

City of Searcy, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SEARCY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Searcy, 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 Searcy, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2022, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Searcy, Arkansas as of December 31, 2022; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Searcy, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphases of Matter

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
January 29, 2024
LOM108122



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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

City of Searcy, 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 Searcy, Arkansas (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated January 29, 2024. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated January 29, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
January 29, 2024

Arkansas

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



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Kyle Osborne
Clerk/Treasurer: Jerry Morris
District Court Clerk: Linda Wiseman (appointed March 17, 2022)
Linda Maddox (retired March 17, 2022)
Police Chief: Steve Hernandez

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

Mayor

In 2022, the City paid \$29,500 to a business co-owned by a member of the Airport Commission without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107. Searcy Ordinance no. 2023-35 (August 8, 2023) was subsequently adopted authorizing the City to conduct business with the related party.

District Court Clerk

The District Court Clerk was in noncompliance with Ark. Code Ann. § 16-10-209 and other proper accounting procedures as enumerated below:

- The District Court Clerk was unable to identify \$124,976 remaining in the bank account with receipt numbers for cases not yet adjudicated and payments on all unpaid individual time accounts.
- The electronic receipts listing was not properly reconciled to bank deposits.

A similar finding was noted in the previous ten reports.

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

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Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
January 29, 2024

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 22,615,418	\$ 3,554,361	\$ 3,758,090
Accounts receivable	2,585,775	13,851	50,341
	<u>25,201,193</u>	<u>3,568,212</u>	<u>3,808,431</u>
TOTAL ASSETS	<u>\$ 25,201,193</u>	<u>\$ 3,568,212</u>	<u>\$ 3,808,431</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 929,038	\$ 186,906	\$ 7,254
Settlements pending			360,716
Total Liabilities	<u>929,038</u>	<u>186,906</u>	<u>367,970</u>
Fund Balances:			
Nonspendable	7,899		
Restricted	456,966	3,366,748	3,137,094
Committed			10,944
Assigned	13,593,624	14,558	292,423
Unassigned	10,213,666		
Total Fund Balances	<u>24,272,155</u>	<u>3,381,306</u>	<u>3,440,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,201,193</u>	<u>\$ 3,568,212</u>	<u>\$ 3,808,431</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 800,165	\$ 1,980,303	\$ 104,568
Federal aid	1,336,443		4,071,165
Property taxes	330,218	241,874	
Franchise fees	1,881,222		
Sales taxes	17,331,726		23,704
Fines, forfeitures, and costs	433,125		65,804
Interest	141,656	25,871	20,662
Local permits and fees	782,601		
Sanitation fees	4,698,822		
Airport leases, fees, and fuel			1,178,635
Other	1,191,184	2,799	20,147
TOTAL REVENUES	28,927,162	2,250,847	5,484,685
EXPENDITURES			
Current:			
General government	3,212,316		
Law enforcement	5,766,751		1,028,358
Highways and streets	1,263,669	1,620,691	329,964
Public safety	3,085,999		1,748,692
Sanitation	6,151,400		
Recreation and culture	2,979,658		
Social services	17,236		15,166
Economic development	28,000		1,602,533
Airport	890,586		1,153,858
Cemetery	10,076		
Total Current	23,405,691	1,620,691	5,878,571
Debt Service:			
Financed purchase principal			116,643
Financed purchase interest			1,427
TOTAL EXPENDITURES	23,405,691	1,620,691	5,996,641

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 5,521,471</u>	<u>\$ 630,156</u>	<u>\$ (511,956)</u>
OTHER FINANCING SOURCES (USES)			
Contributions from county			401,573
Contributions from regional library	30,263		
Contributions from advertising and promotion commission	<u>110,000</u>		<u></u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>140,263</u>		<u>401,573</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,661,734	630,156	(110,383)
FUND BALANCES - JANUARY 1	<u>18,610,421</u>	<u>2,751,150</u>	<u>3,550,844</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 24,272,155</u></u>	<u><u>\$ 3,381,306</u></u>	<u><u>\$ 3,440,461</u></u>

