

City of Russellville, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF RUSSELLVILLE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Independent Auditor's Report
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
August 2, 2022
LOM108021

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Russellville, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated August 2, 2022. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated August 2, 2022.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

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

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 2, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Richard Harris
Clerk/Treasurer: Gina Skelton
Finance Director: Robin Johnson
District Court Clerk: Laura Stephenson
Police Chief: David Ewing
Advertising and Promotion Commission Director: Christie Graham

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

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

ARKANSAS LEGISLATIVE AUDIT

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

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 2, 2022

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 6,666,864	\$ 27,809,519	\$ 13,279,221
Investments			120,935
Accounts receivable	1,647,389	905,214	371,565
Interfund receivables			3,000
	<u>8,314,253</u>	<u>28,714,733</u>	<u>13,774,721</u>
TOTAL ASSETS	<u>\$ 8,314,253</u>	<u>\$ 28,714,733</u>	<u>\$ 13,774,721</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 116,579	\$ 895,926	\$ 340,666
Interfund payables	3,000		
Settlements pending			162,578
Total Liabilities	<u>119,579</u>	<u>895,926</u>	<u>503,244</u>
Fund Balances:			
Restricted	74,539	27,818,807	12,265,242
Committed			251,532
Assigned			754,703
Unassigned	8,120,135		
Total Fund Balances	<u>8,194,674</u>	<u>27,818,807</u>	<u>13,271,477</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,314,253</u>	<u>\$ 28,714,733</u>	<u>\$ 13,774,721</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 544,116	\$ 2,321,895	\$ 74,469
Federal aid	19,133	330,740	3,667,583
Property taxes	272,517	648,089	
Franchise fees	2,094,362		
Sales taxes	11,427,440	7,461,127	3,070,240
Fines, forfeitures, and costs	663,360		176,564
Interest	46,253	215,844	85,490
Local permits and fees	473,286		1,340
Advertising and promotion taxes			466,939
Airport	525,523		
Park fees	204,695		53,679
Cemetery sales			18,791
Donations			21,425
Rent			11,600
Fire protection services			57,000
Other	429,044	21,149	42,201
TOTAL REVENUES	16,699,729	10,998,844	7,747,321
EXPENDITURES			
Current:			
General government	2,604,763		122,357
Law enforcement	4,464,826		853,122
Highways and streets		7,599,976	36,614
Public safety	4,565,349		367,271
Recreation and culture	1,640,016		1,047,095
Social services			126,742
Advertising and promotion			360,723
Economic development			124,545
Airport	645,229		891,054
TOTAL EXPENDITURES	13,920,183	7,599,976	3,929,523
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,779,546	3,398,868	3,817,798

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

Exhibit B

	General	Street	Other Funds in the Aggregate
OTHER FINANCING SOURCES (USES)			
Transfers in		\$ 12,967	\$ 625,739
Transfers out	\$ (638,706)		
Sales taxes remitted to water and sewer fund			(116,285)
TOTAL OTHER FINANCING SOURCES (USES)	(638,706)	12,967	509,454
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,140,840	3,411,835	4,327,252
FUND BALANCES - JANUARY 1	6,053,834	24,406,972	8,944,225
FUND BALANCES - DECEMBER 31	\$ 8,194,674	\$ 27,818,807	\$ 13,271,477

