

City of Springdale, Arkansas

Financial Statements and Independent Auditor's Reports

December 31, 2023

City of Springdale, Arkansas

December 31, 2023

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City of Springdale, Arkansas
List of Elected and Appointed Officials
December 31, 2023

Elected Officials:

Mayor	Doug Sprouse
City Clerk/Treasurer	Denise Pearce
City Attorney	Ernest Cate
District Judge	Jeff Harper
Council Member – Ward 1	Mike Lawson
Council Member – Ward 1	Randall Harriman
Council Member – Ward 2	Mike Overton
Council Member – Ward 2	Rex Bailey
Council Member – Ward 3	Brian Powell
Council Member – Ward 3	Jeff Watson
Council Member – Ward 4	Amelia Williams
Council Member – Ward 4	Mark Fourgerousse

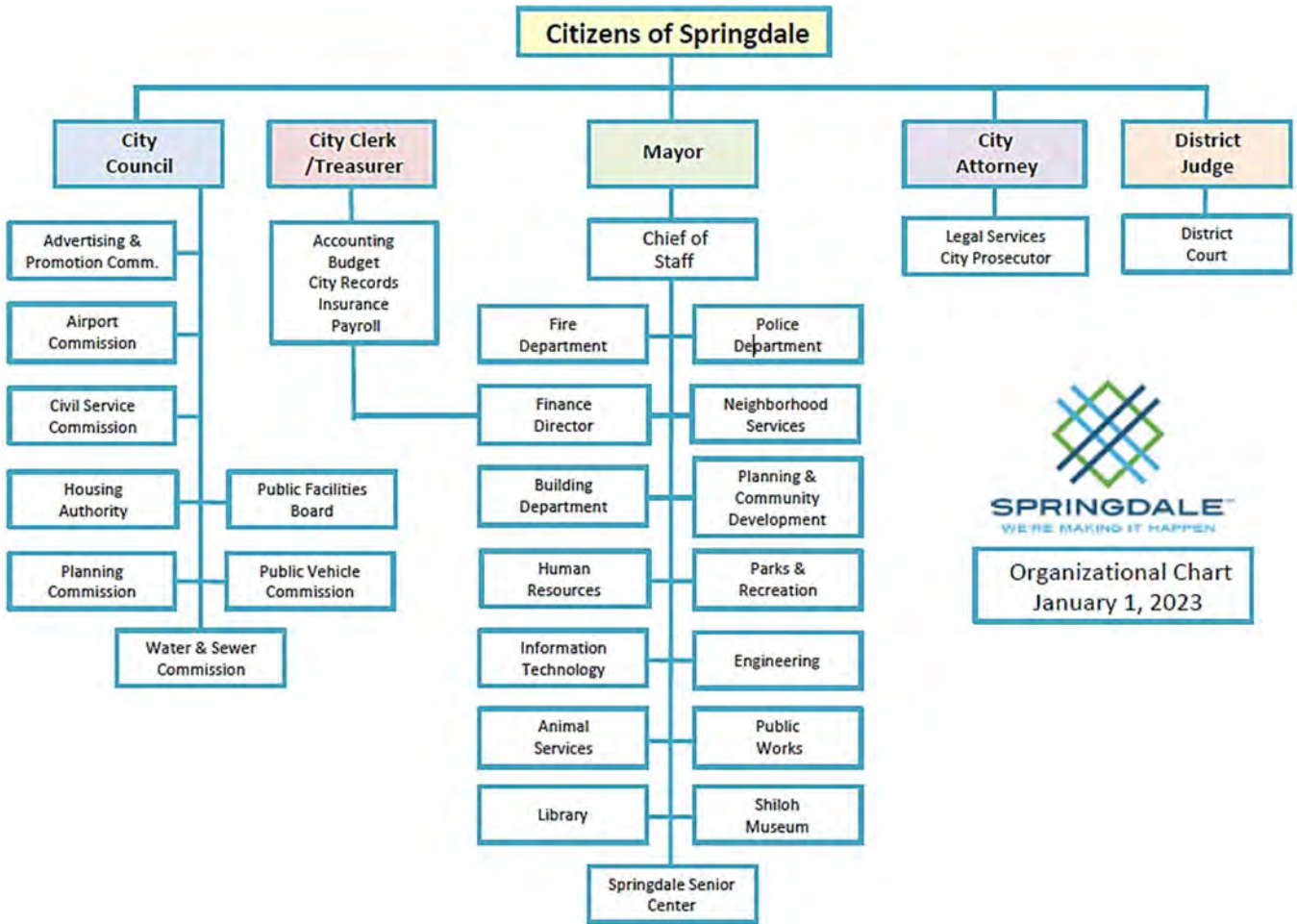
Appointed Officials:

Chief of Staff	Colby Fulfer
Animal Services	Courtney Kremer
Chief Building Official	Mike Chamlee
Engineering	Ben Peters
Public Works	James Smith
Community Engagement/Neighborhood Services	Ron Findley
Finance	Cody Loerts
Fire Chief	Blake Holte
Human Resources	Gina Lewis
Information Technology	Mark Gutte
Library	Anne Gresham
Museum	Angela Albright
Parks and Recreation	Chad Wolf
Senior Center	Lori Proud
Planning and Community Development	Patsy Christie
Police Chief	Frank Gamble
Water and Wastewater	Heath Ward