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

CITY OF SEARCY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 544,651	\$ 800,165	\$ 255,514	\$ 1,787,500	\$ 1,980,303	\$ 192,803
Federal aid	768,222	1,336,443	568,221			
Property taxes	304,000	330,218	26,218	237,500	241,874	4,374
Franchise fees	1,700,000	1,881,222	181,222			
Sales taxes	13,760,137	17,331,726	3,571,589			
Fines, forfeitures, and costs	418,968	433,125	14,157			
Interest	53,690	141,656	87,966	14,000	25,871	11,871
Local permits and fees	658,600	782,601	124,001	100		(100)
Sanitation fees	4,873,000	4,698,822	(174,178)			
Other	892,517	1,191,184	298,667		2,799	2,799
TOTAL REVENUES	23,973,785	28,927,162	4,953,377	2,039,100	2,250,847	211,747
EXPENDITURES						
Current:						
General government	4,581,888	3,212,316	1,369,572			
Law enforcement	7,317,271	5,766,751	1,550,520			
Highways and streets	920,996	1,263,669	(342,673)	2,997,266	1,620,691	1,376,575
Public safety	4,047,627	3,085,999	961,628			
Sanitation	5,527,438	6,151,400	(623,962)			
Recreation and culture	3,472,019	2,979,658	492,361			
Social services		17,236	(17,236)			
Economic development		28,000	(28,000)			
Airport	1,202,389	890,586	311,803			
Cemetery	12,700	10,076	2,624			
TOTAL EXPENDITURES	27,082,328	23,405,691	3,676,637	2,997,266	1,620,691	1,376,575

CITY OF SEARCY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,108,543)</u>	<u>\$ 5,521,471</u>	<u>\$ 8,630,014</u>	<u>\$ (958,166)</u>	<u>\$ 630,156</u>	<u>\$ 1,588,322</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,686,345		(3,686,345)	14,756		(14,756)
Transfers out	(1,739,619)		1,739,619			
Contributions from regional library		30,263	30,263			
Contributions from advertising and promotion commission		110,000	110,000			
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,946,726</u>	<u>140,263</u>	<u>(1,806,463)</u>	<u>14,756</u>		<u>(14,756)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,161,817)	5,661,734	6,823,551	(943,410)	630,156	1,573,566
FUND BALANCES - JANUARY 1	<u>12,706,163</u>	<u>18,610,421</u>	<u>5,904,258</u>		<u>2,751,150</u>	<u>2,751,150</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 11,544,346</u></u>	<u><u>\$ 24,272,155</u></u>	<u><u>\$ 12,727,809</u></u>	<u><u>\$ (943,410)</u></u>	<u><u>\$ 3,381,306</u></u>	<u><u>\$ 4,324,716</u></u>

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Searcy 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: Searcy Board of Public Utilities, and Searcy Advertising & Promotion Commission. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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 the Custodial Funds as reported with other funds in the aggregate.

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

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.

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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).
4. 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.
5. 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 SEARCY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 SEARCY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,151,411	\$ 1,171,082
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	<u>28,772,910</u>	<u>29,391,531</u>
Total Deposits	<u>\$ 29,924,321</u>	<u>\$ 30,562,613</u>

The above total deposits do not include cash on hand of \$3,548.