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 480,000	\$ 544,116	\$ 64,116	\$ 2,062,941	\$ 2,321,895	\$ 258,954
Federal aid	466,755	19,133	(447,622)		330,740	330,740
Property taxes	240,000	272,517	32,517	629,982	648,089	18,107
Franchise fees	2,200,000	2,094,362	(105,638)			
Sales taxes	9,826,500	11,427,440	1,600,940	7,365,276	7,461,127	95,851
Fines, forfeitures, and costs	576,990	663,360	86,370			
Interest	24,000	46,253	22,253	210,000	215,844	5,844
Local permits and fees	266,100	473,286	207,186			
Airport	488,800	525,523	36,723			
Park fees	335,700	204,695	(131,005)			
Other	359,640	429,044	69,404	22,445	21,149	(1,296)
TOTAL REVENUES	15,264,485	16,699,729	1,435,244	10,290,644	10,998,844	708,200
EXPENDITURES						
Current:						
General government	3,082,992	2,604,763	478,229			
Law enforcement	4,890,113	4,464,826	425,287			
Highways and streets				19,119,648	7,599,976	11,519,672
Public safety	4,784,224	4,565,349	218,875			
Recreation and culture	1,886,581	1,640,016	246,565			
Airport	664,226	645,229	18,997			
TOTAL EXPENDITURES	15,308,136	13,920,183	1,387,953	19,119,648	7,599,976	11,519,672
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,651)	2,779,546	2,823,197	(8,829,004)	3,398,868	12,227,872
OTHER FINANCING SOURCES (USES)						
Transfers in				15,000	12,967	(2,033)
Transfers out		(638,706)	(638,706)			
TOTAL OTHER FINANCING SOURCES (USES)		(638,706)	(638,706)	15,000	12,967	(2,033)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(43,651)	2,140,840	2,184,491	(8,814,004)	3,411,835	12,225,839
FUND BALANCES - JANUARY 1		6,053,834	6,053,834		24,406,972	24,406,972
FUND BALANCES - DECEMBER 31	\$ (43,651)	\$ 8,194,674	\$ 8,238,325	\$ (8,814,004)	\$ 27,818,807	\$ 36,632,811

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Russellville was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Water and Sewer Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 547,539	\$ 566,099
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	<u>47,173,512</u>	<u>48,257,501</u>
Total Deposits	<u>\$ 47,721,051</u>	<u>\$ 48,823,600</u>

The above total deposits do not include cash on hand of \$34,553.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

<u>Fund Type</u>	<u>December 31, 2021 Fair Value</u>
Special Revenue	
Cemetery	<u>\$ 120,935</u>

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

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

The City's investments are composed of the following:

<u>December 31, 2021</u>	<u>Other Observable Inputs Level II</u>
<u>Investment Type</u>	
Genworth annuity	<u>\$ 120,935</u>

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

NOTE 4: Public Fund Investments (Continued)

Annuities are valued at fair value using quoted market prices from third parties that use, as their basis readily observable market inputs, such as yields or similar instruments with comparable inputs. As a result, this was classified as a Level II input.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid		\$ 195,100	\$ 45,222
Property taxes	\$ 24,799	59,424	
Franchise fees	498,117		
Sales taxes	997,419	644,540	276,231
Fines, forfeitures, and costs	37,781		10,818
Interest	503	852	16
Local permits and fees	20,030		510
Advertising and promotion taxes			26,213
Airport	33,750		
Park fees	300		
Rent			11,600
Other	34,690	5,298	955
Totals	<u>\$ 1,647,389</u>	<u>\$ 905,214</u>	<u>\$ 371,565</u>

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 116,579</u>	<u>\$ 895,926</u>	<u>\$ 340,666</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2021	
	Interfund Receivables	Interfund Payables
General Fund		\$ 3,000
Other Funds in the Aggregate:		
Special Revenue Funds:		
Economic Development #3	<u>\$ 3,000</u>	
Totals	<u>\$ 3,000</u>	<u>\$ 3,000</u>

Interfund receivables and payables consist of errors in transferring restricted revenues. These balances are expected to be repaid in 2022.

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

NOTE 8: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government	\$ 74,539		\$ 5,228,694
Law enforcement			656,350
Highways and streets		\$ 27,818,807	
Public safety			294,726
Recreation and culture			760,050
Social services			275,233
Advertising and promotion			518,374
Economic development			4,226,594
Capital outlay			305,221
Total Restricted	<u>74,539</u>	<u>27,818,807</u>	<u>12,265,242</u>
Committed for:			
Public safety			157,622
Recreation and culture			93,910
Total Committed			<u>251,532</u>
Assigned to:			
Recreation and culture			31,400
Social services			60,727
Capital outlay			662,576
Total Assigned			<u>754,703</u>
Unassigned	<u>8,120,135</u>		
Totals	<u><u>\$ 8,194,674</u></u>	<u><u>\$ 27,818,807</u></u>	<u><u>\$ 13,271,477</u></u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$105,337,199. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$27,274,832. There were no short-term financing obligations.

