

**ANNUAL COMPREHENSIVE FINANCIAL  
REPORT**

**CITY OF FAYETTEVILLE,  
ARKANSAS**

**For the Year Ended December 31, 2022**

**Prepared by  
DEPARTMENT OF FINANCE**

**Paul A. Becker  
Chief Financial Officer**

**Marsha Hertweck  
Accounting Director**



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CITY OF  
**FAYETTEVILLE**  
**ARKANSAS**

June 29, 2023

To Members of the City Council and Citizens of the City of Fayetteville:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America, (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Fayetteville for the fiscal year ended December 31, 2022.

This report consists of management's representations concerning the finances of the City of Fayetteville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fayetteville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fayetteville financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fayetteville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Fayetteville's financial statements have been audited by FORVIS, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fayetteville for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information that collectively comprise the City of Fayetteville's basic financial statements as of and for the fiscal year ended December 31, 2022. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Fayetteville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's

internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Fayetteville's Single Audit Section included herein.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fayetteville's MD&A can be found immediately following the report of the independent accountants.

In 2011 the City of Fayetteville adopted GASB statement 54, which is reflected in the financial statements of the City. A noticeable change due to the implementation of GASB statement 54 is that the results of operations and assets and liabilities for the City's Disaster and Replacement Funds is now consolidated in the General Fund on the City's official audited financial statements because it does not meet the definition of a true stabilization fund. However, this fund is budgeted and accounted for as a separate special revenue fund on the City's internal records and internal statements. Within the audited financial statement, the activities of the Disaster and Recovery Fund have been identified to enable easy comparisons with prior years. The fund balance amounts associated with the Disaster and Recovery Fund are classified as committed on the General Fund Balance Sheet.

## **Profile of the Government**

The City of Fayetteville was incorporated in 1870. The City is located in the northwestern part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. The City of Fayetteville currently occupies a land area of 55 square miles and serves a population of 93,949 as of the 2020 census. The City of Fayetteville is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which only occurs when deemed appropriate by the City Council.

The City of Fayetteville has operated under the Mayor-Council form of government since 1992. Policy-making and legislative authority are vested in the City Council consisting of eight aldermen. The City Council is responsible, among other things, for passing ordinances, adopting the budget and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City Council and Mayor are elected on a non-partisan basis. The Mayor is elected to serve a four-year term. The Council members serve four-year staggered terms with four council members elected every two years. All eight Council members are elected by ward and the Mayor is elected at large.

The City of Fayetteville provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water and wastewater services; trash collection and recycling; and recreational activities as well as cultural events. The City of Fayetteville also reports the financial activity of the Fayetteville Public Library and the Fayetteville Advertising & Promotion Commission on a component unit basis. Additional information on these component units can be found in Note 1.A in the notes to the financial statements.

The annual budget serves as the basis for the City of Fayetteville's financial planning and control. Traditionally, all divisions and departments of the City of Fayetteville are required to submit

requests for appropriation to the Mayor on or before the end of August. Not-for-profit agencies that provide City services submit their funding request to the Mayor and City Council each August/September. The Mayor uses these requests as the initial basis for developing a proposed budget. Usually in September, the Mayor presents the proposed General Fund budget to the Council for review. This is done because any property tax levy must be adopted prior to October 31 which is the last day the ordinance must be filed with the County. The Council conducts work sessions with staff and conducts public discussions on the proposed Citywide budget as part of regularly scheduled City Council meetings and during agenda sessions in November and December. Arkansas statutes establish the fiscal year for municipalities as the calendar year and require municipal budgets be submitted to the Council by December 1 of each year in Mayor-Council forms of government. The expenditure budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may initiate transfers of budget object categories within a division. Transfers between object categories within a division within a fund require the special approval of the Budget Director and Chief Financial Officer. Transfers between divisions or budgeted projects require Council approval. However, budget transfers between personnel categories may be made with the approval of the Chief Financial Officer and Chief of Staff. All amendments to the budget which increase the total amount of a fund must be approved by the Council unless delegated by a Bond Trustee agreement.

### **Factors Affecting Financial Condition**

As this report is being issued the City is continuing to show significant improvement from the effects of the coronavirus pandemic. The information presented in the financial statements and the relationship of that information to the City's long-term future is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Fayetteville operates.

### **Local Economy.**

Financial conditions in the City of Fayetteville continued to improve in 2022 compared to the early COVID-19 pandemic years of 2019 and 2020. Hotel, Motel, and Restaurant taxes showed a 15% increase over 2021, which demonstrated significant revenue strength in the Restaurant and Hotel/Motel sector. Parking revenues in the downtown and entertainment districts jumped over 50% when compared to 2021. Total building permits issued were 28% higher for the year, and building related fee collections increased 22%. Demand for housing continues to be very strong in 2023.

Operating revenues in each enterprise fund all had increases in 2022 when compared to 2021. The single most important revenue indicator of economic activity is sales tax receipts, and these showed overall increases of \$8.5 million or 12.5% in 2022. However, the results of operations best display the strength of the local economy as net position for Fayetteville increased almost \$69 million in 2022.

Fayetteville and the Northwestern Arkansas area continue to enjoy a relatively stable and diverse economic environment in view of the economic problems brought on by the pandemic. Major industries with headquarters or divisions in the immediate area include Wal-Mart, Tyson Foods, and JB Hunt, and of course, the main campus of the University of Arkansas is located in Fayetteville.

Even though the economic conditions in Fayetteville were better than most municipalities in the Country, the 2023 budget was based on revenue estimates forecasted at no increases for all

revenues except sales tax which was expected to grow at a 2% rate in 2023. This should provide the City with a sound financial base for 2023. General Fund available reserves of over \$34 million at the close of 2022 along with a responsibly based budget for 2023 should be more than adequate to meet any revenue losses which might be experienced if pandemic conditions reappear.

### **Long-term financial**

As a budgeting tool, the City prepares a five-year Capital Improvement Program (CIP) to address capital needs. The current CIP was prepared for the period 2021-2025 and was adopted by the Council in January of 2021. This plan will be reviewed and adjusted in 2023, for the 2023 to 2027 budget periods.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fayetteville for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the thirty-fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized financial report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit for the financial performance of this City also must be given to the Mayor and entire City staff as well as City Council for their continued support.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lioneld Jordan", with a stylized flourish at the end.

Lioneld Jordan

A handwritten signature in blue ink, appearing to read "Paul A. Becker", with a stylized flourish at the end.

Paul A. Becker



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fayetteville  
Arkansas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

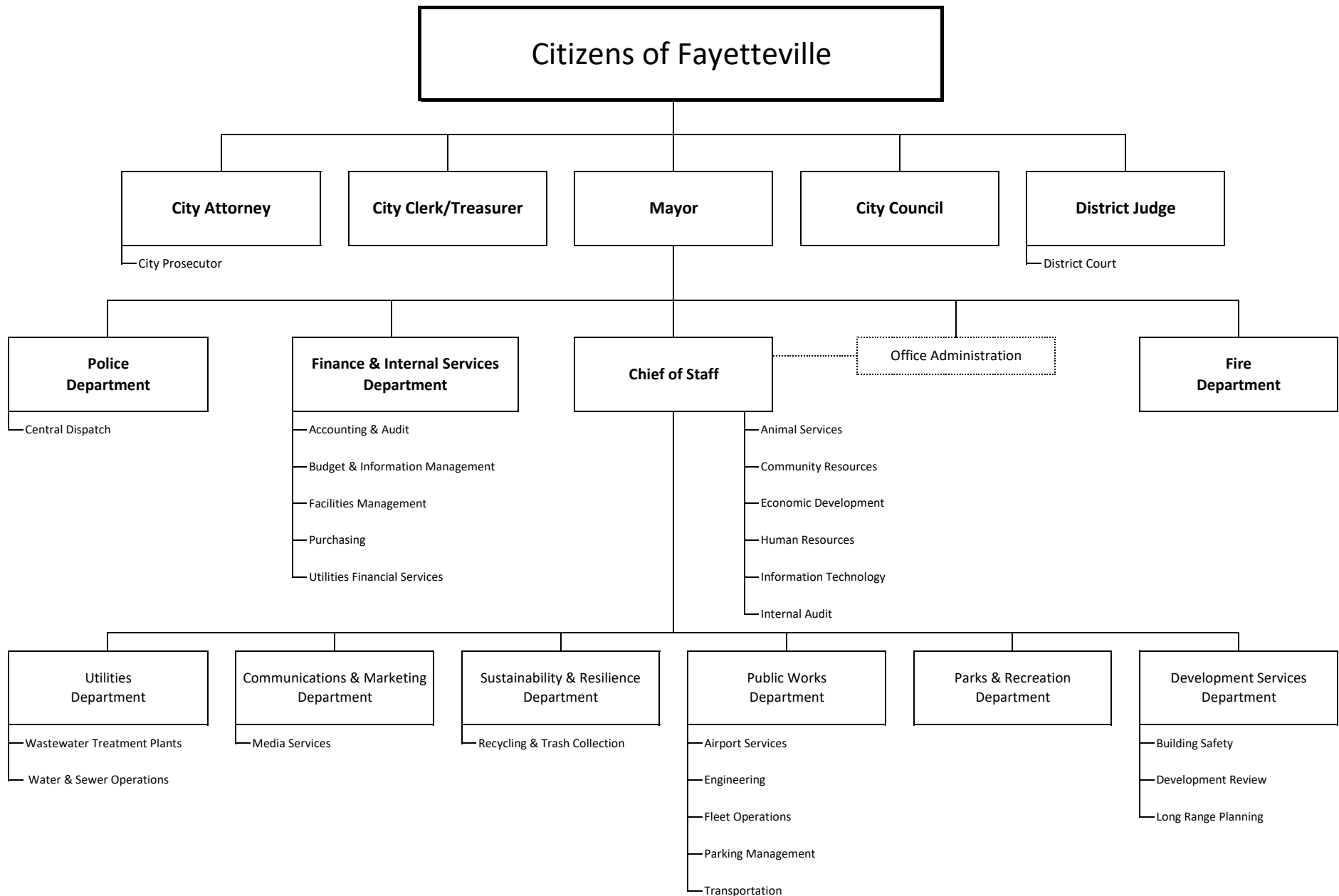
December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

# City of Fayetteville, Arkansas

## Organizational Chart



## **Officials of the City of Fayetteville, Arkansas**

### **Elected Officials**

Mayor	Lioneld Jordan
Ward 1, Position 1	Sonia Harvey
Ward 1, Position 2	D'Andre Jones
Ward 2, Position 1	Mark Kinion
Ward 2, Position 2	Mike Wiederkehr
Ward 3, Position 1	Sloan Scroggin
Ward 3, Position 2	Sarah Bunch
Ward 4, Position 1	Teresa Turk
Ward 4, Position 2	Holly Hertzberg
City Attorney	Kit Williams
City Clerk/Treasurer	Kara Paxton
District Judge	Clinton "Casey" Jones

### **Executive Staff and Senior Directors**

Chief of Staff	Susan Norton
Police Chief	Michael Reynolds
Fire Chief	Brad Hardin
Chief Financial Officer	Paul A. Becker
Communications & Marketing Director	Lisa Thurber
Development Services Director	Jonathan Curth
Director of Parks, Nat. Res. & Cultural Affairs	Alison Jumper
Public Works Director	Chris Brown
Utilities Director	Tim Nyander

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## Independent Auditor's Report

Honorable Mayor and  
Members of the City Council  
City of Fayetteville, Arkansas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Arkansas (the 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 basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general and American Rescue Plan Act funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Fayetteville Public Library were not audited in accordance with Government Auditing Standards.

#### *Emphasis of Matter*

As discussed in *Note 1* to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 12 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 Statement***

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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statement and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Honorable Mayor and  
Members of the City Council  
City of Fayetteville, Arkansas  
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### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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 that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That 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.

**FORVIS, LLP**

Rogers, Arkansas  
June 29, 2023

**City of Fayetteville, Arkansas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2022**

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As management of the City of Fayetteville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2022. The information contained herein should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

**Financial Highlights**

- The total assets and deferred outflows of resources of the primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$843,382,711 (net position). Of this amount \$96,850,681 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$68,948,387 in 2022. Net position of the governmental activities increased by \$48,662,842, which was an 24.7% increase from the 2021 increase. Net position of the business-type activities increased by \$20,285,545, which was a 133.7% increase from the 2021 increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$195,517,129 an increase of \$33,333,194 from 2021.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$34,155,647 which is equal to 57.7% of total General Fund expenditures and transfers out of \$59,139,902.
- The City's total debt including bonds, notes, leases, discounts and premiums increased by \$46,677,539 or 36.6% during 2022 to a total of \$174,058,200.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, finance and internal services, public safety, community planning and engineering, transportation and parking, and parks and recreation. The business-type activities of the City include the airport, recycling and trash collection, and water and sewer.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities for which the City is financially accountable (known as component units). These two component units are the Fayetteville Advertising & Promotion Commission and the Fayetteville Public Library. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 32 and 33 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty two individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Sales Tax Improvement Bond Fund, American Rescue Plan Act Fund, Sales Tax Capital Improvement Fund, the Sales Tax 2019 and the Sales Tax 2022 Construction Fund, all of which are considered to be major funds as defined by generally accepted

accounting principles. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic Governmental Fund financial statements can be found on pages 42 through 47 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, recycling and trash collection and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions for fleet operations. The services provided by the internal service fund predominantly benefit the governmental rather than the business-type functions; therefore, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Recycling and Trash Collection Fund and the Water and Sewer Fund which are considered to be major funds. The Airport Fund is presented as nonmajor enterprise fund. The Shop Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on pages 34 through 41 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 48 and 49 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 through 91 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 93 through 101 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 104 through 135 of this report.

For the fiscal year ended December 31, 2022, the City adopted GASB Statement No. 87, Leases (GASB 87). Fiscal year 2021 has not been restated for the adoption of GASB 87. See note 4.E of the basic financial statements.

## Government-wide Financial Analysis

Net position may serve over time as an indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$843,382,711 as of December 31, 2022 as shown in the table below.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 211,696,228	\$ 256,049,991	\$ 73,892,311	\$ 79,279,521	\$285,588,539	\$335,329,512
Capital assets	378,294,640	437,806,479	338,368,845	356,629,633	716,663,485	794,436,112
Total assets	589,990,868	693,856,470	412,261,156	435,909,154	1,002,252,024	1,129,765,624
Deferred outflows of resources	10,063,514	9,459,065	-	-	10,063,514	9,459,065
Total assets and deferred outflows of resources	600,054,382	703,315,535	412,261,156	435,909,154	1,012,315,58	1,139,224,689
Long-term liabilities	194,127,675	232,217,781	764,493	1,145,409	194,892,168	233,363,190
Other liabilities	26,411,630	36,254,444	6,259,915	7,053,035	32,671,545	33,317,768
Total liabilities	220,539,305	268,472,225	7,024,408	8,198,444	227,563,713	276,670,669
Deferred inflows of resources	10,317,501	16,982,892	-	2,188,417	10,317,501	19,171,309
Total liabilities and deferred inflows of resources	230,856,806	285,455,117	7,024,408	10,386,861	237,881,214	295,841,978
Net investment in capital assets	325,278,714	358,330,624	337,069,403	355,631,842	662,348,117	713,962,466
Restricted	30,399,178	32,569,564	-	-	30,399,178	32,569,564
Unrestricted	13,519,684	26,960,230	68,167,345	69,890,451	81,687,029	96,850,681
<b>Total net position</b>	<b>\$369,197,576</b>	<b>\$417,860,418</b>	<b>\$405,236,748</b>	<b>\$425,522,293</b>	<b>\$774,434,324</b>	<b>\$843,382,711</b>

The largest portion of the City's net position is net investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment), less any debt to acquire the asset. Even though these assets are reported net of related debt the liability to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate debt. Net investment in capital assets increased by \$51,614,349 in 2022. A discussion of the changes in capital assets can be found on page 25. Net position is also subject to external restrictions on how it may be used. The City has \$32,569,564 of restricted net position which is limited by state or municipal laws or grant or contractual agreements as to the use of these funds. Unrestricted net



position, which may be used to meet ongoing obligations of the City, totaled \$96,850,681. In this total, \$26,960,230 is reported in the governmental activities and \$69,890,451 in the business-type activities of the City.

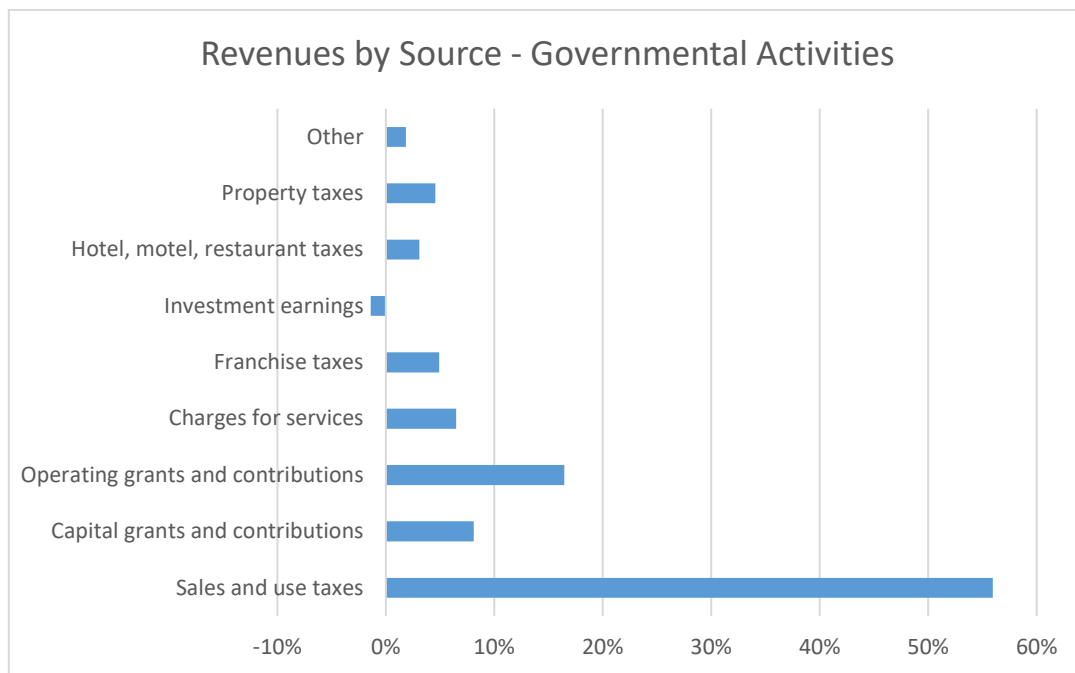
The government's net position increased by \$68,948,387 during the current year. The changes in accounts effecting net position are shown in the following schedule.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,348,012	\$ 9,888,292	\$ 62,766,689	\$ 68,212,803	\$ 71,114,701	\$ 78,101,095
Operating grants and contributions	18,756,813	25,100,749	43,096	103,807	18,799,909	25,204,556
Capital grants and contributions	9,340,539	12,367,475	7,075,026	18,582,589	16,415,565	30,950,064
General revenues:						
Sales and use taxes	76,889,594	85,316,336	63,400	106,752	76,952,994	85,423,088
Property taxes	6,304,577	6,975,311	-	-	6,304,577	6,975,311
Franchise taxes	6,652,371	7,493,022	296,720	348,928	6,949,091	7,841,950
Hotel, motel, restaurant taxes	4,088,645	4,687,799	-	-	4,088,645	4,687,799
Impact fees	2,678,257	2,688,076	-	-	2,678,257	2,688,076
Investment earnings (loss)	(688,123)	(2,135,702)	(437,691)	(1,989,496)	(1,125,814)	(4,125,198)
Other	54,445	115,315	546,112	2,105,963	600,557	2,221,278
<b>Total revenues</b>	<b>132,425,130</b>	<b>152,496,673</b>	<b>70,353,352</b>	<b>87,471,346</b>	<b>202,778,482</b>	<b>239,968,019</b>
<b>Expenses:</b>						
General government	11,721,883	13,254,537	-	-	11,721,883	13,254,537
Finance and internal services	5,885,591	7,383,374	-	-	5,885,591	7,383,374
Public safety	34,246,936	36,701,466	-	-	34,246,936	36,701,466
Community planning and engineering	5,460,484	5,963,272	-	-	5,460,484	5,963,272
Transportation and parking	20,571,035	22,656,015	-	-	20,571,035	22,656,015
Parks and recreation	7,258,998	9,989,235	-	-	7,258,998	9,989,235
Interest on long-term debt	4,254,184	4,840,026	-	-	4,254,184	4,840,026
Airport	-	-	4,000,185	5,105,544	4,000,185	5,105,544
Recycling and trash	-	-	13,686,896	14,392,658	13,686,896	14,392,658
Water and sewer	-	-	48,000,862	50,733,505	48,000,862	50,733,505
<b>Total expenses</b>	<b>89,399,111</b>	<b>100,787,925</b>	<b>65,687,943</b>	<b>70,231,707</b>	<b>155,087,054</b>	<b>171,019,632</b>
Increase in net position before transfers	43,026,019	51,708,748	4,665,409	17,239,639	47,691,428	68,948,387
Transfers	(4,015,155)	(3,045,906)	4,015,155	3,045,906	-	-
<b>Total change in net position</b>	<b>39,010,864</b>	<b>48,662,842</b>	<b>8,680,564</b>	<b>20,285,545</b>	<b>47,691,428</b>	<b>68,948,387</b>
Net position – beginning of year	330,186,712	369,197,576	396,556,184	405,236,748	726,742,896	774,434,324
<b>Net position -- December 31</b>	<b>\$369,197,576</b>	<b>\$417,860,418</b>	<b>\$405,236,748</b>	<b>\$425,522,293</b>	<b>\$774,434,324</b>	<b>\$843,382,711</b>

**Governmental activities.** Governmental activities net position increased by \$48,662,842. This was a \$9,651,978 increase from the 2021 increase. Revenues increased by \$20,071,543 while expenses increased by \$11,388,814. Key elements in these changes are as follows:

- Sales and use taxes increased by \$8,426,742 due to increased sales which are related to upward trend in the economy and to population growth.
- Operating grants and contributions increased by \$496,116.
- Intergovernmental revenues increased by \$5,847,820 due to the American Rescue Plan Act grant funds.
- Investment earnings decreased by \$2,135,702, in large part due to market value decreases at year-end.
- Expenses in the public safety activities increased by \$2,454,530. This increase is mainly due to purchases for a new police station and salary related increases.

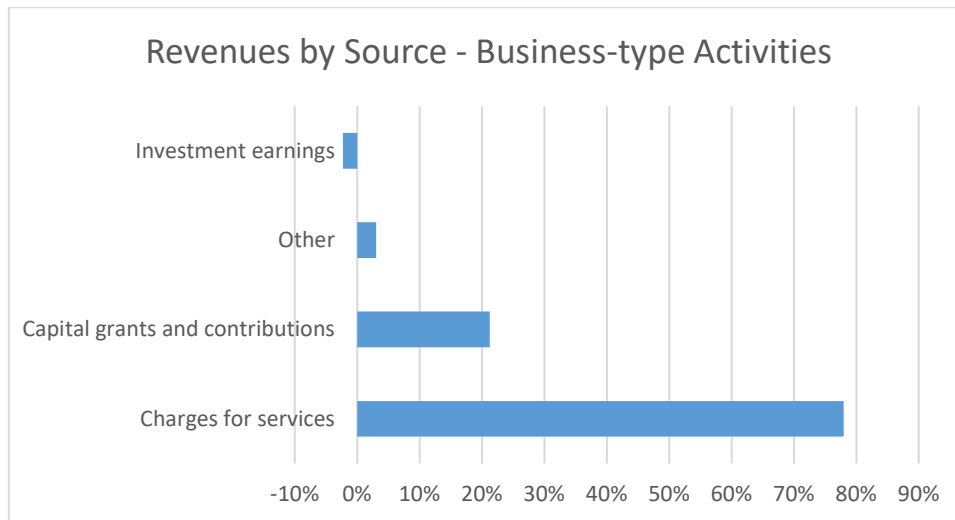
A chart of revenues by source for governmental activities is presented below.



**Business-type activities.** The business-type activities net position increased by \$20,285,545 from 2021. Key elements in the overall increase in net position are as follows:

- The Recycling and Trash Collection Fund had a increase of net position of \$26,495. Operating revenues increased by \$936,609 and non-operating revenues decreased by \$23,544. This growth in revenues can mainly be attributed to an increase in rates of 3.54% and growth in the customer base. Operating expenses increased by \$ 398,677. The majority of this increase was from contract service cost increases of \$152,206 and \$366,639 in increased costs of materials and supplies.
- The Water and Sewer Fund had an increase in net position of \$15,151,987 compared to an increase in 2021 of \$6,861,665. Operating revenues increased by \$3,434,017. This growth in revenues can mainly be attributed to rate increases of 3%. Operating expenses increased by \$2,556,575. Capital donations increased by \$7,413,677 due to multiple private development projects completed in 2022.
- The Airport Fund had an increase in net position of \$4,455,546. Operating revenues increased by \$1,075,488 due to increases in fuel sale revenues. Operating expenses also increased by \$1,100,451 mainly due to increased fuel costs. Capital grant revenues increased by \$3,435,199 mainly from a grant for a large runway project.
- Gains allocated to the business-type funds from the City’s internal service fund for 2022 were \$651,517.

A chart of revenues by source for Business-type Activities is presented below.



**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$195,517,129, an increase of \$33,333,194. Of this total fund balance amount \$33,787,961 constitutes unassigned fund balance, which is available for future spending. The remainder of fund balance is shown as non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$34,155,647 while the total fund balance was \$46,800,608. The total fund balance increased by \$11,373,202 from the amount previously reported. A major component of this increase is due to increases in sales and alcoholic beverage taxes of \$5,156,868 due to economic and population growth in the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 57.7% of total General Fund expenditures, while total fund balance represents 79.1% of that same amount.

The Sales Tax Improvement Bond Debt Service Fund had total fund balance of \$9,548,752 all of which is restricted for the payment of debt service charges. The increase in fund balance during the current year was \$618,345, which was due to increase in sales and use taxes dedicated to retirement of the debt. This increase can be attributed to the increases in the economy and population growth in the City.

The American Rescue Plan Act (ARPA) Fund had a total fund balance of \$14,238 at year-end. The fund accounts for the grant funds from the federal government to address the Covid-19 pandemic and the corresponding economic downturn. The City was approved for \$17,991,418 in total grant funds. The City had \$9,989,711 of the grant funds at year-end not committed.

The Sales and Use Tax Capital Improvement Fund had a total fund balance of \$15,355,849, which represents a \$508,557 decrease from 2021. The fund had an increase in sales and use tax revenues of \$1,044,893, due to increases in economic and population growth into the City. Transfers in increased by \$3,423,670. Capital expenditures increased by \$3,799,012 in 2022.

The Sales Tax 2019 Construction Fund is used to account for bond proceeds for street, trails, drainage, parks, economic development, city facilities, an arts corridor, and police and fire projects as approved by Fayetteville voters in April 2019. Proceeds from the bonds issued were \$131,346,245. The fund balance decreased by \$53,286,787, as major capital projects were completed in 2022, including \$23,069,629 for a new police building and \$10,076,132 for the City's Arts Corridor. The fund had a year-end fund balance of \$19,466,001.

The Sales Tax 2022 Construction Fund is used to account for bond proceeds for street, trails, drainage, parks, city facilities, an arts corridor and fire projects as approved by Fayetteville voters in April 2019. Proceeds from the bonds issued were \$ 75,511,877. The fund had a total fund balance at year-end of \$73,933,960 to be used for future capital projects.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Recycling and Trash Collection Fund had \$9,844,392 in net position with \$7,496,609 in unrestricted net position at year-end. This represents an increase of \$26,495 in net position from 2021. Of the \$7,496,609 in unrestricted net position, \$2,441,192 was re-appropriated in 2023 primarily for capital improvements. The fund had an increase in operating revenues of \$936,609 which is mainly due to rate increase of 3.54%. It had a decrease in non-operating revenues of \$23,544. Operating expenses increased by \$398,677. A major component of the increase in expenses was due increased costs of materials and supplies of \$366,639 and an increase in contract services of \$152,206.

The net position of the Water and Sewer Fund increased by \$15,151,987 to a total of \$390,795,703, with \$50,572,609 in unrestricted net position at year-end. Of this \$50,572,609 unrestricted net position, \$34,991,608 was re-appropriated, primarily for capital projects, in the 2023 budget. Operating revenues had an increase of \$3,434,017, which is mainly due to rate increase of 3% and an increase of customers of 2%. The fund had capital donations from private development of \$12,001,761, an increase of \$7,413,677 from 2021. Operating expenses increased by \$2,556,575, with the majority coming from an increase in the contract services category of \$2,374,547.

## **Budgetary Highlights**

### General Fund Expenditure Budget Amendments

The original approved budget for the General Fund, which includes the Disaster Recovery and Replacement Fund, for 2022 was \$56,123,000. This amount was amended to \$69,883,542 during the year. Amendments for the year in expenses and transfers out between the original and the final amended budget were therefore \$13,760,542. Primary reasons for these budget amendments to the original budget were as follows:

- Major items that were expected to be purchased from 2021 and uncompleted projects that were re-appropriated by the City Council resulted in an increase of \$5,726,025.
- An Energy Savings Performance contract with Johnson Controls in the amount of \$2,791,752 and increase to the contract for solar panels for the Town Center roof totaling \$407,185; Resolutions 191-22 and 275-22.
- Various Police Department grants totaling \$2,400,724. (\$1,258,609 – 2022 Community Oriented Policing Services Hiring Program Grant, Resolution 259-22; \$771,020 – Arkansas Full-Time Law Officer Salary Stipend Act 224, Resolution 148-22; \$143,000 – 2023 Selective Traffic Enforcement Program Grant, Resolution 241-22; \$100,000 – 2022 Arkansas Department of Public Safety Equipment Grant, Resolution 314-22; \$94,811 – 2022 COPS Law Enforcement Mental Health and Wellness Grant, Resolution 258-22; \$19,184 – 2022 Bulletproof Vest Partnership Program Grant, Resolution 240-22; \$14,100 – Police Project Safe Neighborhood Grant, Resolution 101-22)
- Equipment and furnishing purchases for the new Police Department Headquarters in the amount of \$746,843; Resolution 158-22.

- Addendum to the interlocal agreement with Washington County Regional Ambulance Authority providing additional funding for emergency and non-emergency ambulance services totaling \$357,454; Resolution 192-22.
- The purchase of General Motors Chevrolet Tahoes to be utilized as Police pursuit/support vehicles in the amount of \$297,084; Resolution 121-22.
- Stormwater Feasibility Study contract amendment with Jacobs totaling \$199,660; Resolution 157-22.
- City wide fuel budget amendment in the amount of \$172,300; Resolution 207-22.
- A Bobcat E42 Compact Excavator purchase with attachments and trailer from WT Equipment of Springdale for Parks Maintenance totaling \$110,000; Resolution 229-22.
- Donations to various divisions totaling \$93,892. (\$47,474 – Animal Services, Resolution 324-22; \$46,118 – Parks and Recreation, Resolutions 77-22 and 321-22; \$300 – Fire Department, Resolution 55-22)
- Police state and federal forfeitures recognized and appropriated to expense accounts in the amount of \$86,011; Resolution 239-22.
- Implementation of the Central Dispatch Retention Package in the amount of \$69,576; Resolution 69-22.
- Funding for the addition of a full time Grant Administrator position to facilitate and administer American Rescue Plan Act fund disbursements, and for an additional full time Planner position in Development Services totaling \$68,833; Resolution 206-22.
- The addition of a new full time School Resource Officer in the amount of \$40,000; Resolution 190-22.
- Legal services contract for implementation of Public-Private Partnerships with Conner & Winters in the amount of \$35,000; Resolution 118-22.
- Removal of vegetation and trash clean up performed by Real Property Services, LLC at former Safe Camp location totaling \$29,500; Resolution 42-22.
- Funds for contract production recognized and appropriated to expense accounts in the amount of \$27,000 from Community Access Television; Resolutions 47-22 and 264-22.
- Costs associated with installation of Stephen Carr Memorial Boulevard signage on Interstate 49 in the amount of \$25,000; Resolution 67-22.
- Partial funding for emergency shelters for homeless persons provided by 7Hills Homeless Center, Genesis Church, Central United Methodist Church and Northwest Arkansas Continuum of Care in the amount of \$21,442; Resolution 23-22.
- Hazmat Services funding for the Fire Department in the amount of \$18,114; Resolutions 91-22, 110-22 and 251-22.
- Recognized and appropriated reimbursements from the Arkansas Municipal League Vehicle Program for hail damage and accident repairs to non-motor pool Police vehicles totaling \$16,466; Resolution 166-22.
- Increase in the travel and training budget for City Council Members totaling \$12,000; Resolution 68-22.
- Multiple grants recognized and appropriated totaling \$8,681. (\$5,000 – Historic Preservation Program Grant for Historic Context Statement for University Heights/Haskell Heights neighborhood and Historic District Commission training, Resolution 277-22; \$2,457 – Curtis H. Sykes Memorial Grant from AR State Archives and Black History Commission for the purchase of the Nelson Hackett Historical Marker, Resolution 323-22;

\$1,224 – Fayetteville Area Community Foundation Giving Tree Grant for after school program at YRCC, Resolution 129-22)

#### General Fund Variances Revenue Budget to Actual

Major variances between budget and actual amounts for revenues and incoming transfers were more than the amended budget amounts by the net amount of \$6,316,424. Specific revenue variances are as follows:

- Sales tax revenue was greater than budget projections by \$3,906,887 for County shared sales tax and by \$1,863,517 for City sales tax. Alcoholic Beverage tax revenue was also greater than budget projections by \$432,060.
- Franchise fees collected were \$1,111,022 greater than the amended budget. This is mainly due electric/gas and water/sewer utility companies performing better than anticipated.
- Licenses and Permits revenue was greater than amended budget projections by \$667,268. This is primarily due to an increase in building permits, business licenses and alcoholic beverage licenses.
- Charges for services revenue was greater than the amended budget by \$485,506. This is primarily due to reimbursements for 9-1-1 services.
- The Gain/Loss on sale of assets account was greater than the amended budget projection by \$292,691. This is primarily due to the sale of 17.46 acres of land in Fayetteville Commerce District to B-Unlimited. Multiple City owned items were also sold through GovDeals.
- Miscellaneous revenue was greater than the amended budget projection by \$45,679.
- Fines and forfeitures were greater than the amended budget by \$11,072.
- Investment earnings revenue was less than budget projections by \$1,171,184.
- Intergovernmental revenue was less than the amended budget by \$809,224. This was primarily due to the collection of federal and state grant revenue being less than anticipated. Timing issues where the grant period doesn't coincide with the City's fiscal year are a factor.
- Non-Operating Miscellaneous revenue was less than the amended budget by \$407,184. Repayment by the Advertising & Promotions Commission for solar panels on the Town Center roof was not collected as of year-end.
- Property tax revenue was less than the budget projections by \$77,470.
- Contributions were less than the amended budget by \$34,216.