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: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 15,756		
Federal aid	85,729		
Property taxes	18,464	\$ 13,851	
Franchise fees	455,472		
Sales taxes	1,457,074		\$ 1,581
Fines, forfeitures, and costs	39,187		5,110
Interest	811		
Sanitation fees	430,477		
Airport leases, fees, and fuel			9,664
Contributions from county			33,986
Other	<u>82,805</u>		
Totals	<u>\$ 2,585,775</u>	<u>\$ 13,851</u>	<u>\$ 50,341</u>

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

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 575,587	\$ 175,115	\$ 707
Salaries payable	332,516	10,929	6,109
Payroll taxes payable	20,935	862	438
Totals	<u>\$ 929,038</u>	<u>\$ 186,906</u>	<u>\$ 7,254</u>

NOTE 6: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Nonspendable:			
Escrow	\$ 6,899		
Cemetery perpetual trust	1,000		
Total Nonspendable	<u>7,899</u>		
Restricted for:			
General government			\$ 2,602,919
Law enforcement	190,471		145,088
Highways and streets		\$ 3,366,748	
Public safety	16,478		247,868
Sanitation	158,351		
Recreation and culture	91,666		
Economic development			141,219
Total Restricted	<u>456,966</u>	<u>3,366,748</u>	<u>3,137,094</u>
Committed for:			
Capital outlay			<u>10,944</u>
Assigned to:			
Highways and streets	12,154,667	14,558	
Public safety			68,062
Sanitation	28,104		
Airport			224,361
Pension benefits	325,170		
Capital outlay	1,085,683		
Total Assigned	<u>13,593,624</u>	<u>14,558</u>	<u>292,423</u>
Unassigned	<u>10,213,666</u>		
Totals	<u>\$ 24,272,155</u>	<u>\$ 3,381,306</u>	<u>\$ 3,440,461</u>

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

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for the bonded debt was \$83,291,025. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2022, the legal debt limit for short-term financing obligations was \$21,403,294. The amount of short-term financing obligations was \$9,824, leaving a legal debt margin of \$21,393,470.

NOTE 8: Commitments

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

	December 31, 2022
Long-term liabilities	\$ 2,137,436
Leases	65,713
Construction contracts	2,534,203
Total Commitments	<u>\$ 4,737,352</u>

Long-term liabilities

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

	December 31, 2022
<u>Direct Borrowings</u>	
Financed purchase agreement with Regions Bank, dated January 24, 2018, in the amount of \$562,052, for the purchase of a 2018 pumper truck. Sixty monthly payments of \$9,389; interest at 1.95% through January 2023. Payments are to be made from the Fire Equipment and Training (Act 833) Fund.	<u>\$ 9,824</u>
Arkansas District Judge's Retirement unfunded pension liability due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payment amounts adjusted annually by APERS. Payments are to be made from the General Fund.	110,116
Compensated absences consisting of accrued holiday, vacation, sick, and compensatory leave adjusted to current salary cost.	<u>2,017,496</u>
Total Long-term liabilities	<u>\$ 2,137,436</u>

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

The City's outstanding notes from direct borrowings of \$9,824 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

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

NOTE 8: Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

Transfer Station and Compost Center Closure Care Costs

The City is required by Ark. Code Ann. §§ 8-6-1602 – 1604 to establish financial assurance for cost of closure and postclosure care for its transfer station and compost center in compliance with state regulations. As of December 31, 2022, the City has established contracts of obligation with the Arkansas Department of Energy and Environment's Division of Environmental Quality reserving \$158,351 in the General Fund to establish financial assistance for these costs.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Direct Borrowings</u>					
1/24/18	1/24/23	1.95%	<u>\$ 562,052</u>	<u>\$ 9,824</u>	<u>\$ 552,228</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchases	<u>\$ 126,467</u>	<u>* \$ 0</u>	<u>\$ 116,643</u>	<u>\$ 9,824</u>

* Direct borrowings at December 31, 2021 were \$240,898 and \$114,431 were reclassified as leases due to the implementation of GASB 87.

Debt Service Requirements to Maturity

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

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2023	<u>\$ 9,824</u>	<u>\$ 16</u>	<u>\$ 9,840</u>

Leases

The City entered into a lease agreement for 911 equipment on February 15, 2018. Terms of the lease are annual payments of \$59,389 for 5 years. At the end of the lease term, the City has the option to purchase the equipment for \$1.