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

NOTE 10: Commitments

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

	December 31, 2021
Long-term liabilities	\$ 2,028,497
Construction contracts	615,544
	<hr/>
Total Commitments	<u>\$ 2,644,041</u>

Long-term liabilities

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

	December 31, 2021
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>\$ 2,028,497</u>

Post Employment Benefits Other Than Pensions

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

Construction Contracts

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

Project Name	Completed Date	Contract Balance December 31, 2021
Schoolhouse Trails Project, Phase 1	January 2022	\$ 60,218
South El Paso Ave and West 2nd	May 2022	89,590
Access Apron to 6 Bay T-Hangar	August 2022 (estimated)	465,736
		<hr/>
Total Construction Contracts		<u>\$ 615,544</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$12,967 to the Street Fund and \$625,739 to Other Funds in the Aggregate (\$53,200 to Oakland Cemetery, \$9,000 to Parks and Recreation, and \$563,539 to Capital Assets) to supplement operations.

NOTE 12: Subsequent Events

On January 20, 2022, the City Council authorized purchases in the amounts of \$1,272,540 and \$530,530 for a Rosenberger Aerial and a Rosenberger Engine, respectively.

On February 21, 2022, the City entered into an agreement with Fire Training Services, LLC in the amount of \$349,228 to build a multi-story live burn facility.

On April 17, 2022, the City entered into an agreement with City Corporation to pay half of an \$8,000,000 project for downtown water, sewer, and other improvements.

On June 23, 2022, the City entered into an agreement with Vortex Aquatic Structures International in the amount of \$489,595 for the purchase and installation of a splash pad and other improvements.

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

NOTE 12: Subsequent Events (Continued)

On July 13, 2022, the City entered into an agreement with Clarity Pools, Inc. in the amount of \$920,479 to make repairs to M.J. Hickey Pool.

NOTE 13: Jointly Governed Organizations

Fifth Judicial Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Pope, Johnson, and Franklin Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial Drug Task Force (Task Force). Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Task Force are not available. The City did not contribute any funding to the Task Force during 2021.

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1997 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-707. The City did not contribute any funding for the District during 2021. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

NOTE 14: Risk Management

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

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

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

Municipal Vehicle Program

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

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$10,000, or in the case of flood or earthquake, \$500,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

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

NOTE 14: Risk Management (Continued)

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

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

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On June 15, 2020, administration of the City of Russellville - Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$1,178,020 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$543,352 for the year ended December 31, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$7,480,297.

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

NOTE 16: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$499,794 for the year ended June 30, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$1,256,061.

NOTE 17: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer, Helen Price, \$5,846 for the year ended December 31, 2021.

NOTE 18: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The City was awarded \$6,044,501 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$6,044,501 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Criminal Justice	Police Training	District Court Cost	Fire Contingency	Fire Insurance Premiums	No Vehicle Insurance	Court Automation	Advertising and Promotion Commission
ASSETS								
Cash and cash equivalents	\$ 59,382	\$ 18,928	\$ 65,156	\$ 157,112	\$ 277,937	\$ 16,174	\$ 509,020	\$ 499,466
Investments								
Accounts receivable	4,451	1,014	2,381	510		615	3,312	26,213
Interfund receivables								
TOTAL ASSETS	<u>\$ 63,833</u>	<u>\$ 19,942</u>	<u>\$ 67,537</u>	<u>\$ 157,622</u>	<u>\$ 277,937</u>	<u>\$ 16,789</u>	<u>\$ 512,332</u>	<u>\$ 525,679</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 6,032		\$ 863				\$ 399	\$ 7,305
Settlements pending								
Total Liabilities	<u>6,032</u>		<u>863</u>				<u>399</u>	<u>7,305</u>
Fund Balances:								
Restricted	57,801	\$ 19,942	66,674		\$ 277,937	\$ 16,789	511,933	518,374
Committed				\$ 157,622				
Assigned								
Total Fund Balances	<u>57,801</u>	<u>19,942</u>	<u>66,674</u>	<u>157,622</u>	<u>277,937</u>	<u>16,789</u>	<u>511,933</u>	<u>518,374</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 63,833</u>	<u>\$ 19,942</u>	<u>\$ 67,537</u>	<u>\$ 157,622</u>	<u>\$ 277,937</u>	<u>\$ 16,789</u>	<u>\$ 512,332</u>	<u>\$ 525,679</u>