#### General Fund Expenditure Budget to Actual

Actual amounts for expenditures and outgoing transfers were less than budgeted by \$10,743,640. Primary reasons for this were as follows:

- \$7,451,858 was rebudgeted in 2023 for ongoing project expenses.
- The citywide personnel service expense category had a remaining budgeted balance of \$2,245,929 due to open positions and attrition during the year.
- The materials and supplies expense category had a remaining budgeted balance of \$195,985. (\$81,919 – fuel, \$63,635 – office supplies, \$28,312 – minor equipment, \$9,780

- software, \$4,157 – chemicals & cleaning supplies, \$3,688 – signs, \$3,176 – safety devices, \$983 – veterinary/animal supplies, \$335 – other equipment and supplies)
- The services and charges expense category had a remaining budgeted balance of \$711,240. (\$347,732 – contract/professional services, \$115,125 – travel/training, \$52,864 – utilities/telephone, \$47,363 – insurance, \$40,000 – contingency, \$35,138 – rental/lease, \$19,400 – publications/dues, \$12,976 – promotional activities, \$7,677 – public notification, \$6,960 – bank charges, \$6,537 – assessments, \$6,382 – recognition, \$5,511 – business meals, \$2,950 – bad debt, \$4,625 – other services & charges)
- The maintenance expense category had a remaining budgeted balance of \$70,785. (\$34,275 – software maintenance, \$19,372 – office machine maintenance, \$8,864 – building & grounds maintenance, \$2,801 – turf maintenance, \$2,619 – small equipment maintenance, \$1,539 – vehicle & machine maintenance, \$1,036 – tower maintenance, \$279 – other maintenance)
- Other expense categories had a remaining budgeted balance of \$67,843. (\$37,287 – motor pool, \$16,693 – operating transfers out, \$9,762 – capital, \$3,516 – transfers to outside entities, \$585 – cost allocation and miscellaneous)

## **Capital Asset and Debt Administration**

**Capital assets.** As of December 31, 2022, the City’s capital assets for its governmental activities and business-type activities amounted to \$794,436,112, including accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery, vehicles, equipment and infrastructure. The City’s capital assets increased by \$77,772,627 including depreciation.

Major capital asset events during the current fiscal year include the following:

- Total additions to infrastructure assets of the general government, such as streets, sidewalks, trails, and storm drains, in 2022 were \$30,571,276, including \$8,566,684 donated by private developers.
- The City’s Sales Tax 2019 Construction Fund had capital expenses of \$53,234,056 in 2022. The major project expenses included in this fund were \$11,322,309 for street projects, \$10,168,779 for the Arts Corridor and parking projects, \$3,504,161 for fire projects and \$23,168,388 for police projects.
- Total Water and Sewer fund capital asset additions for 2022 were \$26,642,980 which included \$12,001,761 of water and sewer lines donated by private developers.
- Depreciation expense totaled \$38,021,637 for 2022.

Additional information on the City’s capital assets can be found in note 4.B starting on page 63 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding including premiums and discounts of \$174,058,200. This is an increase of \$46,677,539 from 2021 mainly due to the issuance of new bonds of \$74,340,000. The City also had \$255,740 in leases payable at year end. The majority of the City’s debt represents bonds secured solely by specified revenue sources (i.e., sales and use tax bonds, revenue bonds). Debt secured by sales and use taxes totaled



\$129,290,000. The City's bond, notes and lease payments were \$28,619,928 and premium and discount amortizations of \$507,879.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20% of its total assessed valuation for long-term debt and 5% for short-term debt. The City's current debt limit for both is \$545,477,434, with short-term debt limited to \$109,095,487 of the total allowed. The City had \$530,927 in short term general obligation debt at year end. The City also had \$2,121,160 in long-term debt payable with a pledge of the incremental property tax increases of the Highway 71 East Square Redevelopment District #1 at the end of 2022.

Additional information on the City's long-term debt can be found in note 5.F starting on page 70 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

Economic conditions for the City of Fayetteville continued to show a significant improvement compared to 2021. Revenues for all funds increased by over \$37 million while expenditures had an increase of approximately \$21 million. General Governmental Activities increased \$20 million dollars for the year. Business-type Activities also showed strength as that sector increased by \$17 million.

City wide revenue collections were led by strong sales tax collections which exceeded 2021 collections by approximately \$8.5 million. This increase was primarily due to increased spending in the retail sales sector, the increased collection of internet sales taxes, as well as restaurant, motel and beverage sales, which displayed solid increases in activity.

The General Fund adopted operating budget for 2023 was increased to \$64.8 million which was a \$8.7 million increase from the 2022 budget. A total of 45 new positions were added to the overall budget as needs increased due to an increased demand for City wide programs as well as infrastructure expansions achieved through the use of the 2019 bond program.

A new compensation plan based on a salary survey was implemented to maintain a competitive recruitment and retention program for police officers and firefighters has been added to the 2023 budget in April of 2023. This program will not only keep the City competitive in the marketplace but will also ensure the City that the Police Force and Fire Department will retain its current high-level of quality of officers. Merit employee salary pools were also increased approximately 6.0% in early 2023 as part of the salary plan to retain employees as well as recruit new personnel. The total budgetary impact of this plan in 2023 is \$5.1 million to the General Fund and \$755,000 to all other funds. However, current 2023 revenue estimates indicate that the revenue base will increase more than enough to offset these increased budgetary expenditures.

The total City-Wide operating budget approved (prior to salary increases of \$5.8 million referenced above) for 2023 was approximately \$216.7 million. This was an increase of 13.6% or \$26 million over the 2022 budget. Approximately \$8 million of this increase was due to increased personnel expenditures. Fuel expenses were increased in the operating budget by \$4 million.

Contractual service budgets were also increased by \$4 million. In addition to those increases, Debt Service expenditures were also increased significantly (\$4 million) because of the increased sales

tax projections for 2023, which will cause a higher number of bonds called due to the City mandatory redemption clause in the bond ordinance. This will result in a quicker payoff of the 2019 and 2022 Sales Tax Bond Issues.

In 2022 phase two of a sales tax revenue bond program previously authorized by the voter in 2019 was implemented. This resulted in the sale of \$74,340,000 in sales tax revenue bonds available for anticipated infrastructure programs. Since these are revenue bonds fully secured by sales taxes pledged to the associated debt service payments, there will be no additional financial burden on the City. The impact of the bond issued will provide funding for additional infrastructure projects pursuant to the approved bond referendum.

The City of Fayetteville's Mayor and City Council have a long established a practice of making annual budgetary decisions for the General Fund in the context of a multi-year forecast that considers revenue growth, staffing needs and unrestricted reserve levels, as well as reviewing the performance of the local economy to determine if continued economic expansion can be expected. This process provides the Mayor and City Council with a comfort level that current needs are being addressed. Public safety issues are traditionally the first priority, and this remained the same for the 2023 budget. The Mayor continues to formulate proposed budgets in the framework of his two overriding objectives which are to protect necessary jobs and to maintain or increase the same level of services to the citizens wherever possible. Estimated salary increases for City employees for 2022 were incorporated in the General Fund budget. However, the financial results of the survey previously referenced indicated the need for salary increases much larger than anticipated in the original 2023 budget. Final recommendations which were the based on that survey were considered and adopted early in 2023 and appropriate amendments were made to the Cities' operating budgets to allow implementation of the plan.

Although the lingering effects of the coronavirus pandemic continue to impact the national economy in 2023, City management believes that Fayetteville is in an excellent financial position to either expand or contract financial operations based on economic conditions because of the following factors:

- Unemployment for Fayetteville was 2.2% at year end and it remains relatively low compared to the percentages of Arkansas and the U. S. which were 2.9 % and 3.3% respectively
- The population, as evidenced by the census completed in 2020, showed the City had grown by 20,369 or 27 % over the period between 2010 and 2020.
- Sales and use tax collections (which are the primary source of funding for the General Fund) increased by approximately \$8.5 million compared to the prior year. This was over an 11.0% increase over 2021 collections.
- Building permit revenues were very strong recording a \$400,000 increase over 2021. This represented a 22% increase in collections. The number of new permits were 28 % over 2021 and were 36% higher than pre pandemic (2018) numbers.

- Assessed value for total property within the City has shown stable growth through the years and continued to increase by 8.5% throughout the City in 2022.

One of the primary goals of the City is to maintain a minimum unassigned fund balance in the General Fund of 16.4% of operating expenditures. The \$34.2 million unassigned fund balance at the end of 2022 is estimated to provide approximately 38.4% of the adjusted operating expenditures. This should be sufficient to provide a level of enhanced financial security in the near term.

At the end of the first quarter of fiscal 2023, total revenues were above estimates while expenditures were in line with projections. Sales and use tax revenues were strong at approximately 10% overbudget for the quarter. Overall fund revenue source collections were also above budgeted estimates.

The City continues to face uncertain economic conditions in 2023. However, even though these economic conditions may be volatile in the short term and future conditions remain unclear at this time, the administration of the City feels confident that the economic future of Fayetteville remains very bright in the long run.

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Accounting Director, City of Fayetteville, 113 West Mountain Street, Fayetteville, Arkansas, 72701.

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City of Fayetteville, Arkansas  
Statement of Net Position  
December 31, 2022

				Component Units	
	Governmental Activities	Business-type Activities	Total	Library	Advertising & Promotion
<b>Assets and Deferred Outflows of Resources</b>					
Assets:					
Cash	\$ 30,253,279	\$ 2,107,765	\$ 32,361,044	\$ 5,093,511	\$ 3,452,687
Investments	95,906,134	53,442,593	149,348,727	2,593,820	1,553,814
Accounts receivable	2,174,851	7,699,763	9,874,614	11,915,738	223,143
Accounts receivable - leases	1,296,470	2,219,712	3,516,182		
Accrued interest	213,689	136,843	350,532	5,280	
Internal balances	(10,700,230)	10,700,230			
Due from fiduciary funds	7		7		
Due from other governments	18,558,073	1,115,049	19,673,122		
Inventories	263,589	1,845,887	2,109,476		27,738
Prepays and other assets	358,405	11,679	370,084	97,266	38,224
Restricted Assets:					
Cash and cash equivalents	529		529	2,337,980	
Investments	111,003,899		111,003,899	3,571,454	
Accrued interest	365,524		365,524	9,799	
Due from other governments	6,075,951		6,075,951		
Right of use leased assets, net of amortization	279,821		279,821		
Capital assets					
Land	71,779,575	14,121,306	85,900,881	2,029,755	198,621
Buildings	87,145,192	126,629,326	213,774,518	33,011,052	3,250,269
Improvements other than buildings	46,475,736	471,199,041	517,674,777		
Machinery, equipment and vehicles	85,188,502	41,416,380	126,604,882	17,602,132	967,492
Construction in progress	64,537,611		64,537,611	89,585	104,548
Infrastructure	405,853,580		405,853,580		
Accumulated depreciation	(323,173,717)	(296,736,420)	(619,910,137)	(18,752,569)	(1,526,369)
Total assets	693,856,470	435,909,154	1,129,765,624	59,604,803	8,290,167
Deferred outflows of resources:					
Pensions	9,419,337		9,419,337		
OPEB	31,928		31,928		
Deferred loss on debt refunding	7,800		7,800		
Total deferred outflows of resources	9,459,065		9,459,065		
Total assets and deferred outflows of resources	703,315,535	435,909,154	1,139,224,689	59,604,803	8,290,167
<b>Liabilities and Deferred Inflows of Resources</b>					
Liabilities:					
Accounts payable	11,959,624	4,849,263	16,808,887	338,136	149,973
Accrued expenses	799,812	186,681	986,493	475,630	37,884
Accrued interest	5,661,056		5,661,056		
Due to fiduciary funds	8,980		8,980		
Customer deposits		1,178,003	1,178,003		
Unearned revenue	17,824,972	666	17,825,638	109,681	18,101
Noncurrent liabilities					
Due within one year:					
Bonds/notes payable	12,980,188		12,980,188		
Lease payable	36,997		36,997		
Compensated absences	3,658,275	838,422	4,496,697		
Due beyond one year:					
Bonds/notes payable	160,822,272		160,822,272	7,036,440	
Lease payable	218,743		218,743		
Compensated absences	8,131,499	1,145,409	9,276,908		
Net pension liability	44,527,887		44,527,887		
Other post employment benefits	1,841,920		1,841,920		
Total liabilities	268,472,225	8,198,444	276,670,669	7,959,887	205,958
Deferred inflows of resources:					
Leases	1,280,392	2,188,417	3,468,809		
Pensions	15,702,500		15,702,500		
Total deferred inflow of resources	16,982,892	2,188,417	19,171,309		
Total liabilities and deferred inflows of resources	285,455,117	10,386,861	295,841,978	7,959,887	205,958
<b>Net Position</b>					
Net investment in capital assets	358,330,624	355,631,842	713,962,466	26,952,523	2,994,561
Restricted for:					
Debt service	5,257,777		5,257,777		
Transportation and parking	14,846,195		14,846,195		
Public safety	2,938,676		2,938,676		
Parks and recreation	599,029		599,029		
Water and wastewater	8,184,725		8,184,725		
Other					
Expendable	475,895		475,895	5,680,261	125,817
Nonexpendable	267,267		267,267	1,250,000	
Unrestricted (deficit)	26,960,230	69,890,451	96,850,681	17,762,132	4,963,831
Total net position	\$ 417,860,418	\$ 425,522,293	\$ 843,382,711	\$ 51,644,916	\$ 8,084,209

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas  
Statement of Activities  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		Advertising & Promotion
					Governmental Activities	Business-type Activities	Total	Library	
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 13,254,537	\$ 741,749	\$ 4,301,079	\$ 380,521	\$ (7,831,188)	\$	\$ (7,831,188)	\$	\$
Finance and internal services	7,383,374	522,780			(6,860,594)		(6,860,594)		
Public safety	36,701,466	2,626,379	4,024,592		(30,050,495)		(30,050,495)		
Community planning and engineering	5,963,272	2,661,081	1,096,014	350,450	(1,855,727)		(1,855,727)		
Transportation and parking	22,656,015	2,365,984	9,787,912	11,632,724	1,130,605		1,130,605		
Parks and recreation	9,989,235	970,319	45,788	3,780	(8,969,348)		(8,969,348)		
Interest on debt	4,840,026				(4,840,026)		(4,840,026)		
Total governmental activities	100,787,925	9,888,292	19,255,385	12,367,475	(59,276,773)		(59,276,773)		
Business-type activities:									
Airport	5,105,544	4,347,964	59,000	5,074,112		4,375,532	4,375,532		
Recycling and trash	14,392,658	14,542,105	44,807			194,254	194,254		
Water and sewer	50,733,505	49,322,734		13,508,477		12,097,706	12,097,706		
Total business-type activities	70,231,707	68,212,803	103,807	18,582,589		16,667,492	16,667,492		
Total primary government	\$ 171,019,632	\$ 78,101,095	\$ 19,359,192	\$ 30,950,064	(59,276,773)	16,667,492	(42,609,281)		
<b>Component Units:</b>									
Library	\$ 13,052,321	\$ 900,443	\$ 2,768,552	\$ 1,793,445				(7,589,881)	
Advertising and Promotion	6,594,911	1,954,574	78,970						(4,561,367)
Total component units	\$ 19,647,232	\$ 2,855,017	\$ 2,847,522	\$ 1,793,445				(7,589,881)	(4,561,367)
General revenues:									
Taxes & fees									
General purpose sales and use taxes					85,316,336	106,752	85,423,088		
Property taxes					6,975,311		6,975,311	7,711,846	
Franchise fees					7,493,022	348,928	7,841,950		
Hotel, motel, restaurant taxes					4,687,799		4,687,799		4,687,799
Impact fees					2,688,076		2,688,076		
Intergovernmental					5,845,364		5,845,364		
Investment earnings (loss)					(2,135,702)	(1,989,496)	(4,125,198)	(438,330)	38,868
Other					115,315	2,105,963	2,221,278	(23)	
Transfers					(3,045,906)	3,045,906			
Total general revenues and transfers					107,939,615	3,618,053	111,557,668	7,273,493	4,726,667
Change in net position					48,662,842	20,285,545	68,948,387	(316,388)	165,300
Net position, beginning of year					369,197,576	405,236,748	774,434,324	51,961,304	7,918,909
Net position, end of year					\$ 417,860,418	\$ 425,522,293	\$ 843,382,711	\$ 51,644,916	\$ 8,084,209

The notes to the financial statements are an integral part of this statement.

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City of Fayetteville, Arkansas  
Balance Sheet  
Governmental Funds  
December 31, 2022

	General	Debt Service Sales Tax Improvement Bonds	Special Revenue American Rescue Plan Act	
<b>Assets</b>				
Assets				
Cash	\$ 19,437,949	\$	\$ 10,021,878	\$
Investments	27,257,965			
Accounts receivable	1,700,983			
Accounts receivable - leases	307,580			
Accrued interest	60,574			
Due from other funds	558,585			
Due from fiduciary fund	7			
Due from other governments	12,582,344			
Prepaid expenditures	195,594			
Restricted assets:				
Cash				
Investments		6,875,043		
Accrued interest		22,331		
Due from other funds				
Due from other governments		5,547,668		
Total assets	\$ 62,101,581	\$ 12,445,042	\$ 10,021,878	\$
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities				
Accounts payable	\$ 1,797,932	\$	\$ 17,929	\$
Accrued expenditures	676,702			
Accrued interest - leases	693			
Compensated absences	508,501			
Due to other funds	22,240			
Due to fiduciary funds	8,980			
Unearned revenue	3,474,995		9,989,711	
Total liabilities	6,490,043		10,007,640	
Deferred inflows of resources				
Unavailable revenue - grants and accounts receivable	10,879			
Unavailable revenue - taxes	8,496,341	2,896,290		
Unavailable revenue - leases	303,710			
Total deferred inflows of resources	8,810,930	2,896,290		
Total liabilities and deferred inflows of resources	15,300,973	2,896,290	10,007,640	
Fund balances				
Nonspendable				
Prepaid expenditures	195,594			
Long term loans	67,864			
Restricted for:				
General government			14,238	
Finance and internal services				
Transportation and parking				
Public safety	474,460			
Community planning and engineering	127,942			
Parks and recreation	59,807			
Water and wastewater				
Debt service		9,548,752		
Committed to:				
General government	2,912,595			
Finance and internal services				
Transportation and parking				
Public safety	153,533			
Community planning and engineering	19,656			
Parks and recreation				
Disaster recovery	3,000,000			
Assigned to:				
General government	5,131,312			
Finance and internal services	232,539			
Transportation and parking				
Public safety	262,459			
Community planning and engineering	7,200			
Capital outlay				
Unassigned	34,155,647			
Total fund balances	46,800,608	9,548,752	14,238	
Total liabilities, deferred inflows of resources and fund balances	\$ 62,101,581	\$ 12,445,042	\$ 10,021,878	\$

The notes to the financial statements are an integral part of this statement.



Sales Tax Capital Improvement	Capital Project		Nonmajor Governmental Funds	Total Governmental Funds
	Sales Tax 2019 Construction	Sales Tax 2022 Construction		
15,944,035	\$	\$	\$ 793,452 30,104,085 473,868 988,890 68,636 81,341	\$ 30,253,279 73,306,085 2,174,851 1,296,470 164,155 639,926 7
34,945			2,859,201 3,809	18,558,073 199,403
3,116,528				
	529 26,579,609 86,338 103	74,190,089 240,992	3,359,158 15,863	529 111,003,899 365,524 103
			528,283	6,075,951
19,095,508	\$ 26,666,579	\$ 74,431,081	\$ 39,276,586	\$ 244,038,255
1,417,678	\$ 7,088,573	\$ 496,833	\$ 573,138 106,441	\$ 11,392,083 783,143 693
268,360	112,005	288	94,085 371,895	602,586 774,788 8,980
128,227			4,191,250	17,784,183
1,814,265	7,200,578	497,121	5,336,809	31,346,456
766,878 1,158,516			378,840 2,186,534 976,682	1,156,597 14,737,681 1,280,392
1,925,394			3,542,056	17,174,670
3,739,659	7,200,578	497,121	8,878,865	48,521,126
			3,809	199,403 67,864
	4,943,666 32,928 9,688,508 2,157,666 2,401,629 241,604	12,482,979 2,749,112 34,788,055 5,902,483 6,959,214 11,052,117	9,847,453 2,086,368 52,811 5,002,199 8,184,725 3,375,021	17,440,883 2,782,040 54,324,016 10,620,977 9,541,596 16,355,727 8,184,725 12,923,773
222,296 219,068 318,098 327,407 3,546,675 15,066				3,134,891 219,068 318,098 480,940 3,566,331 15,066 3,000,000
10,707,239			2,213,021 (367,686)	5,131,312 232,539 2,213,021 262,459 7,200 10,707,239 33,787,961
15,355,849	19,466,001	73,933,960	30,397,721	195,517,129
19,095,508	\$ 26,666,579	\$ 74,431,081	\$ 39,276,586	\$ 244,038,255

City of Fayetteville, Arkansas  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2022

Total fund balances - governmental funds \$ 195,517,129

Amounts reported for the governmental activities in the statement of net position are different because:

Capital and lease assets used in governmental activities are not financial resources and therefore, are not reported in the funds.  
These assets consist of:

Land	\$	71,763,319	
Buildings		84,508,854	
Improvements other than buildings		46,475,735	
Machinery, equipment and vehicles		36,956,256	
Construction in progress		64,537,611	
Infrastructure		405,853,580	
Right to use lease asset		291,480	
Accumulated depreciation and amortization		<u>(291,479,716)</u>	
Total	\$	<u>418,907,119</u>	418,907,119

Some revenues in the governmental funds are not collected within the prescribed time period after year end and therefore, are considered unavailable. These revenues are recognized on the full accrual basis in the government-wide financial statements. 15,894,278

Internal service funds are used by management to charge the costs of the City's fleet management to the individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 30,882,702

Long-term liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, are not reported in the funds.

Bonds, notes, leases payable, net	\$	174,058,200	
Interest payable		5,660,363	
Net pension liability		44,527,887	
Other post employment benefits		1,841,920	
Compensated absences		11,009,005	
Deferred loss on refunding debt		(7,800)	
Deferred inflows - pensions		15,702,500	
Deferred outflows - pensions		(9,419,337)	
Deferred outflows - OPEB		<u>(31,928)</u>	
Total	\$	<u>243,340,810</u>	<u>(243,340,810)</u>

Governmental activities net position \$ 417,860,418

The notes to the financial statements are an integral part of this statement.

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**City of Fayetteville, Arkansas**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	General	Debt Service Sales Tax Imp Bonds	Special Revenue American Rescue Plan Act
<b>Revenues:</b>			
Sales and alcoholic beverage tax	\$ 42,565,465	\$ 30,142,529	\$
Hotel, motel, restaurant tax			
Property tax	4,395,530		
Franchise fee	7,493,022		
Impact fee			
Licenses and permits	2,664,768		
Intergovernmental	9,524,131		750,250
Charges for services	3,324,320		
Fines and forfeitures	1,025,831		
Investment earnings	162,433	133,149	11,968
Net increase(decrease) in the fair value of investments	(1,270,418)		
Contributions	104,878		
Other	523,144		
Total revenues	70,513,104	30,275,678	762,218
<b>Expenditures:</b>			
Current:			
General government	7,981,190		750,250
Finance and internal services	5,025,529		
Public safety	34,681,686		
Community planning and engineering	4,608,866		
Transportation and parking			
Parks and recreation	2,817,178		
Bond issue costs			
Debt service	319,763	29,659,322	
Capital outlay	42,494		
Total expenditures	55,476,706	29,659,322	750,250
Excess (deficiency) of revenues over (under) expenditures	15,036,398	616,356	11,968
<b>Other financing sources (uses):</b>			
Issuance of debt		1,989	
Transfers in			
Transfers out	(3,663,196)		
Total other financing sources (uses)	(3,663,196)	1,989	
Net change in fund balances	11,373,202	618,345	11,968
Fund balances, beginning of year	35,427,406	8,930,407	2,270
Fund balances, end of year	\$ 46,800,608	\$ 9,548,752	\$ 14,238

The notes to the financial statements are an integral part of this statement.

<u>Sales Tax Capital Improvement</u>	<u>Capital Project Sales Tax 2019 Construction</u>	<u>Sales Tax 2022 Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 12,057,012	\$	\$	\$	\$ 84,765,006
			4,687,799	4,687,799
			2,027,764	6,423,294
				7,493,022
			2,688,076	2,688,076
				2,664,768
2,875,581			12,201,136	25,351,098
66,448			2,142,648	5,533,416
			324,990	1,350,821
88,831	508,117	959,726	209,749	2,073,973
(716,370)			(1,351,518)	(3,338,306)
			3,057,972	3,162,850
97,330			139,571	760,045
<u>14,468,832</u>	<u>508,117</u>	<u>959,726</u>	<u>26,128,187</u>	<u>143,615,862</u>
1,470,849	1,400		3,347	10,207,036
1,460,152				6,485,681
1,558,311	184,872		3,069,183	39,494,052
39,426	500		1,036,826	5,685,618
2,011,156	372,676		8,305,821	10,689,653
418,079	1,400		2,877,085	6,113,742
		506,994		506,994
			3,666,483	33,645,568
10,463,944	53,234,056	2,030,649	2,835,094	68,606,237
<u>17,421,917</u>	<u>53,794,904</u>	<u>2,537,643</u>	<u>21,793,839</u>	<u>181,434,581</u>
(2,953,085)	(53,286,787)	(1,577,917)	4,334,348	(37,818,719)
		75,511,877		75,513,866
3,423,670			651,249	4,074,919
(979,142)			(3,794,534)	(8,436,872)
<u>2,444,528</u>	<u></u>	<u>75,511,877</u>	<u>(3,143,285)</u>	<u>71,151,913</u>
(508,557)	(53,286,787)	73,933,960	1,191,063	33,333,194
15,864,406	72,752,788		29,206,658	162,183,935
<u>\$ 15,355,849</u>	<u>\$ 19,466,001</u>	<u>\$ 73,933,960</u>	<u>\$ 30,397,721</u>	<u>\$ 195,517,129</u>

City of Fayetteville, Arkansas  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds	\$	33,333,194
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Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	48,686,179
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The net effect of various miscellaneous transactions involving capital assets, such as sales, capital donations, trade in value, and transfers is to increase (decrease) net position.	8,687,240
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,064,940
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The issuance of long-term debt such as bonds and leases provide current financial resources to the governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is issued: however these amounts are deferred and amortized in the statement of activities This amount is the net effect of these differences in the treatment of long-term debt and related items.	(46,708,324)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absence expense increased for 2022.	(1,452,729)
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Increase/ decrease in expenses in the statement of activities for net pension liability and other postemployment benefits.	4,065,436
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Internal service funds are used by management to charge the costs of the fleet (Shop Fund) to the individual funds. The net revenue of certain activities of the Shop Fund is reported with governmental activities.	<u>986,906</u>
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Change in net position of governmental activities	\$	<u><u>48,662,842</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2022

For the Year Ended December 31, 2022				Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
Revenues				
Sales tax	\$ 36,363,000	\$ 36,363,000	\$ 42,565,465	\$ 6,202,465
Property tax	4,473,000	4,473,000	4,395,530	(77,470)
Franchise tax	6,382,000	6,382,000	7,493,022	1,111,022
Licenses and permits	1,997,500	1,997,500	2,664,768	667,268
Intergovernmental	3,026,000	10,333,355	9,487,112	(846,243)
Charges for services	2,734,500	2,803,014	3,288,276	485,262
Fines and forfeitures	853,000	1,014,759	1,025,831	11,072
Investment earnings	56,000	56,000	151,962	95,962
Net decrease in the fair value of investments			(1,189,074)	(1,189,074)
Contributions	46,000	139,094	104,878	(34,216)
Other	154,000	591,958	522,464	(69,494)
Total revenues	56,085,000	64,153,680	70,510,234	6,356,554
Expenditures				
General Government				
Mayor	322,737	331,661	305,859	25,802
City Council	189,214	201,214	177,660	23,554
City Attorney	382,186	400,182	394,482	5,700
City Prosecutor	768,969	792,905	745,348	47,557
District Judge	111,064	125,371	113,208	12,163
Chief of Staff	163,051	169,897	142,116	27,781
Communications & Marketing	400,451	410,034	367,402	42,632
Economic Development	628,424	636,921	615,563	21,358
Government Media Services	302,357	345,428	305,296	40,132
Internal Audit	110,194	114,069	111,092	2,977
City Clerk	503,420	519,612	452,091	67,521
District Court Criminal	447,849	456,002	332,791	123,211
District Court Probations	30,946	32,167	29,753	2,414
District Court Small Claims	357,520	369,657	338,516	31,141
Library	1,806,178	1,806,178	1,777,401	28,777
Miscellaneous	3,190,313	2,843,464	2,303,563	539,901
Cost allocation	(540,363)	(540,363)	(540,363)	
Total General Government	9,174,510	9,014,399	7,971,778	1,042,621
Finance and Internal Services				
Finance Director	210,843	218,182	216,309	1,873
Human Resources	568,620	585,250	543,256	41,994
Employee Development	858,545	858,545	639,672	218,873
Accounting and Audit	921,093	981,473	929,897	51,576
Budget and Research	374,655	382,535	313,243	69,292
General Maintenance	638,304	666,820	646,610	20,210
Janitorial	400,535	397,441	332,155	65,286
Purchasing	412,616	423,168	371,111	52,057
Information Technology	2,163,819	2,194,176	2,079,216	114,960
GIS	483,228	505,553	502,051	3,502
Cost allocation	(1,547,991)	(1,547,991)	(1,547,991)	
Total Finance and Internal Services	5,484,267	5,665,152	5,025,529	639,623
Public Safety				
Central Dispatch	1,881,605	2,010,706	1,745,507	265,199
Police Support Services	3,324,080	3,683,421	3,446,689	236,732
Police Projects		3,422,140	1,016,464	2,405,676
Police Patrol	13,728,792	14,623,221	13,705,693	917,528
Fire Prevention	845,945	999,730	999,290	440
Fire Operations	13,078,677	13,580,023	13,369,108	210,915
Fire Training	370,498	391,855	391,844	11
Fire Hazmat	41,128	38,991	38,990	1
Cost allocation	(31,899)	(31,899)	(31,899)	
Total Public Safety	33,238,826	38,718,188	34,681,686	4,036,502

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual cont'd  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Planning and Engineering				
Public Works Director	\$ 178,991	\$ 188,451	\$ 187,501	\$ 950
Development Services Director	325,495	337,555	329,558	7,997
Engineering Operations and Administration	932,186	920,689	835,408	85,281
Engineering Land Acquisition	94,545	101,449	52,469	48,980
Engineering Public Construction	383,463	463,122	430,930	32,192
Development Review	480,113	532,888	461,050	71,838
Sustainability and Resilience	336,593	346,729	299,201	47,528
Long Range Planning	189,126	191,511	181,878	9,633
Planning Commission	45,994	47,338	44,797	2,541
Building Safety	1,078,598	1,114,949	1,025,193	89,756
Community Resource Administration	162,320	170,777	145,872	24,905
Animal Patrol	425,948	442,883	438,429	4,454
Animal Shelter	474,273	491,746	478,082	13,664
Animal Services Projects		151,299	26,328	124,971
Veterinarian Management	244,523	252,475	247,459	5,016
Cost allocation	(575,289)	(575,289)	(575,289)	
Total Community Planning and Engineering	4,776,879	5,178,572	4,608,866	569,706
Parks and Recreation				
Swimming Pool	202,051	203,516	185,326	18,190
Administration/Recreation Programs	1,122,275	1,150,125	1,046,291	103,834
Arts and Culture	219,458	219,405	102,558	116,847
Yvonne Richardson Community Center	251,673	321,633	263,672	57,961
Lake Recreation	123,219	109,202	103,693	5,509
Park Maintenance	1,235,273	1,276,137	1,115,638	160,499
Total Parks and Recreation	3,153,949	3,280,018	2,817,178	462,840
Debt service		586,116	319,763	266,353
Capital Outlay	23,569	3,099,235	42,494	3,056,741
Total General Fund expenditures	55,852,000	65,541,680	55,467,294	10,074,386
Excess (deficiency) of revenues over (under) expenditures	233,000	(1,388,000)	15,042,940	16,430,940
<b>Other financing sources (uses)</b>				
Transfers out	(233,000)	(3,870,022)	(3,663,196)	206,826
Total other financing sources (uses)	(233,000)	(3,870,022)	(3,663,196)	206,826
Net change in General Fund balances before Disaster Recovery and Replacement		(5,258,022)	11,379,744	16,637,766
<b>Revenues Disaster Recovery and Replacement</b>				
Intergovernmental			37,019	37,019
Charges for services	35,800	35,800	36,044	244
Investment earnings	7,200	7,200	10,471	3,271
Net decrease in the fair value of investments			(81,344)	(81,344)
Miscellaneous			680	680
Total revenues	43,000	43,000	2,870	(40,130)
<b>Expenditures Disaster Recovery and Replacement</b>				
General Government	2,200	323,089	9,412	313,677
Total Expenditures	2,200	323,089	9,412	313,677
Capital Outlay	35,800	148,751		148,751
Total Capital Outlay	35,800	148,751		148,751
Total Disaster and Recovery Fund Expenditures	38,000	471,840	9,412	462,428
Excess (deficiency) of revenues over (under) expenditures	5,000	(428,840)	(6,542)	422,298
Net change in General Fund and Disaster Recovery and Replacement combined	5,000	(5,686,862)	11,373,202	17,060,064
General Fund balances, beginning of year	35,427,406	35,427,406	35,427,406	
General Fund balances, end of year	\$ 35,432,406	\$ 29,740,544	\$ 46,800,608	\$ 17,060,064



**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**American Rescue Plan Act**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Intergovernmental	\$	\$ 6,087,136	\$ 750,250	\$ (5,336,886)
Investment earnings			11,968	11,968
Total revenues		6,087,136	762,218	(5,324,918)
<b>Expenditures:</b>				
General government		4,439,896	750,250	5,190,146
Capital outlay		1,647,240		1,647,240
Total expenditures		6,087,136	750,250	6,837,386
Excess of revenues over expenditures			11,968	1,512,468
<b>Other financing sources (uses):</b>				
Transfer out				
Total other financing sources (uses)				
Net change in fund balances			11,968	11,968
Fund balances, beginning of year	2,270	2,270	2,270	
Fund balances, end of year	\$ 2,270	\$ 2,270	\$ 14,238	\$ 11,968

The notes to the financial statements are an integral part of this statement.