The City entered into a lease agreement for three mowers on February 12, 2020. Terms of the lease are monthly rental payments of \$1,661 for 36 months. At the end of the lease term, the City will return the mowers.

The City is obligated for the following amount for the next year:

Year	December 31, 2022
2023	<u>\$ 65,713</u>

Lease expense for 2022, was \$75,293.

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

NOTE 8: Commitments (Continued)

Construction Contracts

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

Project Name	Completion Date	Contract Balance December 31, 2022
Black House Restoration	3/15/2023	\$ 78,780
Airport Taxiway Lighting	6/1/2023	280,888
Berryhill Park Pickleball Courts	6/15/2023	2,174,535
Total Construction Contracts		<u>\$ 2,534,203</u>

NOTE 9: Related Party Transaction

The City had \$29,280,987 on deposit with First Security Bank at December 31, 2022. Public Educational and Residential Housing Facilities Board Member Patrick Stegall, and Searcy Airport Commissioner and Parks and Recreation Advisory Board Member Nathan Rutledge are employed as Vice-President, and President of Central Arkansas Markets of First Security Bank, respectively. Searcy Ordinances no. 2018-02 (January 18, 2018) and 2022-12 (June 14, 2022) authorized the City to conduct business with the related parties.

NOTE 10: Joint Venture

White County Regional Library System

White County and the Cities of Bald Knob, Bradford, Beebe, Pangburn, Searcy, Rose Bud, and Judsonia entered into an agreement in 1998, in accordance with Ark. Code Ann. § 13-2-401 to establish the White County Regional Library System. The agreement states that the White County Regional Library is to be financed from the revenue generated from real and personal property taxes from the County Library Fund, state aid, grant money, and any other funds which the County has or may acquire for the System. The City contributed \$231,520 for the expenses of the White County Regional Library System. Contact the White County Regional Library System at 113 East Pleasure, Searcy, Arkansas for financial statements.

NOTE 11: 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.

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

NOTE 11: Risk Management (Continued)

Municipal Vehicle Program

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

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

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

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

**NOTE 12: 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 January 1, 1997, and August 1, 1999, administration of the City of Searcy Firemen's Pension and Relief Fund, and Policemen's Pension and Relief Fund were transferred to LOPFI, respectively. The benefit structure of these plans was not changed.

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

**NOTE 12: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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 \$1,159,325 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$611,796 for the year ended December 31, 2022.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022, (actuarial valuation date and measurement date) was \$12,755,117.

NOTE 13: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$742,953 for the year ended June 30, 2022.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$6,278,967.

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

NOTE 14: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayors \$93,907 for the year ended December 31, 2022.

NOTE 15: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City was awarded \$4,901,899 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$4,901,899 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 16: Subsequent Events

On April 17, 2023, the City purchased real property to be used for future parks and recreation development in the amount of \$2,006,748.

On July 11, 2023, the City accepted the bid of \$5,757,849 from Hart Construction for the renovation of a building to be used as a new library.

On December 15, 2023, the City purchased real property to be used for future parks and recreation development in the amount of \$1,427,477.