City of Springdale, Arkansas

Organizational Chart

December 31, 2023



Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas, as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Forvis Mazars, LLP

**Rogers, Arkansas
July 14, 2025**

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City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

As management of the City of Springdale, we offer this narrative overview and analysis of the financial activities and financial position of the City for the year ended December 31, 2023. Overall, the financial health and well-being of a city lies in the willingness of its citizens and property owners to pay adequate taxes and other fees combined with the leadership and vision of the government's elected and appointed officials to spend those revenues strategically so that the City's service levels, assets, and the City's desirability will be maintained not just for the current year but well into the future. We encourage readers of the financial statements to consider the information presented here in conjunction with all other information provided in this report.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2023 by \$367.6 million (net position). Of this amount, \$314.2 million is invested in capital assets and \$4.9 million is restricted for capital expenditures, debt service, unspendable endowment funds, and other purposes. Unrestricted net position available for meeting the City's emergency and unexpected obligations is \$48.5 million. The City's business-type activities have an unrestricted net position of \$0.4 million.
- The City's total net position increased by \$27.8 million in 2023. Net position of governmental activities increased by \$26.8 million in 2023, compared to a net increase of \$41.5 million in 2022. The net position of the business-type activities increased by \$1.0 million in 2023 as compared to a net increase of \$3.0 million in 2022.
- At the close of 2023, the City's governmental funds reported combined ending fund balances of \$226.4 million, which reflects an increase of \$116.5 million from the prior year. This increase is primarily due to bond proceeds less payments to refunded bonds escrow agent, capital expenditures of \$54.0 million, using bond proceeds, and a decrease in debt service expenditures of \$4.0 million offset by use of \$3.8 million of funding from the American Rescue Plan grant and an increase in sales tax revenues of \$4.0 million. The restricted portion of the fund balances is \$165.6 million; \$4.2 million of which is considered unspendable, and \$161.4 million that is restricted for capital expenditures, debt service, and other purposes. The remaining fund balance is classified as \$5.4 million committed for capital projects and other purposes, assigned of \$18.9 million, and unassigned fund balance of \$36.6 million.
- At the end of 2023, the unassigned fund balance of the General Fund was \$36.8 million, which represents 16% of the total governmental fund balances and is 44% of total general fund expenditures, including transfers. There was a decrease of \$5.5 million in the total general fund balance for 2023, compared to a \$17.2 million increase in 2022. The unassigned portion is available for use to support operations, funding for special projects, and equipment replacement funding.
- The City's total bond indebtedness increased by \$125.4 million during 2023. Key factors in the increase were issuance of \$314.9 million in Series 2023 bonds while refunding the Series 2018 and Series 2020 bonds and excess tax receipt payments on bonds of \$12.3 million.
- The City's net pension liabilities increased \$24.3 million to \$57.5 million as of December 31, 2023. The net pension liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 7* on pages 57 through 74 of this report. Pension expense increased \$5.0 million to a total of \$8.1 million for 2023.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

- The City's OPEB liability increased \$2.0 million to \$6.3 million as of December 31, 2023. The OPEB liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 9* on pages 75 through 80 of this report. OPEB expense for 2023 was \$1.1 million.
- The City's business-type component unit reported net position of \$354.0 million as of September 30, 2023, an increase of \$28.9 million compared to September 30, 2022.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a provide-sector business. The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, capital projects, community development, culture and recreation, economic development, public safety, and public works. The business-type activities of the City include the municipal airport, city attorney restitution, and the bulky waste pick up program.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the City of Springdale, Arkansas Water and Sewer Commission, a legally separate *component unit* for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 18 and 19 of this report.

Fund Financial Statements

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

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

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

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

The City maintains 24 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Street Fund, American Rescue Plan Fund, 2023 Series Street Improvement Fund, 2018 Bonds Street Improvement Construction Fund, 2023 Bonds Debt Service Fund, and 2018 Bonds Debt Service Fund. Data from the remaining 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements are located on pages 21 through 26 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Municipal Airport, Sanitation, and City Attorney Restitution operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of employee health insurance service. Because this service predominantly benefits governmental rather business-type functions, it has been included within governmental activities in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are located on pages 32 through 86 of this report.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund budget, Street Fund budget, American Rescue Plan Act Fund, and an analysis of funding progress for its obligation to provide pensions and other postemployment benefits to its employees. *Required supplementary information* is located on pages 87 through 103 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules are located on pages 104 through 119 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$368 million at the close of the most recent fiscal year, as shown in the table below.