**City of Fayetteville, Arkansas**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2022**

	<b>Recycling and Trash Collection</b>	<b>Water and Sewer</b>	<b>Airport Fund Nonmajor Enterprise Fund</b>
<b>Assets and Deferred Outflows of Resources</b>			
Current assets			
Cash	\$ 544,398	\$ 916,403	\$ 646,964
Investments	6,349,080	46,337,492	756,021
Accounts receivable	1,915,057	5,655,071	129,635
Accounts receivable - leases		72,036	30,537
Accrued interest	13,916	106,208	16,719
Due from other funds	124,762	200,473	
Due from other governments	9,856	1,087,415	17,778
Inventory	37,559	1,659,416	148,912
Prepaid expenses and other assets	2,626	867	8,186
Total current assets	<u>8,997,254</u>	<u>56,035,381</u>	<u>1,754,752</u>
Noncurrent assets			
Accounts receivable - leases		1,518,408	598,731
Capital assets			
Land	25,108	10,346,065	3,750,133
Buildings	6,090,460	101,759,039	18,779,827
Improvements other than buildings	2,914,945	442,359,096	25,925,000
Machinery, equipment and vehicles	1,834,333	38,579,080	1,002,967
Less accumulated depreciation	<u>(8,505,245)</u>	<u>(251,834,213)</u>	<u>(36,396,962)</u>
Total capital assets, net	<u>2,359,601</u>	<u>342,727,475</u>	<u>13,659,696</u>
Total assets	<u>11,356,855</u>	<u>398,762,856</u>	<u>15,414,448</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current liabilities			
Accounts payable	768,257	3,747,584	333,422
Accrued expenses	73,644	102,562	10,475
Compensated absences	316,019	482,529	39,874
Due to other funds	57,868	82,969	74,333
Customer deposits		1,175,303	2,700
Unearned revenue		666	
Total current liabilities	<u>1,215,788</u>	<u>5,591,613</u>	<u>460,804</u>
Noncurrent liabilities			
Compensated absences	<u>296,675</u>	<u>822,256</u>	<u>26,478</u>
Total noncurrent liabilities	<u>296,675</u>	<u>822,256</u>	<u>26,478</u>
Total liabilities	<u>1,512,463</u>	<u>6,413,869</u>	<u>487,282</u>
Deferred inflows of resources			
Unavailable revenue - leases		<u>1,553,284</u>	<u>635,133</u>
Total deferred inflows of resources		<u>1,553,284</u>	<u>635,133</u>
Total liabilities and deferred inflows of resources	<u>1,512,463</u>	<u>7,967,153</u>	<u>1,122,415</u>
Net investment in capital assets	2,347,783	340,223,094	13,060,965
Unrestricted	<u>7,496,609</u>	<u>50,572,609</u>	<u>1,231,068</u>
Total net position	<u>\$ 9,844,392</u>	<u>\$ 390,795,703</u>	<u>\$ 14,292,033</u>

The notes to the financial statements are an integral part of this statement.

<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
\$ 2,107,765	\$
53,442,593	22,600,049
7,699,763	
102,573	
136,843	49,534
325,235	24,695
1,115,049	
1,845,887	263,589
11,679	159,002
<u>66,787,387</u>	<u>23,096,869</u>
2,117,139	
14,121,306	16,256
126,629,326	2,026,720
471,199,041	
41,416,380	48,841,865
<u>(296,736,420)</u>	<u>(31,705,660)</u>
<u>356,629,633</u>	<u>19,179,181</u>
423,417,020	42,276,050
4,849,263	567,541
186,681	16,669
838,422	42,755
215,170	1
1,178,003	
666	40,789
<u>7,268,205</u>	<u>667,755</u>
1,145,409	135,428
<u>1,145,409</u>	<u>135,428</u>
8,413,614	803,183
2,188,417	
2,188,417	
<u>10,602,031</u>	<u>803,183</u>
355,631,842	18,989,010
<u>59,300,286</u>	<u>22,483,857</u>
414,932,128	\$ <u>41,472,867</u>
Adjustment to reflect internal service fund activities related to enterprise funds net position	
<u>10,590,165</u>	
Total net position	
<u><u>425,522,293</u></u>	

**City of Fayetteville, Arkansas**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**For the Year Ended December 31, 2022**

	<b>Recycling and Trash Collection</b>	<b>Water and Sewer</b>	<b>Airport Fund Nonmajor Enterprise Fund</b>
Operating revenues:			
Solid waste fees	\$ 14,542,105	\$	\$
Water services		23,246,184	
Sewer services		24,834,525	
Airport services			4,277,751
Shop charges			
Other		1,242,025	70,213
Total operating revenues	<u>14,542,105</u>	<u>49,322,734</u>	<u>4,347,964</u>
Operating expenses:			
Personnel services	4,561,730	7,399,063	688,745
Materials and supplies	1,196,303	1,739,466	3,073,378
Contract services and charges	8,427,748	28,604,810	417,454
Maintenance	67,091	602,371	88,949
Depreciation	530,462	12,637,644	846,146
Total operating expenses	<u>14,783,334</u>	<u>50,983,354</u>	<u>5,114,672</u>
Operating income (loss)	<u>(241,229)</u>	<u>(1,660,620)</u>	<u>(766,708)</u>
Nonoperating revenues (expenses):			
Grants	44,807		
Taxes and franchise fees	348,928		106,752
Interest expense and fees			(1,864)
Interest income	36,566	312,090	22,029
Net increase (decrease) in fair value of investments	(280,292)	(2,042,114)	(37,775)
Other revenues (expenses)	117,715	1,988,248	
Total nonoperating income	<u>267,724</u>	<u>258,224</u>	<u>89,142</u>
Income (loss) before contributions and transfers	26,495	(1,402,396)	(677,566)
Capital grants		1,506,716	5,133,112
Capital donations		12,001,761	
Transfers in		3,075,906	
Transfers out		(30,000)	
Change in net position	26,495	15,151,987	4,455,546
Net position, beginning of year	<u>9,817,897</u>	<u>375,643,716</u>	<u>9,836,487</u>
Total net position, end of year	<u>\$ 9,844,392</u>	<u>\$ 390,795,703</u>	<u>\$ 14,292,033</u>

The notes to the financial statements are an integral part of this statement.

	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
\$	14,542,105	\$
	23,246,184	
	24,834,525	
	4,277,751	
	<u>1,312,238</u>	10,921,860
	<u>68,212,803</u>	<u>10,921,860</u>
	12,649,538	1,184,761
	6,009,147	3,303,095
	37,450,012	1,166,601
	758,411	46,057
	<u>14,014,252</u>	<u>4,098,986</u>
	<u>70,881,360</u>	<u>9,799,500</u>
	<u>(2,668,557)</u>	<u>1,122,360</u>
	44,807	
	455,680	
	(1,864)	
	370,685	121,206
	(2,360,181)	(992,575)
	<u>2,105,963</u>	<u>71,387</u>
	<u>615,090</u>	<u>(799,982)</u>
	(2,053,467)	322,378
	6,639,828	
	12,001,761	
	3,075,906	1,316,047
	<u>(30,000)</u>	
	19,634,028	1,638,425
		<u>39,834,442</u>
		<u>\$ 41,472,867</u>
Adjustment to reflect internal fund activities related to enterprise funds	<u>651,517</u>	
Change in net position	<u>\$ 20,285,545</u>	

**City of Fayetteville, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	<b>Recycling and Trash Collection</b>	<b>Water and Sewer</b>	<b>Airport Fund Nonmajor Enterprise Fund</b>
Cash flows from operating activities:			
Cash received from customers	\$ 14,510,618	\$ 48,520,555	\$ 3,865,449
Cash received from internal customers			
Cash paid to suppliers	(9,285,107)	(29,426,766)	(2,745,524)
Cash paid to employees	(4,497,387)	(7,127,894)	(686,089)
Net cash provided by (used for) operating activities	<u>728,124</u>	<u>11,965,895</u>	<u>433,836</u>
Cash flows from noncapital financing activities:			
Intergovernmental	44,807		
Taxes/Franchise fees	348,928		106,259
Transfers in		3,075,906	
Transfers out		(30,000)	
Net cash provided by (used for) noncapital financing activities	<u>393,735</u>	<u>3,045,906</u>	<u>106,259</u>
Cash flows from capital and related financing activities:			
Capital grants		1,506,716	5,133,112
Interest paid on bonds/interfund loans			(1,864)
Acquisition and construction of capital assets	(418,086)	(14,641,219)	(5,388,218)
Proceeds from sale of capital assets		174,244	
Net cash provided by (used for) capital and related financing activities	<u>(418,086)</u>	<u>(12,960,259)</u>	<u>(256,970)</u>
Cash flows from investing activities:			
Purchase of investment securities	(333,742)	(2,081,396)	(480,129)
Interest and dividends on investments	28,247	247,033	5,589
Net cash provided by (used for) investing activities	<u>(305,495)</u>	<u>(1,834,363)</u>	<u>(474,540)</u>
Net increase (decrease) in cash	398,278	217,179	(191,415)
Cash, beginning of year	<u>146,120</u>	<u>699,224</u>	<u>838,379</u>
Cash, end of year	<u>\$ 544,398</u>	<u>\$ 916,403</u>	<u>\$ 646,964</u>
Reconciliation of operating income (loss) to cash flows from operating activities			
Operating income (loss)	(241,229)	(1,660,620)	(766,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	530,462	12,637,644	
(Increase) decrease in customer accounts receivable	(35,677)	(1,503,541)	
(Increase) decrease in due from other funds	(124,762)	(200,142)	
(Increase) decrease in due from other governments	11,236	(1,086,743)	
(Increase) decrease in inventory	18,787	(374,205)	
(Increase) decrease in prepaid expenses		17	
Increase (decrease) in accounts payable	329,381	149,022	
Increase (decrease) in other accrued expenses	64,343	271,169	
Increase (decrease) in due to other funds	57,868	82,769	
Increase (decrease) in unearned revenue and deposits		1,662,278	
Other revenue	<u>117,715</u>	<u>1,988,247</u>	
Net cash provided by (used for) operating activities	<u>\$ 728,124</u>	<u>\$ 11,965,895</u>	<u>\$ (766,708)</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$	\$ 12,001,761	\$
Accounts payable related to capital assets	11,818	985,973	
Net increase/(decrease) in fair value of investments	(280,292)	(2,042,114)	(37,775)

The notes to the financial statements are an integral part of this statement.

<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
\$ 66,896,622	\$ 10,969,476
(41,457,397)	(4,285,013)
(12,311,370)	(1,193,924)
<u>13,127,855</u>	<u>5,490,539</u>
44,807	
455,187	
3,075,906	1,316,047
(30,000)	
<u>3,545,900</u>	<u>1,316,047</u>
6,639,828	
(1,864)	
(20,447,523)	(6,225,746)
<u>(13,809,559)</u>	<u>(6,225,746)</u>
(2,895,267)	(672,883)
280,869	92,043
<u>(2,614,398)</u>	<u>(580,840)</u>
424,042	
<u>1,683,723</u>	
<u>\$ 2,107,765</u>	<u>\$</u>
(2,668,557)	1,122,360
13,168,106	4,098,986
(1,539,218)	
(324,904)	(23,771)
(1,075,507)	
(355,418)	(21,309)
17	(29,571)
478,403	264,401
335,512	(9,162)
140,637	1
1,662,278	17,217
<u>2,105,962</u>	<u>71,387</u>
<u>\$ 11,927,311</u>	<u>\$ 5,490,539</u>
\$ 12,001,761	\$ 190,172
997,791	(992,575)
(2,360,181)	

**City of Fayetteville, Arkansas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2022**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
	<hr/>	<hr/>
<b>Assets</b>		
Cash	\$ 500,031	\$ 100,022
Investments, at fair value:		
Investment cash equivalents	554,887	
Governmental securities	244,000	
Corporate bonds	1,149,028	
Corporate stock	4,850,181	
Receivables:		
Accrued interest	13,622	
Due from primary government	8,980	
Due from other government	76,017	
	<hr/>	<hr/>
Total assets	<u>7,396,746</u>	<u>100,022</u>
	<hr/>	<hr/>
<b>Liabilities</b>		
Due to primary government	7	
Unearned revenue	10,900	
	<hr/>	<hr/>
Total liabilities	<u>10,907</u>	<hr/>
	<hr/>	<hr/>
<b>Net Position</b>		
Net position restricted for climate change	\$	\$ 100,022
Net position restricted for pensions	<u>7,385,839</u>	<u><hr/></u>

The notes to the financial statements are an integral part of this statement.



**City of Fayetteville, Arkansas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2022**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
	<hr/>	<hr/>
<b>Additions</b>		
Contributions:		
City contributions	\$ 107,377	
Property taxes contributed from police and fire pension revenue fund	1,578,136	
State insurance taxes contributed from police and fire pension revenue fund	655,766	
Total contributions	2,341,279	
Investment earnings:		
Interest	158,345	70
Net decrease in fair value of investments	(907,841)	
Gain on sale of investments	72,613	
Investment fees	(31,430)	(48)
Other	14,982	
	<hr/>	<hr/>
Net investment earnings	(693,331)	22
	<hr/>	<hr/>
Total additions	1,647,948	22
	<hr/>	<hr/>
<b>Deductions</b>		
Contractual services	7,801	
Benefit payments	2,747,777	
	<hr/>	<hr/>
Total deductions	2,755,578	
	<hr/>	<hr/>
Change in net position	(1,107,630)	22
Net position, beginning of year	8,493,469	100,000
	<hr/>	<hr/>
Net position, end of year	\$ 7,385,839	100,022
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The notes to the financial statements are an integral part of this statement.

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**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
**December 31, 2022**

**1. Nature of Operations and Summary of Significant Accounting Policies**

The City of Fayetteville, Arkansas (the "City") is a municipal corporation operating under the authority of Arkansas state statute. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. A description of the more significant accounting and financial reporting policies and practices of the City follows.

**A. Reporting Entity**

The City is a municipality governed by an elected mayor and an eight-member council. As required by accounting principles generally accepted in the United States (GAAP), these financial statements present the City (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Those entities in which the nature and significance of their relationship with the City is such that exclusion from the City's financial reporting entity would render the City's financial statements incomplete or misleading are included as part of the City's reporting entity.

Those commissions and boards which have been included within the City's financial statements are as follows:

**Discretely presented component units**

Advertising and Promotion Commission - The Commission is governed by seven members appointed by the City Council. Two City Council members serve on the Commission. The City levies and collects taxes to fund the Commission. The Commission's purpose is to promote and develop tourism for the City of Fayetteville.

The Commission is discretely presented as a separate column in the City's government-wide financial statements. Financial statements of the Advertising and Promotion Commission can be obtained from the administrative offices located at 21 South Block, Fayetteville, Arkansas 72701.

Fayetteville Public Library (Library) - The Mayor of the City appoints all five members of the Library's Board of Trustees and the City controls a significant portion of the Library's budget. The Library serves the residents of the City and Washington County. The Fayetteville Public Library Foundation (Foundation) provides fundraising for the Library and is governed by a board comprised of members appointed by the Board of Trustees of the Library. The Foundation is a special revenue fund of the Library.

The Library is discretely presented as a separate column in the City's government-wide financial statements. Financial statements of the Fayetteville Public Library can be obtained from the administrative offices located at 401 W. Mountain, Fayetteville, Arkansas 72701.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements. The statements have been segregated into two categories, governmental activities and business-type activities of the City. Governmental activities are generally supported through taxes and intergovernmental revenues. Business-type activities are financed in whole or part by user fees and charges to external parties. The primary government is reported separately from component units of the City. The statement of activities demonstrates the degree to

**City of Fayetteville, Arkansas**  
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which the direct expenses of a given function or program is offset by revenues generated by the program. Direct expenses are those that can be clearly associated with a specific function. Program revenues include 1) charges to customers or applicants who use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions for operational or capital requirements of a particular function or program. The effect of interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated in the consolidation process. Taxes and other items not identifiable with a program are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements as the assets are not available to finance City operations. Major governmental funds and major enterprise funds are reported in separate columns in the fund financial statements. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded, when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. The City considers sales and use taxes available if they are collected within thirty days after year-end. All other revenues including property taxes are considered available if they are collected within sixty days after year-end. Major revenue sources susceptible to accrual are sales taxes, property taxes, franchise fees, intergovernmental revenue and interest earnings. Expenditures are recorded when a related fund liability is incurred with the exception of principal and interest on long-term debt, compensated absences and claims and judgments which are recorded when the payments are due.

The government reports the following major governmental funds:

General Fund - The General Fund is the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Sales Tax Improvement Bond Fund - This debt service fund is used to account for the accumulation of resources for and the payment of principal and interest associated with the bond issues for wastewater improvements, streets and trails.

American Rescue Plan Act Fund – This special revenue fund accounts for grant funds from the federal government to address the Covid-19 pandemic and the corresponding economic crisis.

Sales Tax Capital Improvement Fund – This capital project fund accounts for a portion of the City's sales and use tax to acquire, construct and equip capital additions and improvements in the City's five year capital plan.

Sales Tax 2019 Construction Fund – This capital projects fund accounts for the bond proceeds from a bond issue for multiple City projects including streets, trails, police, fire, drainage, parks and a cultural arts corridor.

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Sales Tax 2022 Construction Fund – This capital projects fund accounts for the bond proceeds from a bond issue for multiple City projects including streets, trails, fire, drainage, parks and a cultural arts corridor.

The government reports the following major enterprise funds:

Recycling and Trash Collection Fund – This fund accounts for the operation of the City's recycling program and trash collection system.

Water and Sewer Fund – This fund accounts for the operation and maintenance of the City's water and sewer system.

Additionally, the City reports the following fund types:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. The Shop Fund is the only internal service fund of the City and is responsible for the management of the City's fleet.

Pension Trust Funds – Pension trust funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The City has two pension trust funds, the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund.

Private Purpose Trust Fund – The private purpose trust fund is used to account for the donations of funds to be used to address a long-term potential rise in migration and refugee resettlement services due to climate change and war.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally generated resources are reported as general revenues. All taxes are included in general revenues. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or delivering goods in connection with a fund's ongoing operations. The primary source of operating revenues to the City's major enterprise funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the costs of sales and services, administrative costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets and Liabilities**

Investments - Certificates of deposit and money market investments that mature within one year of the date of acquisition are recorded at amortized cost, which approximates fair value. All other investments are recorded at fair value with the resulting gains and losses recognized in the current period. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs.

**City of Fayetteville, Arkansas**  
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Receivables - Customer Accounts – In the proprietary funds an allowance has been made for doubtful accounts based on past experience in each fund. In the governmental funds, sales and use taxes that are not received within thirty days and other revenues not received within sixty days of year-end are considered deferred inflows of resources.

Receivables – Leases – The City's lease receivables are measured at the present value of the lease payments to be received during the term of the lease. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the lease receivable and is amortized on a straight-line basis over the term of the lease.

Due to/from Other Governments - Due from other governments consists primarily of November and December sales and use taxes, property taxes, state turnback, cost sharing, and grant reimbursement requests receivable at year-end. Due to other governments consists primarily of grant subrecipient expense reimbursements, cost sharing, and fourth quarter parking revenue distributions.

Inventories - Inventories in the governmental and proprietary funds are stated at cost and consist primarily of waterline materials, fuel and various vehicle parts. Inventory cost is determined by the first in/ first out method or average cost method. The cost is recorded as an expenditure/expense upon consumption. The Water and Sewer Fund inventory balance at year end totaled \$1,659,416.

Prepays - Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds using the consumption method.

Restricted Assets – Certain resources are classified as restricted on the statement of net position because their use is subject to external restrictions. The City's restricted assets totaled \$117,445,903 at December 31, 2022.

Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are assets which individually cost \$5,000 or more and have a useful life of more than one year. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend their lives are not capitalized.

Donated Capital Assets – Donated capital assets are recorded at acquisition value. The value of donated infrastructure in the governmental activities was \$8,566,684 and donated greenspace was \$382,256 in 2022. Donated Water and Sewer lines valued at \$12,001,761 were recorded in the business-type funds.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Machinery, equipment, and vehicles	3-10
Infrastructure	20-50

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Property Taxes - The City levies property taxes applicable to the following year during the month of October. Property taxes assessed during the previous year are due and payable after March 1. Taxes are delinquent after October 15th. Delinquent property taxes as of December 31, 2022, were not significant.

The assessed value of taxable property upon which property taxes are levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies a statutory rate of 20% to arrive at an assessed value. Washington County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Each unit of government receives its proportionate share of tax receipts from the County Assessor, based on its individual mill levy, in the month following the collection.

The amount of property taxes the City may levy for general government operations is subject to a statutory limitation of 5 mills established by the State of Arkansas. This operating tax levy limitation may not be increased except by amendment to the State Constitution. In 2022, the City Council approved a levy of 2.3 mills for general government operations, which is the same as 2021. In addition, the City has 0.4 mills each for the Policemen's and Firemen's Pension Funds and 3.7 mills for the Fayetteville Public Library. The mills for the Library and the Pension funds are apart from the statutory limitation of 5 mills for operations.

Bond Issuance Costs, Premiums and Discounts and Refunding Gains and Losses –The government-wide financial statements and proprietary funds report long-term debt and other long-term obligations as liabilities in the statement of net position. Bond premiums and discounts, as well as prepaid bond insurance costs are amortized over the life of the related debt. Premiums and discounts are shown as a direct deduction or addition to the face amount of the debt. Other issuance costs are expensed in the period incurred. Gains and losses on debt refundings are classified as deferred inflows or deferred outflows of resources and are amortized to interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In the governmental funds, bond premiums and discounts as well as bond issuance costs, are recorded in the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt are reported as other financing sources and uses. Issuance costs are reported as expenditures of the current period.

Rebatable Arbitrage - Rebatable arbitrage is treated as an expense when due.

Compensated Absences – City employees earn sick and vacation leave benefits based on length of service time. Employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. Sick and vacation leave is accrued when earned in the proprietary fund and government-wide financial statements. In the governmental funds the liability is recorded to the extent that they have matured at year-end.

Unearned Revenue – In the governmental and proprietary funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The American Rescue Plan Act grant had \$9,989,711 of unearned revenues at year-end.

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Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Lease Assets - Lease assets are initially recorded at the initial measurement of a lease liability, plus lease payments made at the commencement of the lease term, plus any direct costs to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease. The City's lease policy has a \$5,000 threshold to record a lease asset.

Deferred Outflows/Inflows of Resources – The Statement of Net Position and the Balance Sheet will include a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an expense or expenditure until that time. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time. Lease related deferred inflows represent the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

**E. Fund Balance – Governmental Funds**

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances may be used only for the specific purposes determined by resolution of the City Council. Commitments may be changed or lifted only by issuance of a resolution by the City Council.

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balances represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. The assigned fund balances are reflections of City Council decisions based on the passage of an ordinance or resolution or for purchase orders issued but not executed.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications. The General Fund is the only fund that can report a positive unassigned fund balance. However, in other governmental funds, if the amounts spent is more than the resources available for a specific purpose, then it may need to report a negative amount in unassigned fund balance.



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The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**F. Disaster Recovery and Minimum Fund Balance Policy**

In 2002, the City Council committed by ordinance, \$3,000,000 in disaster recovery funds. The funds are not to be dispersed until and unless the City Council determines by Resolution that a disaster requiring use of these funds has occurred. The funds are required to be restored to \$3,000,000 as soon as feasible after any disbursements of funds. These funds are shown as committed in the General Fund.

The City Council has also established a minimum reserve of sixty days of annual regular operating expenditures for the General Fund. The minimum reserves cannot be reduced without specific City Council Resolution. These funds are shown as unassigned in the General Fund. Additionally, the Council has required a minimum reserve of at least 10% of current year operating expenditures in the Street Fund. The City will use funds in the reserve only in times of emergency or fiscal and economic hardship. These funds are shown as restricted in the Street Fund.

**G. Adoption of GASB Statements**

*GASB Statement No.87, Leases*, is effective for the City in the fiscal year 2022. The statement provides a new framework for accounting for leases under the principle that leases are financings and lessee should recognize an intangible asset and a corresponding liability and the lessor will recognize a lease receivable and related deferred inflow of resources. The City recorded \$3,516,182 in lease receivables and \$255,740 in leases payable at year end 2022. There was no impact to beginning balances due to this statement being adopted in 2022.

*GASB Statement No.92, Omnibus 202*, is effective for the City in the fiscal year 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB Statements. The City's adoption of this statement improves the comparability of financial reporting for the users of the City's financial statements.

*GASB Statement No.93, Replacement of Interbank Offered Rate*, was adopted by the City in 2022. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The adoption of this statement had no effect on the City's financial statements.

*GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84, and a Supersession of GASB Statement No.32*, was adopted by the City in 2022. The objectives of this statement are to increase consistency and comparability related to the reporting of defined contribution pension and other post employment plans. The adoption of this statement had no effect on the City's financial statements.

**City of Fayetteville, Arkansas**  
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**2. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance in total governmental funds and net position in governmental activities as reported in the government-wide statement of net position. A major element of the reconciliation combines the assets and liabilities from the internal service fund with the other governmental funds. The total adjustment of \$30,882,702 is detailed as follows:

Investments	\$ 22,600,049
Accrued interest	49,534
Due from other funds	24,695
Inventories	263,589
Prepaid expenses and other assets	159,002
Capital assets less depreciation	19,179,181
Accounts payable	(567,542)
Accrued expenditures	(16,669)
Compensated absences	(178,183)
Gain due to business-like funds	(10,590,165)
Unearned revenue	<u>(40,789)</u>
Net adjustment to fund balance in governmental fund statement to statement of net position governmental activities	<u>\$ 30,882,702</u>

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances in total governmental funds and changes in net position of governmental activities as shown in the government-wide statement of activities. A major element of the reconciliation explains that governmental funds report capital outlays as expenditures. In the statement of activities the costs of capital assets are allocated over the estimated useful life and reported as depreciation expense. The difference of \$48,686,179 is shown as follows:

Capital outlays	\$ 68,606,237
Depreciation expense	<u>(19,920,058)</u>
Net adjustment to increase net changes of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 48,686,179</u>

**City of Fayetteville, Arkansas**  
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Another element of that reconciliation states that “The issuance of long-term debt such as bonds and capital leases provide current financial resources to governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. Governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is issued; however, these amounts are amortized in the statement of activities. The details of this (\$46,708,324) difference are as follows.

Amortization of premiums and discounts, loss on	
refunding and interest expense	\$ 185,614
Payment of debt principal	28,619,928
Issuance of debt	<u>(75,513,866)</u>
Net adjustments of net changes of total governmental	
funds to arrive at changes in net position	
of governmental activities	<u>\$ (46,708,324)</u>

### **3. Stewardship, Compliance, and Accountability**

#### **A. Budgets and Budgetary Accounting**

The City is required by State statute to prepare and submit an annual budget to the City Council on or before December 1 of each year for the period January 1 to December 31 of the forthcoming year. Prior to February 1 of each year, the budget must be legally adopted through passage of a City resolution by the City Council.

Budgets are prepared for the General fund, special revenue funds, debt service funds and capital project funds. These budgets are prepared on the modified accrual basis for revenues and expenditures. Budgets are also prepared for enterprise funds based on an accrual basis of accounting, with the exception of depreciation.

Appropriation for budgeted funds cannot exceed the estimated revenues and existing fund balances and it is unlawful for the City to create or authorize creation of a deficit fund balance or net position in any fund. Budgetary control is maintained at the program (operating unit within a division, e.g. administration, maintenance, construction, etc. within the Street Division) level. The Finance Director is authorized to make budget adjustments within a division of a fund, between departments for personnel services within a fund, and adjustments within categories within an approved project in a fund. However, budget amendments (which increase the budget total of a given fund) must be approved by the City Council, with the exception of powers specifically delegated to a Bond Trustee in a Bond Trust agreement for administration of a bond issue.

For control purposes, an encumbrance accounting system is employed. Under this system, purchase orders, contracts, and other commitments for expenditures of funds are recorded as encumbrances in order to reserve a portion of the applicable appropriation. At the end of the year, encumbrances for which goods and/or services have not been received are reviewed and rebudgeted or canceled. Encumbrances in major funds which lapsed at December 31, 2022 and were reinstated as of January 1, 2023 totaled \$3,368,477 for the General Fund, \$5,407,526 for Sales Tax Capital Improvement Fund, \$12,541,569 for the Sales Tax 2019 Construction Fund, and \$8,106,153 for the Sales Tax 2022 Construction Fund. Encumbrances which lapsed and were reinstated for non-major funds totaled \$1,271,393.

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Since all unexpended appropriations lapse at the end of the fiscal year, it is the City's policy to rebudget purchase commitments, uncommitted projects and unspent capital project budget amounts rather than include them in the original budget. Therefore, amended budgets are traditionally large in comparison to the original budget for the capital projects funds.

**4. Detailed Notes on All Funds**

**A. Deposits, Investments and Investment Income**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of State law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Arkansas. Collateral for deposits is held by an agent in the City's name. At December 31, 2022, the City had bank balances of \$318,940 that were exposed to custodial credit risk.

The Advertising and Promotion Commission and the Fayetteville Public Library are component units of the City. At December 31, 2022, none of the component units bank balances were exposed to custodial credit risk.

**Investments**

The City's investment policies are to comply with the provisions of State statutes. Permissible investments include direct obligations of the U.S. Government, obligations of agencies of the U.S. Government, collateralized certificates of deposit, obligations issued by the Arkansas State Board of Education, prerefunded municipal bonds, certificates of deposits with banks authorized by State law to receive deposits of public funds, repurchase agreements, money market funds and corporate debt obligations. The Policemen's Pension and Relief Fund assets held in trust may also invest in corporate equity securities. The Firemen's Pension and Relief Fund reached a portfolio level in 2012 where they are no longer permitted by State statutes to invest in equities. The fund can hold the equities currently in the portfolio.

At December 31, 2022, the City, including its fiduciary funds, had the following investments and maturities:

<b>Type</b>	<b>Fair Value/Net Asset Value</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>More than 10 Years</b>
U.S. Treasury obligations	\$ 244,000	97,562	\$ 146,438	\$ -	\$ -
U.S. Agencies obligations	143,177,293	44,665,470	98,511,823	-	-
Corporate bonds	1,149,028	356,788	511,117	281,123	-
Cash equivalents (money market)	117,730,219	117,730,219	-	-	-
		\$ 162,850,039	\$ 99,169,378	\$ 281,123	\$ -
Corporate stocks	4,850,181				
	\$ 267,150,721				

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used to measure the fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are derived from +or corroborated by observable market data for the asset or liability. The City's Level 2 investments are valued using a matrix pricing technique, which values the securities based on the securities' relationship to benchmark quoted prices. The City uses ICE data services for asset pricing of level 2 inputs. Level 3 inputs are unobservable. The City's investments are categorized below.

<b>City Investments</b>	<b>12/31/2022</b>	<b>Quoted prices in Active Markets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>Debt Securities</b>				
U.S. Agencies	143,177,293	-	143,177,293	-
<b>Investments measured at Amortized Cost</b>	117,175,332			
<b>Pension Investments</b>	<b>12/31/2022</b>	<b>Quoted prices in Active Markets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>Debt Securities</b>				-
U.S. Treasury	244,000	244,000		
Corporate bonds	1,149,028		1,149,028	
<b>Corporate Stock</b>	4,850,181	4,850,181	-	-
<b>Investments measured at Amortized Cost</b>	554,887			

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses from rising interest rates, the City's investment policy is to attempt to match investment maturities with cash flow requirements. Money market mutual funds are used to meet the short term cash flow needs of the City. Other investments are allowed within a range of maturities of ninety days to five years.

The pension trust investment policies address interest rate risk by managing asset allocation. The Policemen's Pension and Relief Fund allows for 0% to 25% in cash and cash equivalents, 25% to 65% maximum in fixed income, 35% to 50% maximum in equities and 0% to 10% in other investments. The Firemen's Pension and Relief Fund allows 5% to 25% in cash and cash equivalents, 15% to 75% in fixed income, 25% to 50% in equities, and 0% to 10% in other investments. The Firemen's Pension Fund has reached a level where State Statute prohibits future investment in stocks. The fund can continue to hold the stocks currently in the portfolio.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to invest no more than 20% in corporate debt and securities of a management type investment company or investment trust. The corporate bonds must be rated as Single A minus or better by both Moody's Investor Service and Standard and Poor's at the time of purchase. Investment in commercial paper will be rated A-1/P-1. Investment in management type investment companies or investment trusts is limited to companies with portfolios who are limited to U.S. Government obligations and repurchase agreements with approved collateralization.

The pension trust corporate bonds at year-end had an S & P ranking between AA+ and BBB. The pension funds held \$1,149,028 in bonds at year-end with \$123,926 rated AA+, \$232,862 rated AA-, \$179,483 rated A+, \$152,908 rated A-, \$202,273 rated BBB+ and \$257,576 rated BBB.

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**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. While the City's investment policy doesn't directly address custodial credit risk, all investments held by the City or by an agent of the City in the City's name are insured or collateralized or limited to U.S. Treasury Money Market Funds. The majority of the City's funds are invested by an asset manager and are held by Northern Trust in the City's name. All funds held by Northern Trust are insured. In addition, the City's investment policy requires that security broker/dealers will meet or exceed the capital adequacy standards set by the Federal Reserve Bank of New York.

**Concentration of Credit Risk** – The City's investment policy limits investment in any one issuer to 5% of the cost basis of the City's portfolio and limits concentration in any one business sector to 15% of the cost basis of the City's portfolio excluding U.S. Government obligations and collateralized certificates of deposits. The City had no concentration of credit risk as of December 31, 2022.

The Policemen's and Firemen's Pension and Relief Fund's investment policies don't limit concentration in issuers or business sectors. The Firemen's fund had concentration of over 5% in Federated Interm Corp Bond Fund, Payden Core Bond Fund and Vanguard High Dividend Yield Index, Vanguard Emerging Markets Stock Index Fund and Vanguard Value Index Funds at year end.

**Foreign Currency Risk** – This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The City's investment policy doesn't directly address foreign currency risk. The City's investment manager only buys U.S. dollar pay securities. The City had no investments that were denominated in foreign currency at December 31, 2022.