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

Schedule 1

	SPECIAL REVENUE FUNDS						
	Revolving Loan	Drug Control	Fire Equipment and Training (Act 833)	Airport	County Fire Sales Tax	District Court Automation	American Rescue Plan Act
ASSETS							
Cash and cash equivalents	\$ 141,219	\$ 47,537	\$ 44,360	\$ 220,022	\$ 237,932	\$ 92,441	\$ 2,602,919
Accounts receivable				11,245	33,986	5,110	
TOTAL ASSETS	<u>\$ 141,219</u>	<u>\$ 47,537</u>	<u>\$ 44,360</u>	<u>\$ 231,267</u>	<u>\$ 271,918</u>	<u>\$ 97,551</u>	<u>\$ 2,602,919</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable				\$ 6,906	\$ 348		
Settlements pending							
Total Liabilities				<u>6,906</u>	<u>348</u>		
Fund Balances:							
Restricted	\$ 141,219	\$ 47,537			247,868	\$ 97,551	\$ 2,602,919
Committed							
Assigned			\$ 44,360	224,361	23,702		
Total Fund Balances	<u>141,219</u>	<u>47,537</u>	<u>44,360</u>	<u>224,361</u>	<u>271,570</u>	<u>97,551</u>	<u>2,602,919</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 141,219</u>	<u>\$ 47,537</u>	<u>\$ 44,360</u>	<u>\$ 231,267</u>	<u>\$ 271,918</u>	<u>\$ 97,551</u>	<u>\$ 2,602,919</u>

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

Schedule 1

	CAPITAL PROJECTS FUND	CUSTODIAL FUNDS			
	Half-Street Improvements	Police Bond and Fine	Seized Property	District Court	Totals
ASSETS					
Cash and cash equivalents	\$ 10,944	\$ 8,087	\$ 82,296	\$ 270,333	\$ 3,758,090
Accounts receivable					50,341
TOTAL ASSETS	\$ 10,944	\$ 8,087	\$ 82,296	\$ 270,333	\$ 3,808,431
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 7,254
Settlements pending		\$ 8,087	\$ 82,296	\$ 270,333	360,716
Total Liabilities		8,087	82,296	270,333	367,970
Fund Balances:					
Restricted					3,137,094
Committed	\$ 10,944				10,944
Assigned					292,423
Total Fund Balances	10,944				3,440,461
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,944	\$ 8,087	\$ 82,296	\$ 270,333	\$ 3,808,431

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Revolving Loan	Drug Control	Arkansas Economic Development Commission	Fire Equipment and Training (Act 833)	Airport	County Fire Sales Tax	District Court Automation	American Rescue Plan Act	Arkansas Economic Development Commission - Bryce
REVENUES									
State aid				\$ 104,568					
Federal aid			\$ 15,131			\$ 2,566		\$ 2,450,935	\$ 1,602,533
Sales taxes					\$ 23,704				
Fines, forfeitures, and costs		\$ 6,293					\$ 59,511		
Interest	\$ 697			520	1,627	238	55	17,508	
Airport leases, fees, and fuel					1,178,635				
Other					9,203				
TOTAL REVENUES	697	6,293	15,131	105,088	1,213,169	2,804	59,566	2,468,443	1,602,533
EXPENDITURES									
Current:									
Law enforcement		11,862					18,359	998,137	
Highways and streets									
Public safety				50,000		700,555		998,137	
Social services			15,166						
Economic development									1,602,533
Airport					1,153,858				
Total Current		11,862	15,166	50,000	1,153,858	700,555	18,359	1,996,274	1,602,533
Debt Service:									
Financed purchase principal				116,643					
Financed purchase interest				1,427					
TOTAL EXPENDITURES		11,862	15,166	168,070	1,153,858	700,555	18,359	1,996,274	1,602,533
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	697	(5,569)	(35)	(62,982)	59,311	(697,751)	41,207	472,169	
OTHER FINANCING SOURCES (USES)									
Contributions from county						401,573			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	697	(5,569)	(35)	(62,982)	59,311	(296,178)	41,207	472,169	
FUND BALANCES - JANUARY 1	140,522	53,106	35	107,342	165,050	567,748	56,344	2,130,750	
FUND BALANCES - DECEMBER 31	\$ 141,219	\$ 47,537	\$ 0	\$ 44,360	\$ 224,361	\$ 271,570	\$ 97,551	\$ 2,602,919	\$ 0