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

Schedule 1

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUND
	Parks and Recreation	Convention Center	Economic Development #1	Economic Development #2	Economic Development #3	Oakland Cemetery	American Rescue Plan Act	Capital Assets
ASSETS								
Cash and cash equivalents	\$ 794,425	\$ 2,569,116	\$ 1,535,754	\$ 1,020,971	\$ 1,587,420	\$ 216,326	\$ 2,659,578	\$ 1,129,878
Investments						120,935		
Accounts receivable	92,077		11,600		92,077	16		137,299
Interfund receivables					3,000			
TOTAL ASSETS	<u>\$ 886,502</u>	<u>\$ 2,569,116</u>	<u>\$ 1,547,354</u>	<u>\$ 1,020,971</u>	<u>\$ 1,682,497</u>	<u>\$ 337,277</u>	<u>\$ 2,659,578</u>	<u>\$ 1,267,177</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,142				\$ 24,228	\$ 1,317		\$ 299,380
Settlements pending								
Total Liabilities	<u>1,142</u>				<u>24,228</u>	<u>1,317</u>		<u>299,380</u>
Fund Balances:								
Restricted	760,050	\$ 2,569,116	\$ 1,547,354	\$ 1,020,971	1,658,269	275,233	\$ 2,659,578	305,221
Committed	93,910							
Assigned	31,400					60,727		662,576
Total Fund Balances	<u>885,360</u>	<u>2,569,116</u>	<u>1,547,354</u>	<u>1,020,971</u>	<u>1,658,269</u>	<u>335,960</u>	<u>2,659,578</u>	<u>967,797</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 886,502</u>	<u>\$ 2,569,116</u>	<u>\$ 1,547,354</u>	<u>\$ 1,020,971</u>	<u>\$ 1,682,497</u>	<u>\$ 337,277</u>	<u>\$ 2,659,578</u>	<u>\$ 1,267,177</u>