**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
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**B. Capital Assets**

**Primary Government**

Capital asset activity in the governmental activities for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Reclass</u>	<u>Decreases and Reclass</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not depreciated:				
Land	\$ 69,454,416	\$ 2,596,774	\$ (271,615)	\$ 71,779,575
Construction in progress	<u>64,056,434</u>	<u>40,412,107</u>	<u>(39,930,930)</u>	<u>64,537,611</u>
Total	<u>133,510,850</u>	<u>43,008,881</u>	<u>(40,202,545)</u>	<u>136,317,186</u>
Capital assets, being depreciated:				
Buildings	58,886,406	28,258,786	-	87,145,192
Improvements other than buildings	33,911,064	12,564,672	-	46,475,736
Machinery, equipment, and vehicles	76,137,580	9,365,105	(314,183)	85,188,502
Infrastructure	<u>375,282,304</u>	<u>30,571,276</u>	<u>-</u>	<u>405,853,580</u>
Total	<u>544,217,354</u>	<u>80,759,839</u>	<u>(314,183)</u>	<u>624,663,010</u>
Less accumulated depreciation for:				
Buildings	(36,066,809)	(2,585,219)	-	(38,652,028)
Improvements other than buildings	(22,082,581)	(3,101,345)	-	(25,183,926)
Machinery, equipment, and vehicles	(52,269,846)	(5,636,426)	267,232	(57,639,040)
Infrastructure	<u>(189,014,328)</u>	<u>(12,684,395)</u>	<u>-</u>	<u>(201,698,723)</u>
Total	<u>(299,433,564)</u>	<u>(24,007,385)</u>	<u>267,232</u>	<u>(323,173,717)</u>
Total depreciable assets, net	<u>244,783,790</u>	<u>56,752,454</u>	<u>(46,951)</u>	<u>301,489,293</u>
Governmental capital assets, net	<u>\$ 378,294,640</u>	<u>\$ 99,761,335</u>	<u>\$ (40,249,496))</u>	<u>\$ 437,806,479</u>

**City of Fayetteville, Arkansas**  
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Depreciation expense was charged to programs of the governmental activities as follows:

<b>Governmental activities</b>	
General Government	\$ 2,769,643
Finance and Internal Services	471,672
Public Safety	1,083,660
Community Planning and Engineering	832
Transportation and Parking	11,857,360
Parks and Recreation	3,725,232
Capital assets held by the governments internal service fund charged to various functions	<u>4,098,986</u>
Total Depreciation expense – governmental activities	<u>\$ 24,007,385</u>

Capital asset activity in the business-type activities for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases and transfers</u>	<u>Decrease and transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not depreciated:				
Land	\$ 13,988,709	\$ 306,841	\$ (172,244)	\$ 14,121,306
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>13,988,709</u>	<u>306,841</u>	<u>(172,244)</u>	<u>14,121,306</u>
Capital assets, being depreciated:				
Buildings	126,273,264	356,062	-	126,629,326
Improvements other than buildings	440,287,139	30,918,655	(6,753)	471,199,041
Machinery, equipment, and vehicles	<u>40,598,942</u>	<u>867,726</u>	<u>(50,288)</u>	<u>41,416,380</u>
Total	<u>607,159,345</u>	<u>32,142,423</u>	<u>(57,041)</u>	<u>639,244,747</u>
Less accumulated depreciation for:				
Buildings	(74,033,660)	(3,969,741)	-	(78,003,401)
Improvements other than buildings	(165,684,454)	(7,942,209)	6,753	(173,619,910)
Machinery, equipment, and vehicles	<u>(43,061,095)</u>	<u>(2,102,302)</u>	<u>50,288</u>	<u>(45,113,109)</u>
Total	<u>(282,779,209)</u>	<u>(14,014,252)</u>	<u>57,041</u>	<u>(296,736,420)</u>
Total depreciable capital assets	<u>324,380,136</u>	<u>18,128,191</u>	<u>-</u>	<u>324,508,327</u>
Business-type capital assets, net	<u>\$ 338,368,845</u>	<u>\$ 18,435,032</u>	<u>\$ (174,244)</u>	<u>\$ 356,629,633</u>



**City of Fayetteville, Arkansas**  
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Depreciation expense was charged to programs of the business-type activities as follows

**Business-type activities**

Airport	\$ 846,146
Recycling and Trash Collection	530,462
Water and Sewer	<u>12,637,644</u>
Total depreciation expense - business type activities	<u>\$ 14,014,252</u>

Activity for the component units for the year ended December 31, 2022, were as follows:

	Beginning Balance	Increases/Reclass	Decreases/Reclass	Ending Balance
Capital assets not depreciated:				
Land	\$ 2,228,376	\$ -	\$ -	\$ 2,228,376
Art work	169,200	833,000	-	1,002,200
Construction in progress	<u>1,107,941</u>	<u>194,132</u>	<u>(1,107,940)</u>	<u>194,133</u>
Total	<u>3,505,517</u>	<u>1,027,132</u>	<u>(1,107,940)</u>	<u>3,424,709</u>
Capital assets, being depreciated:				
Buildings and improvements	35,055,876	1,212,445	(7,000)	36,261,321
Machinery, equipment and vehicles	<u>16,459,922</u>	<u>1,107,502</u>	<u>-</u>	<u>17,567,424</u>
Total	<u>51,515,798</u>	<u>2,319,947</u>	<u>(7,000)</u>	<u>53,828,745</u>
Less accumulated depreciation	<u>(17,741,132)</u>	<u>(2,544,806)</u>	<u>7,000</u>	<u>(20,278,938)</u>
Total depreciable capital assets, net	<u>33,774,666</u>	<u>(224,859)</u>	<u>-</u>	<u>33,549,807</u>
Component unit capital assets, net	<u>\$ 37,280,183</u>	<u>\$ 802,273</u>	<u>\$ (1,107,940)</u>	<u>\$ 36,974,516</u>

**City of Fayetteville, Arkansas**  
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**C. Construction Commitments**

Outstanding commitments at December 31, 2022 under authorized contracts for capital projects of governmental and proprietary funds are presented in the following table:

	Expenditures Incurred As of 12/31/2022	Remaining Commitments at 12/31/2022
<b>Primary Government</b>		
Governmental activities		
Parks Development		
Park improvements	\$ 2,904,439	\$ 1,400,845
Capital Projects		
Streets	11,408,370	7,552,457
Trails	68,451	165,344
Drainage	2,592,669	2,109,192
Stream restoration	499,435	77,977
Cultural Arts Corridor	18,558,401	9,544,848
Police Station	24,455,732	1,978,312
Fire Stations	2,060,700	487,141
Other capital construction	<u>1,623,355</u>	<u>4,984,616</u>
Total commitments for governmental activities	<u>\$ 64,171,552</u>	<u>\$ 28,300,732</u>
Business-type activities		
Water and sewer line repair/replacement	\$ 8,735,412	\$ 6,469,688
Recycling and Trash facility improvements	125,315	311,925
Airport Construction	<u>5,277,456</u>	<u>1,174,808</u>
Total commitments for business-type activities	<u>\$ 14,138,183</u>	<u>\$ 7,956,421</u>

Parks development projects are funded with City's hotel, motel, and restaurant taxes and federal and state grants. The Sales and Use Tax Capital Improvement Bonds, 2019 and 2022, supported by a dedicated 1% sales and use tax, are funding the capital projects for streets, trails, drainage, parks, the Cultural Arts Corridor, police and fire stations. Water and sewer line repairs and replacements are being funded with revenues from the Water and Sewer Fund and federal and state grants. The Airport projects are funded primarily with state and federal grants. Other capital projects are funded with the City's 1% sales and use tax. In management's opinion, the funding sources identified above are adequate to meet all estimated future commitments.

**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
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**D. Interfund Receivables, Payables, Transfers**

Transfers are used to move revenues from the fund with collection authorization to debt service, pension funds and to other funds to finance various programs that the government must account for in other funds. Transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds are as follows:

Fund	Transfers In	Transfers Out
General	\$ -	\$ (3,663,196)
Sales Tax Capital Improvement	3,423,670	(979,142)
Nonmajor Governmental Funds	<u>651,249</u>	<u>(3,794,534)</u>
Total	<u>\$ 4,074,919</u>	<u>\$ (8,436,872)</u>

Transfers recorded in the Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds are as follows:

Fund	Transfers In	Transfers Out
Water and Sewer	\$ 3,075,906	\$ (30,000)
Internal Service	<u>1,316,047</u>	<u>-</u>
	<u>\$ 4,391,953</u>	<u>\$ (30,000)</u>

A reconciliation of transfers of Governmental Funds and Proprietary Funds follows:

	Governmental Funds	Proprietary Funds	Total
Transfers in	\$ 4,074,919	\$ 4,391,953	\$ 8,466,872
Transfers out	(8,436,872)	(30,000)	(8,466,872)

Transfers between funds totaled \$8,466,872. General Fund transferred \$3,198,937 to the Sales Tax Capital Improvement Fund for an energy efficiency project, \$207,354 to Drug Enforcement Grant Fund for the City's cost share for the program and \$256,905 to the Internal Service Fund for fleet expansion. The Impact Fee Fund transferred \$3,075,906 to Water and Sewer Fund for system expansion reimbursements. Sales Tax Capital Improvement Fund transferred \$979,142 to the City's Internal Service fund for fleet expansion. The Parking Fund transferred \$385,547 to the Parking Deck Bond Fund for debt payments. Other funds transferred totaled \$363,081.

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Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are mainly a result of clearing of liabilities from pooled investments, time lag between the dates interfund goods and services are provided and reimbursed, and when transactions are recorded in the accounting system. The Airport Fund has an interfund loan to General Fund of \$63,393 included in the interfund balances at year end. The loan was to help with construction of corporate hangars. A schedule of interfund payables and receivables is included below.

The interfund balances by fund at December 31, 2022 are shown below.

<b><u>Due to/from other funds:</u></b>	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
Major governmental funds:		
General Fund	\$ 558,585	\$ 22,240
Sales Tax Capital Improvement	-	268,360
Sales Tax 2019 Construction	103	112,005
Sales Tax 2022 Construction	-	288
Nonmajor governmental funds	81,341	371,895
Major enterprise funds:		
Recycling and Trash Collection	124,762	57,868
Water and Sewer	200,473	82,969
Nonmajor enterprise fund	-	74,333
Internal service fund:		
Shop	24,695	1
Total	<u>\$ 989,959</u>	<u>\$ 989,959</u>

## **E. Leasing Activities**

### **Leases Receivable**

The City of Fayetteville leases certain property to various third parties who use in to conduct their business operation. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term. Short term leases are recognized as inflows of resources based on the payment of the lease contract and are therefore not included in the lease receivable balances.

Revenue recognized for lease contracts during the year ended 2022 was \$122,373 in the governmental and \$227,292 in the proprietary funds, which includes both lease revenue and interest.

**City of Fayetteville, Arkansas**  
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The following is a schedule by year of minimum payments to be received under the City's leases that are included in the lease receivable as of December 31, 2022.

<u>Fiscal Years</u>	<u>Governmental Fund Leases</u>		<u>Proprietary Fund Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	113,682	40,314	102,573	80,634
2024	109,404	36,821	116,176	77,486
2025	111,602	33,222	93,870	73,812
2026	114,258	29,566	94,786	70,593
2027	118,027	25,797	98,115	67,264
2028-2032	625,733	68,184	593,823	279,046
2033-2037	103,764	1,836	481,457	175,493
2038-2042	-	-	270,725	107,222
2043-2047	-	-	133,320	74,359
2048-2052	-	-	109,382	49,642
2053-2057	-	-	64,981	33,795
2058-2062	-	-	60,504	20,720
Total	<u>\$ 1,296,470</u>	<u>\$ 235,741</u>	<u>\$ 2,219,712</u>	<u>1,110,066</u>

**Lease Liabilities**

The City of Fayetteville has a land lease with the term of 2022 through 2028. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term.

The City uses the Prime Loan Rate plus 1% or 2% at the inception of the lease to measure the lease payable. The rate used for the lease payable in 2022 was 3.25%.

**City of Fayetteville, Arkansas**  
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The following is the future principal and interest payment for the lease liabilities at December 31, 2022.

<u>Fiscal Years</u>	<u>Governmental Fund Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	36,997	7,764	44,761
2024	39,127	6,530	45,657
2025	41,344	5,225	46,569
2026	43,654	3,847	47,501
2027	46,058	2,118	48,176
2028	48,560	1,134	49,694
	<u>\$ 255,740</u>	<u>\$ 26,618</u>	<u>\$ 282,358</u>

The following is a summary of lease liabilities for the City for 2022.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Long-term lease liability				
Land	\$ 291,480	\$ -	\$ 35,740	\$ 255,740

The City recorded a right-to-use asset for the land leased. The City the initial value of the recorded asset was \$290,480, with \$11,659 amortized in 2022 for a year-end value of \$279,821.

**F. Long-term Debt**

**AMENDMENT 78 BONDS AND NOTES PAYABLE** – In 2001, the State of Arkansas passed Amendment No. 78 allowing cities to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. The agreements are not to exceed five years. The City is limited in the amount of short-term financing available in any given year to 5% of the assessed valuation of property within the City. The City's general obligation total debt limit for 2022 was \$545,477,434 with \$109,095,487 in short term debt limit. The City had \$530,927 short-term debt outstanding at December 31, 2022.

The City entered into a direct borrowing zero-interest loan agreement with the Walton Family Foundation for \$1,651,125 in 2018. The loan proceeds were used for acquiring approximately 228 acres of property for permanent greenspace preservation and future natural surface trails. The loan is due in six equal payment of \$275,188 starting in March of 2018.

**City of Fayetteville, Arkansas**  
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GENERAL OBLIGATION BONDS - Issuance of long-term general obligation bonds by the City is governed by Arkansas Statutes. The Statutes require voter approval for issuance of general obligation bonds. General obligation bonds pledge the full faith and credit of the government. The City currently has no authorized but unissued general obligation bonds.

SALES AND USE TAX CAPITAL IMPROVEMENT BONDS – Issuance of sales and use tax capital improvement bonds is governed by Arkansas Statutes. The Statutes require voter approval for the issuance of the bonds. The bonds are special obligations of the City secured by and payable solely from receipts of the sales and use tax. The City currently has no authorized but unissued sales and use tax capital improvement bonds.

REVENUE BONDS – Issuance of revenue bonds is governed by Arkansas Statutes. Revenue bonds are not general obligations but are special obligations of the City secured solely and payable from net revenues from a specified revenue source.

Below is a brief description of the outstanding long-term governmental activity debt.

City of Fayetteville Tax Increment Interest Accretion Bonds (Highway 71 East Square Redevelopment District No. 1 Project), Series 2005 for \$3,725,000 were issued in April, 2005. The bonds are special obligations of the City secured by and payable solely by a pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City's Highway 71 East Square Redevelopment District No. 1. The bond proceeds were used for the acquisition of real property located within the district, the demolition of the majority of existing structures thereon and for site improvements for subsequent development. The land was subsequently sold to private developers for construction of a hotel, condominium, and parking facility on the site. The economic downturn impacted the development of the \$25,000,000 project and currently there is no planned project for the property. The original 2005 millage dedicated to the TIF District was 3.16 mills, but that amount has gradually increased to 7.8 mills.

The City received \$449,627 in property taxes in 2022 and \$154,000 of bonds were redeemed. The real property value of the District was \$71,293,291 in 2022. The total principal amount of outstanding bonds are due August 2029 unless redeemed earlier. The current balance of outstanding bonds is \$2,121,160 with an accreted value of \$6,543,838.

In December 2012, the City issued Parking Revenue Improvement Bonds, Series 2012 in the amount of \$6,220,000. The bonds are special obligations of the City and are secured by net parking revenues. The proceeds from the bond issue were used for the acquisition, construction and equipping of a multi-level parking deck and related roadway and other improvements.

In November 2014, the City issued \$10,980,000 Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014. The bonds were approved by the voters in 2013 for the purpose of (1) paying the costs of redeeming the outstanding Hotel, Motel and Restaurant Bonds, Series 2003, in the amount of \$650,000 (2) paying for a portion of the expansion and renovation of the Walton Arts Center, and (3) paying a portion of acquiring, constructing and equipping a regional park within the City. The bonds are secured by the revenues derived from a 1% tax levied upon the gross receipts derived from renting, leasing or otherwise furnishing hotel or motel accommodations for profit within the City and the portion of gross receipts received by restaurants, cafes, cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store restaurants and similar businesses from the sale of prepared food and beverages.

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The City issued \$26,500,000 Library Improvement Bonds, Series 2017 in July. The Series 2017 are special limited tax obligations of the City secured by and payable solely from receipts from a 1.2 mill city ad valorem tax levied on real and personal property within the City and the City's allocable portion to the library of the .5% statewide sales and use tax.

The bond proceeds are to be used for expansion of the Fayetteville Public Library. The expansion is expected to include an expansion to the youth services department, a multi-purpose auditorium, a new teen space, digital and robotics maker space, a new genealogy area and a small business center. All assets constructed or purchased with the bond proceeds will be transferred to the Library after the construction is complete.

The City issued \$124,425,000 Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A and \$3,170,000 Sales and Use Tax Capital Improvement Bonds Taxable Series 2019B in August of 2019. The proceeds from the bonds are to be used for multiple projects and for refunding of existing sales and use tax bonds. The Sales and Use Tax Bonds Series 2007 and Series 2009 were retired from available funds at the time of issuance of the 2019 bonds. The Taxable Series 2019B matured in 2020. The Sales and Use Tax Bonds Series 2013 and 2015 were paid with available funds and refunding funds held in escrow until November 2019. The difference in debt service of the refunded bonds of \$13,133,408 and the refunding bonds of \$12,399,795 was \$733,613. The economic loss on the refunding was \$33,702.

The Series 2019 Bonds are special obligations of the City secured by and payable from a special City-wide sales and use tax. The 1% tax was approved by qualified voters of the City in a special election in April of 2019. Total amount of bonds authorized by the election is not to exceed \$226,065,000. The 2019 Bonds are the first issue, with two more issues anticipated.

The 2019 a bond proceeds are to be used for projects for streets, trails, drainage, parks, City facilities, an arts corridor, police facilities and fire facilities. The 2019B bond proceeds were used for economic development.

The City issued \$74,340,000 Sales and Use Tax Capital Improvement Bonds, Series 2022 in 2022. The Series 2022 Bonds are special obligations of the City secured by and payable from a special City-wide sales and use tax. The 1% tax was approved by qualified voters of the City in a special election in April of 2019. T. The 2022 Bonds are the second issue, with one more issue anticipated. The bonds are to be used for street, trails, drainage, parks, City facilities, the Arts Corridor and fire projects.



**City of Fayetteville, Arkansas**  
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Annual debt service requirements to maturity for bonds and notes payable of governmental activities are as follows:

Fiscal Years	Bonds		Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2023	12,705,000	5,857,102	275,188	-
2024	13,315,000	5,246,524		
2025	13,950,000	4,605,921		
2026	14,575,000	3,985,761		
2027	15,225,000	3,333,315		
2028-2032	75,536,160	18,785,056		
2033-2037	9,260,000	3,272,856		
2038-2042	6,895,000	1,648,207		
2043-2048	4,240,000	484,340		
Total	<u>\$ 165,701,160</u>	<u>\$ 47,219,082</u>	<u>\$ 275,188</u>	<u>-</u>

A summary of bonds and notes outstanding for governmental activities as of December 31, 2022 is as follows:

	Outstanding			Principal
	Issue year	Due Dates	Interest Rates	Amount
Tax Increment Interest Accretion Bonds	2005	2029	6.5%	\$ 2,121,160
Parking Revenue Improvement	2012	2023-2037	2.0%-3.63%	4,435,000
Hotel, Motel and Restaurant	2014	2023-2039	2.0%-5.0%	8,430,000
Library Improvement	2017	2023-2047	.9%-3.46%	21,425,000
Walton Family Foundation Loan	2018	2023-2023	0%	275,188
Sales and Use Tax Capital Imp and Refunding Bonds, Series 2019	2019	2023-2035	1.6%-5.0%	56,150,000
Sales and Use Tax Capital Imp, Series 2022	2022	2023-2032	1.3%-2.875%	<u>73,140,000</u>

**City of Fayetteville, Arkansas**  
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**Pledged Revenues**

A 1% Sales and Use Tax is 100% dedicated to the payment of the Sales and Use Tax Capital Improvement Bonds debt service. The sales and use tax will expire once the bonds mature in 2035. During 2022, \$30,142,529 was recognized in sales tax revenue and \$29,659,322 in principal and interest was paid on the bonds.

Below is a schedule of revenue bonds supported by pledged revenues as of December 31, 2022.

	Revenue Pledged	Net Revenue Available for Debt Service	Debt Portion of Pledged Revenues	Debt Percentage of Pledged Revenues	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
Parking Revenue Improvement Bonds	Parking Fund Net Revenues	\$543,100	\$379,285	69.8%	5,651,044	2037

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable, including premiums and discounts	\$ 126,830,285	75,513,866	\$ (28,816,879)	\$ 173,527,272	\$ 12,705,000
Note payable, direct borrowing	550,376	-	(275,188)	275,188	275,188
Lease liabilities	291,480	-	(35,740)	255,740	36,997
Net pension liability (NPL)	54,640,382	-	(10,112,495)	44,527,887	-
OPEB liability	1,783,850	58,070	-	1,841,920	-
Compensated absences	<u>10,322,782</u>	<u>11,789,774</u>	<u>(10,322,782)</u>	<u>11,789,774</u>	<u>3,658,275</u>
Governmental activities					
Total long-term liabilities	<u>\$ 194,127,675</u>	<u>\$ 87,653,190</u>	<u>\$ (49,563,084)</u>	<u>\$ 232,217,781</u>	<u>\$ 16,675,460</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	<u>\$ 1,636,504</u>	<u>\$ 1,983,831</u>	<u>\$ (1,636,504)</u>	<u>\$ 1,983,831</u>	<u>\$ 838,422</u>

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The long-term liabilities of the City's internal service fund are included in the totals for governmental activities. The pension liability will be liquidated over time with property taxes, investment earnings and state turnback funds from the General Fund and the Police and Fire Revenue Fund. Compensated absences are liquidated in the fund in which the expenditures/ expenses are accrued. Compensated absences were liquidated in the following governmental funds in 2022: General, Street, Parking, Community Development, Drug Law Enforcement, and Parks Development. The other post employment benefit (OPEB) liability is funded on a pay-as-you-go basis in the General, Street, Community Development, Drug Law Enforcement, Parking and Parks Development Funds.

**G. Applicability of Federal Arbitrage Regulations**

Debt issuances of the City issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These rules carry strict penalties for noncompliance including taxability of interest retroactive to the date of issue. City management believes the City is in compliance with these rules and regulations. The City has no rebatable arbitrage accrued at December 31, 2022.

**H. Conduit Debt Obligations**

From time to time, the City has issued revenue bonds to finance residential housing, health care and related facilities to persons of low or moderate income or for the elderly. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the State nor any political subdivision thereof is obligated in any manner for the repayment of the bonds.

The City's current conduit debt consist of the Fayetteville Arkansas Public Facilities Board bonds in the amount of \$8,000,000 issued in 2013 and \$17,320,000 issued in 2016. The current outstanding balance of these bond issues is \$11,292,684.

**5. Other Information**

**A. Retirement Plans**

Each eligible employee is included in one of five defined benefit retirement plans, a defined contribution plan and/or a deferred compensation plan which the City of Fayetteville sponsors or has adopted. These are the Policemen's Pension and Relief Fund (PPRF), the Firemen's Pension and Relief Fund (FPRF), the Arkansas Local Police and Fire Retirement System (LOPFI), the General Employee Retirement Savings Plan, and the General Employee Non-Qualified Deferred Compensation Plan (Deferred Compensation Plan). Two of the plans are trust funds and are included in the City's reporting entity. The Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund are funded and administered through the Fayetteville Policemen's Relief Association and the Fayetteville Firemen's Relief Association. The other defined benefit contribution plans, the General Employee Retirement Savings Plan and Deferred Compensation Plan, are not administered by the City and are not included as a part of the City's reporting entity. The Arkansas Local Police and Fire Retirement Systems, the Arkansas Public Retirement System and the Arkansas District Judges Retirement System are administered by the State of Arkansas. The General Employee Retirement Savings Plan and the Deferred Compensation Plan assets are held in custody by a bank trustee. Aggregate amounts for the defined benefit plans are as follows.

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	PPRF	FPRF	LOPFI	Total
Net pension liability	8,324,156	11,036,661	25,167,070	44,527,887
Deferred outflows of resources	265,764	326,633	4,005,552	4,597,949
Deferred outflows of resources-contributions	-	-	4,821,388	4,821,388
Deferred inflows of resources	-	-	15,702,500	15,702,500
Pension expense / (income)	(191,365)	150,765	2,952,606	2,912,006

**GENERAL EMPLOYEE RETIREMENT SAVINGS PLAN**

Plan Description – The General Employee Retirement Savings Plan is a defined contribution plan qualified under section 401(a) of the Internal Revenue Code. The Bank of Oklahoma Financial Services administers the Plan for the City. The initial eligibility for participation in this Plan is the first day of the month following the employee's one-year anniversary of employment. Participation in the Plan is voluntary and available to all regular full-time general employees of the City who are at least 20 years of age and who worked at least 1,000 hours in the first 12 months of employment. The Plan requires participating employees to contribute at least 3% of their base wages to the Retirement Savings Plan or the Deferred Compensation Plan. The City contribution to the Retirement Savings Plan is 12% of base wages of contributors to either the Retirement Savings Plan or the Deferred Compensation Plan. There is 100% immediate vesting in amounts contributed by the City. The City of Fayetteville Employee Retirement Plan Administrative Committee has the authority to monitor and make changes to the recommended investment portfolio of the plan and to perform other administrative duties. However, the employee has the freedom to place their vested funds in investments outside of the City's portfolio with no approval from the Committee. Any amendments to the plan contribution provisions would require City Council approval.

For the year ended December 31, 2022, total covered payroll for the General Employee Retirement Savings Plan amounted to \$22,401,025. Contributions to the Employee Retirement Savings Plan were as follows:

Covered Payroll	Employer		Employee			
	Required and Contributed		Minimum Required		Actual Contributed	
	%	Amount	%	Amount	%	Amount
\$ 22,401,025	12%	\$ 2,688,123	3%	\$ 672,031	6.5%	\$ 1,446,187

**POLICEMEN'S AND FIREMEN'S PENSION AND RELIEF FUNDS**

Plan Description - The Policemen's Pension and Relief Fund (PPRF) and the Firemen's Pension and Relief Fund (FPRF) are single employer defined benefit pension plans for the police and fire personnel employed by the City prior to January 1, 1983. These Plans do not prepare separate financial statements.

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The Arkansas Fire and Police Pension Review Board oversees requests for benefit increases and review of the annual financial and actuarial reports. The Board is composed of nine members as follows: two fire fighters, two police officers and three persons appointed by the governor from a list submitted by the Arkansas Municipal League and one person who is not a current or former retiree and who is not a current or former member of the governing body of any political subdivision, to be appointed by the Governor.

In addition to the Arkansas Fire and Police Pension Review Board each fund has a Board of Trustees consisting of seven members. The members are comprised of the Chief Executive Officer of the City, the City Treasurer and five active or retired members of the pension fund who are elected by secret written ballot in May of each year. Both Plans became closed, by State law, to new employees effective January 1983.

Minimum benefits are determined by State statute. Annual voluntary retirement benefits for police and fire equal 90% of the member's highest year's pay. Members are eligible for these benefits after 20 years of service. Employees retiring after January 1, 1987, are entitled to additional compensation of \$240 annually for each year worked in excess of 20 years, up to a maximum additional annual compensation of \$1,200. Benefits for participants over age 59 are increased by 1.25% of final salary for each year worked in excess of 25 years up to a maximum benefit of 100% of final salary.

The board of trustees has the ability to make ad hoc cost of living adjustments (COLA) and other benefit improvements through a process that requires actuarial soundness and approval by the Pension Review Board. Therefore, in the opinion of the actuary, any increases are not substantively automatic, and no COLA is included in the determination of the total pension liability.

Method Used to Value Investments - Investments are stated at fair value in the Combining Statement of Fiduciary Net Position. The fair value of marketable investments, including U.S. Government securities and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at the statement date (fair value).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net unrealized gains or losses on investments represent the change in the difference between the cost and market value of the investments at the beginning versus the end of the year.

Contributions – Contributions to the PPRF and FPRF are set forth in Arkansas statute. The City's contributions to the funds are partially funded by a .8 mill property tax levy which amounted to \$789,068 for each fund. In addition, the Plans are funded by a portion of a statewide 2 ½ % tax on insurance premiums of out-of-state insurance companies. Total on behalf payments from the State Insurance Commissioner of \$254,451 for the Policemen's Fund and \$401,315 for the Firemen's Fund were received by the City from the Arkansas Local Police and Fire Retirement System, a state agency. These funds were recognized as revenues and expenses for benefits in the fund financials. Part of those payments included funds authorized by Act 1452 of 1999 and Act 1373 of 2003. These distributions to the Policemen's and Firemen's Pension and Relief Funds for the year ended December 31, 2022 were \$99,404 and \$75,569 respectively. The PPRF also receives an allocation of 10% of all fines and forfeitures collected by the City for violations of ordinances or state laws.

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The net pension liabilities for both Plans have been recognized in the City's statement of net position on page 29 to comply with GASB standards. However, based on an interpretation of state law by the City's legal counsel, management of the City believes that if these Plans were to become insolvent, whereby remaining plan assets were not adequate to pay current benefits, the City may not be legally obligated to fund any deficiency.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedules presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Governmental Accounting Standards Board Statement No. 67 *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25* (GASB 67) establishes the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the City's reporting of PPRF and FPRF's statement of fiduciary net position, statement of changes in fiduciary net position, certain notes to the financial statements and certain required supplementary information (RSI). GASB 68 sets forth the pension reporting requirements for the City in the statement of net position, statement of activities, certain notes to the financial statements and certain RSI. As no stand-alone financial reporting is issued for the PPRF or FPRF, all required disclosures for both GASB 67 and GASB 68 are contained in this note.

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**GASB 67 and 68 Disclosure**

The following is the condensed financial information as of December 31, 2022 of the Policemen's and Firemen's Pension and Relief Funds.

	<b>Policemen's Pension and Relief</b>	<b>Firemen's Pension and Relief</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 197,665	\$ 302,366	\$ 500,031
Investments at fair value	5,434,371	1,363,725	6,798,096
Accrued interest	13,029	593	13,622
Due from primary government	8,980	-	8,980
Due from other government	37,971	38,046	76,017
Total assets	<u>5,692,016</u>	<u>1,704,730</u>	<u>7,396,746</u>
<b>Liabilities</b>			
Due to primary government	-	7	7
Unearned revenue	10,900	-	10,900
Total liabilities	<u>10,900</u>	<u>7</u>	<u>10,907</u>
<b>Net Position</b>			
Net position restricted for pension	\$ <u>5,681,116</u>	\$ <u>1,704,723</u>	\$ <u>7,385,839</u>
<b>Additions</b>			
City contributions	\$ 107,377	\$ -	\$ 107,377
Property taxes contributed	789,068	789,068	1,578,136
State insurance taxes contributed	254,451	401,315	655,766
Interest earnings	128,458	29,887	158,345
Net increase/(decrease) in fair value of investments	(771,934)	(135,907)	(907,841)
Gain/loss on sale of investments	87,676	(15,063)	72,613
Other	(14,175)	(2,273)	(16,448)
Total additions	<u>580,921</u>	<u>1,067,027</u>	<u>1,647,948</u>
<b>Deductions</b>			
Contractual services	3,500	4,301	7,801
Benefit payments	1,457,998	1,289,779	2,747,777
Total deductions	<u>1,461,498</u>	<u>1,294,080</u>	<u>2,755,578</u>
<b>Change in Net Position</b>	(880,577)	(227,053)	(1,107,630)
Net position, beginning of year	<u>6,561,693</u>	<u>1,931,776</u>	<u>8,493,469</u>
Net position, end of year	\$ <u>5,681,116</u>	\$ <u>1,704,723</u>	\$ <u>7,385,839</u>

Membership Information – As of December 31, 2022 there are 38 police and 40 fire retirees and beneficiaries receiving benefits. There are no active employees in the Plans.

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Long-term Expected Return on Plan Assets – The Long-term Expected Rate of Return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on target allocation for all local police and fire pension funds, the target for an individual fund will vary within guidelines of Arkansas law and regulation. The target allocation and the long-term expected rates of return as of December 31, 2022 are shown in the following table

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Cash	10%	.25%
Total	100%	

Investment Concentrations – Investments concentrations, as defined by the Governmental Accounting Standards Board, is any investment in any one organization (other than those issued or explicitly guaranteed by the U.S. government) that represent 5% or more of PPRF or FPRF's fiduciary net position. There were no such investment concentrations as of December 31, 2022.

Investment Rate of Return – For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.78 and (0.16)% for the PPRF and FPRF, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability – The components of the net pension liability for each plan at December 31, 2022 are as follows:

	PPRF	FPRF
Total pension liability	\$14,003,873	\$12,739,203
Plan net position	(5,679,717)	(1,702,542)
Net pension liability	\$ 8,324,156	\$11,036,661
Plan position as a % of total pension liability	40.56%	13.36%

Single Discount Rate – The single discount rate is used for the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be projected and compared to the obligation to make benefit payments in those years. As long as assets are projected to be sufficient in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required. The single discount rate is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The expected rate of return of 5% for the Policemen's Pension and 5% for the Firemen's Pension was used to measure the total pension liability as of December 31, 2022.



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Sensitivity - Regarding the sensitivity of the total and net pension liability to changes in the single discount rate, the following presents the plan's liability calculated using a single discount rate as well as what the plan's liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher as of December 31, 2022.

	<b>1% Decrease 4%</b>	<b>Current Rate Assumed 5%</b>	<b>1% Increase 6%</b>
<b>Policemen's Pension Fund</b>			
Net pension liability	\$ 9,519,766	\$ 8,324,156	\$7,287,597

	<b>1% Decrease 4%</b>	<b>Current Rate Assumed 5%</b>	<b>1% Increase 6%</b>
<b>Firemen's Pension Fund</b>			
Net pension liability	\$12,124,550	\$11,036,661	\$10,093,347

Schedules of the components of the Policemen's Pension and Relief Fund's net pension liabilities, changes in the net pension liability, pension expense and deferred outflows are listed below.