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

Schedule 2

	CAPITAL PROJECTS FUNDS		
	Special 1% Tax	Half-Street Improvements	Totals
REVENUES			
State aid			\$ 104,568
Federal aid			4,071,165
Sales taxes			23,704
Fines, forfeitures, and costs			65,804
Interest	\$ 17		20,662
Airport leases, fees, and fuel			1,178,635
Other		\$ 10,944	20,147
TOTAL REVENUES	17	10,944	5,484,685
EXPENDITURES			
Current:			
Law enforcement			1,028,358
Highways and streets	329,964		329,964
Public safety			1,748,692
Social services			15,166
Economic development			1,602,533
Airport			1,153,858
Total Current	329,964		5,878,571
Debt Service:			
Financed purchase principal			116,643
Financed purchase interest			1,427
TOTAL EXPENDITURES	329,964		5,996,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(329,947)	10,944	(511,956)
OTHER FINANCING SOURCES (USES)			
Contributions from county			401,573
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(329,947)	10,944	(110,383)
FUND BALANCES - JANUARY 1	329,947		3,550,844
FUND BALANCES - DECEMBER 31	\$ 0	\$ 10,944	\$ 3,440,461

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Revolving Loan	Searcy Resolution no. 95-13 (May 1, 1995) created this fund as a result of a grant from the Arkansas Economic Development Commission with the objective to stimulate industrial development and job creation.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Arkansas Economic Development Commission	Established to account for grants from the Arkansas Department of Economic Development Commission.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Airport	Ark. Code Ann. § 14-361-116 established fund to receive revenues obtained by a municipality from the ownership, control, or operation of any airport or air navigation facility, including proceeds from the sale of any airport or portion thereof or air navigation facility property. The revenues shall be used solely for airport purposes.
County Fire Sales Tax	Established to account for the City's portion of a county-wide quarter-cent sales and use tax to be used exclusively for fire protection services.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Arkansas Economic Development Commission - Bryce	Established to account for grants from the Arkansas Department of Economic Development Commission on behalf of The Bryce Company, LLC.
Special 1% Tax	Searcy Ordinance no. 2011-33 (October 11, 2011) authorizing and pledging a one cent sales and use tax for highway and street improvements.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Half-Street Improvements	Established to account for funds to be utilized for certain street improvements as required by Searcy Ordinance no. 2008-15 (May 13, 2008).
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Seized Property	Ark. Code Ann. § 5-64-505 authorizes account to deposit negotiable instruments or money seized by law enforcement agencies pending adjudication.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