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

Schedule 1

	CUSTODIAL FUNDS								
	Administration of Justice	Police Bond and Fine	District Court	Payroll	Hughes Center	Aquatic Center	Permitting	Police General	Totals
ASSETS									
Cash and cash equivalents	\$ 253	\$ 140,574	\$ 8,755	\$ 495	\$ 1,041	\$ 4,975	\$ 4,061	\$ 2,424	\$ 13,279,221
Investments									120,935
Accounts receivable									371,565
Interfund receivables									3,000
TOTAL ASSETS	<u>\$ 253</u>	<u>\$ 140,574</u>	<u>\$ 8,755</u>	<u>\$ 495</u>	<u>\$ 1,041</u>	<u>\$ 4,975</u>	<u>\$ 4,061</u>	<u>\$ 2,424</u>	<u>\$ 13,774,721</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 340,666
Settlements pending	\$ 253	\$ 140,574	\$ 8,755	\$ 495	\$ 1,041	\$ 4,975	\$ 4,061	\$ 2,424	162,578
Total Liabilities	<u>253</u>	<u>140,574</u>	<u>8,755</u>	<u>495</u>	<u>1,041</u>	<u>4,975</u>	<u>4,061</u>	<u>2,424</u>	<u>503,244</u>
Fund Balances:									
Restricted									12,265,242
Committed									251,532
Assigned									754,703
Total Fund Balances									<u>13,271,477</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 253</u>	<u>\$ 140,574</u>	<u>\$ 8,755</u>	<u>\$ 495</u>	<u>\$ 1,041</u>	<u>\$ 4,975</u>	<u>\$ 4,061</u>	<u>\$ 2,424</u>	<u>\$ 13,774,721</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Criminal Justice	Police Training	District Court Cost	Fire Contingency	Fire Insurance Premiums	No Vehicle Insurance	Court Automation	Advertising and Promotion Commission	Parks and Recreation
REVENUES									
State aid					\$ 49,469				
Federal aid		\$ 11,105							
Sales taxes									\$ 960,108
Fines, forfeitures, and costs	\$ 77,294	12,169	\$ 17,111			\$ 16,887	\$ 53,103		
Interest	830	102	565	\$ 1,482	1,993	134	4,086	\$ 3,718	2,744
Local permits and fees				1,340					
Advertising and promotion taxes								466,939	
Park fees									53,679
Cemetery sales									
Donations				325					20,500
Rent									
Fire protection services				57,000					
Other				150				38,108	657
TOTAL REVENUES	78,124	23,376	17,676	60,297	51,462	17,021	57,189	508,765	1,037,688
EXPENDITURES									
Current:									
General government									
Law enforcement	209,185	5,340	24,579				20,564		
Highways and streets									
Public safety				50,507		7,600			
Recreation and culture									232,959
Social services									
Advertising and promotion								360,723	
Economic development									
Airport									
TOTAL EXPENDITURES	209,185	5,340	24,579	50,507		7,600	20,564	360,723	232,959
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	(131,061)	18,036	(6,903)	9,790	51,462	9,421	36,625	148,042	804,729
OTHER FINANCING SOURCES (USES)									
Transfers in									9,000
Sales taxes remitted to water and sewer fund									
TOTAL OTHER FINANCING SOURCES (USES)									9,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	(131,061)	18,036	(6,903)	9,790	51,462	9,421	36,625	148,042	813,729
FUND BALANCES - JANUARY 1	188,862	1,906	73,577	147,832	226,475	7,368	475,308	370,332	71,631
FUND BALANCES - DECEMBER 31	\$ 57,801	\$ 19,942	\$ 66,674	\$ 157,622	\$ 277,937	\$ 16,789	\$ 511,933	\$ 518,374	\$ 885,360

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

Schedule 2

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Convention Center	Economic Development #1	Economic Development #2	Economic Development #3	Oakland Cemetery	American Rescue Plan Act	Capital Assets	Totals
REVENUES								
State aid							\$ 25,000	\$ 74,469
Federal aid						\$ 3,022,268	634,210	3,667,583
Sales taxes				\$ 1,018,251			1,091,881	3,070,240
Fines, forfeitures, and costs								176,564
Interest	\$ 21,231	\$ 12,686	\$ 8,432	11,064	\$ 2,310	7,564	6,549	85,490
Local permits and fees								1,340
Advertising and promotion taxes								466,939
Park fees								53,679
Cemetery sales					18,791			18,791
Donations					600			21,425
Rent		11,600						11,600
Fire protection services								57,000
Other			1,130		136		2,020	42,201
TOTAL REVENUES	21,231	24,286	9,562	1,029,315	21,837	3,029,832	1,759,660	7,747,321
EXPENDITURES								
Current:								
General government				13,890		27,705	80,762	122,357
Law enforcement				214,529		146,961	231,964	853,122
Highways and streets						36,614		36,614
Public safety				51,965		116,320	140,879	367,271
Recreation and culture				154,221		36,456	623,459	1,047,095
Social services					126,742			126,742
Advertising and promotion								360,723
Economic development				124,545				124,545
Airport						6,198	884,856	891,054
TOTAL EXPENDITURES				559,150	126,742	370,254	1,961,920	3,929,523
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	21,231	24,286	9,562	470,165	(104,905)	2,659,578	(202,260)	3,817,798
OTHER FINANCING SOURCES (USES)								
Transfers in					53,200		563,539	625,739
Sales taxes remitted to water and sewer fund							(116,285)	(116,285)
TOTAL OTHER FINANCING SOURCES (USES)					53,200		447,254	509,454
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	21,231	24,286	9,562	470,165	(51,705)	2,659,578	244,994	4,327,252
FUND BALANCES - JANUARY 1	2,547,885	1,523,068	1,011,409	1,188,104	387,665		722,803	8,944,225
FUND BALANCES - DECEMBER 31	<u>\$ 2,569,116</u>	<u>\$ 1,547,354</u>	<u>\$ 1,020,971</u>	<u>\$ 1,658,269</u>	<u>\$ 335,960</u>	<u>\$ 2,659,578</u>	<u>\$ 967,797</u>	<u>\$ 13,271,477</u>