**Net Pension Liability Policemen's Pension and Relief Fund**

	2022	2021	2020
Total pension liability	\$14,003,873	\$15,301,995	\$15,204,980
Plan net position	(5,679,717)	(6,560,436)	(6,196,387)
Net pension liability	\$ 8,324,156	\$ 8,741,559	\$ 9,008,593
Plan position as a % of total pension liability	40.56%	42.87%	40.75%

**Changes in Net Pension Liability Policemen's Pension and Relief Fund**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances Dec. 31, 2021	\$15,301,995	\$6,560,436	\$ 8,741,559
Service Cost	-	-	-
Interest on TPL	731,142	-	731,142
Differences between Expected and Actual Experience	(670,959)	-	(670,959)
Employer Contributions	-	1,066,125	(1,066,125)
Net Investment Income	-	(584,750)	584,750
Benefits and Refunds	(1,358,305)	(1,358,305)	-
Administrative Expenses	-	(3,789)	3,789
Assumption Changes	-	-	-
Net changes	(1,298,122)	(880,719)	(417,403)
Balances December 31, 2022	\$14,003,873	\$5,679,717	\$ 8,324,156

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**Pension Expense Policemen's Pension and Relief Fund**

	<b><u>2022</u></b>
Interest on Total Pension Liability	\$ 731,142
Projected earnings on plan assets	(320,623)
Administrative expenses	3,789
Recognition of outflow (inflow) due to liabilities	(670,959)
Recognition of outflow (inflow) due to assets	<u>65,285</u>
Total pension expense	\$ (191,365)

At December 31, 2022, the City reported deferred inflows of resources related to the Policemen's Pension and Relief Fund from the following sources:

	<b><u>Deferred Inflows of Resources</u></b>
Net difference between projected and actual earnings on pension plan investments	\$ <u>265,764</u>

Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<b><u>Year Ending December 31</u></b>	<b><u>Deferred Outflows (Inflows) of Resources</u></b>
2023	(71,873)
2024	57,173
2025	99,389
2026	<u>181,075</u>
Total	<u><u>265,764</u></u>

Schedules of the components of the Firemen's Pension and Relief Fund's net pension liabilities, changes in the net pension liability, pension expense and deferred outflows are listed below.

**Net Pension Liability Firemen's Pension and Relief Fund**

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Total pension liability	\$12,739,203	\$13,853,666	\$17,991,561
Plan net position	<u>(1,702,542)</u>	<u>(1,930,020)</u>	<u>(2,148,179)</u>
Net pension liability	\$11,036,661	\$11,923,646	\$15,843,382
Plan position as a % of total pension liability	13.36%	13.93%	11.94%

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**Changes to Net Pension Liability Firemen's Pension and Relief Fund**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances December 31, 2021	\$13,853,666	\$1,930,020	\$11,923,646
Interest on TPL	662,328	-	662,328
Differences between Expected and Actual Experience	(562,580)	-	(562,580)
Employer Contributions		1,114,390	(1,114,390)
Net Investment Income	-	(123,357)	123,357
Benefits and Refunds	(1,214,210)	(1,214,210)	-
Administrative Expenses	-	(4,301)	4,301
Assumptions Changes	-	-	-
Other	-	-	-
Net changes	(1,114,462)	(227,478)	(886,984)
Balances December 31, 2022	\$12,739,203	\$1,702,542	\$11,036,661

**Pension Expense / (Income) Firemen's Pension and Relief Fund**

	<b><u>2022</u></b>
Interest on Total Pension Liability	\$ 662,328
Projected earnings on plan assets	(93,898)
Administrative expenses	4,301
Recognition of outflow (inflow) due to liabilities	(562,580)
Recognition of outflow (inflow) due to assets	140,615
Other changes	-
Total reduction in pension expense	<u>\$ 150,765</u>

At December 31, 2022, the City reported deferred inflows of resources related to the Firemen's Pension and Relief Fund from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	<u>\$ 326,633</u>
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Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<b>Year Ending December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2023	79,180
2024	139,520
2025	64,483
2026	<u>43,450</u>
Total	<u>\$ 326,633</u>

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations for both funds are performed annually and the last valuation was December 31, 2022. Actuarial assumptions used in evaluating the funds include entry age cost method, level percent open amortization method, an amortization period of 5 years for retirees, 5% investment rate of return and the 1983 Group Annuity Mortality Table for males set back 5 years for females. The actuarial value of assets was determined using the fair value of investments.

## **ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM**

Plan Description – The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide retirement plan for police officers and fire fighters of a political subdivision of the State of Arkansas. It was established under the authority of Act 364 of 1981 and bears a fiduciary obligation to the participants of the system. LOPFI maintains a cost-sharing multiple employer defined benefit pension plan for participants hired by the respective local government unit after January 1, 1983. LOPFI issues separate financial statements which can be obtained by writing to LOPFI, P.O. Drawer 34164, Little Rock, AR 72203 or by calling (501) 682-1745.

LOPFI policy is established by a 7 member Board of Trustees: 2 trustees who are active members of the system, 1 police officer and 1 firefighter, nominated by their respective employee groups, and appointed by the Governor; 2 employer representatives from governing bodies of the participating political subdivisions and appointed by the Governor from a list submitted by the Arkansas Municipal League; 2 retired members, 1 police officer and 1 firefighter, appointed by the Governor from a list provided by the Joint Committee on Public Retirement and Social Security Programs; and 1 citizen who is neither an employee nor employer of the system appointed by the Governor from a list submitted by

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the Joint Committee on Public Retirement and Social Security Programs. An Executive Director is appointed by the Board and administers the System in a manner consistent with law and Board policy.

Membership Information – The State of Arkansas is responsible for the coordination of the actuarial valuations performed on the Arkansas Local Police and Fire Retirement System (LOPFI). As of December 31, 2021, the most recent information available from the State, City of Fayetteville employee membership data related to the Plans was as follows:

	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries currently		
receiving benefits	<u>103</u>	<u>107</u>
Active plan participants:		
Fully vested	80	93
Nonvested	<u>31</u>	<u>11</u>
Total active plan participants	<u>111</u>	<u>104</u>

Employees terminating from the Plan before normal retirement age with at least 5, but less than 20 years of credited service, may receive future benefits provided the employee does not withdraw his/her accumulated contributions and lives to his/her annuity starting date.

Benefit Terms – The benefit terms for the cost-sharing multiple-employer plan are established in accordance with the provision of the Arkansas Code.

Contributions – The employee contribution rate depends on the type of service being rendered whether or not the service is also covered by social security. The contribution rate which applies to the City of Fayetteville members is 8.5% of gross pay beginning July 1, 2009 and 6% prior to that date. The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to insure that the individual system employers can honor their benefit commitments to covered employees. The City's contribution rate during 2021 was 26% for the Police Plan 26% for the Fire Plan.

Total contributions to the Pension Plans for the year ended December 31, 2021, were \$6,017,105 of which \$4,535,558 was contributed by the City and \$1,481,547 was contributed by employees. On behalf payments from a state insurance tax of \$873,525 for Policemen and \$908,631 for Firemen were received by the City from the Arkansas Local Police and Fire Retirement System.

City contributions to the retirement plan in 2022 totaled \$4,821,388 and were recorded as deferred outflows of resources in the Statement of Net Position.

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Net Pension Liability – The components of the net pension liability of paid entities participating in the cost-sharing pension plan at December 31, 2021 was as follows:

Total pension liability	\$ 3,313,775,167
Plan's fiduciary net position	2,808,460,486
Net pension liability	505,314,681
Plan's fiduciary net position as a percentage of total pension liability	84.75%

The net pension liability for the City's portion of the total plan was \$12,937,105 for the Fire Plan and \$12,229,965 for the Police Plan and this total liability of \$25,167,070 has been recognized in the City's statement of net position on page 29.

Actuarial Assumptions - The total pension liability as of December 31, 2022, was determined by an actuarial valuation as of December 31, 2021 using the following actuarial assumptions:

**Paid Service Assumptions-**

Wage inflation	3.25%
Price inflation	2.50%
Salary increases	3.75% to 18.25%, including inflation
Investment rate of return	7.00%
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14.0 years beginning January 1, 2022
Asset valuation method	5-year smoothed market; 20% corridor

**Retirement Age** – Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2012 – 2016.

**Mortality** - The mortality assumption was based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments 135 for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Exp Real Rate of Ret</b>
Fixed income	25.00%	.90%
Domestic equity	42.00%	5.10%
Foreign equity	18.00%	7.10%
Alternative investments	15.00%	7.40%
Total	100.00%	

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Single Discount Rate – A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assume that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the net pension liability of the plan, calculated using a single discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

	<b>Discount Rate Assumption</b>		
	1% Decrease 6%	Current Rate Assumption 7%	1% Increase 8%
Net pension liability-Fire	\$26,034,007	\$12,937,105	\$2,370,385
Net pension liability-Police	\$24,610,992	\$12,229,965	\$2,240,820

At December 31, 2022, the City reported a liability of \$25,167,070 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2021, the City's proportionate share was 4.98 percent.

For the year ended December 31, 2022, the City recognized pension expense of \$2,952,606 related to this plan. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources.

**Deferred Outflows of Resources Policemen's and Firemen's Local Retirement Fund**

<b>Description</b>	<b>Policemen's Fund</b>	<b>Firemen's Fund</b>
Actual vs. Expected Experience	\$ 1,448,702	\$ 1,532,466
Assumption Changes	472,258	499,564
Changes in proportion and differences between employer contributions and share of contributions	52,562	-
Contributions subsequent to the measurement date	2,454,322	2,367,066
Total	\$ 4,427,844	\$ 4,399,096

**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Deferred Inflows of Resources Policemen's and Firemen's Local Retirement Fund**

Description	Policemen's Fund	Firemen's Fund
Changes in proportion and differences between employer contributions and share of contributions	\$ -	\$ 275,305
Net difference between projected and actual earnings on pension plan investments	7,496,862	7,930,333
Total	\$ 7,496,862	\$ 8,205,638

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,454,322 for Policemen's Fund and \$2,367,066 for the Firemen's Fund will be recognized as a reduction of the net pension liability for the year ended December 31, 2023. Other amounts reported as deferred inflows and outflows of resources related to the Plan will be recognized as follows:

Year Ending December 31	Policemen's Fund Net Deferred Outflows (Inflows) of Resources	Firemen's Fund Net Deferred Outflows (Inflows) of Resources
2023	(801,342)	(847,701)
2024	(2,100,550)	(2,222,070)
2025	(1,555,910)	(1,645,921)
2026	(1,117,485)	(1,182,133)
2027	51,947	(275,783)
Total	\$ (5,523,340)	\$ (6,173,608)

**B. Other Post Employment Benefits**

Plan Description - The City of Fayetteville sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal City official or employee vested in one of the City's retirement plans with 20 years of service and who attains 55 years of age or at any age after 28 years of service may continue to participate in the City's healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of this statute. No assets are accumulated in a trust that meets the criterion in paragraph 4 of GASB Statement No. 75.

Funding Policy - The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. The City is not required to make contributions to the Plan on behalf of the retirees and funds the Plan on a projected pay-as-you-go financing method. The Plan has 26 inactive participants who pay monthly premiums between \$374 for single high deductible coverage and \$2,134 for PPO family coverage.



**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
**December 31, 2022**

OPEB Liability – The following table shows the components of the changes in City's annual OPEB liability for the year measured as of December 31, 2022.

Service cost	\$ 23,842
Interest	32,616
Difference between expected and actual experience	5,787
Changes in assumptions/inputs	58,069
Benefit payments	<u>(62,244)</u>
Net Change in Total OPEB Liability	58,070
Total OPEB Liability Beginning	<u>1,783,850</u>
Total OPEB Liability Ending	<u>\$ 1,841,920</u>

Discount Rate and Healthcare Cost Trend Rate Sensitivity – The following schedule shows the impact to the Total OPEB Liability if the discount rate and healthcare cost trend rate used were 1% less than and 1% greater than the rates used in measuring the Total OPEB Liability.

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Discount Rate	\$ 1,927,948	\$1,841,920	\$ 1,734,392
Healthcare Cost Trend Rates	\$ 1,692,705	\$1,841,920	\$ 1,980,138

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

**OPEB Expense**

Service cost	\$ 23,842
Interest on liabilities	32,616
Difference between actual and expected experience	139,281
Changes in assumptions/inputs	<u>(128,874)</u>
Total OPEB Expense	\$ 66,865

**Deferred Outflows and Inflows**

	<u>Outflows</u>	<u>Inflows</u>
Differences between actual and expected experience	\$ 2,893	\$ -
Changes of assumptions or other inputs	<u>29,034</u>	<u>-</u>
<b>Total Deferred Outflows and Inflows</b>	<b>\$ 31,927</b>	<b>\$ -</b>

Amounts reported and deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year Ended Dec 31:	
2023	(\$31,927)
2024	\$0
2025	\$0
2026	\$0
2027	\$0
Thereafter	\$0

**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
**December 31, 2022**

Actuarial Assumptions – The Total OPEB Liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date:	December 31, 2022
Actuarial Valuation Date:	January 1, 2022
Inflation:	2.40%
Salary Increases, including inflation:	3.25%
Discount Rate:	4.05%
Prior Year Discount Rate:	1.84%
Health Care Claim Cost Trend Rates	4.5% to 6.0%

The discount rate was based on the 12/31/2022 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010( for general employees) and PubS.H-2010( for public safety employees) Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (for general retirees) and PubS.H-2010( for public safety retirees) and Retiree Mortality Table, Generational with Projections Scale MP-2021 for males or females.

OPEB Plan – Number of Employees Covered

Inactive employees currently receiving benefits	28
Inactive employees entitled to but not receiving benefits	0
Active employees in health care plan	<u>688</u>
Total	<u>716</u>

**C. Litigation**

In the course of business, the City, its agencies, and its employees are defendants in legal proceedings including but not limited to claims against the City for property damage, personal injury, personnel and contract matters, and alleged violations of state and federal laws. It is the opinion of management that the disposition or resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in the financial position or cash flows of the City.

**D. Contingent Liabilities**

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The City believes that any liability for reimbursement which may arise as a result of audits of grant funds would not be material.

**E. Risk Management**

The City's comprehensive risk management program is administered with the assistance of a professional risk management broker. The City is exposed to the risk of various losses such as theft of, damage to, and destruction of assets; errors and omissions; and personal injury; natural disasters and employee health and accidents. The City limits losses and manages risk through the purchase of insurance policies with several different carriers. In addition, the City instituted various safety programs to reduce losses. The budgeting process includes provisions for accumulating funds to cover

**City of Fayetteville, Arkansas**  
**Notes to the Financial Statements**  
**December 31, 2022**

deductibles and any minor items which would not be covered by commercially purchased policies. There have been no significant reductions in insurance coverage from coverage in the prior year, and there were no settlements that exceeded insurance coverage in the past three fiscal years.

**F. Economic Uncertainties**

The City invests in various investment securities. Investment securities are exposed to various risks such as interest rate and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

**G. New Accounting Pronouncements**

The GASB has issued the following statements which will be effective in future years as described below:

*GASB Statement No. 92, Omnibus 2020*, is effective for the City in fiscal year 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statement.

*GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the City in fiscal year 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs).

*GASB Statement No. 96, Subscription-Based Information Technology Arrangements*, is effective for the City in fiscal year 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

*GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, is effective for the City in the fiscal year 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent and comparable information.

*GASB Statement No. 101 – Compensated Absences*, is effective for the City in the fiscal year 2024. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

The City has not yet determined the impact of implementing the above new pronouncements.

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**Firemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the Employers' Net Pension Liability and Related Ratios**

<b>Fiscal Year ending December 31,</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>										
Service cost										
Interest on the Total Pension Liability	662,328	398,956	692,300	626,875	598,364	661,209	702,607	815,452	904,284	948,987
Change of benefit terms										
Differences between expected and actual experience	(562,580)	139,373	158,741	(360,363)	622,650	194,885	(1,108,633)	(411,112)	46,177	(469,723)
Assumption changes	0	(3,430,262)	3,923,432	(1,610,690)	(502,577)	740,854	(383,218)	1,294,220	761,672	
Benefit payments	(1,214,210)	(1,245,964)	(1,257,843)	(1,268,581)	(1,288,442)	(1,289,777)	(1,320,279)	(1,355,680)	(1,358,341)	(1,388,309)
<b>Net change in total pension liability</b>	<b>(1,114,462)</b>	<b>(4,137,896)</b>	<b>3,516,629</b>	<b>(2,612,760)</b>	<b>(570,006)</b>	<b>307,171</b>	<b>(2,109,523)</b>	<b>342,880</b>	<b>353,792</b>	<b>(909,045)</b>
<b>Total pension liability-beginning</b>	<b>13,853,666</b>	<b>17,991,561</b>	<b>14,474,931</b>	<b>17,087,691</b>	<b>17,657,697</b>	<b>17,351,991</b>	<b>19,461,514</b>	<b>19,118,634</b>	<b>18,764,842</b>	<b>19,673,887</b>
<b>Total pension liability-ending</b>	<b>12,739,203</b>	<b>13,853,666</b>	<b>17,991,561</b>	<b>14,474,931</b>	<b>17,087,691</b>	<b>17,659,162</b>	<b>17,351,991</b>	<b>19,461,514</b>	<b>19,118,634</b>	<b>18,764,842</b>
<b>Plan fiduciary net position</b>										
Contributions-employee										
Contributions-employer	1,114,390	1,032,949	925,819	900,559	838,149	886,516	784,226	761,095	757,184	747,521
Net Investment Income	(123,357)	(3,173)	(247,022)	426,206	(154,303)	349,178	276,495	(109,006)	357,409	586,418
Benefit payments	(1,214,210)	(1,245,964)	(1,257,843)	(1,268,581)	(1,288,442)	(1,354,457)	(1,320,279)	(1,355,680)	(1,358,341)	(1,388,309)
Administrative expense	(4,301)	(3,855)	(4,031)	(3,897)	(3,852)	(4,084)	(3,811)	(4,795)	(3,800)	(3,704)
Other	0	1,884	3	900	0	(666)	3,410	280	247	0
<b>Net change in plan fiduciary net position</b>	<b>(227,478)</b>	<b>(218,159)</b>	<b>(583,074)</b>	<b>55,187</b>	<b>(608,448)</b>	<b>(123,513)</b>	<b>(259,959)</b>	<b>(708,106)</b>	<b>(247,300)</b>	<b>(58,073)</b>
<b>Plan fiduciary net position-beginning</b>	<b>1,930,020</b>	<b>2,148,179</b>	<b>2,731,253</b>	<b>2,676,066</b>	<b>3,284,515</b>	<b>3,409,492</b>	<b>3,669,451</b>	<b>4,377,557</b>	<b>4,624,857</b>	<b>4,682,930</b>
<b>Plan fiduciary net position-ending</b>	<b>1,702,542</b>	<b>1,930,020</b>	<b>2,148,179</b>	<b>2,731,253</b>	<b>2,676,067</b>	<b>3,285,979</b>	<b>3,409,492</b>	<b>3,669,451</b>	<b>4,377,557</b>	<b>4,624,857</b>
<b>Plan Fiduciary Net Position as a</b>										
Percentage of Total Pension Liability	13.36%	13.93%	11.94%	18.87%	15.66%	18.60%	19.64%	18.85%	22.90%	24.65%
<b>Net Pension Liability</b>	<b>11,036,661</b>	<b>11,923,646</b>	<b>15,843,382</b>	<b>11,743,678</b>	<b>14,411,624</b>	<b>14,373,183</b>	<b>13,942,499</b>	<b>15,792,063</b>	<b>14,741,077</b>	<b>14,139,985</b>
* the 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation										
<b>Covered Payroll</b>										
<b>Net Pension Liability as a Percentage of Covered Payroll</b>										
Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

A full 10 year schedule will be completed as information is available.

This information is presented as of the measurement date, which is December 31.

Presentation note: Because this plan does not issue stand alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.

**Firemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of City's Contributions - Comparison to the Actuarially Determined Contributions**

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2013	3,380,092	747,521	2,632,570		N/A
12/31/2014	3,188,219	757,184	2,431,034		N/A
12/31/2015	3,152,012	761,095	2,390,917		N/A
12/31/2016	3,048,056	784,226	2,263,830		N/A
12/31/2017	2,776,988	886,516	1,890,472		N/A
12/31/2018	2,724,329	838,149	1,886,180		N/A
12/31/2019	2,847,124	900,559	1,946,565		N/A
12/31/2020	2,647,911	925,819	1,722,092		N/A
12/31/2021	2,687,656	1,032,949	1,654,707		N/A
12/31/2022	2,688,489	1,114,390	1,574,099		N/A

**Key Assumptions:**

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining amortization	Five years
Asset Valuation	Fair Value of Assets
Investment rate of return	5.00%
Mortality	1983 Group Annuity Mortality Table (GAM)

**Firemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of the Annual Money-Weighted Rate of Investment Return**

Fiscal Year Ending	Annual Money weighted Rate of Return
12/31/2013	13.45%
12/31/2014	8.27%
12/31/2015	-2.67%
12/31/2016	8.13%
12/31/2017	11.01%
12/31/2018	-5.05%
12/31/2019	17.11%
12/31/2020	-9.64%
12/31/2021	-0.16%
12/31/2022	-6.57%

The amounts shown are net of investment expense.

The actuary calculated these rates using the provided information; therefore, these are annual money-weighted rates. Monthly money-weighted returns were not available.

**Policemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the Employers' Net Pension Liability and Related Ratios**

<b>Fiscal Year ending December 31,</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>										
Service cost										
Interest on the Total Pension Liability	731,142	726,296	768,086	806,024	819,446	858,162	886,939	946,650	975,582	1,000,294
Change of benefit terms										
Differences between expected and actual experience	(670,959)	229,932	(227,298)	(157,062)	343,944	(179,824)	5,637	(657,782)	(39,796)	40,127
Assumption changes	0	498,892								
Benefit payments	(1,358,305)	(1,358,105)	(1,395,069)	(1,420,375)	(1,443,274)	(1,462,046)	(1,471,260)	(1,494,905)	(1,533,946)	(1,535,372)
<b>Net change in total pension liability</b>	<b>(1,298,122)</b>	<b>97,015</b>	<b>(854,281)</b>	<b>771,413</b>	<b>(279,884)</b>	<b>(783,708)</b>	<b>(578,684)</b>	<b>(1,206,037)</b>	<b>(598,160)</b>	<b>(494,951)</b>
<b>Total pension liability-beginning</b>	<b>15,301,995</b>	<b>15,204,980</b>	<b>16,059,261</b>	<b>16,830,674</b>	<b>17,110,559</b>	<b>17,895,733</b>	<b>18,474,417</b>	<b>19,680,454</b>	<b>20,278,614</b>	<b>20,773,565</b>
<b>Total pension liability-ending</b>	<b>14,003,873</b>	<b>15,301,995</b>	<b>15,204,980</b>	<b>16,059,261</b>	<b>16,830,675</b>	<b>17,112,025</b>	<b>17,895,733</b>	<b>18,474,417</b>	<b>19,680,454</b>	<b>20,278,614</b>
<b>Plan fiduciary net position</b>										
Contributions-employee										
Contributions-employer	1,066,125	1,014,448	941,534	960,615	944,631	1,025,138	871,161	831,117	783,051	796,871
Net Investment Income	(584,750)	709,610	506,858	918,114	(370,254)	814,500	440,255	(226,625)	351,601	452,749
Benefit payments	(1,358,305)	(1,358,105)	(1,395,069)	(1,420,375)	(1,443,274)	(1,556,766)	(1,471,260)	(1,494,905)	(1,533,946)	(1,535,372)
Administrative expense	(3,789)	(1,904)	(3,816)	(3,732)	(3,537)	(3,525)	(4,685)	(3,543)	(3,732)	(3,556)
Other	0	0	2,596	100	300	3,862	2,416	450	950	1,660
<b>Net change in plan fiduciary net position</b>	<b>(880,719)</b>	<b>364,049</b>	<b>52,103</b>	<b>454,722</b>	<b>(872,134)</b>	<b>283,209</b>	<b>(162,113)</b>	<b>(893,506)</b>	<b>(402,076)</b>	<b>(287,648)</b>
<b>Plan fiduciary net position-beginning</b>	<b>6,560,436</b>	<b>6,196,387</b>	<b>6,144,284</b>	<b>5,689,562</b>	<b>6,561,696</b>	<b>6,080,618</b>	<b>6,242,731</b>	<b>7,136,238</b>	<b>7,538,314</b>	<b>7,825,962</b>
<b>Plan fiduciary net position-ending</b>	<b>5,679,717</b>	<b>6,560,436</b>	<b>6,196,387</b>	<b>6,144,284</b>	<b>5,689,562</b>	<b>6,363,827</b>	<b>6,080,618</b>	<b>6,242,732</b>	<b>7,136,238</b>	<b>7,538,314</b>
<b>Plan Fiduciary Net Position as a</b>										
Percentage of Total Pension Liability	40.56%	42.87%	40.75%	38.26%	33.80%	37.19%	33.97%	33.79%	36.26%	37.17%
<b>Net Pension Liability</b>	<b>8,324,156</b>	<b>8,741,559</b>	<b>9,008,593</b>	<b>9,914,977</b>	<b>11,141,113</b>	<b>10,748,198</b>	<b>11,815,115</b>	<b>12,231,685</b>	<b>12,544,216</b>	<b>12,740,000</b>
<b>Covered Payroll</b>										
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

A full 10 year schedule will be completed as information is available.

This information is presented as of the measurement date, which is December 31.

Presentation note: Because this plan does not issue stand alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.



**Policemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of City's Contributions - Comparison to the Actuarially Determined Contributions**

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2013	2,919,366	796,871	2,122,495		N/A
12/31/2014	2,872,624	783,051	2,089,573		N/A
12/31/2015	2,828,412	831,117	1,997,295		N/A
12/31/2016	2,757,944	871,161	1,886,783		N/A
12/31/2017	2,664,018	1,025,138	1,638,880		N/A
12/31/2018	2,378,509	944,631	1,433,878		N/A
12/31/2019	2,512,047	960,615	1,551,432		N/A
12/31/2020	2,235,583	941,534	1,294,049		N/A
12/31/2021	2,031,216	1,014,448	1,016,768		N/A
12/31/2022	1,971,007	1,066,125	904,882		N/A

**Key Assumptions:**

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining amortization	Five years
Asset Valuation	Fair Value of Assets
Investment rate of return	5.00%
Mortality	1983 Group Annuity Mortality Table (GAM)

**Policemen's Pension and Relief Fund**  
**Required Supplementary Information**  
**Schedule of the Annual Money-Weighted Rate of Investment Return**

Fiscal Year Ending	Annual Money weighted Rate of Return
12/31/2013	6.07%
12/31/2014	4.91%
12/31/2015	-3.33%
12/31/2016	7.41%
12/31/2017	17.45%
12/31/2018	-5.87%
12/31/2019	16.82%
12/31/2020	8.57%
12/31/2021	11.78%
12/31/2022	-9.12%

The amounts shown are net of investment expense.

The actuary calculated these rates using the provided information; therefore, these are annual money-weighted rates. Monthly money-weighted returns were not available.

**Required Supplementary Information**  
**Arkansas Local Police and Fire Retirement system (LOPFI)**

**Schedule of the City's Proportionate Share of Net Pension Liability**  
**Fiscal Year Ended December 31, 2022**

<b>City Fiscal year ended December 31,</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability								
Fire paid service	2.5602%	2.5273%	2.6225%	2.6804%	2.7605%	2.6277%	2.5751%	2.6842%
Police paid service	2.4203%	2.4147%	2.4272%	2.3793%	2.2927%	2.2570%	2.2775%	2.1913%
City's proportionate share of the net pension liability								
Fire paid service	\$12,937,105	\$17,374,622	\$20,265,291	\$24,186,958	\$19,615,883	\$14,991,928	\$13,513,511	\$9,716,902
Police paid service	\$12,229,965	\$16,600,555	\$18,756,279	\$21,470,010	\$16,291,910	\$12,876,848	\$11,951,884	\$7,932,604
City's covered-payroll								
Fire paid service	\$ 8,954,179	\$ 8,602,573	\$ 8,418,264	\$ 8,050,035	\$ 7,743,986	\$ 7,088,470	\$ 6,526,901	\$ 6,168,840
Police paid service	\$ 8,490,276	\$ 8,274,913	\$ 8,161,421	\$ 7,807,450	\$ 7,187,808	\$ 6,828,509	\$ 6,785,035	\$ 6,559,807
City's proportionate share of the net pension liability as a percentage of it's covered-payroll								
Fire paid service	144.48%	201.97%	240.73%	300.46%	253.30%	211.50%	207.04%	157.52%
Police paid service	144.05%	200.61%	229.82%	274.99%	226.66%	188.57%	176.15%	120.93%
Plan fiduciary net position as a percentage of the total pension liability	84.75%	77.79%	73.21%	66.09%	71.48%	72.87%	72.92%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

Assumption changes for 2020 include a price inflation of 2.50 percent; a wage inflation of 3.25 percent;

**Required Supplementary Information**  
**Arkansas Local Police and Fire Retirement system (LOPFI)**

**Schedule of City's Contributions**  
**Fiscal Year Ended December 31, 2022**

City Fiscal year ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution									
Fire paid service	\$2,367,066	\$2,328,086	\$2,236,669	\$2,188,749	\$2,093,009	\$1,975,005	\$1,736,675	\$1,599,091	\$1,587,860
Police paid service	\$2,454,322	\$2,207,472	\$2,138,238	\$2,027,297	\$1,861,296	\$1,641,695	\$1,491,346	\$1,414,299	\$1,300,359
Contributions in relation to the contractually required contribution									
Fire paid service	\$2,367,066	\$2,328,086	\$2,236,669	\$2,188,749	\$2,093,009	\$1,975,005	\$1,736,675	\$1,599,091	\$1,587,860
Police paid service	\$2,454,322	\$2,207,472	\$2,138,238	\$2,027,298	\$1,861,296	\$1,641,695	\$1,491,346	\$1,414,299	\$1,300,359
Contribution deficiency (excess)									
Fire paid service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police paid service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's covered-payroll									
Fire paid service	\$ 9,104,100	\$ 8,954,179	\$ 8,602,573	\$ 8,418,264	\$ 8,050,035	\$ 7,743,986	\$ 7,088,470	\$ 6,526,901	\$ 6,168,840
Police paid service	\$ 9,439,700	\$ 8,490,276	\$ 8,274,913	\$ 8,161,421	\$ 7,807,450	\$ 7,187,808	\$ 6,828,509	\$ 6,785,035	\$ 6,559,807
Contributions as a percentage of covered-payroll									
Fire paid service	26.00%	26.00%	26.00%	26.00%	26.00%	25.50%	24.50%	24.50%	25.74%
Police paid service	26.00%	26.00%	25.84%	24.84%	23.84%	22.84%	21.84%	20.84%	19.84%

Note: Information in this schedule has been determined as of the City's fiscal year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Increasing Dollar, Closed
Remaining Amortization Period	16 years beginning January 1, 2020
Asset Valuation Method	5-Year smoothed fair value, 20% corridor
Wage Inflation	3.25%
Price Inflation	2.50%
Salary Increases	3.75% to 18.25%, including inflation
Investment Rate of Return	7.50%, as adopted by the Board
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last update for the 2017 valuation pursuant to an experience study of the period 2012-2016.
Mortality	The morality assumption is based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

**Required Supplemental Information**  
**Other Postemployment Benefits Plan\***  
**Schedule of Funding Progress**

<b>Schedule of Changes in the Total OPEB Liability and Related Ratios</b>					
	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$23,842	\$25,755	\$23,078	\$14,176	\$14,658
Interest	\$32,616	\$35,950	\$49,546	\$44,608	\$44,813
Changes of benefit terms	\$0	\$0	(\$115,259)	\$0	\$0
Differences btwn expected and actual experience	\$5,787	\$272,773	\$8,133	\$163,157	(\$15,638)
Changes in assumptions or other inputs	\$58,069	(\$315,817)	\$79,116	\$439,374	\$0
Benefit payments	(\$62,244)	(\$20,519)	(\$77,616)	(\$61,584)	(\$36,171)
<b>Net Change in Total OPEB Liability</b>	<b>\$58,070</b>	<b>(\$1,859)</b>	<b>(\$33,002)</b>	<b>\$599,731</b>	<b>\$7,662</b>
<b>Total OPEB Liability - beginning</b>	<b>\$1,783,850</b>	<b>\$1,785,709</b>	<b>\$1,818,712</b>	<b>\$1,218,982</b>	<b>\$1,211,320</b>
<b>Total OPEB Liability - end</b>	<b>\$1,841,920</b>	<b>\$1,783,850</b>	<b>\$1,785,709</b>	<b>\$1,818,713</b>	<b>\$1,218,982</b>
Covered Employee Payroll	\$35,788,303	\$34,661,795	\$33,646,658	\$32,587,562	\$31,271,218
Total OPEB Liability as a percentage of covered employee payroll	5.1%	5.1%	5.3%	5.6%	3.9%
<b>Notes to Schedule:</b>					
Change of Benefit Terms:	None				
Changes of Assumptions:	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:				
	2018	3.71%			
	2019	2.75%			
	2020	2.00%			
	2021	1.84%			
	2022	4.05%			

\*Health Insurance Plan

No assets are accumulated in a trust. Any changes are assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds account for resources which are designated by law or contractual agreement for particular funds or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes and federal grant and entitlement monies.

**STREET** - This fund accounts for State and County taxes which are to be spent on street and sidewalk construction, maintenance and repair.

**PARKING** - This fund accounts for funds received from parking meter revenues, parking lot rentals and parking fines. These monies are expended for maintenance and capital improvements of parking lots.

**RESIDENTIAL DISTRICT PARKING FUND** - This fund accounts for the revenues and expenses of the Wilson Park South Neighborhood Parking District.

**COMMUNITY DEVELOPMENT** - This fund accounts for the community development grant funds received from the Federal Department of Housing and Urban Development.

**ENERGY BLOCK GRANT** - This fund accounts for a grant from the American Recovery and Reinvestment Act of 2009, distributed by the Department of Energy. The funds are to be used for energy efficiency projects for the municipality and established a revolving loan fund for non-profit organizations for energy efficiency improvements.

**IMPACT FEE** - This fund accounts for the fees paid by new developments to be used to construct water and wastewater facilities that serve such developments and for Police and Fire fees used for capital acquisitions.

**DRUG LAW ENFORCEMENT** - This fund accounts for drug law enforcement grant funds received from the U.S. Department of Justice, passed through the State of Arkansas, in association with Washington County; the University of Arkansas; the Cities of Springdale, Prairie Grove, Lincoln, Elm Springs, Goshen, Farmington, Greenland, Johnson, Elkins, and West Fork and the Fourth Judicial Prosecuting Attorney.

**SPECIAL GRANTS** - This fund accounts for a grant from the National Endowment of the Arts for an art project in the Entertainment District of Fayetteville.

**PARKS DEVELOPMENT** - This fund accounts for funds designated to be used for the acquisition and development of City parks. Revenue is received from a hotel/motel/restaurant tax.