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

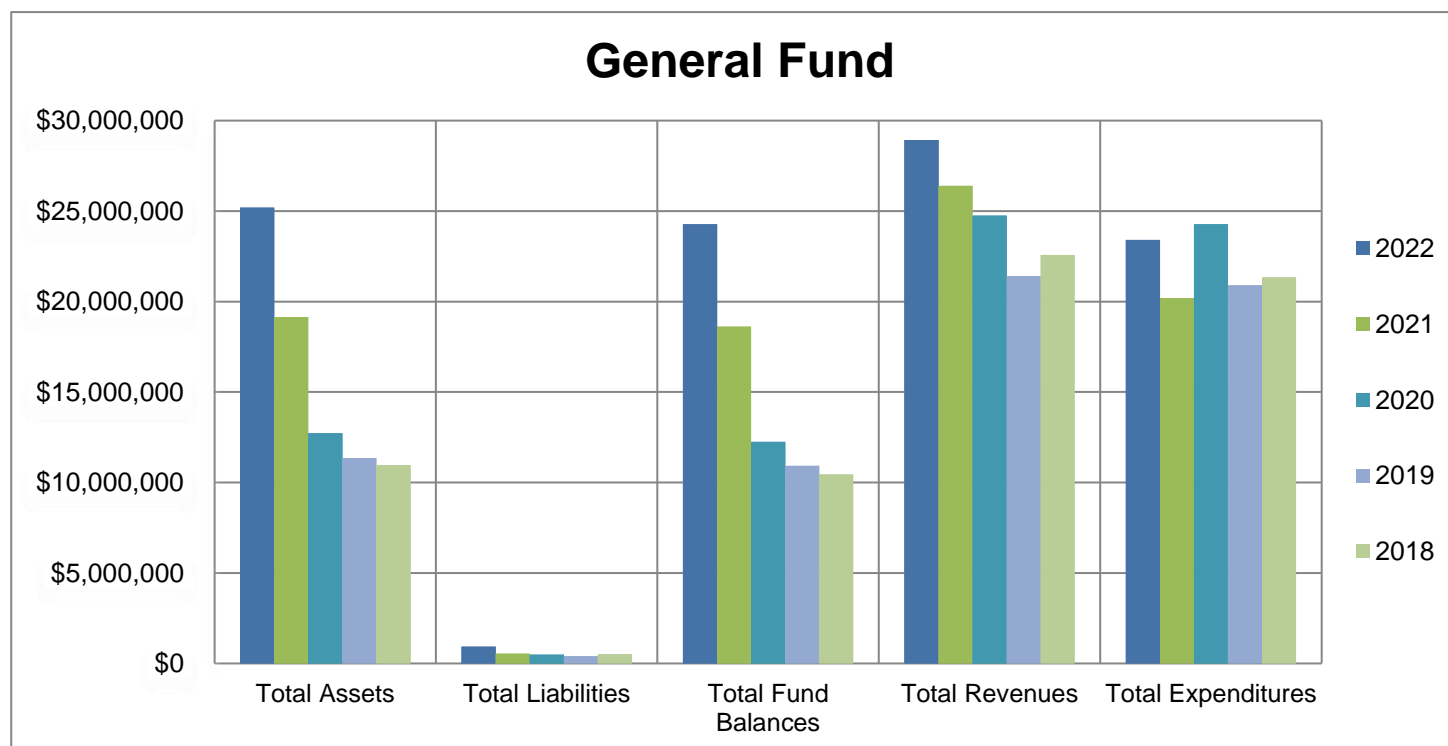
Schedule 3

	December 31, 2022
	<hr/>
Land	\$ 7,314,540
Buildings	26,438,539
Equipment	17,323,638
Construction in progress	<hr/> 2,357,824
	<hr/>
Total	<u><u>\$ 53,434,541</u></u>