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Criminal Justice	Ark. Code Ann. § 16-10-308 authorized a portion of district court costs to be used for any permissible use in the administration of municipal court including, but not limited to, salaries and the cost of incarceration of defendants.
Police Training	Ark. Code Ann. § 16-10-308 established the City Administration of Justice Fund which continued to finance this fund used for police equipment, police training, and covert operations within the City.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Fire Contingency	Established by Russellville Ordinance no. 1037 (July 8, 1982) to account for revenues derived from fire department services, the sale of any materials, vehicles or firefighting equipment assigned to the fire department, and any other funds including bequests, gifts, donations, or contributions to be used solely for costs associated with the fire department.
Fire Insurance Premiums	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
No Vehicle Insurance	Ark. Code Ann. §§ 27-14-314, 27-22-103 established fund for fines related to failure to register and insure motor vehicles and to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Advertising and Promotion Commission	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Ordinance no. 1692 (September 2, 2000) levied a tax of one and one-half percent upon the gross receipts of hotel or motel accommodations.
Parks and Recreation	Established by Russellville Ordinance no. 630 (December 14, 1966) to receive park fees to be used for recreation and park purposes.
Convention Center	Established by Russellville Ordinance no. 1971 (April 19, 2007) to receive sales tax collections that were voter approved for convention center purposes.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Economic Development #1	Established by Russellville Ordinance no. 1759 (July 18, 2002) to receive sales tax collections that were voter approved for economic development purposes.
Economic Development #2	Established by Russellville Ordinance no. 1971 (April 19, 2007) to receive sales tax collections that were voter approved for economic development purposes.
Economic Development #3	Established by Russellville Ordinance no. 2147 (June 27, 2013) to receive sales tax collections that were voter approved for economic development purposes.
Oakland Cemetery	Ark. Code Ann. § 20-17-1016 and Russellville Ordinance no. 1961 (February 15, 2007) established fund to receive cemetery fees and provide for the perpetual operation and maintenance of the cemetery.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Capital Assets	Established by Russellville Ordinance no. 1825 (April 15, 2004) to account for revenues and expenditures restricted for capital assets and improvements, including sales tax collections that were voter approved by Russellville Ordinance no. 2147 (June 27, 2013) and state and federal grants.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court Payroll	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court. Established to account for payroll disbursements.
Hughes Center	Established to account for park and recreation fees collected at the Hughes Center.
Aquatic Center	Established to account for park and recreation fees collected at the Aquatic Center.
Permitting	Established to account for permitting and safety fees collected.
Police General	Established to account for accident and incident report fees collected at the Police Department.

