u></u>

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

Schedule 4-1

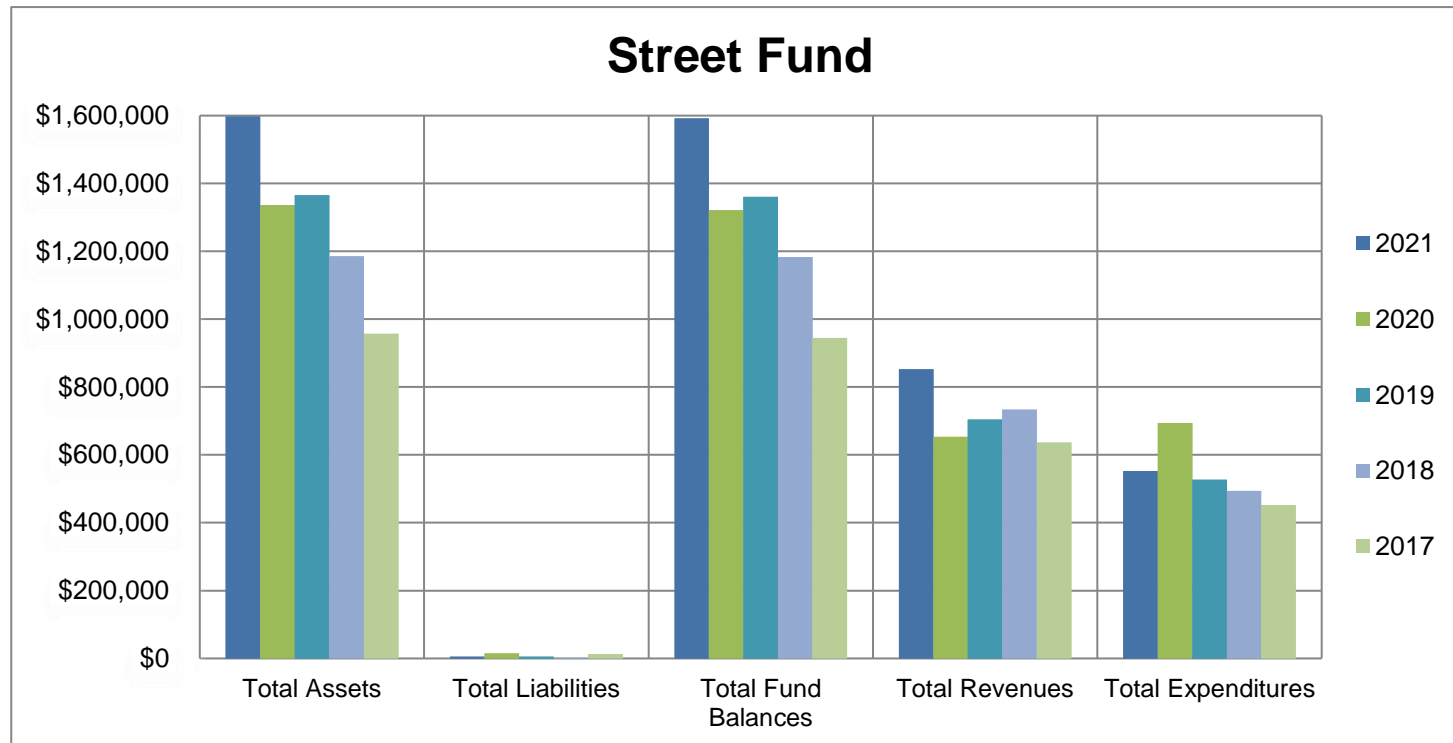
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 2,743,213	\$ 2,185,549	\$ 2,208,466	\$ 1,825,816	\$ 1,491,401
Total Liabilities	112,741	37,471	45,775	8,229	17,720
Total Fund Balances	2,630,472	2,148,078	2,162,691	1,817,587	1,473,681
Total Revenues	3,048,235	2,495,202	2,809,995	2,562,513	2,464,683
Total Expenditures	3,639,769	3,275,429	3,483,791	3,209,383	3,050,051
Total Other Financing Sources/Uses	1,073,928	765,614	1,018,900	990,776	793,666



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

Schedule 4-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 1,596,909	\$ 1,335,799	\$ 1,365,609	\$ 1,184,974	\$ 957,287
Total Liabilities	4,778	14,945	4,886	1,252	13,084
Total Fund Balances	1,592,131	1,320,854	1,360,723	1,183,722	944,203
Total Revenues	852,368	653,593	704,122	732,918	636,190
Total Expenditures	551,973	693,462	527,121	493,399	451,867
Total Other Financing Sources/Uses	(29,118)				



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

Schedule 4-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 5,599,754	\$ 4,317,915	\$ 3,729,038	\$ 3,827,779	\$ 4,004,219
Total Liabilities	128,388	329,056	115,339	107,192	99,910
Total Fund Balances	5,471,366	3,988,859	3,613,699	3,720,587	3,904,309
Total Revenues	6,697,408	5,132,108	4,990,462	5,146,333	4,830,691
Total Expenditures	4,666,144	3,571,917	4,041,750	4,319,279	3,858,745
Total Other Financing Sources/Uses	(548,757)	(1,185,031)	(1,055,600)	(1,010,776)	(818,666)