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

Schedule 4-1

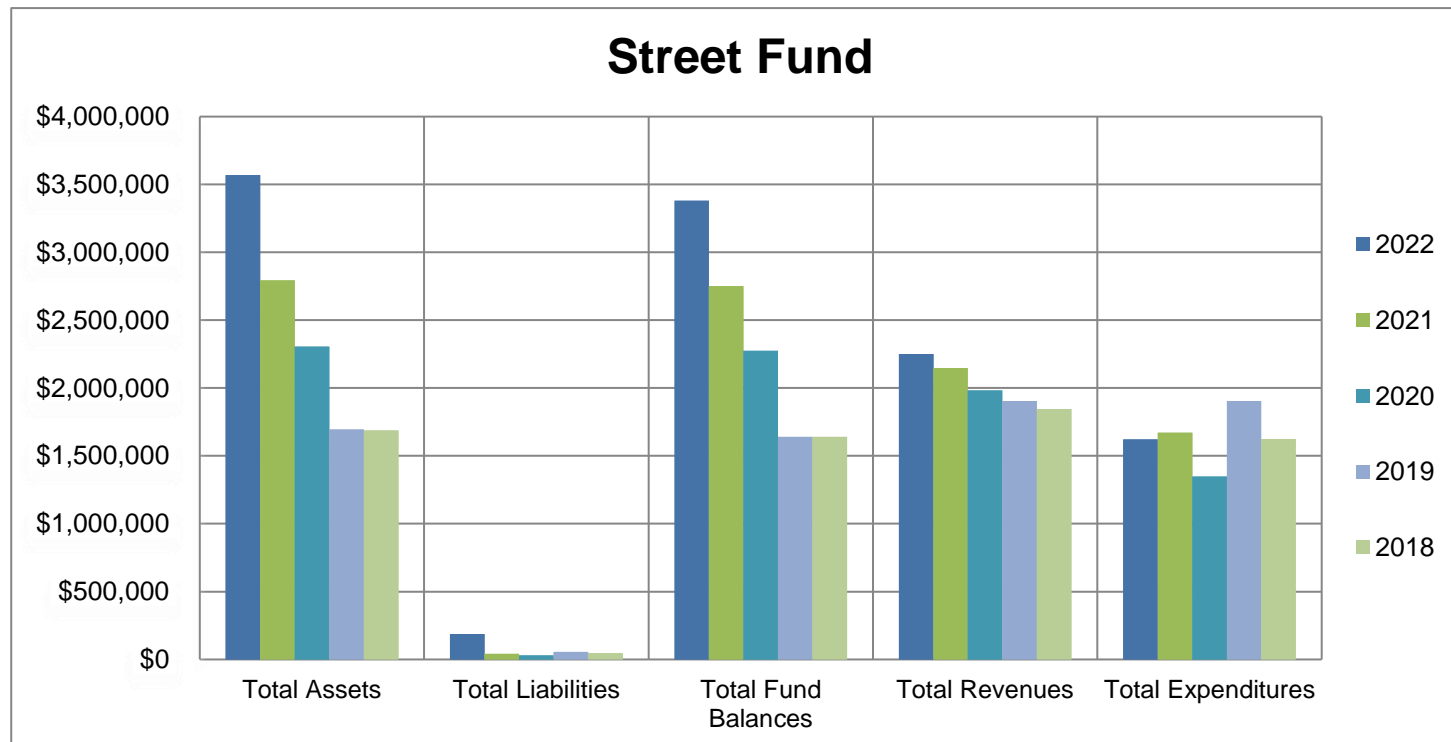
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 25,201,193	\$ 19,151,420	\$ 12,726,085	\$ 11,336,886	\$ 10,958,217
Total Liabilities	929,038	540,999	480,835	407,616	509,576
Total Fund Balances	24,272,155	18,610,421	12,245,250	10,929,270	10,448,641
Total Revenues	28,927,162	26,393,492	24,757,909	21,413,042	22,583,232
Total Expenditures	23,405,691	20,190,379	24,271,929	20,897,413	21,332,174
Total Other Financing Sources/Uses	140,263	162,058	830,000	(35,000)	(20,000)



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

Schedule 4-2

Street	2022	2021	2020	2019	2018
Total Assets	\$ 3,568,212	\$ 2,793,243	\$ 2,304,642	\$ 1,694,798	\$ 1,686,881
Total Liabilities	186,906	42,093	29,342	54,401	45,685
Total Fund Balances	3,381,306	2,751,150	2,275,300	1,640,397	1,641,196
Total Revenues	2,250,847	2,146,097	1,981,524	1,904,485	1,845,533
Total Expenditures	1,620,691	1,670,247	1,346,621	1,905,284	1,623,988
Total Other Financing Sources/Uses					



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

Schedule 4-3

Other Funds in the Aggregate	2022	2021	2020	2019	2018
Total Assets	\$ 3,808,431	\$ 4,134,275	\$ 4,242,291	\$ 4,959,694	\$ 4,840,623
Total Liabilities	367,970	583,431	468,597	455,020	255,580
Total Fund Balances	3,440,461	3,550,844	3,773,694	4,504,674	4,585,043
Total Revenues	5,484,685	3,466,270	795,266	857,746	759,049
Total Expenditures	5,996,641	4,066,404	1,879,993	1,271,230	1,652,166
Total Other Financing Sources/Uses	401,573	377,284	353,747	333,115	884,052