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

Schedule 3

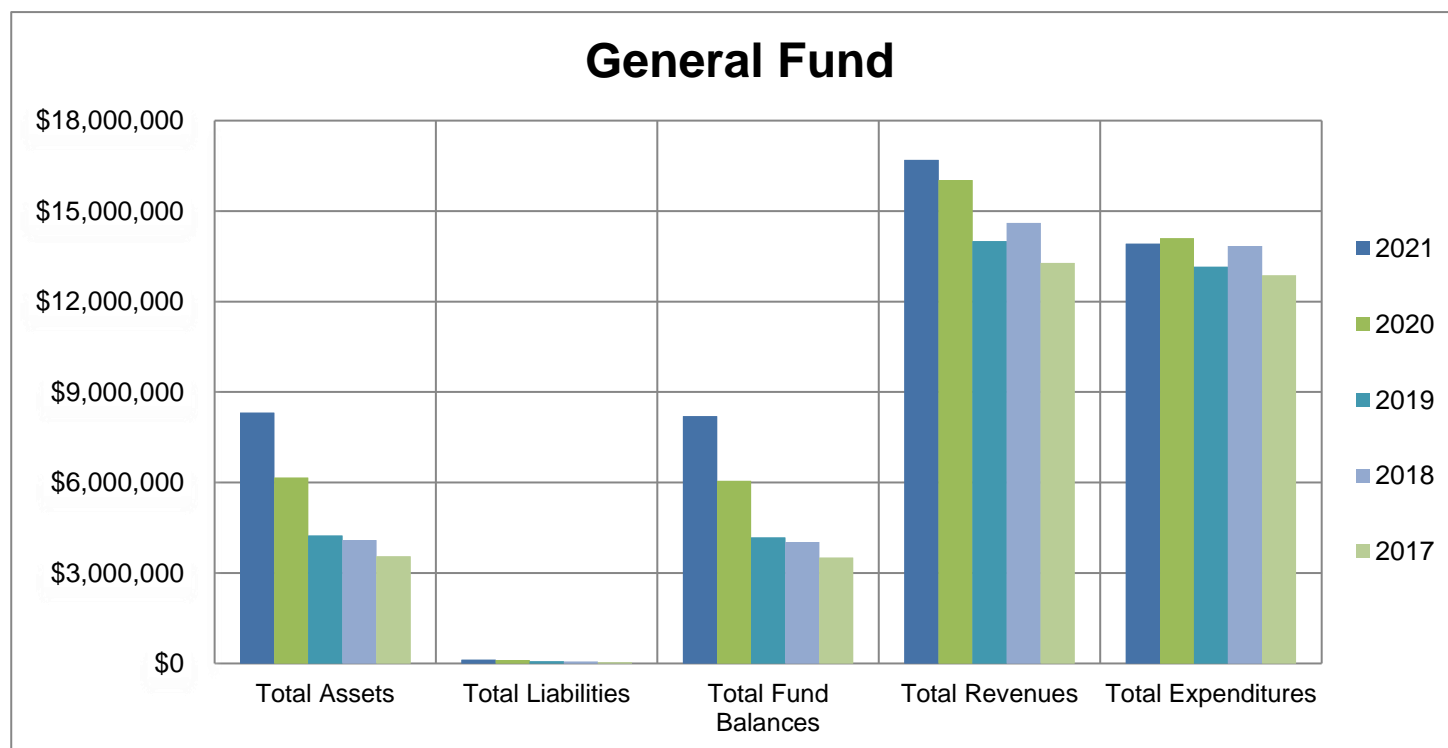
	December 31, 2021
Land	\$ 9,770,827
Buildings	26,843,212
Improvements	6,260,575
Equipment	13,474,182
Construction in progress	714,340
Total	<u>\$ 57,063,136</u>

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

Schedule 4-1

(Unaudited)