**POLICE AND FIRE PENSION REVENUE** - This fund accounts for the property taxes and state contributions made to the Police and Fire Relief and Pension Funds.

### **Debt Service Funds**

The debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

**TAX INCREMENT FINANCING (TIF) BOND FUND** - This fund accounts for the accumulation of resources for the payment of bonded debt for the economic development of the Highway 71 East Square Redevelopment District No. 1 Project.

**PARKING DECK BOND FUND** - This fund accounts for the accumulation of net parking revenues for the payment of bonded debt for the construction of a parking deck in the City's Entertainment District.

**HMR BOND FUND** - This fund accounts for the accumulation of resources for the payment of bonded debt for the City's Regional Park Project, the Walton Arts Center Expansion Project and a refunding of the Town Center 2003 debt.

**LIBRARY BOND 2017 FUND** - This fund accounts for the accumulation of resources for the payment of bonded debt for the construction of the expansion of the Fayetteville City Library.

### **Capital Project Fund**

Capital project funds are used to account for financial resources that are restricted, committed or assigned for expenditures for capital outlays.

**LIBRARY CONSTRUCTION FUND** - This fund accounts for the bond proceeds to fund the addition and remodel of the Fayetteville Public Library.

**BOND PROGRAM GRANT MATCHING FUND** - This fund accounts for the grants and contributions and matching City funds for projects associated with bond construction funds.

City of Fayetteville, Arkansas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	Special Revenue Funds							
	Street	Parking	Residential District Parking	Community Development	Energy Block Grant	Impact Fee	Drug Law Enforcement	Parks Development
<b>Assets and Deferred Outflows of Resources</b>								
Cash	\$	\$ 236,604	\$ 5,495	\$ 75,708	\$	\$	\$ 159,982	\$ 315,663
Investments	9,265,990	2,061,110	42,669			10,153,028		8,581,288
Accounts receivable	19,892	21,482					39,851	392,643
Accounts receivable - leases		988,890						
Accrued interest	20,308	7,174	94			22,252		18,808
Due from other funds	67,550	86		6,600			7,105	
Due from other governments	760,345			26,196			46,723	
Prepaid expenditures and other assets	67						3,742	
Restricted Assets:								
Investments								
Accrued interest								
Due from other government								
Total assets and deferred outflows of resources	<u>\$ 10,134,152</u>	<u>\$ 3,315,346</u>	<u>\$ 48,258</u>	<u>\$ 108,504</u>	<u>\$</u>	<u>\$ 10,175,280</u>	<u>\$ 257,403</u>	<u>\$ 9,308,402</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
Accounts payable	\$ 156,186	\$ 72,727	\$ 927	\$ 24,113	\$	\$ 98,448	\$ 53,352	\$ 156,257
Accrued expenditures	57,758	7,931		6,715			3,072	30,965
Compensated absences	54,814	6,568		4,216			1,893	26,594
Due to other funds	9,828	16,316	20,086	2,541			511	304
Unearned revenue		49,346		15,000			572	4,092,083
Total liabilities	<u>278,586</u>	<u>152,888</u>	<u>21,013</u>	<u>52,585</u>		<u>98,448</u>	<u>59,400</u>	<u>4,306,203</u>
Deferred inflows of resources:								
Unavailable revenue - grants and accounts receivable	8,046			3,108				
Unavailable revenue - taxes								
Unavailable revenue - leases		976,682						
Total deferred inflows of resources	<u>8,046</u>	<u>976,682</u>		<u>3,108</u>				
Total liabilities and deferred inflows of resources	<u>286,632</u>	<u>1,129,570</u>	<u>21,013</u>	<u>55,693</u>		<u>98,448</u>	<u>59,400</u>	<u>4,306,203</u>
<b>Fund Balances</b>								
Nonspendable								
Prepays	67						3,742	
Restricted for:								
Transportation and parking	9,847,453					1,892,107	194,261	
Public safety								
Community planning and engineering				52,811				
Parks and recreation								5,002,199
Water and wastewater						8,184,725		
Debt service								
Assigned to:								
Transportation and parking		2,185,776	27,245					
Unassigned (deficit) fund balance								
Total fund balances	<u>9,847,520</u>	<u>2,185,776</u>	<u>27,245</u>	<u>52,811</u>		<u>10,076,832</u>	<u>198,003</u>	<u>5,002,199</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,134,152</u>	<u>\$ 3,315,346</u>	<u>\$ 48,258</u>	<u>\$ 108,504</u>	<u>\$</u>	<u>\$ 10,175,280</u>	<u>\$ 257,403</u>	<u>\$ 9,308,402</u>



City of Fayetteville, Arkansas  
Combining Balance Sheet  
Nonmajor Governmental Funds (con't)  
December 31, 2022

	Special Revenue Funds		Debt Service Funds			Capital Project Funds		Nonmajor
	Police & Fire Pension Revenue	TIF Bond	Parking Deck Bond	HMR Bond	Library Bond 2017	Library Construction	Bond Program Grant Matching	Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>								
Cash	\$	\$	\$	\$	\$	\$	\$	\$ 793,452
Investments								30,104,085
Accounts receivable								473,868
Accounts receivable - leases								988,890
Accrued interest								68,636
Due from other funds								81,341
Due from other governments	1,658,251						367,686	2,859,201
Prepaid expenditures and other assets								3,809
Restricted Assets:								
Investments		439,968	345,437	121,035	2,452,718			3,359,158
Accrued interest		1,272	1,122	393	13,076			15,863
Due from other government		528,283						528,283
Total assets and deferred outflows of resources	\$ 1,658,251	\$ 969,523	\$ 346,559	\$ 121,428	\$ 2,465,794	\$ 0	\$ 367,686	\$ 39,276,586
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 11,128	\$ 573,138
Accrued expenditures								106,441
Compensated absences								94,085
Due to other funds							322,309	371,895
Unearned revenue							34,249	4,191,250
Total liabilities							367,686	5,336,809
Deferred inflows of resources:								
Unavailable revenue - grants and accounts receivable							367,686	378,840
Unavailable revenue - property taxes	1,658,251	528,283						2,186,534
Unavailable revenue - leases								976,682
Total deferred inflows of resources	1,658,251	528,283					367,686	3,542,056
Total liabilities and deferred inflows of resources	1,658,251	528,283					735,372	8,878,865
<b>Fund Balances</b>								
Nonspendable								
Prepays								3,809
Restricted for:								
Transportation and parking								9,847,453
Public safety								2,086,368
Community planning and engineering								52,811
Parks and recreation								5,002,199
Water and wastewater								8,184,725
Debt service		441,240	346,559	121,428	2,465,794			3,375,021
Assigned to:								
Transportation and parking								2,213,021
Unassigned fund balances							(367,686)	(367,686)
Total fund balances		441,240	346,559	121,428	2,465,794		(367,686)	30,397,721
Total liabilities, deferred inflows of resources and fund balances	\$ 1,658,251	\$ 969,523	\$ 346,559	\$ 121,428	\$ 2,465,794	\$	\$ 367,686	\$ 39,276,586

City of Fayetteville, Arkansas  
Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	Special Revenue Funds								
	Street	Parking	Residential District Parking	Community Development	Energy Block Grant	Impact Fee	Drug Law Enforcement	Special Grant	Parks Development
Revenues:									
Hotel, motel, restaurant tax	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,687,799
Property tax									
Impact Fees						2,688,076			
Intergovernmental	9,787,913			1,025,574			407,288	82,044	3,780
Charges for services	77,166	1,799,072	12,916						253,494
Fines and forfeitures		283,041	9,830				32,119		
Investment earnings	45,254	43,064	191		13	61,042			23,908
Net increase (decrease) in the fair value of investments	(434,408)	(92,913)	(2,040)			(425,111)			(397,046)
Contributions				2,944					114,892
Other	112,919	(158)		20,404	4,805		488		1,113
Total revenues	9,588,844	2,032,106	20,897	1,048,922	4,818	2,324,007	439,895	82,044	4,687,940
Expenditures:									
General Government									
Finance and internal services									
Public safety						214,703	620,576		
Community planning and engineering				1,036,826					
Transportation and parking	6,827,672	1,474,628	3,521						
Parks and recreation									2,877,085
Debt service									
Capital outlay	68,098					1,200,235		82,044	987,672
Total expenditures	6,895,770	1,474,628	3,521	1,036,826		1,414,938	620,576	82,044	3,864,757
Excess (deficiency) of revenues over (under) expenditures	2,693,074	557,478	17,376	12,096	4,818	909,069	(180,681)		823,183
Other financing sources (uses):									
Transfers in							207,354		
Transfers out		(385,547)			(224,733)	(3,075,906)			(50,000)
Total other financing sources (uses)		(385,547)			(224,733)	(3,075,906)	207,354		(50,000)
Net change in fund balances	2,693,074	171,931	17,376	12,096	(219,915)	(2,166,837)	26,673		773,183
Fund balances, beginning of year	7,154,446	2,013,845	9,869	40,715	219,915	12,243,669	171,330		4,229,016
Fund balances, end of year	\$ 9,847,520	\$ 2,185,776	\$ 27,245	\$ 52,811	\$	\$ 10,076,832	\$ 198,003	\$	\$ 5,002,199

City of Fayetteville, Arkansas  
Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds (con't)  
For the Year Ended December 31, 2022

	Special Revenue Funds		Debt Service Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Police & Fire Pension Revenue	TIF Bond	Parking Deck Bond	HMR Bond	Library Bond 2017	Library Construction	Bond Program Grant Matching	
<b>Revenues:</b>								
Hotel, motel, restaurant tax	\$	\$	\$	\$	\$	\$	\$	\$ 4,687,799
Property tax	1,578,137	449,627						2,027,764
Impact Fees								2,688,076
Intergovernmental	655,767						238,770	12,201,136
Charges for services								2,142,648
Fines and forfeitures								324,990
Investment earnings		3,196	4,382	3,595	25,103	1		209,749
Net increase (decrease) in the fair value of investments								(1,351,518)
Contributions				701,265	2,238,871			3,057,972
Other								139,571
Total revenues	<u>2,233,904</u>	<u>452,823</u>	<u>4,382</u>	<u>704,860</u>	<u>2,263,974</u>	<u>1</u>	<u>238,770</u>	<u>26,128,187</u>
<b>Expenditures:</b>								
General Government		1,647				1,700		3,347
Finance and internal services								
Public safety	2,233,904							3,069,183
Community planning and engineering								1,036,826
Transportation and parking								8,305,821
Parks and recreation								2,877,085
Debt service		427,352	382,830	701,488	2,154,813			3,666,483
Capital outlay							497,045	2,835,094
Total expenditures	<u>2,233,904</u>	<u>428,999</u>	<u>382,830</u>	<u>701,488</u>	<u>2,154,813</u>	<u>1,700</u>	<u>497,045</u>	<u>21,793,839</u>
Excess (deficiency) of revenues over (under) expenditures		<u>23,824</u>	<u>(378,448)</u>	<u>3,372</u>	<u>109,161</u>	<u>(1,699)</u>	<u>(258,275)</u>	<u>4,334,348</u>
<b>Other financing sources (uses):</b>								
Transfers in			385,547		58,348			651,249
Transfers out						(58,348)		(3,794,534)
Total other financing sources (uses)			<u>385,547</u>		<u>58,348</u>	<u>(58,348)</u>		<u>(3,143,285)</u>
Net change in fund balances		23,824	7,099	3,372	167,509	(60,047)	(258,275)	1,191,063
Fund balances, beginning of year		417,416	339,460	118,056	2,298,285	60,047	(109,411)	29,206,658
Fund balances, end of year	<u>\$</u>	<u>\$ 441,240</u>	<u>\$ 346,559</u>	<u>\$ 121,428</u>	<u>\$ 2,465,794</u>	<u>\$</u>	<u>\$ (367,686)</u>	<u>\$ 30,397,721</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Street Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental	\$ 8,586,000	\$ 8,586,000	\$ 9,787,913	\$ 1,201,913
Charges for services	70,000	70,000	77,616	7,616
Investment earnings	15,000	15,000	45,254	30,254
Net decrease in the fair value of investments			(434,408)	(434,408)
Other	20,000	20,000	112,919	92,919
Total revenues	8,691,000	8,691,000	9,589,294	898,294
<b>Expenditures:</b>				
Transportation and parking	7,612,000	8,217,546	6,827,672	1,389,874
Capital outlay	1,009,000	2,782,189	68,098	2,714,091
Total expenditures	8,621,000	10,999,735	6,895,770	4,103,965
Excess (deficiency) of revenues over (under) expenditures	70,000	(2,308,735)	2,693,524	5,002,259
<b>Other financing sources (uses):</b>				
Transfer out	(70,000)	(404,000)		404,000
Total other financing sources (uses)	(70,000)	(404,000)		404,000
Net change in fund balance		(2,712,735)	2,693,524	5,406,259
Fund balances, beginning of year	7,154,446	7,154,446	7,154,446	
Fund balances, end of year	\$ 7,154,446	\$ 4,441,711	\$ 9,847,970	\$ 5,406,259

City of Fayetteville, Arkansas  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (GAAP Basis)  
Parking Special Revenue Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,471,000	\$ 1,571,000	\$ 1,799,073	\$ 228,073
Fines and forfeitures	253,000	253,000	283,041	30,041
Investment earnings	4,000	4,000	43,064	39,064
Net decrease in the fair value of investments			(92,913)	(92,913)
Other			(158)	(158)
Total revenues	1,728,000	1,828,000	2,032,107	204,107
<b>Expenditures:</b>				
Transportation and parking	1,287,000	1,864,780	1,474,628	390,152
Capital outlay	40,000	298,141		298,141
Total expenditures	1,327,000	2,162,921	1,474,628	688,293
Excess (deficiency) of revenues over (under) expenditures	401,000	(334,921)	557,479	892,400
<b>Other financing sources (uses):</b>				
Transfer out	(384,000)	(385,548)	(385,547)	1
Total other financing sources (uses)	(384,000)	(385,548)	(385,547)	1
Net change in fund balances	17,000	(720,469)	171,932	892,401
Fund balances, beginning of year	2,013,845	2,013,845	2,013,845	
Fund balances, end of year	\$ 2,030,845	\$ 1,293,376	\$ 2,185,777	\$ 892,401

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Residential District Parking Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Charges for services	\$ 8,000	\$ 8,000	\$ 12,916	\$ 4,916
Fines and forfeitures	3,000	3,000	9,830	6,830
Investment earnings			191	191
Net decrease in the fair value of investments			(2,040)	(2,040)
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>20,897</u>	<u>9,897</u>
<b>Expenditures:</b>				
Transportation and parking	<u>11,000</u>	<u>11,000</u>	<u>3,521</u>	<u>7,479</u>
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>3,521</u>	<u>7,479</u>
Net change in fund balances			<u>17,376</u>	<u>17,376</u>
Fund balances, beginning of year	<u>9,869</u>	<u>9,869</u>	<u>9,869</u>	
Fund balances, end of year	<u>\$ 9,869</u>	<u>\$ 9,869</u>	<u>\$ 27,245</u>	<u>\$ 17,376</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Community Development Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,148,000	\$ 3,377,143	\$ 1,025,574	\$ (2,351,569)
Contributions		2,579	2,944	365
Other		20,404	20,404	
Total revenues	<u>1,148,000</u>	<u>3,400,126</u>	<u>1,048,922</u>	<u>(2,351,204)</u>
<b>Expenditures:</b>				
Community Planning and engineering	<u>1,148,000</u>	<u>3,425,639</u>	<u>1,036,826</u>	<u>2,388,813</u>
Total expenditures	<u>1,148,000</u>	<u>3,425,639</u>	<u>1,036,826</u>	<u>2,388,813</u>
Excess (deficiency) of revenues over (under) expenditures		(25,513)	12,096	37,609
Fund balances, beginning of year	<u>40,715</u>	<u>40,715</u>	<u>40,715</u>	
Fund balances, end of year	<u>\$ 40,715</u>	<u>\$ 15,202</u>	<u>\$ 52,811</u>	<u>\$ 37,609</u>

City of Fayetteville, Arkansas  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (GAAP Basis)  
Energy Block Grant Special Revenue Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$	\$	13	\$ 13
Other	6,000	6,000	4,805	(1,195)
Total revenues	6,000	6,000	4,818	(1,182)
<b>Expenditures:</b>				
Community planning and engineering				
Total expenditures				
<b>Other financing sources (uses):</b>				
Transfer out		(224,732)	(224,733)	(1)
Total other financing sources (uses)		(224,732)	(224,733)	(1)
Net changes in fund balances	6,000	(218,732)	(219,915)	(1,183)
Fund balances, beginning of year	219,915	219,915	219,915	
Fund balances, end of year	\$ 225,915	\$ 1,183	\$	\$ (1,183)



**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Impact Fee Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Impact fees	\$ 2,219,000	\$ 2,219,000	\$ 2,688,076	\$ 469,076
Investment earnings	44,000	44,000	61,042	17,042
Net decrease in the fair value of investments			(425,111)	(425,111)
Total revenues	<u>2,263,000</u>	<u>2,263,000</u>	<u>2,324,007</u>	<u>61,007</u>
<b>Expenditures:</b>				
Public safety		250,000	214,703	35,297
Capital outlay	<u>956,000</u>	<u>2,979,485</u>	<u>1,200,235</u>	<u>1,779,250</u>
Total expenditures	<u>956,000</u>	<u>3,229,485</u>	<u>1,414,938</u>	<u>1,814,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,307,000</u>	<u>(966,485)</u>	<u>909,069</u>	<u>1,875,554</u>
<b>Other financing sources (uses):</b>				
Transfer out		(8,075,160)	(3,075,906)	4,999,254
Total other financing sources (uses)		<u>(8,075,160)</u>	<u>(3,075,906)</u>	<u>4,999,254</u>
Net changes in fund balances	<u>1,307,000</u>	<u>(9,041,645)</u>	<u>(2,166,837)</u>	<u>6,874,808</u>
Fund balances, beginning of year	<u>12,243,669</u>	<u>12,243,669</u>	<u>12,243,669</u>	
Fund balances, end of year	<u>\$ 13,550,669</u>	<u>\$ 3,202,024</u>	<u>\$ 10,076,832</u>	<u>\$ 6,874,808</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Drug Law Enforcement Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 261,000	\$ 423,282	\$ 407,288	\$ (15,994)
Fines and forfeitures		111,472	32,119	(79,353)
Other			488	488
Total revenues	261,000	534,754	439,895	(94,859)
<b>Expenditures:</b>				
Public safety	423,000	818,276	620,576	197,700
Total expenditures	423,000	818,276	620,576	197,700
Deficiency of revenues under expenditures	(162,000)	(283,522)	(180,681)	102,841
<b>Other financing sources (uses):</b>				
Transfer in	233,000	233,000	207,354	(25,646)
Total other financing sources (uses)	233,000	233,000	207,354	(25,646)
Net change in fund balances	71,000	(50,522)	26,673	77,195
Fund balances, beginning of year	171,330	171,330	171,330	
Fund balances, end of year	\$ 242,330	\$ 120,808	\$ 198,003	\$ 77,195

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Special Grant Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Intergovernmental	\$	\$ 91,846	\$ 82,044	\$ (9,802)
Total revenues		91,846	82,044	(9,802)
<b>Expenditures:</b>				
General Government		91,846	82,044	9,802
Total expenditures		91,846	82,044	9,802
Excess (deficiency) of revenues over (under) expenditures				
<b>Other financing sources (uses):</b>				
Transfer in				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances, beginning of year				
Fund balances, end of year	\$	\$	\$	\$

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Parks Development Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
HMR tax	\$ 3,919,000	\$ 3,919,000	\$ 4,687,799	\$ 768,799
Intergovernmental		245,000	3,780	(241,220)
Charges for services	105,500	1,100,723	253,494	(847,229)
Investment earnings	12,500	12,500	23,908	11,408
Net decrease in the fair value of investments			(397,046)	(397,046)
Contributions		1,400,341	114,892	(1,285,449)
Other			1,113	1,113
Total revenues	<u>4,037,000</u>	<u>6,677,564</u>	<u>4,687,940</u>	<u>(1,989,624)</u>
<b>Expenditures:</b>				
Parks and recreation	3,056,000	3,474,188	2,877,085	597,103
Capital outlay	<u>1,100,000</u>	<u>4,975,196</u>	<u>987,672</u>	<u>3,987,524</u>
Total expenditures	<u>4,156,000</u>	<u>8,449,384</u>	<u>3,864,757</u>	<u>4,584,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(119,000)</u>	<u>(1,771,820)</u>	<u>823,183</u>	<u>2,595,003</u>
<b>Other financing sources (uses):</b>				
Transfer out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(50,000)</u>	<u>50,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(50,000)</u>	<u>50,000</u>
Net change in fund balances	<u>(219,000)</u>	<u>(1,871,820)</u>	<u>773,183</u>	<u>2,645,003</u>
Fund balances, beginning of year	<u>4,229,016</u>	<u>4,229,016</u>	<u>4,229,016</u>	
Fund balances, end of year	<u>\$ 4,010,016</u>	<u>\$ 2,357,196</u>	<u>\$ 5,002,199</u>	<u>\$ 2,645,003</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Police and Fire Pension Revenue Special Revenue Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Property tax	\$	\$	\$ 1,578,137	\$ 1,578,137
Intergovernmental			655,767	655,767
Total revenues			2,233,904	2,233,904
<b>Expenditures:</b>				
Public safety			2,233,904	2,233,904
Total expenditures			2,233,904	2,233,904
Net change in fund balances				
Fund balances, beginning of year				
Fund balances, end of year	\$	\$	\$	\$

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Sales Tax Improvement Bond Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Sales tax	\$ 26,495,000	\$ 26,495,000	\$ 30,142,529	\$ 3,647,529
Investment earnings			133,149	133,149
Total revenues	<u>26,495,000</u>	<u>26,495,000</u>	<u>30,275,678</u>	<u>3,780,678</u>
<b>Expenditures:</b>				
General government	2,000	2,000		2,000
Debt service	<u>26,493,000</u>	<u>29,659,323</u>	<u>29,659,322</u>	<u>1</u>
Total expenditures	<u>26,495,000</u>	<u>29,661,323</u>	<u>29,659,322</u>	<u>2,001</u>
<b>Other financing sources (uses):</b>				
Issuance of debt			1,989	1,989
Total other financing sources (uses)			<u>1,989</u>	<u>1,989</u>
Net changes in fund balances		<u>(3,166,323)</u>	<u>618,345</u>	<u>3,784,668</u>
Fund balances, beginning of year	<u>8,930,407</u>	<u>8,930,407</u>	<u>8,930,407</u>	
Fund balances, end of year	<u>\$ 8,930,407</u>	<u>\$ 5,764,084</u>	<u>\$ 9,548,752</u>	<u>\$ 3,784,668</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**TIF Bond Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Property tax	\$ 410,000	\$ 410,000	\$ 449,627	\$ 39,627
Investment earnings			3,196	3,196
Total revenues	410,000	410,000	452,823	42,823
<b>Expenditures:</b>				
General government	3,500	3,500	1,647	1,853
Debt service	406,500	495,662	427,352	68,310
Total expenditures	410,000	499,162	428,999	70,163
Net change in fund balances		(89,162)	23,824	112,986
Fund balances, beginning of year	417,416	417,416	417,416	
Fund balances, end of year	\$ 417,416	\$ 328,254	\$ 441,240	\$ 112,986

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Parking Deck Bond Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Investment earnings	\$ _____	\$ _____	\$ 4,382	\$ 4,382
Total revenues	_____	_____	4,382	4,382
<b>Expenditures:</b>				
Debt service	384,000	384,000	382,830	1,170
Total expenditures	384,000	384,000	382,830	1,170
Excess (deficiency) of revenues over (under) expenditures	(384,000)	(384,000)	(378,448)	5,552
<b>Other financing sources (uses):</b>				
Transfer in	384,000	384,000	385,547	1,547
Total other financing sources (uses)	384,000	384,000	385,547	1,547
Net change in fund balances	_____	_____	7,099	7,099
Fund balances, beginning of year	339,460	339,460	339,460	
Fund balances, end of year	\$ 339,460	\$ 339,460	\$ 346,559	\$ 7,099



**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**HMR Bond Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Investment earnings	\$	\$	\$ 3,595	\$ 3,595
Contributions	<u>702,000</u>	<u>702,000</u>	<u>701,265</u>	<u>(735)</u>
Total revenues	<u>702,000</u>	<u>702,000</u>	<u>704,860</u>	<u>2,860</u>
<b>Expenditures:</b>				
Debt service	<u>702,000</u>	<u>702,000</u>	<u>701,488</u>	<u>512</u>
Total expenditures	<u>702,000</u>	<u>702,000</u>	<u>701,488</u>	<u>512</u>
Net change in fund balances			<u>3,372</u>	<u>3,372</u>
Fund balances, beginning of year	<u>118,056</u>	<u>118,056</u>	<u>118,056</u>	
Fund balances, end of year	<u>\$ 118,056</u>	<u>\$ 118,056</u>	<u>\$ 121,428</u>	<u>\$ 3,372</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Library Bond 2017 Debt Service Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Investment earnings	\$	\$	\$ 25,103	\$ 25,103
Contributions	<u>2,023,000</u>	<u>2,023,000</u>	<u>2,238,871</u>	<u>215,871</u>
Total revenues	<u>2,023,000</u>	<u>2,023,000</u>	<u>2,263,974</u>	<u>240,974</u>
<b>Expenditures:</b>				
Debt service	<u>2,023,000</u>	<u>3,283,000</u>	<u>2,154,813</u>	<u>1,128,187</u>
Total expenditures	<u>2,023,000</u>	<u>3,283,000</u>	<u>2,154,813</u>	<u>1,128,187</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(1,260,000)</u>	<u>109,161</u>	<u>1,369,161</u>
<b>Other financing sources (uses):</b>				
Transfer in			<u>58,348</u>	<u>58,348</u>
Total other financing sources (uses)			<u>58,348</u>	<u>58,348</u>
Net change in fund balances		<u>(1,260,000)</u>	<u>167,509</u>	<u>1,427,509</u>
Fund balances, beginning of year	<u>2,298,285</u>	<u>2,298,285</u>	<u>2,298,285</u>	
Fund balances, end of year	<u>\$ 2,298,285</u>	<u>\$ 1,038,285</u>	<u>\$ 2,465,794</u>	<u>\$ 1,427,509</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Sales Tax Improvement Capital Projects Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Sales tax	\$ 10,815,000	\$ 10,815,000	\$ 12,057,012	\$ 1,242,012
Intergovernmental		4,521,068	2,875,581	(1,645,487)
Charges for services		1,816,207	66,448	(1,749,759)
Investment earnings	38,000	38,000	88,831	50,831
Net decrease in the fair value of investments			(716,370)	(716,370)
Other	9,000	88,149	97,330	9,181
Total revenues	<u>10,862,000</u>	<u>17,278,424</u>	<u>14,468,832</u>	<u>(2,809,592)</u>
<b>Expenditures:</b>				
Capital outlay	<u>9,752,000</u>	<u>33,707,279</u>	<u>17,421,917</u>	<u>16,285,362</u>
Total expenditures	<u>9,752,000</u>	<u>33,707,279</u>	<u>17,421,917</u>	<u>16,285,362</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(16,428,855)</u>	<u>(2,953,085)</u>	<u>13,475,770</u>
<b>Other financing sources (uses):</b>				
Transfer in		3,423,669	3,423,670	1
Transfer out	<u>(1,110,000)</u>	<u>(1,082,392)</u>	<u>(979,142)</u>	<u>103,250</u>
Total other financing sources (uses)		<u>2,341,277</u>	<u>2,444,528</u>	<u>103,251</u>
Net changes in fund balances		<u>(14,087,578)</u>	<u>(508,557)</u>	<u>13,579,021</u>
Fund balances, beginning of year	<u>15,864,406</u>	<u>15,864,406</u>	<u>15,864,406</u>	
Fund balances, end of year	<u>\$ 15,864,406</u>	<u>\$ 1,776,828</u>	<u>\$ 15,355,849</u>	<u>\$ 13,579,021</u>

City of Fayetteville, Arkansas  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (GAAP Basis)  
Library Construction Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ _____	\$ _____	\$ _____ 1	\$ _____ 1
Total revenues	_____	_____	_____ 1	_____ 1
<b>Expenditures:</b>				
General government	_____	_____ 1,700	_____ 1,700	_____
Total expenditures	_____	_____ 1,700	_____ 1,700	_____
Excess (deficiency) of revenues over (under) expenditures	_____	_____ (1,700)	_____ (1,699)	_____ 1
<b>Other financing sources (uses):</b>				
Transfer out	_____	_____ (58,349)	_____ (58,348)	_____ 1
Total other financing sources (uses)	_____	_____ (58,349)	_____ (58,348)	_____ 1
Net changes in fund balances		_____ (60,049)	_____ (60,047)	_____ 2
Fund balances, beginning of year	_____ 60,047	_____ 60,047	_____ 60,047	_____
Fund balances, end of year	\$ _____ 60,047	\$ _____ (2)	\$ _____	\$ _____ 2

City of Fayetteville, Arkansas  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (GAAP Basis)  
Bond Program Grant Matching  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$	\$ 5,500,103	\$ 238,770	\$ (5,261,333)
Charges for services				
Contributions		24,392		(24,392)
Total revenues		5,524,495	238,770	(5,285,725)
<b>Expenditures:</b>				
Capital outlay		5,415,084	497,045	4,918,039
Total expenditures		5,415,084	497,045	4,918,039
Net changes in fund balances		109,411	(258,275)	(367,686)
Fund balances, beginning of year		(109,411)	(109,411)	
Fund balances, end of year	\$	\$	\$ (367,686)	\$ (367,686)

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Sales Tax 2019 Construction Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Investment earnings	\$ _____	911,644	\$ 508,117	\$ (403,527)
Total revenues	_____	911,644	508,117	(403,527)
<b>Expenditures:</b>				
General government		62,120	32,119	30,001
Transportation and parking		713,602	374,501	339,101
Public safety		496,254	184,872	311,382
Community planning and engineering		500	500	
Parks and recreation		1,400	1,400	
Capital outlay	_____	66,790,434	53,201,512	13,588,922
Total expenditures	_____	68,064,310	53,794,904	14,269,406
Net changes in fund balances		(67,152,666)	(53,286,787)	13,865,879
Fund balances, beginning of year	<u>72,752,788</u>	<u>72,752,788</u>	<u>72,752,788</u>	
Fund balances, end of year	<u>\$ 72,752,788</u>	<u>\$ 5,600,122</u>	<u>\$ 19,466,001</u>	<u>\$ 13,865,879</u>

**City of Fayetteville, Arkansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (GAAP Basis)**  
**Sales Tax 2022 Construction Fund**  
**For the Year Ended December 31, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Investment earnings	\$ _____	\$ _____	\$ 959,726	\$ 959,726
Total revenues	_____	_____	959,726	959,726
<b>Expenditures:</b>				
Bond issue costs		508,986	506,994	
Capital outlay	_____	9,767,823	2,030,649	7,737,174
Total expenditures	_____	10,276,809	2,537,643	7,737,174
Excess (deficiency) of revenues over (under) expenditures	_____	(10,276,809)	(1,577,917)	8,698,892
<b>Other financing sources (uses):</b>				
Issuance of debt	_____	75,513,868	75,511,877	(1,991)
Total other financing sources (uses)	_____	75,513,868	75,511,877	(1,991)
Net changes in fund balances		65,237,059	73,933,960	8,696,901
Fund balances, beginning of year	_____	_____	_____	_____
Fund balances, end of year	\$ _____	\$ 65,237,059	\$ 73,933,960	\$ 8,696,901

City of Fayetteville, Arkansas  
Combining Balance Sheet  
SalesTax 2019 Construction Fund  
December 31, 2022

	Streets	Trails	Drainage	Parks	Economic Development	City Facilities	Arts Corridor
<b>Assets and Deferred Outflows of Resources</b>							
Restricted Assets:							
Cash	\$	\$	\$ 529	\$	\$	\$	\$
Investments	11,015,479	112,756	2,800,770	192,574	3,066,195	32,821	4,302,900
Accrued interest	35,782	366	9,098	625	9,960	107	13,977
Due from other funds							
Total assets	<u>\$ 11,051,261</u>	<u>\$ 113,122</u>	<u>\$ 2,810,397</u>	<u>\$ 193,199</u>	<u>\$ 3,076,155</u>	<u>\$ 32,928</u>	<u>\$ 4,316,877</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
Accounts payable	\$ 1,290,682	\$ 21,239	\$ 396,880	\$ 21,672	\$	\$	\$ 2,446,253
Due to other funds	<u>72,071</u>	<u>20,569</u>	<u>11,888</u>	<u>1,237</u>			<u>3,113</u>
Total liabilities	<u>1,362,753</u>	<u>41,808</u>	<u>408,768</u>	<u>22,909</u>	<u>0</u>		<u>2,449,366</u>
<b>Fund Balances</b>							
Restricted for:							
General government					3,076,155		1,867,511
Finance and internal services						32,928	
Transportation and parking	9,688,508						
Public safety							
Parks and recreation		71,314		170,290			
Community planning and engineering			2,401,629				
Total fund balances	<u>9,688,508</u>	<u>71,314</u>	<u>2,401,629</u>	<u>170,290</u>	<u>3,076,155</u>	<u>32,928</u>	<u>1,867,511</u>
Total liabilities and fund balances	<u>\$ 11,051,261</u>	<u>\$ 113,122</u>	<u>\$ 2,810,397</u>	<u>\$ 193,199</u>	<u>\$ 3,076,155</u>	<u>\$ 32,928</u>	<u>\$ 4,316,877</u>



City of Fayetteville, Arkansas  
Combining Balance Sheet  
SalesTax 2019 Construction Fund  
December 31, 2022

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
<b>Assets and Deferred Outflows of Resources</b>			
Restricted Assets:			
Cash	\$	\$	\$ 529
Investments	3,956,640	1,099,474	26,579,609
Accrued interest	12,852	3,571	86,338
Due from other funds		103	103
Total assets	<u>\$ 3,969,492</u>	<u>\$ 1,103,148</u>	<u>\$ 26,666,579</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Accounts payable	\$ 2,707,158	\$ 204,689	\$ 7,088,573
Due to other funds	<u>1,938</u>	<u>1,189</u>	<u>112,005</u>
Total liabilities	<u>2,709,096</u>	<u>205,878</u>	<u>7,200,578</u>
<b>Fund Balances</b>			
Restricted for:			
General government			4,943,666
Finance and internal services			32,928
Transportation and parking			9,688,508
Public safety	1,260,396	897,270	2,157,666
Parks and recreation			241,604
Community planning and engineering			<u>2,401,629</u>
Total fund balances	<u>1,260,396</u>	<u>897,270</u>	<u>19,466,001</u>
Total liabilities and fund balances	<u>\$ 3,969,492</u>	<u>\$ 1,103,148</u>	<u>\$ 26,666,579</u>