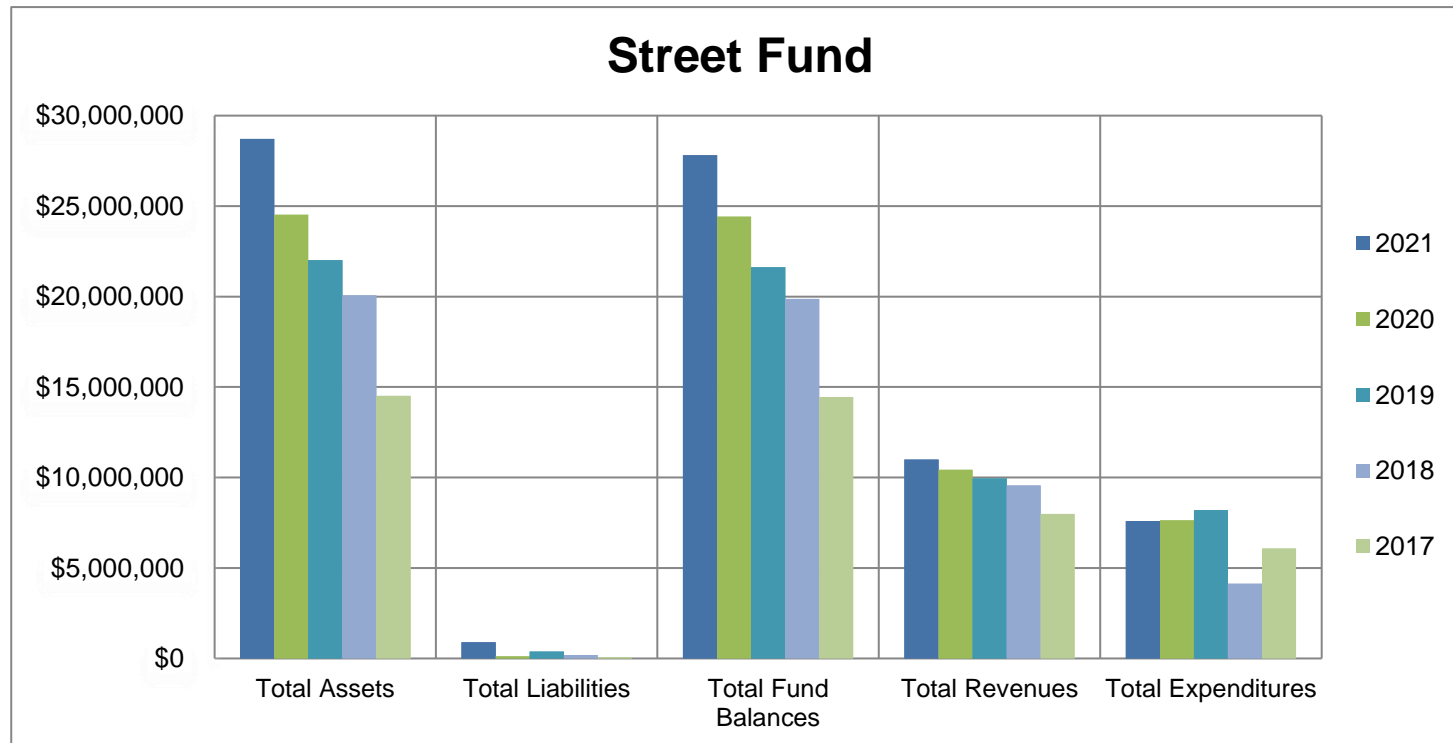
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 8,314,253	\$ 6,164,860	\$ 4,244,671	\$ 4,094,538	\$ 3,545,348
Total Liabilities	119,579	111,026	73,305	63,561	34,621
Total Fund Balances	8,194,674	6,053,834	4,171,366	4,030,977	3,510,727
Total Revenues	16,699,729	16,029,306	14,000,573	14,605,560	13,279,402
Total Expenditures	13,920,183	14,093,244	13,157,359	13,842,121	12,862,149
Total Other Financing Sources/Uses	(638,706)	(53,594)	(702,825)	(243,189)	(103,066)



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

Schedule 4-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 28,714,733	\$ 24,518,773	\$ 22,009,929	\$ 20,056,941	\$ 14,519,032
Total Liabilities	895,926	111,801	384,623	178,651	71,502
Total Fund Balances	27,818,807	24,406,972	21,625,306	19,878,290	14,447,530
Total Revenues	10,998,844	10,421,357	9,944,072	9,560,949	7,994,112
Total Expenditures	7,599,976	7,639,691	8,197,056	4,130,189	6,083,042
Total Other Financing Sources/Uses	12,967				



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

Schedule 4-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 13,774,721	\$ 9,275,128	\$ 15,137,981	\$ 16,576,352	\$ 18,055,026
Total Liabilities	503,244	330,903	273,924	333,814	814,550
Total Fund Balances	13,271,477	8,944,225	14,864,057	16,242,538	17,240,476
Total Revenues	7,747,321	3,520,779	5,702,112	3,267,743	5,994,232
Total Expenditures	3,929,523	2,460,724	3,875,521	3,428,327	14,462,327
Total Other Financing Sources/Uses	509,454	(6,979,887)	(3,205,072)	(837,354)	(1,509,518)