City of Fayetteville, Arkansas  
Combining Schedules of Revenues,  
Expenditures, and Changes in Fund Balance  
Sales Tax 2019 Construction Fund  
For the Year Ended December 31, 2022

	Street	Trails	Drainage	Parks	Economic Development	City Facilities	Arts Corridor
<b>Revenues:</b>							
Investment earnings	\$ 179,260	\$ 3,032	\$ 47,371	\$ 4,762	\$ 41,518	\$ 442	\$ 93,747
Total revenues	179,260	3,032	47,371	4,762	41,518	442	93,747
<b>Expenditures:</b>							
General government					300		1,100
Transportation	372,676						
Public safety							
Community planning and engineering			500				
Parks and recreation		400		1,000			
Capital outlay	11,322,309	381,440	2,882,996	1,715,078	90,552	353	10,168,779
Total expenditures	11,694,985	381,840	2,883,496	1,716,078	90,852	353	10,169,879
Net change in fund balances	(11,515,725)	(378,808)	(2,836,125)	(1,711,316)	(49,334)	89	(10,076,132)
Fund balances, beginning of year	21,204,233	450,122	5,237,754	1,881,606	3,125,489	32,839	11,943,643
Fund balances, end of year	\$ 9,688,508	\$ 71,314	\$ 2,401,629	\$ 170,290	\$ 3,076,155	\$ 32,928	\$ 1,867,511

City of Fayetteville, Arkansas  
Combining Schedule of Revenues,  
Expenditures, and Changes in Fund Balance  
Sales Tax 2019 Construction Fund  
For the Year Ended December 31, 2022

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
<b>Revenues:</b>			
Investment earnings	\$ <u>109,959</u>	\$ <u>28,026</u>	\$ <u>508,117</u>
Total revenues	<u>109,959</u>	<u>28,026</u>	<u>508,117</u>
<b>Expenditures:</b>			
General government			1,400
Transportation			372,676
Public safety	2,200	182,672	184,872
Community planning and engineering			500
Parks and recreation			1,400
Capital outlay	<u>23,168,388</u>	<u>3,504,161</u>	<u>53,234,056</u>
Total expenditures	<u>23,170,588</u>	<u>3,686,833</u>	<u>53,794,904</u>
Net change in fund balances	(23,060,629)	(3,658,807)	(53,286,787)
Fund balances, beginning of year	<u>24,321,025</u>	<u>4,556,077</u>	<u>72,752,788</u>
Fund balances, end of year	\$ <u><u>1,260,396</u></u>	\$ <u><u>897,270</u></u>	\$ <u><u>19,466,001</u></u>

City of Fayetteville, Arkansas  
Combining Balance Sheet  
SalesTax 2022 Construction Fund  
December 31, 2022

	<u>Streets</u>	<u>Trails</u>	<u>Drainage</u>	<u>Parks</u>	<u>City Facilities</u>	<u>Arts Corridor</u>
<b>Assets and Deferred Outflows of Resources</b>						
Restricted Assets:						
Investments	\$ 30,041,601	\$ 4,655,681	\$ 6,970,846	\$ 11,154,432	\$ 2,740,211	\$ 12,703,615
Accrued interest	<u>97,584</u>	<u>15,123</u>	<u>22,643</u>	<u>36,233</u>	<u>8,901</u>	<u>41,266</u>
Total assets	<u>\$ 30,139,185</u>	<u>\$ 4,670,804</u>	<u>\$ 6,993,489</u>	<u>\$ 11,190,665</u>	<u>\$ 2,749,112</u>	<u>\$ 12,744,881</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Accounts payable	\$	\$ 21,934	\$ 34,275	\$ 138,452	\$	\$ 261,806
Due to other funds	<u></u>	<u></u>	<u></u>	<u>96</u>	<u></u>	<u>96</u>
Total liabilities	<u>0</u>	<u>21,934</u>	<u>34,275</u>	<u>138,548</u>	<u></u>	<u>261,902</u>
<b>Fund Balances</b>						
Restricted for:						
General government						12,482,979
Finance and internal services					2,749,112	
Transportation and parking	30,139,185	4,648,870				
Public safety				11,052,117		
Parks and recreation			6,959,214			
Community planning and engineering	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total fund balances	<u>30,139,185</u>	<u>4,648,870</u>	<u>6,959,214</u>	<u>11,052,117</u>	<u>2,749,112</u>	<u>12,482,979</u>
Total liabilities and fund balances	<u>\$ 30,139,185</u>	<u>\$ 4,670,804</u>	<u>\$ 6,993,489</u>	<u>\$ 11,190,665</u>	<u>\$ 2,749,112</u>	<u>\$ 12,744,881</u>

City of Fayetteville, Arkansas  
Combining Balance Sheet  
SalesTax 2022 Construction Fund  
December 31, 2022

	<u>Fire</u>	<u>Total</u>
<b>Assets and Deferred Outflows of Resources</b>		
Restricted Assets:		
Investments	\$ 5,923,703	\$ 74,190,089
Accrued interest	<u>19,242</u>	<u>240,992</u>
Total assets	<u>\$ 5,942,945</u>	<u>\$ 74,431,081</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Accounts payable	\$ 40,366	\$ 496,833
Due to other funds	<u>96</u>	<u>288</u>
Total liabilities	<u>40,462</u>	<u>497,121</u>
<b>Fund Balances</b>		
Restricted for:		
General government		12,482,979
Finance and internal services		2,749,112
Transportation and parking		34,788,055
Public safety	5,902,483	5,902,483
Parks and recreation		11,052,117
Community planning and engineering	<u></u>	<u>6,959,214</u>
Total fund balances	<u>5,902,483</u>	<u>73,933,960</u>
Total liabilities and fund balances	<u>\$ 5,942,945</u>	<u>\$ 74,431,081</u>

City of Fayetteville, Arkansas  
Combining Schedule of Revenues,  
Expenditures, and Changes in Fund Balance  
Sales Tax 2022 Construction Fund  
For the Year Ended December 31, 2022

	Street	Trails	Drainage	Parks	City Facilities	Arts Corridor
<b>Revenues:</b>						
Investment earnings	\$ 385,204	\$ 59,696	\$ 96,922	\$ 143,026	\$ 35,136	\$ 163,786
Total revenues	385,204	59,696	96,922	143,026	35,136	163,786
<b>Expenditures:</b>						
Bond issue costs	199,920	31,289	56,211	74,971	18,418	86,371
Capital outlay		21,934	1,421,141	138,548		408,564
Total expenditures	199,920	53,223	1,477,352	213,519	18,418	494,935
Excess (deficiency) of revenues over (under) expenditures	185,284	6,473	(1,380,430)	(70,493)	16,718	(331,149)
<b>Other financing sources (uses):</b>						
Issuance of debt	29,953,901	4,642,397	8,339,644	11,122,610	2,732,394	12,814,128
Total other financing sources (uses)	29,953,901	4,642,397	8,339,644	11,122,610	2,732,394	12,814,128
Net change in fund balances	30,139,185	4,648,870	6,959,214	11,052,117	2,749,112	12,482,979
Fund balances, beginning of year						
Fund balances, end of year	\$ 30,139,185	\$ 4,648,870	\$ 6,959,214	\$ 11,052,117	\$ 2,749,112	\$ 12,482,979

City of Fayetteville, Arkansas  
Combining Schedule of Revenues,  
Expenditures, and Changes in Fund Balance  
Sales Tax 2022 Construction Fund  
For the Year Ended December 31, 2022

	<u>Fire</u>	<u>Total</u>
<b>Revenues:</b>		
Investment earnings	\$ <u>75,956</u>	\$ <u>959,726</u>
Total revenues	<u>75,956</u>	<u>959,726</u>
<b>Expenditures:</b>		
Bond issue costs	39,814	506,994
Capital outlay	<u>40,462</u>	<u>2,030,649</u>
Total expenditures	<u>80,276</u>	<u>2,537,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,320)</u>	<u>(1,577,917)</u>
<b>Other financing sources (uses):</b>		
Issuance of debt	<u>5,906,803</u>	<u>75,511,877</u>
Total other financing sources (uses)	<u>5,906,803</u>	<u>75,511,877</u>
Net change in fund balances	5,902,483	73,933,960
Fund balances, beginning of year	<u>                    </u>	<u>                    </u>
Fund balances, end of year	\$ <u><u>5,902,483</u></u>	\$ <u><u>73,933,960</u></u>

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others, and therefore cannot be used to support the government's own programs.

**POLICEMEN'S PENSION AND RELIEF FUND** - This fund is used to account for the accumulation of resources for the pension benefit payments to qualified police personnel.

**FIREMEN'S PENSION AND RELIEF FUND** - This fund is used to account for the accumulation of resources for the pension benefit payments to qualified fire personnel.

**CLIMATE RELOCATION TRUST FUND** - This fund is used to account for the donations of funds to be used to address a long-term potential rise in migration and refugee resettlement services due to climate change and war.



**City of Fayetteville, Arkansas**  
**Combining Schedule of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2022**

	<b>Pension Trust Funds</b>		<b>Private Purpose Trust Fund</b>	
	<b>Policemen's Pension and Relief</b>	<b>Firemen's Pension and Relief</b>	<b>Climate Relocation Fund</b>	
<b>Assets</b>				
Cash	\$ 197,665	\$ 302,366	\$ 100,022	\$
Investments at fair value:				
Investment cash equivalents	315,080	239,807		
Government securities	244,000			
Corporate bonds	1,096,140	52,888		
Corporate stock	3,779,151	1,071,030		
Receivables:				
Accrued interest	13,029	593		
Due from primary government	8,980			
Due from other government	37,971	38,046		
Total assets	<u>5,692,016</u>	<u>1,704,730</u>	<u>100,022</u>	
<b>Liabilities</b>				
Due to primary government		7		
Unearned revenue	<u>10,900</u>			
Total liabilities	<u>10,900</u>	<u>7</u>		
<b>Net Position</b>				
Restricted net position, climate change				
Restricted net position, pensions	<u>\$ 5,681,116</u>	<u>\$ 1,704,723</u>	<u>\$ 100,022</u>	\$

**City of Fayetteville, Arkansas**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2022**

	<b>Pension Trust Funds</b>		<b>Private Purpose Trust Fund</b>
	<b>Policemen's Pension and Relief</b>	<b>Firemen's Pension and Relief</b>	<b>Climate Relocation Fund</b>
<b>Additions</b>			
Contributions:			
City contributions	\$ 107,377	\$	\$
Property taxes contributed from police and fire pension revenue fund	789,068	789,068	
State insurance taxes contributed from police and fire pension revenue fund	254,451	401,315	
Total contributions	1,150,896	1,190,383	0
Investment earnings:			
Interest	128,458	29,887	70
Net increase/(decrease) in fair value of investments	(771,934)	(135,907)	
Gain/(loss) on sale of investments	87,676	(15,063)	
Investment fees	(29,156)	(2,274)	(48)
Other	14,981	1	
Net investment earnings	(569,975)	(123,356)	22
Total additions	580,921	1,067,027	22
<b>Deductions</b>			
Contractual services	3,500	4,301	
Benefit payments	1,457,998	1,289,779	
Total deductions	1,461,498	1,294,080	
Change in net position	(880,577)	(227,053)	22
Net position, beginning of year	6,561,693	1,931,776	100,000
Net position, end of year	\$ 5,681,116	\$ 1,704,723	\$ 100,022

## STATISTICAL SECTION

This part of the City of Fayetteville's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	140
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	146
These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property taxes.	
Debt Capacity	151
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	155
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	157
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

**City of Fayetteville, Arkansas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 358,330,624	\$ 325,278,714	\$ 304,325,789	\$ 276,326,757	\$ 249,277,073	\$ 224,757,141	\$ 202,704,580	\$ 178,573,420	\$ 157,318,960	\$ 134,218,414
Restricted	32,569,564	30,399,178	31,099,091	42,841,266	28,861,495	30,551,318	24,162,156	27,536,290	23,784,826	27,197,067
Unrestricted	<u>26,960,230</u>	<u>13,519,714</u>	<u>(5,238,168)</u>	<u>(9,696,249)</u>	<u>(566,754)</u>	<u>(3,570,422)</u>	<u>(6,720,035)</u>	<u>(10,153,256)</u>	<u>10,020,944</u>	<u>5,315,507</u>
Total governmental activities net position	<u>\$ 417,860,418</u>	<u>\$ 369,197,606</u>	<u>\$ 330,186,712</u>	<u>\$ 309,471,774</u>	<u>\$ 277,571,814</u>	<u>\$ 251,738,037</u>	<u>\$ 220,146,701</u>	<u>\$ 195,956,454</u>	<u>\$ 191,124,730</u>	<u>\$ 166,730,988</u>
Business-type activities										
Net investment in capital assets	\$ 355,631,842	\$ 337,069,403	\$ 332,026,189	\$ 326,135,992	\$ 321,093,446	\$ 322,568,479	\$ 319,482,273	\$ 314,261,925	\$ 314,446,757	\$ 320,567,821
Restricted	0	0	0	0	1,495,737	1,464,504	1,279,817	1,415,735	1,406,950	1,591,550
Unrestricted	<u>69,890,451</u>	<u>68,167,345</u>	<u>64,529,995</u>	<u>66,765,729</u>	<u>62,824,044</u>	<u>56,992,480</u>	<u>48,899,930</u>	<u>49,657,066</u>	<u>48,100,710</u>	<u>42,456,439</u>
Total business-type activities net position	<u>\$ 425,522,293</u>	<u>\$ 405,236,748</u>	<u>\$ 396,556,184</u>	<u>\$ 392,901,721</u>	<u>\$ 385,413,227</u>	<u>\$ 381,025,463</u>	<u>\$ 369,662,020</u>	<u>\$ 365,334,726</u>	<u>\$ 363,954,417</u>	<u>\$ 364,615,810</u>
Primary government										
Net investment in capital assets	\$ 713,962,466	\$ 662,348,117	\$ 636,351,978	\$ 602,462,749	\$ 570,370,519	\$ 547,325,620	\$ 522,186,853	\$ 492,835,345	\$ 471,765,717	\$ 454,786,235
Restricted	32,569,564	30,399,178	31,099,091	42,841,266	30,357,232	32,015,822	25,441,973	28,952,025	25,191,776	28,788,617
Unrestricted	<u>96,850,681</u>	<u>81,687,059</u>	<u>59,291,827</u>	<u>57,069,480</u>	<u>62,257,290</u>	<u>53,422,058</u>	<u>42,179,895</u>	<u>39,503,810</u>	<u>58,121,654</u>	<u>47,771,946</u>
Total primary government net position	<u>\$ 843,382,711</u>	<u>\$ 774,434,354</u>	<u>\$ 726,742,896</u>	<u>\$ 702,373,495</u>	<u>\$ 662,985,041</u>	<u>\$ 632,763,500</u>	<u>\$ 589,808,721</u>	<u>\$ 561,291,180</u>	<u>\$ 555,079,147</u>	<u>\$ 531,346,798</u>

**City of Fayetteville, Arkansas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental activities										
General government	\$ 13,254,537	\$ 11,721,883	\$ 12,937,966	\$ 11,179,163	\$ 12,147,370	\$ 9,033,657	\$ 8,612,988	\$ 7,197,057	\$ 7,385,429	\$ 7,785,005
Finance and internal services	7,383,374	5,885,591	5,858,160	5,342,612	5,804,326	4,920,484	4,599,782	4,227,780	4,159,837	3,715,334
Library	0	0	0	0	0	359,615				
Public safety (Police and Fire)	36,701,466	34,246,906	42,996,295	37,341,682	36,994,053	31,357,096	29,798,032	28,665,638	28,313,610	27,597,173
Community planning and engineering	5,963,272	5,460,484	5,387,566	5,256,896	5,287,559	5,032,617	4,489,769	4,160,474	3,902,090	3,710,029
Transportation and parking	22,656,015	20,571,035	18,028,580	19,364,914	19,258,528	18,288,066	18,072,982	17,079,801	17,523,912	16,593,532
Parks and recreation	9,989,235	7,258,998	6,403,460	6,552,715	6,467,241	5,652,753	4,702,279	4,637,338	4,449,030	4,372,727
Interest on long-term debt	4,840,026	4,254,184	5,434,695	3,692,700	3,051,150	2,969,246	3,604,116	4,314,569	4,384,316	4,592,107
Total governmental activities expenses	100,787,925	89,399,081	97,046,722	88,730,682	89,010,227	77,613,534	73,879,948	70,282,657	70,118,224	68,365,907
Business-type activities										
Airport	5,105,544	4,000,185	2,965,312	3,176,583	3,643,457	3,154,149	2,746,971	2,853,968	3,604,077	3,510,791
Town center	0	0	0	0	0	0	0	0	366,518	452,828
Recycling and trash	14,392,658	13,686,896	12,875,856	12,454,484	11,892,135	11,451,442	10,807,791	10,856,209	9,985,615	9,759,030
Water and sewer	50,733,505	48,000,862	45,602,469	43,071,616	41,415,751	39,004,863	38,421,850	36,992,190	36,370,813	36,071,609
Total business-type activities expenses	70,231,707	65,687,943	61,443,637	58,702,683	56,951,343	53,610,454	51,976,612	50,702,367	50,327,023	49,794,258
Total primary government expenses	\$ 171,019,632	\$ 155,087,024	\$ 158,490,359	\$ 147,433,365	\$ 145,961,570	\$ 131,223,988	\$ 125,856,560	\$ 120,985,024	\$ 120,445,247	\$ 118,160,165
<b>Program revenues</b>										
Governmental activities:										
General government	\$ 741,749	\$ 639,849	\$ 1,996,446	\$ 949,270	\$ 957,038	\$ 1,068,204	\$ 1,076,402	\$ 1,912,417	\$ 2,684,843	\$ 1,156,738
Finance and internal services	522,780	471,344	371,095	455,293	422,489	422,690	393,691	354,751	343,626	347,468
Public safety (Police and Fire)	2,626,379	2,251,592	1,138,166	1,681,443	1,816,856	1,690,395	1,665,508	1,688,431	1,566,490	1,651,202
Community planning and engineering	2,661,081	2,227,418	2,697,845	1,958,282	2,194,041	1,545,585	1,965,945	1,416,470	1,317,984	994,109
Transportation and parking	2,365,984	1,804,203	1,930,254	2,140,703	2,063,229	2,215,965	2,020,933	2,039,122	2,043,408	2,250,096
Parks and recreation	970,319	953,606	292,400	1,456,801	787,321	665,436	843,499	918,533	1,045,425	692,928
Water and wastewater										
Operating grants and contributions	19,255,385	18,756,813	18,074,555	14,291,010	14,172,817	12,221,814	11,592,880	11,348,934	10,516,762	8,044,009
Capital grants and contributions	12,367,475	9,340,539	7,207,868	14,144,554	11,336,471	13,770,212	6,296,123	6,129,861	8,264,672	9,639,429
Total governmental activities	41,511,152	36,445,364	33,708,629	37,077,356	33,750,262	33,600,301	25,854,981	25,808,519	27,783,210	24,775,979
Business-type activities										
Airport	4,347,964	3,272,476	1,796,500	2,415,273	2,631,239	2,149,242	1,856,926	1,849,957	2,346,228	1,913,042
Recycling and trash	14,542,105	13,605,496	12,777,732	12,754,415	11,911,377	11,729,340	11,129,671	10,632,679	9,862,792	9,708,545
Water and sewer	49,322,734	45,888,717	41,209,056	41,153,964	40,256,855	38,775,739	36,625,148	35,011,749	33,858,219	33,200,583
Operating grants and contributions	103,807	43,096	78,967	3,750	2,750	13,271	12	19,576	11,014	-
Capital grants and contributions	18,582,589	7,075,026	4,323,280	8,036,158	4,844,839	10,861,278	5,159,770	3,934,479	4,016,376	2,196,534
Total business-type activities	86,899,199	69,884,811	60,185,535	64,363,560	59,647,060	63,528,870	54,771,527	51,448,440	50,094,629	47,018,704
Total primary government program revenues	\$ 128,410,351	\$ 106,330,175	\$ 93,894,164	\$ 101,440,916	\$ 93,397,322	\$ 97,129,171	\$ 80,626,508	\$ 77,256,959	\$ 77,877,839	\$ 71,794,683
<b>Net (expenses)/ revenues</b>										
Governmental activities	\$ (59,276,773)	\$ (52,953,717)	\$ (63,338,093)	\$ (51,653,326)	\$ (55,259,965)	\$ (44,013,233)	\$ (48,024,967)	\$ (44,474,138)	\$ (42,335,014)	\$ (43,589,928)
Business-type activities	16,667,492	4,196,868	(1,258,102)	5,660,877	2,695,717	9,918,416	2,794,915	746,073	(232,394)	(2,775,554)
Total primary government net expense	\$ (42,609,281)	\$ (48,756,849)	\$ (64,596,195)	\$ (45,992,449)	\$ (52,564,248)	\$ (34,094,817)	\$ (45,230,052)	\$ (43,728,065)	\$ (42,567,408)	\$ (46,365,482)

**City of Fayetteville, Arkansas**  
**Changes in Net Position**  
**Last Ten Years**  
**(accrual basis of accounting)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 85,316,336	\$ 76,889,594	\$ 65,472,931	\$ 62,316,760	\$ 60,528,040	\$ 58,066,452	\$ 55,784,760	\$ 53,672,843	\$ 50,058,697	\$ 48,266,826
Franchise taxes	7,493,022	6,652,371	6,238,326	6,061,762	6,278,306	5,961,428	5,729,195	5,875,497	5,819,517	5,619,859
Hotel, motel, restaurant taxes	4,687,799	4,088,645	2,978,986	3,719,543	3,545,209	3,421,123	3,302,526	3,080,487	2,792,133	2,624,137
Impact fees	2,688,076	2,678,257	2,216,422	2,337,747	1,946,849	2,277,402	2,273,690	1,676,255	1,411,144	1,291,036
Property taxes	6,975,311	6,304,577	5,960,830	5,297,996	5,632,429	4,855,763	4,608,902	4,401,892	2,951,675	2,801,109
Intergovernmental	5,845,364									
Investment earnings	(2,135,702)	(688,123)	1,289,633	3,102,384	1,836,643	759,941	359,499	186,546	376,717	34,449
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Other	115,315	54,445	2,826,063	36,127	76,812	142,126	33,642	331,874	1,109,621	(655,454)
Transfers	(3,045,906)	(4,015,155)	(2,930,160)	680,967	120,336	120,334	123,000	241,985	2,209,252	(2,014,637)
Capital contributions										
Total governmental activities	<u>107,939,615</u>	<u>91,964,611</u>	<u>84,053,031</u>	<u>83,553,286</u>	<u>79,964,624</u>	<u>75,604,569</u>	<u>72,215,214</u>	<u>69,467,379</u>	<u>66,728,756</u>	<u>57,967,325</u>
Business-type activities:										
Sales and use taxes	106,752	63,400	32,908	47,798	55,433	43,507	31,061	29,237	22,639	25,061
Franchise fees	348,928	296,720	302,657	240,671	208,009	217,375	247,077	182,026	209,389	162,169
Investment earnings	(1,989,496)	(437,691)	646,219	1,336,879	817,000	381,468	264,070	148,755	325,707	14,953
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Other	2,105,963	546,112	1,000,621	883,236	731,941	923,011	1,113,171	516,203	1,222,518	1,298,294
Transfers	3,045,906	4,015,155	2,930,160	(680,967)	(120,336)	(120,334)	(123,000)	(241,985)	(2,209,252)	2,014,637
Total business-type activities	<u>3,618,053</u>	<u>4,483,696</u>	<u>4,912,565</u>	<u>1,827,617</u>	<u>1,692,047</u>	<u>1,445,027</u>	<u>1,532,379</u>	<u>634,236</u>	<u>(428,999)</u>	<u>3,515,114</u>
Total primary government	<u>\$ 111,557,668</u>	<u>\$ 96,448,307</u>	<u>\$ 88,965,596</u>	<u>\$ 85,380,903</u>	<u>\$ 81,656,671</u>	<u>\$ 77,049,596</u>	<u>\$ 73,747,593</u>	<u>\$ 70,101,615</u>	<u>\$ 66,299,757</u>	<u>\$ 61,482,439</u>
<b>Change in net position</b>										
Governmental activities	\$ 48,662,842	\$ 39,010,894	\$ 20,714,938	\$ 31,899,960	\$ 24,704,659	\$ 31,591,336	\$ 24,190,247	\$ 24,993,241	\$ 24,393,742	\$ 14,377,397
Business-type activities	<u>20,285,545</u>	<u>8,680,564</u>	<u>3,654,463</u>	<u>7,488,494</u>	<u>4,387,764</u>	<u>11,363,443</u>	<u>4,327,294</u>	<u>1,380,309</u>	<u>(661,393)</u>	<u>739,560</u>
Total primary government change in net position	<u>\$ 68,948,387</u>	<u>\$ 47,691,458</u>	<u>\$ 24,369,401</u>	<u>\$ 39,388,454</u>	<u>\$ 29,092,423</u>	<u>\$ 42,954,779</u>	<u>\$ 28,517,541</u>	<u>\$ 26,373,550</u>	<u>\$ 23,732,349</u>	<u>\$ 15,116,957</u>

**City of Fayetteville, Arkansas**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General fund										
Nonspendable										
Prepays	\$ 195,594	\$ 173,764	\$ 209,837	\$ 203,375	\$ 205,250	\$ 197,126	\$ 173,542	\$ 140,124	\$ 158,387	\$ 140,148
Long term loans	67,864	83,393	138,923	134,453	109,983	125,512	141,042	156,572	269,535	427,503
Restricted for:										
Public safety	474,460	672,094	693,149	550,429	567,999	518,728	564,439	647,233	616,819	829,673
Community planning and engineering	127,942	117,007	79,741	56,598	91,594	83,237	126,753	69,784	133,351	90,900
Debt service	-	-	-	-	1,651,125	-	-	-	-	-
Park and recreation	59,807	59,805	24,433	55,440	48,865	55,739	60,621	34,556	68,431	49,712
Committed to:										
Transportation and parking	-	-	-	-	-	-	18	-	-	-
Economic development	-	-	-	-	-	202,500	-	66,970	135,491	754,241
Public safety	153,533	-	-	-	-	-	-	-	-	128,820
Community planning and engineering	19,656	-	-	-	31,828	-	-	-	-	-
General government	2,912,595	3,133,941	909,463	1,175,474	936,452	3,055,598	678,996	190,528	283,408	196,751
Park and recreation	-	-	-	-	469,064	-	-	-	-	-
Disaster recovery	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Finance and internal services	-	-	11,540	-	-	-	-	-	52,000	-
Assigned to:										
General government	5,131,312	8,779	129,762	518,525	505,621	6,118	131,576	96,975	1,073	11,086
Finance and internal services	232,539	192,501	255,066	179,767	126,120	95,811	29,044	153,901	169,335	19,580
Public safety	262,459	130,631	23,802	71,819	55,777	24,533	51,488	-	53,996	24,919
Community planning and engineering	7,200	149,613	18,558	6,095	34,763	13,890	-	-	-	700
Park and recreation	-	-	-	900	2,354	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	322,525
Unassigned	<u>34,155,647</u>	<u>27,705,878</u>	<u>23,644,712</u>	<u>18,655,673</u>	<u>17,279,988</u>	<u>18,718,265</u>	<u>19,281,268</u>	<u>16,514,219</u>	<u>14,392,804</u>	<u>15,208,497</u>
Total general fund	\$ <u>46,800,608</u>	\$ <u>35,427,406</u>	\$ <u>29,138,986</u>	\$ <u>24,608,548</u>	\$ <u>25,116,783</u>	\$ <u>26,097,057</u>	\$ <u>24,238,787</u>	\$ <u>21,070,862</u>	\$ <u>19,334,630</u>	\$ <u>21,205,055</u>

**City of Fayetteville, Arkansas**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

All other governmental funds																				
Nonspendable																				
Prepays	\$	3,809	\$	67	\$	14,674	\$	10,741	\$	10,493	\$	12,769	\$	9,258	\$	4,297	\$	4,929	\$	4,757
Restricted for:																				
General government		17,440,883		15,071,402		21,468,465		23,290,179		-		20,920		85,447		1,601,637		7,170,411		-
Transportation and parking		54,324,016		28,368,481		34,378,576		41,134,729		8,330,691		14,882,883		18,544,172		28,043,973		29,347,869		40,214,482
Public safety		10,146,517		31,905,636		47,249,239		51,537,683		1,923,931		1,677,959		1,756,621		2,985,538		2,511,108		1,248,835
Sustainability		-		219,915		197,442		174,969		152,495		130,022		107,549		85,066		62,602		40,120
Community planning and engineering		9,413,654		5,278,469		6,522,470		7,963,727		17,995		50,262		228,749		210,279		189,642		5,408
Finance and internal services		2,782,040		32,839		486,265		507,242		-		382,022		435,140		472,651		90,012		-
Library		-		60,047		153,807		14,073,914		24,901,604		26,768,486								
Park and recreation		16,295,920		6,560,744		13,819,465		17,217,901		3,171,732		3,457,384		2,243,021		7,768,469		9,608,411		6,124,823
Water and wastewater		8,184,725		9,386,465		10,963,529		13,257,369		11,112,214		9,496,491		7,542,543		5,905,896		4,797,885		5,430,759
Debt service		12,923,773		12,103,624		10,609,670		14,538,460		9,301,616		8,466,389		6,561,413		6,427,135		6,055,698		7,893,224
Committed to:																				
Transportation and parking		318,098		2,357,342		4,741,257		530,246		2,555,470										
Public safety		327,407		132,902		-		116,759		116,759										
General government		222,296		140,620		35,435		281,356		191,962										
Parks and recreation		15,066		310,131		185,739		2,500		413,449										
Finance and internal services		219,068		70,450		62,683		363,849		104,351										
Community planning and engineering		3,546,675		-		139,899		392,762												
Assigned to:																				
Transportation and parking		2,213,021		1,689,678		1,646,707		1,102,090		1,124,513		845,160		848,286		483,195		2,853,398		268,900
Parks and recreation														-		-		-		-
Reserved														-		-		-		-
Unreserved, designated																				
Unreserved reported in:																				
Special revenue														-		-		-		-
Capital outlay		10,707,239		13,177,128		7,624,921		9,418,803		7,013,427		4,170,725		5,940,772		6,819,012		6,808,269		-
Unassigned		<u>(367,686)</u>		<u>(109,411)</u>		<u>(161,340)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total all other governmental funds		<u>148,716,521</u>		<u>126,756,529</u>		<u>160,138,903</u>		<u>195,915,279</u>		<u>70,442,702</u>		<u>70,361,472</u>		<u>44,302,971</u>		<u>60,807,148</u>		<u>69,500,234</u>		<u>61,231,308</u>
Total governmental funds	\$	<u>195,517,129</u>	\$	<u>162,183,935</u>	\$	<u>189,277,889</u>	\$	<u>220,523,827</u>	\$	<u>95,559,485</u>	\$	<u>96,458,529</u>	\$	<u>68,541,758</u>	\$	<u>81,878,010</u>	\$	<u>88,834,864</u>	\$	<u>82,436,363</u>



**City of Fayetteville, Arkansas**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>Revenues</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Sales tax	\$ 84,765,006	\$ 75,951,014	\$ 65,043,039	\$ 61,903,228	\$ 60,618,946	\$ 57,767,275	\$ 55,684,409	\$ 53,284,827	\$ 49,629,988	\$ 48,381,193
Hotel, motel, restaurant tax	4,687,799	4,088,645	2,978,986	3,719,543	3,545,209	3,421,123	3,302,526	3,080,487	2,792,133	2,624,137
Property tax	6,423,294	5,855,385	5,327,027	5,189,523	5,151,518	4,744,232	4,390,779	2,962,307	2,867,510	2,722,335
Franchise tax	7,493,022	6,652,371	6,238,326	6,061,762	6,278,306	5,961,428	5,729,195	5,875,497	5,819,517	5,619,859
Impact fee	2,688,076	2,678,257	2,216,422	2,337,747	1,946,849	2,277,402	2,273,690	1,676,255	1,411,144	1,291,036
Licenses and permits	2,664,768	2,227,479	1,738,387	1,963,144	2,134,764	1,491,309	1,888,094	1,572,950	1,319,832	1,098,338
Intergovernmental	25,351,098	17,117,348	16,350,216	17,946,106	16,154,994	11,977,121	12,346,839	12,719,222	16,207,308	13,798,702
Charges for services	5,533,416	4,649,482	4,407,567	4,603,278	3,841,736	3,867,406	3,754,403	4,490,866	4,022,754	3,726,652
Fines and forfeitures	1,350,821	1,187,620	1,286,062	1,665,720	1,733,446	1,880,658	1,968,240	1,884,717	1,697,665	1,910,903
Investment earnings	2,073,973	198,599	1,196,314	2,243,206	1,318,559	694,002	422,918	348,218	307,817	159,672
Net increase(decrease) in the fair value of investments	(3,338,306)	(698,577)	(142,330)	391,852	237,230	(46,360)	(108,069)	(198,715)	9,735	(131,032)
Contributions	3,162,850	4,294,485	3,164,075	4,659,243	3,132,711	5,536,512	1,012,444	2,971,091	216,888	118,630
Other	760,045	266,586	4,087,635	432,233	613,546	609,685	344,627	712,405	3,511,112	410,798
<b>Total revenues</b>	<b>143,615,862</b>	<b>124,468,694</b>	<b>113,891,726</b>	<b>113,116,585</b>	<b>106,707,814</b>	<b>100,181,793</b>	<b>93,010,095</b>	<b>91,380,127</b>	<b>89,813,403</b>	<b>81,731,223</b>
<b>Expenditures</b>										
General government	10,207,036	8,616,004	8,734,908	8,567,732	10,044,959	7,406,234	7,436,817	6,492,110	6,371,241	6,777,247
Finance and internal services	6,485,681	5,390,407	5,391,572	4,911,068	5,367,567	4,447,141	4,127,975	3,786,053	3,809,527	3,414,326
Library						359,615				
Public safety (Police and Fire)	39,494,052	35,509,805	33,136,622	33,741,104	31,694,225	29,910,226	27,843,796	26,891,219	26,072,599	24,760,289
Community planning and engineering	5,685,618	5,428,000	5,412,179	5,283,905	5,211,527	4,990,210	4,531,019	4,140,740	3,944,403	3,173,708
Transportation, parking and utilities	10,689,653	9,634,873	7,602,640	9,216,295	9,411,391	8,120,087	8,294,495	7,711,811	8,646,215	8,380,231
Parks and recreation	6,113,742	5,360,171	4,529,849	5,008,205	4,911,372	4,640,428	4,070,079	4,033,338	3,863,143	3,722,673
Debt service										
Interest and trustee fees	5,025,640	4,704,651	5,995,810	2,133,810	2,961,292	2,858,982	3,527,699	3,991,904	3,979,283	3,830,630
Principal	28,619,928	25,370,027	25,290,187	22,255,187	22,145,188	19,545,000	18,215,000	16,650,000	17,423,055	11,113,255
Bond issue cost	506,994	0	0	837,594	0	0	0	162,623	219,803	
Capital outlay	68,606,237	46,823,216	44,790,584	30,741,086	17,457,391	17,166,446	28,020,060	33,543,409	19,104,517	14,434,542
<b>Total expenditures</b>	<b>181,434,581</b>	<b>146,837,154</b>	<b>140,884,351</b>	<b>122,695,986</b>	<b>109,204,912</b>	<b>99,444,369</b>	<b>106,066,940</b>	<b>107,403,207</b>	<b>93,433,786</b>	<b>79,606,901</b>
Excess of revenues over (under) expenditures	(37,818,719)	(22,368,460)	(26,992,625)	(9,579,401)	(2,497,098)	737,424	(13,056,845)	(16,023,080)	(3,620,383)	2,124,322
<b>Other financing sources (uses)</b>										
Transfers in	4,074,919	3,778,670	3,463,940	704,110	923,842	1,147,114	642,422	870,355	7,138,262	905,667
Transfers out	(8,436,872)	(8,504,164)	(7,717,253)	(748,989)	(976,913)	(1,236,414)	(921,829)	(884,355)	(8,762,169)	(3,053,377)
Bonds issued	75,513,866	0	0	134,588,622	1,651,125	27,268,647	0	9,080,226	11,642,791	22,750,000
Bond issue costs										(435,343)
<b>Total other financing sources/(uses)</b>	<b>71,151,913</b>	<b>(4,725,494)</b>	<b>(4,253,313)</b>	<b>134,543,743</b>	<b>1,598,054</b>	<b>27,179,347</b>	<b>(279,407)</b>	<b>9,066,226</b>	<b>10,018,884</b>	<b>20,166,947</b>
<b>Net changes in fund balances</b>	<b>\$ 33,333,194</b>	<b>\$ (27,093,954)</b>	<b>\$ (31,245,938)</b>	<b>\$ 124,964,342</b>	<b>\$ (899,044)</b>	<b>\$ 27,916,771</b>	<b>\$ (13,336,252)</b>	<b>\$ (6,956,854)</b>	<b>\$ 6,398,501</b>	<b>\$ 22,291,269</b>
Debt service as a percentage of noncapital expenditures	29.82%	30.07%	32.56%	26.52%	27.36%	27.23%	27.86%	27.95%	28.79%	22.93%

(1) Debt service includes Interest and Trustee fees, Principal and Bond Issue Cost

**City of Fayetteville, Arkansas**  
**Governmental Funds Tax Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Sales &amp; Use Tax For Bonded Debt 1.00%</b>	<b>Sales &amp; Use Tax For Bonded Debt 0.75%</b>	<b>Sales &amp; Use Tax For Bonded Debt 0.25% (3)</b>	<b>Franchise Fees</b>	<b>HMR Tax (1%)</b>	<b>Alcoholic Beverage Tax</b>	<b>City Property Tax</b>	<b>TIF Property Tax</b>	<b>Total</b>
2013	\$ 29,755,393	\$	\$ 13,541,618	\$ 4,513,873	\$ 5,619,859	\$ 2,624,137	(1) \$ 570,309	(1) \$ 2,593,085	(1) \$ 129,250	59,347,524
2014	30,604,136		13,812,257	4,604,085	5,819,517	2,792,133	609,510	2,738,129	129,381	61,109,148
2015	32,841,750		14,850,464	4,950,155	5,875,497	3,080,487	642,457	2,809,419	152,888	65,203,118
2016	34,337,665		15,483,143	5,161,048	5,729,195	3,302,526	702,554	4,230,960	(2) 159,819	69,106,910
2017	35,733,648		15,972,843	5,324,281	5,961,428	3,421,123	736,503	4,518,054	226,177	71,894,058
2018	37,560,022		16,729,104	5,576,368	6,278,306	3,545,209	753,452	4,752,414	399,104	75,593,980
2019	38,404,005	22,668,600	-	-	6,061,762	3,719,543	830,622	4,831,167	339,645	76,855,345
2020	40,760,786	23,759,681	-	-	6,238,326	2,978,986	(3) 522,572	(3) 4,983,567	343,460	79,587,379
2021	47,459,952	27,530,298	-	-	6,652,371	4,088,645	960,764	5,420,738	438,161	92,550,930
2022	53,377,417	30,142,529	-	-	7,493,022	4,687,799	1,245,060	5,973,667	449,627	103,369,122

Notes: (1) Includes \$211,138 HMR, \$49,342 Alcoholic beverage tax, and \$153,700 City property tax in accruals due to revenue recognition timing change.

(2) Milleage increase in 2016 for City.

(3) Decrease in taxes due to COVID 19

**City of Fayetteville, Arkansas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Year	Real Property		Personal Property		Utilities		Total		Ratio of Total Assessed to Total Estimated Actual	Total Direct Tax Rate
	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value		
2013	1,084,550,127	5,422,750,635	216,005,532	1,080,027,660			1,300,555,659	6,502,778,295	20.00%	2.10
2014	1,115,992,871	5,579,964,355	226,841,704	1,134,208,520			1,342,834,575	6,714,172,875	20.00%	2.10
2015	1,171,158,618	5,855,793,090	232,141,573	1,160,707,865			1,403,300,191	7,016,500,955	20.00%	3.10
2016	1,213,852,296	6,069,261,480	252,836,149	1,264,180,745			1,466,688,445	7,333,442,225	20.00%	3.10
2017	1,257,361,951	6,286,809,755	246,656,011	1,233,280,055			1,504,017,962	7,520,089,810	20.00%	3.10
2018	1,309,055,168	6,545,275,840	261,728,096	1,308,640,480	66,624,046	333,120,230	1,637,407,310	8,187,036,550	20.00%	3.10
2019	1,352,620,084	6,763,100,420	247,101,970	1,235,509,850	71,292,487	356,462,435	1,671,014,541	8,355,072,705	20.00%	3.10
2020	1,529,519,526	7,647,597,630	262,267,946	1,311,339,730	77,429,003	387,145,015	1,869,216,475	9,346,082,375	20.00%	3.10
2021	1,647,091,410	8,235,457,050	282,921,776	1,414,608,880	79,099,402	395,497,010	2,009,112,588	10,045,562,940	20.00%	3.10
2022	1,774,725,982	8,873,629,910	310,717,662	1,553,588,310	96,466,092	482,330,460	2,181,909,736	10,909,548,680	20.00%	3.10

Note: Utilities added in 2018

Source: Washington County Assessor

**City of Fayetteville, Arkansas  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

**Tax rates (millages)**

<u>City of Fayetteville</u>								
<u>Year</u>	<u>Police's Pension &amp; Relief Fund</u>	<u>Firemen's Pension &amp; Relief Fund</u>	<u>General Fund</u>	<u>Total Fayetteville</u>	<u>Fayetteville Library</u>	<u>Washington County</u>	<u>Fayetteville Public Schools</u>	<u>Total Direct &amp; Overlapping Rates</u>
2013	0.4	0.4	1.3	2.10	1.00	5.00	45.65	53.75
2014	0.4	0.4	1.3	2.10	1.00	5.00	45.65	53.75
2015	0.4	0.4	2.3	3.10	1.00	5.00	45.65	54.75
2016	0.4	0.4	2.3	3.10	3.70	5.00	45.65	57.45
2017	0.4	0.4	2.3	3.10	3.70	5.00	45.65	57.45
2018	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2019	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2020	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2021	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2022	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95

Source: Washington County Assessor

**City of Fayetteville, Arkansas  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<u>Year</u>	<u>Total Tax Levy (1,2,3)</u>	<u>Current Tax Collections (4)</u>	<u>Percentage of Levy Collected</u>	<u>Prior Years' Collections (5)</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Tax Levy</u>
2013	2,863,611	2,614,242	91.29%	163,685	2,777,927	97.01%
2014	2,952,207	2,452,658	83.08%	119,244	2,571,902	87.12%
2015	2,952,207	2,622,060	88.82%	104,823	2,726,884	92.37%
2016	4,467,559	3,734,669	83.60%	254,466	3,989,135	89.29%
2017	4,814,563	4,103,383	85.23%	146,759	4,250,142	88.28%
2018	5,248,919	4,479,655	85.34%	188,940	4,668,595	88.94%
2019	5,434,968	4,463,177	82.12%	178,060	4,641,237	85.40%
2020	6,102,128	4,561,309	74.75%	196,735	4,758,044	77.97%
2021	6,574,962	5,073,607	77.17%	186,820	5,260,427	80.01%
2022	7,156,034	5,510,034	77.00%	228,446	5,738,480	80.19%

- Note:
- (1) Tax levies and collections do not include taxes paid on city utilities.
  - (2) The highway 71 east square redevelopment district No. 1 was created in 2005.
  - (3) The City levied 1.3 mill property tax in 2006.
  - (4) Court Orders are excluded out of the Current Year Collections.
  - (5) Land Sales are excluded out of the Prior Year Collections

Source: Washington County Assessor

Property assessments are made; tax rates are established; and taxes are levied in one year for payment by the taxpayer and collection by local government the following year. The tax levy for this schedule includes the city's levy for its general fund, sales tax construction fund, police pension plan, and fire pension plan.

**City of Fayetteville, Arkansas  
Principal Property Taxpayers  
December 31, 2022**

Taxpayer	2022		Percentage of Total Assessed Valuation	2013		Percentage of Total Assessed Valuation
	Assessed Valuation (1)	Rank		Assessed Valuation (1)	Rank	
Ozark Go (C/O Ozark Electric Co)	23,245,244	1	1.07%			
Ozark Electric Cooperative Corporation	20,499,589	2	0.94%			
Southwestern Electric Power Co.	20,169,860	3	0.92%			
Black Hills Energy Arkansas	17,562,076	4	0.80%			
Wal-Mart Stores Inc	12,809,770	5	0.59%			
Fayetteville Student Housing Dst	12,551,190	6	0.58%			
Mathias Shopping Centers Inc	12,430,800	7	0.57%	19,690,662	1	1.51%
Aptitude Arkansas LLC	12,028,243	8	0.55%			
Tyson Foods Inc 6th St	11,736,074	9	0.54%	15,991,505	2	1.23%
Sun Uptown Fayetteville LP	9,070,600	10	0.42%			
MMP Arkansas LLC				14,500,000	3	1.11%
QHG of Springdale Inc				11,769,933	4	0.90%
Sam's Real Estate Business Trust				9,913,670	5	0.76%
BRE DDR Steele Crossing LLC				6,812,777	6	0.52%
Links at Fayetteville				5,792,391	7	0.45%
Links at Springdale				5,598,270	8	0.43%
Cliffs III Limited Partnership				5,381,070	9	0.41%
First Security Bank				5,351,372	10	0.41%
<b>Totals</b>	<b>\$ 152,103,446</b>		<b>6.98%</b>	<b>\$ \$ 100,801,650</b>		<b>7.75%</b>

(1) Washington County Assessor

**City of Fayetteville, Arkansas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bond	Special Obligation Bonds	Leases/Notes	Sales Tax Bonds	Revenue Bonds	Leases/Notes			
2013 \$	- \$	110,738,055 \$	- \$	- \$	11,510,000 \$	- \$	122,248,055	3.82%	1,661
2014 *	-	106,316,444	-	-	8,928,151	-	115,244,595	3.43%	1,566
2015 *	-	98,599,892	-	-	7,295,877	-	105,895,769	3.00%	1,439
2016 *	-	80,255,846	-	-	5,638,604	-	85,894,450	2.32%	1,167
2017 *	-	87,839,772	-	-	3,960,524	-	91,800,296	2.36%	1,248
2018 *	-	64,165,000	1,375,938	-	2,195,314	-	67,736,252	1.66%	921
2019 *	-	169,780,000	1,100,750	-	0	-	170,880,750	3.99%	2,322
2020 *	-	144,765,000	825,564	-	0	-	145,590,564	3.23%	1,979
2021 *	-	119,670,160	550,376	-	0	-	120,220,536	1.99%	1,280 (2)
2022 *	-	173,527,272	275,188 (3)	-	0	-	173,802,460	2.88%	1,850

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics.

(2) 2020 Census Population increase

(3) GASB 87-Leases added

\* 2014 net of the premium and discount

Source: General ledger files

**City of Fayetteville, Arkansas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

	<b>Total Bonded Debt Outstanding</b>	<b>Percentage Applicable to the City</b>	<b>Estimated Share of Direct Overlapping Debt</b>
Direct:			
City of Fayetteville (1)	\$ <u>173,802,460</u>	100%	\$ <u>173,802,460</u>
Overlapping:			
Fayetteville Public School District (2)	273,995,000	100%	273,995,000
Washington County (3)	<u>-</u>		<u>-</u>
Total overlapping	<u>273,995,000</u>		<u>273,995,000</u>
Total direct and estimated overlapping bonded debt	\$ <u><u>447,797,460</u></u>		\$ <u><u>447,797,460</u></u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

(2) Stephens, Inc.

(3) Washington County Comptroller



**City of Fayetteville, Arkansas  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 545,477,434	\$ 502,278,147	\$ 467,304,119	\$ 417,753,635	\$ 409,351,828	\$ 376,004,491	\$ 366,672,111	\$ 350,825,048	\$ 335,708,644	\$ 325,138,915
Total net debt applicable to limit	<u>530,927</u>	<u>550,376</u>	<u>825,564</u>	<u>1,100,750</u>	<u>1,375,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 544,946,507</u>	<u>\$ 501,727,771</u>	<u>\$ 466,478,555</u>	<u>\$ 416,652,885</u>	<u>\$ 407,975,890</u>	<u>\$ 376,004,491</u>	<u>\$ 366,672,111</u>	<u>\$ 350,825,048</u>	<u>\$ 335,708,644</u>	<u>\$ 325,138,915</u>
Total net debt applicable to limit as a percentage of debt limit	0.10%	0.11%	0.18%	0.26%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed value	\$ 2,181,909,736
Debt limit-25% of assessed value	545,477,434
Debt applicable to limit	
General obligation bonds	
Leases/Notes	<u>530,927</u>
Less: debt service reserve	<u>          </u>
Total net debt applicable to debt limit	<u>530,927</u>
Legal debt margin	<u>\$ 544,946,507</u>

Note: Under state finance law the City of Fayetteville's outstanding general obligation debt should not exceed 25 percent of total assessed property value. Act 1808 of 2001 increased the debt limit by allowing an additional 5 percent for short term financing. Prior to 2001 the debt limit was 20 percent of assessed property value.

Source: Washington County Assessor

**City of Fayetteville, Arkansas  
Parking Fund  
Revenue Bond Coverage  
Last Ten Fiscal Years**

<u>Year</u>	<u>Operating Revenue (1)</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2013	1,454,659	765,558	689,101	230,000	150,633	380,633	1.81
2014	1,535,201	784,771	750,430	230,000	150,633	380,633	1.97
2015	1,528,143	794,894	733,249	230,000	150,633	380,633	1.93
2016	1,720,630	741,155	979,475	230,000	150,633	380,633	2.57
2017	2,099,452	834,018	1,265,434	230,000	150,633	380,633	3.32
2018	1,870,816	912,149	958,667	230,000	150,633	380,633	2.52
2019	1,924,621	946,624	977,997	230,000	150,633	380,633	2.57
2020	1,762,166	868,177	893,989	230,000	150,633	380,633	2.35
2021	1,553,460	814,996	738,464	230,000	150,633	380,633	1.94
2022	1,874,882	1,331,783	543,100	230,000	150,633	380,225	1.43

(1) As defined by each respective bond ordinance.

**City of Fayetteville, Arkansas  
Demographic & Economic Statistics  
Last Ten Fiscal Years**

<u>Year</u>	<u>City of Fayetteville Population(1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(1)</u>	<u>Education Level in Years of Formal Schooling(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Percentage Rate(5) (6)</u>
2013	73,580	3,199,422	43,482	26.7	14.0	9,421	4.9
2014	73,580	3,359,393	45,656	26.7	14.0	9,503	4.6
2015	73,580	3,527,362	47,939	26.7	14.0	9,614	3.9
2016	73,580	3,703,712	50,336	26.7	14.0	9,684	2.8
2017	73,580	3,888,897	52,853	26.7	14.0	10,039	2.8
2018	73,580	4,083,342	55,495	26.7	14.0	10,265	2.8
2019	73,580	4,287,509	58,270	26.7	14.0	10,334	2.5
2020	73,580	4,501,885	61,184	26.7	14.0	10,151	3.5
2021	93,949	6,035,539	64,243	27.3	14.0	10,349	1.9
2022	93,949	6,337,316	67,455	27.7	14.0	10,426	1.9

Sources:

- (1) U.S. Census Bureau
- (2) Income of previous year x 5%
- (3) Previous U.S. Census Bureau report
- (4) Fayetteville Public School Administrator
- (5) Discover Arkansas Unemployment Rates
- (6) [www.deptofnumbers.com](http://www.deptofnumbers.com)

**City of Fayetteville  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2022			2013		
	Employees	Rank	Percentage of Population 93,949	Employees	Rank	Percentage of Population 73,580
University of Arkansas	9,766	1	10.40%	12,689	1	17.25%
Washington Regional Medical Center	3,409	2	3.63%	1,500	2	2.04%
Veteran's Admin. Medical	1,572	3	1.67%	1,442	3	1.96%
Fayetteville School District	1,524	4	1.62%	1,340	5	1.82%
City of Fayetteville	792	5	0.84%	731	7	0.99%
Tyson Mexican Original	739	6	0.79%	631	9	0.86%
Washington Co. Government	665	7	0.71%	1,386	4	1.88%
Walmart#144	510	8	0.54%	0	0	0.00%
Walmart#359	445	9	0.47%	550	10	0.75%
Wal-mart #9149 (optical lab)	357	10	0.38%	670	8	0.91%
	19,779		21.05%	20,939		28.46%

Source: HR Departments from above listed employers

**City of Fayetteville, Arkansas**  
**Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General government	47.65	46.65	46.65	45.75	43.75	43.75	42.75	40.75	42.7	43.7
Finance	60.35	58.35	58.35	57.25	55.75	54.25	52.25	53.25	53.25	52.75
Police										
Officers/Uniformed	143	131	131	131	129	129	127	121	121	121
Civilians	51	48	48	50	51	51	48.5	49	49	50.6
Fire										
Officers/Uniformed	122	119	120	119	119	119	119	110	110	110
Civilians	4	3	2	3	3	3	3	4	4	4
Community planning and engineering	78.3	76.3	76.3	73.3	73.3	71.3	69.3	69.8	69.8	70.3
Transportation, parking, utilities	107.5	104.5	104.5	104	102	80.5	80.5	81.5	77.3	75.3
Parks and recreation	64.5	59.2	59.2	59.2	58.1	58.1	56.65	55.65	54.65	54.35
Water and sewer	82	80	80	75	73	94.5	93.5	93.5	93.5	93.5
Solid waste	67	66	66	64	59	59	57	57	57	57
Airport	13	11.6	11.6	11.6	11.6	11.6	11.6	12.6	12.6	12.6
Fleet operations	19.5	19.5	19	19.5	18.5	18.5	18.5	18.5	18.5	18.5
Total	859.8	823.1	822.6	812.6	797	793.5	779.55	766.55	763.3 *	763.6

Source: City of Fayetteville Budget Office

\* The City Airport took over the FBO operations resulting in the addition of 6.6 Airport positions in 2013

**City of Fayetteville  
Capital Assets by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Police										
Stations	2	2	2	2	2	4	4	3	3	3
Police units	87	88	72	68	67	66	65	62	62	62
Fire										
Fire stations	9	7	7	7	7	7	8	8	8	8
Fire trucks	19	19	18	17	17	17	16	16	16	17
Transportation										
Paved streets (miles)	438	435	430	426	423	420	414	411	409	407
Traffic signals	132	128	128	127	127	126	121	122	117	108
Parks and recreation										
Parks acreage	4,071	4,068	3,793	3,802	3,807	3,710	3,705	3,700	3,699	3,346
Parks	74	71	65	72	70	69	69	68	67	60
Baseball/softball fields	22	22	22	22	22	22	22	18	18	18
Water and sewer										
Water meters active	46,584	45,526	44,552	42,747	41,966	41,785	40,756	40,038	39,238	38,736
Water mains (miles)	834	824	819	813	798	788	782	810	808	791
Sewer mains (miles)	572	566	562	558	547	540	537	675	580	578
Solid waste										
Sanitation trucks	40	41	42	36	36	39	37	37	37	37

Source: City of Fayetteville divisions

**City of Fayetteville, Arkansas  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Police</b>										
Calls for service	49,067	53,262	51,690	48,629	47,079	49,428	47,646	45,944	42,359	40,735
Physical arrests	2,681 (1)	617 (1)	241 (1)	4,810 (1)	4,744 (1)	4,351 (1)	4,341 (1)	3,738 (1)	3,778 (1)	3,195
9-1-1 calls	42,949	46,176	41,493	41,100	39,509	39,527	42,634	42,372	40,327	38,140
<b>Fire</b>										
Calls for service	13,167	13,448	10,516	12,644	12,324	11,624	10,368	9,624	9,163	8,370
Inspections (hours)	912	892	709	1,397	1,079	1,079	813	1,243	1,564	1,811
<b>Community planning &amp; engineering</b>										
Building inspections	23,004	18,576	19,007	28,509	25,110	24,999	25,732	16,823	19,084	21,844
Building permits issued	1,828	1,480	1,019	595	706	411	590	409	523	403
<b>Transportation</b>										
Streets overlaid (miles)	9	17	14	10	9	11	15	9	8	11
<b>Parks and recreation</b>										
Softball/Baseball participants	4,326	4,205	2,257 (2)	3,215	3,255	4,030	4,565	3,689	4,406	4,590
Soccer participants	2,645	2,030	212 (2)	2,677	2,927	3,041	3,100	3,024	2,941	2,812
<b>Water and sewer</b>										
Active accounts	47,310	46,155	45,173	43,185	42,514	42,352	41,166	40,387	39,724	38,736
Meters read	564,580	558,593	539,140	526,106	518,128	507,214	497,813	491,256	481,133	476,371
Water leaks repaired	1,384	1,304	945	741	841	624	622	583	681	702
<b>Solid waste</b>										
Recycling (tons)	6,364	6,566	6,394	6,765	7,021	6,545	6,567	6,074	5,893	5,680

Source: City of Fayetteville divisions

Notes: (1) Per Calea standards the Police data has changed to Custodial Arrest starting in 2013

(2) Fayetteville Parks and Recreation suspended many games due to COVID in 2020

**City of Fayetteville, Arkansas  
Miscellaneous Statistical Data  
December 31, 2022**

Municipal water system:

Beaver Water District pumping capacity	140 mgd
Pumping capacity to Fayetteville	41 mgd
Average daily water use	21.083 mgd
Maximum day's water use	32.658 mgd
Water rates charged by Beaver Water District (per million gallons)	
January 2022 - September 2022	1.41 per 1000 gallons
October 2022 - December 2022	1.46 per 1000 gallons
Water users consuming more than 5% of water output:	
University of Arkansas	6.42%

Sewage treatment plant:

Nominal plant capacity for two plants	22.6 mgd
Average daily sewage flow	14.9 mgd

City's water rate structure  
effective 1/1/2022

	Inside City	Outside City
First 2,000 gallons	\$ 3.51	\$ 4.04
2,001 to 15,000 gallons	4.65	5.35
15,001 gallons and over	6.59	7.54

City's sewer rate structure  
effective 1/1/2022

	Usage per 1,000 Gallons
First 2,000 gallons	\$ 4.35
Greater than 2,000	5.80
Non-residential-all usage	4.40
Major industrial-all usage	4.71
All usage:	
Farmington	7.52
Greenland	8.18
Outside city	8.18

Water and sewer system:

2022 operating revenues	\$ 49,322,734
2022 bad debt expense	\$ 1,180,038
2022 bad debt percentage	2.39%
Cost of projected capital improvements for 2022	\$ 45,143,593



**City of Fayetteville, Arkansas  
TIF Statistical Data**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Property Tax Increment Receipts</b>	449,627	438,161	343,460	339,645	399,104	226,177	159,819	152,888	129,381	129,250
<b>Total Principal Amount of Bonds Redeemed</b>	154,000	179,840	205,000	150,000	100,000	75,000	75,000	70,000	65,000	55,000
<b>Total Principal Amount of Bonds Outstanding</b>	2,121,160	2,275,160	2,455,000	2,660,000	2,810,000	2,910,000	2,985,000	3,060,000	3,130,000	3,195,000
<b>Total Taxable Value of Real Property Incremental</b>	71,293,291	63,038,740	55,919,456	46,331,262	44,513,140	30,421,528	30,085,591	29,332,215	26,450,722	20,376,082
<b>Total Accreted Value of Bonds Outstanding</b>	6,543,838	6,587,592	6,667,883	6,777,008	6,715,565	6,523,628	6,277,121	6,036,111	5,791,621	5,545,572
<b>Total Accreted Value of Bonds Redeemed</b>	423,662	354,724	362,476	276,557	226,557	159,389	149,513	130,899	114,017	90,495
<b>Bonds Outstanding</b>	424	455	491	532	562	582	597	612	626	639
Trustee Fees	3,690	8,690 (1)	3,690	4,160	3,850	3,970	3,850	3,850	3,850	3,850

(1) Additional \$5,000 tender fee assessed in 2021



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## **Independent Accountants' Report on Compliance With Arkansas State Requirements**

The Honorable Mayor and  
Members of City Council  
City of Fayetteville, Arkansas  
Fayetteville, Arkansas

We have examined management's assertions that the City of Fayetteville, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2022:

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the City of Fayetteville, Arkansas complied with the aforementioned requirements during the year ended December 31, 2022, is fairly stated, in all material respects.

**FORVIS, LLP**

Rogers, Arkansas  
June 29, 2023

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## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

The Honorable Mayor and Members of the City Council  
City of Fayetteville, Arkansas  
Fayetteville, Arkansas

#### Report on Compliance for Each Major Federal Program

##### *Opinion on Each Major Federal Program*

We have audited the City of Fayetteville (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

##### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

##### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**FORVIS, LLP**

Rogers, Arkansas  
June 29, 2023

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**City of Fayetteville, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Urban Agriculture and Innovative Production	10.935		\$ -	\$ 36,697
<b>Total U.S. Department of Agriculture</b>			-	36,697
<b>U.S. Department of Commerce</b>				
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307		-	59,627
<i>Program and Cluster Total</i>			-	59,627
<b>Total U.S. Department of Commerce</b>			-	59,627
<b>U.S. Department of Housing and Urban Development</b>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants - 2017	14.218		-	25,259
Community Development Block Grants/Entitlement Grants - 2018	14.218		-	2,222
Community Development Block Grants/Entitlement Grants - 2019	14.218		-	37,879
Community Development Block Grants/Entitlement Grants - 2020	14.218		-	130,089
COVID-19 Community Development Block Grants/Entitlement Grants - CV/CV3	14.218		-	87,262
Community Development Block Grants/Entitlement Grants - 2021	14.218		-	490,341
Community Development Block Grants/Entitlement Grants - 2022	14.218		-	102,906
<i>Program and Cluster Total</i>			-	875,958
Continuum of Care Program aka Special Needs Assistance Program-AR0043	14.267		-	107,936
Continuum of Care Program aka Special Needs Assistance Program-AR0039	14.267		-	14,341
Continuum of Care Program aka Special Needs Assistance Program-AR0044	14.267		-	20,210
<i>Program Total</i>			-	142,487
<b>Total U.S. Department of Housing and Urban Development</b>			-	1,018,445
<b>U.S. Department of the Interior</b>				
Historic Preservation Fund Grants-In-Aid - 2021	15.904	N/A	-	13,725
Historic Preservation Fund Grants-In-Aid - 2022	15.904		-	31,698
<i>Program Total</i>			-	45,423
<b>Total U.S. Department of the Interior</b>			-	45,423



**City of Fayetteville, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Justice</b>				
Bulletproof Vest Partnership Program - 2019	16.607		\$ -	\$ 17,308
Bulletproof Vest Partnership Program - 2020	16.607		-	5,870
<i>Program Total</i>			-	23,178
Passed through State of Arkansas				
Project Safe Neighborhood (PSN) - 4th JDF	16.609	2018-GP-BX-0013, 2018-GP-BX-0072	-	10,402
Project Safe Neighborhood (PSN) - Fayetteville PD	16.609	2018-GP-BX-0013, 2018-GP-BX-0072	-	10,037
Project Safe Neighborhood (PSN) - Fayetteville PD	16.609	2019-GP-BX-0007	-	4,063
<i>Program Total</i>			-	24,502
Public Safety Partnership and Community Policing Grants - 2021	16.710	15COPS-21GG-02327-SPPS	-	59,131
Public Safety Partnership and Community Policing Grants - 2022	16.710	15JCOPS-22-GG-04114-LEMH	-	9,245
<i>Program Total</i>			-	68,376
Passed through Arkansas Department of Finance & Administration				
Edward Byrne Memorial Justice Assistant Grant - 2019	16.738	2019-DJ-BX-0329	-	23,913
Edward Byrne Memorial Justice Assistant Grant - 2020	16.738	2020-DJ-BX-0440	-	9,640
Edward Byrne Memorial Justice Assistant Grant - 2021	16.738	15PBJA-21-GG-01143-JAGX, 15PBJA-21-GG-00264-JAGX, 15PBJA-21-GG-00264-JAGX	-	169,106
<i>Program Total</i>			-	202,659
Equitable Sharing Program	16.922		-	238,264
<b>Total U.S. Department of Justice</b>			-	556,979
<b>U.S. Department of Transportation</b>				
<i>Highway Planning and Construction Cluster</i>				
Passed through Arkansas Highway and Transportation Department				
Highway Planning and Construction - Sain Street Extension	20.205	AHTD Job 040688	-	71,784
<i>Program Total</i>			-	71,784
Recreational Trails Program - Razorback Rd Improvements	20.219	AHTD Job 040864	-	334,055
Recreational Trails Program - Hwy 112 Poplar to Drake	20.219	AHTD Job 040720	-	35,688
Recreational Trails Program - Sain Street Extension	20.219	AHTD Job 040688	-	2,222,217
Recreational Trails Program - Wilson Park Improvements	20.219	AHTD Job 040811	-	16,593
<i>Program Total</i>			-	2,608,554
<i>Cluster Total</i>			-	2,680,338
Airport Improvement Program - Design and Construction of Runway Pavement and Lighting Rehab at Drake Field				
	20.106		-	5,008,959
Airport Improvement Program - Wildlife Fence Rehab	20.106		-	15,050
<i>Program Total</i>			-	5,024,009
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2022-02-02-08	-	91,542
State and Community Highway Safety	20.600	OP-2023-02-02-08	-	27,566
<i>Program and Cluster Total</i>			-	119,108
<b>Total U.S. Department of Transportation</b>			-	7,823,455

**City of Fayetteville, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of the Treasury</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 678,298	\$ 5,845,364
		<i>Program Total</i>	<u>678,298</u>	<u>5,845,364</u>
		<b>Total U.S. Department of the Treasury</b>	<u>678,298</u>	<u>5,845,364</u>
<b>Environmental Protection Agency</b>				
Regional Wetland Program Development Grants	66.461	CD-0181601-0	-	40,925
Regional Wetland Program Development Grants	66.461	01F67901 (CD-01F67901-0)	-	207,702
		<i>Program Total</i>	<u>-</u>	<u>248,627</u>
		<b>Total Environmental Protection Agency</b>	<u>-</u>	<u>248,627</u>
<b>Office of National Drug Control Policy</b>				
Gulf Coast High Intensity Drug Trafficking Areas Program - 2020	95.011		-	26,364
Gulf Coast High Intensity Drug Trafficking Areas Program - 2021	95.011		-	87,448
		<i>Program Total</i>	<u>-</u>	<u>113,812</u>
		<b>Total Office of National Drug Control Policy</b>	<u>-</u>	<u>113,812</u>
		<b>Total Expenditures of Federal Awards</b>	<u>\$ 678,298</u>	<u>\$ 15,748,429</u>

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**City of Fayetteville, Arkansas**  
**Schedule of Expenditures of State Awards**  
**Year Ended December 31, 2022**

State Grantor/Pass-through Grantor/Program or Cluster Title	Grant or Identifying Number	Total State Expenditures
<b>Arkansas Department of Environmental Quality</b>		
Recycling Dollies	FY21-02	\$ 8,000
<b>Total Arkansas Department of Environmental Quality</b>		<b>8,000</b>
<b>Arkansas Department of Aeronautics</b>		
T-hangar Roof Rehab	4049-22	95,711
<b>Total Arkansas Department of Aeronautics</b>		<b>95,711</b>
<b>Arkansas Department of Emergency Management</b>		
Act 833 (Turnback of Fire Insurance Premiums)		177,736
<b>Total Arkansas Department of Emergency Management</b>		<b>177,736</b>
<b>Arkansas Department of Finance &amp; Administration</b>		
Act 224 of 2022 AR Full Time Law Enforcement Officer Salary Stipend		603,919
<b>Total Arkansas Department of Finance &amp; Administration</b>		<b>603,919</b>
	<b>Total Expenditures of State Awards</b>	<b>\$ 885,366</b>

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**City of Fayetteville, Arkansas**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended December 31, 2022**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (the “Schedules”) includes the federal and state award activity of the City of Fayetteville, Arkansas (the City) under programs of the federal and state government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual (governmental funds) and accrual (enterprise funds) basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The City has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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**City of Fayetteville, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2022**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?      ☐ Yes      ☒ None Reported

Material weakness(es) identified?      ☐ Yes      ☒ No

3. Noncompliance material to the financial statements noted?      ☐ Yes      ☒ No

*Federal Awards*

4. Internal control over major federal programs:

Significant deficiency(ies) identified?      ☐ Yes      ☒ None Reported

Material weakness(es) identified?      ☐ Yes      ☒ No

5. Type of auditor’s report issued on compliance for major federal award programs:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimed

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

☐ Yes      ☒ No



**City of Fayetteville, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2022**

7. Identification of major federal programs:

<b>Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
20.106	Airport Improvement Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
20.205, 20.219	Highway Planning and Construction Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

**City of Fayetteville**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2022**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

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**City of Fayetteville**  
**Status of Prior Audit Findings**  
**Year Ended December 31, 2022**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		