City of Springdale, Arkansas						
Net Position						
(Amount in Thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 261,118	\$ 143,164	\$ 236	\$ 1,112	\$ 261,354	\$ 144,276
Capital assets	486,269	453,154	13,133	12,106	499,402	465,260
Total assets	<u>747,387</u>	<u>596,318</u>	<u>13,369</u>	<u>13,218</u>	<u>760,756</u>	<u>609,536</u>
Deferred outflows of resources	<u>24,829</u>	<u>11,634</u>	<u>4</u>	<u>3</u>	<u>24,833</u>	<u>11,637</u>
Current liabilities	30,092	26,886	79	989	30,171	27,875
Other liabilities	<u>377,630</u>	<u>235,158</u>	<u>47</u>	<u>30</u>	<u>377,677</u>	<u>235,188</u>
Total liabilities	407,722	262,044	126	1,019	407,848	263,063
Deferred inflows of resources	<u>10,126</u>	<u>18,318</u>	<u>8</u>	<u>9</u>	<u>10,134</u>	<u>18,327</u>
Net investment in capital assets	301,349	283,884	12,815	9,804	314,164	293,688
Restricted	4,924	21,361	–	–	4,924	21,361
Unrestricted	<u>48,095</u>	<u>22,345</u>	<u>424</u>	<u>2,389</u>	<u>48,519</u>	<u>24,734</u>
Total net position	<u>\$ 354,368</u>	<u>\$ 327,590</u>	<u>\$ 13,239</u>	<u>\$ 12,193</u>	<u>\$ 367,607</u>	<u>\$ 339,783</u>

By far the largest portion of the City's net position, \$314.2 million (85%), reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), plus unspent bond proceeds, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with the exception of business-type assets, do not generate direct revenue for the City. They do represent an obligation on the part of the City to maintain these assets into the future. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

An additional portion of the City's net position (\$4.9 million or 1%) represents resources that are subject to restrictions as to how they may be used. Of the total restricted net position, \$0.8 million is restricted for capital projects and \$4.2 million is restricted for other purposes. The remaining balance of unrestricted net position is \$48.5 million or 13%.

It is important to note that the unrestricted net position of the City's business-type activities of \$400 thousand may not be used to fund governmental activities.

Overall, the City's net position increased by \$27.8 million during 2023. Total revenues increased by \$3.5 million (3%) between years. Sales tax revenue on a government-wide basis increased by \$2.7 million (4%), operating grants and contributions increased by \$2.6 million (14%), and capital grants and contributions decreased by \$6.6 million (43%). Total expenses increased by \$20.1 million (22%) from 2022 to 2023. The changes in net position are shown in the following schedule.

City of Springdale, Arkansas						
Changes in Net Position						
(Amounts in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 13,499	\$ 13,622	\$ 681	\$ 1,176	\$ 14,180	\$ 14,798
Operating grants and contributions	21,771	19,143	-	-	21,771	19,143
Capital grants and contributions	5,786	10,165	600	2,809	6,386	12,974
Total program revenues	<u>41,056</u>	<u>42,930</u>	<u>1,281</u>	<u>3,985</u>	<u>42,337</u>	<u>46,915</u>
General revenues						
Sales tax	71,536	68,890	100	83	71,636	68,973
Ad valorem tax	9,954	8,380	-	-	9,954	8,380
Franchise tax	5,436	5,587	-	-	5,436	5,587
Hotel/motel tax	623	595	-	-	623	595
Investment earnings (losses)	5,799	(1,568)	10	(10)	5,809	(1,578)
Gain (loss) on sale of assets	(25)	1,319	39	-	14	1,319
Intergovernmental	3,770	5,938	-	-	3,770	5,938
Total general revenues	<u>97,093</u>	<u>89,141</u>	<u>149</u>	<u>73</u>	<u>97,242</u>	<u>89,214</u>
Total revenues	<u>138,149</u>	<u>132,071</u>	<u>1,430</u>	<u>4,058</u>	<u>139,579</u>	<u>136,129</u>
Expenses						
General government	15,494	9,390	-	-	15,494	9,390
Community development	2,787	2,347	-	-	2,787	2,347
Culture and recreation	15,132	14,357	-	-	15,132	14,357
Economic development	758	418	-	-	758	418
Public safety	48,816	40,549	-	-	48,816	40,549
Public works	18,947	16,940	-	-	18,947	16,940
Interest on long-term debt	8,737	6,582	-	-	8,737	6,582
Municipal airport	-	-	914	890	914	890
Sanitation	-	-	167	162	167	162
City attorney restitution	-	-	3	7	-	-
Total expenses	<u>110,671</u>	<u>90,583</u>	<u>1,084</u>	<u>1,059</u>	<u>111,752</u>	<u>91,635</u>
Increase (decrease) in net position before transfers	27,478	41,488	346	2,999	27,824	44,487
Transfers	(700)	-	700	-	-	-
Increase (decrease) in net position	26,778	41,488	1,046	2,999	27,824	44,487
Net position – January 1,	<u>327,590</u>	<u>286,102</u>	<u>12,193</u>	<u>9,194</u>	<u>339,783</u>	<u>295,296</u>
Net position – December 31,	<u>\$ 354,368</u>	<u>\$ 327,590</u>	<u>\$ 13,239</u>	<u>\$ 12,193</u>	<u>\$ 367,607</u>	<u>\$ 339,783</u>

City of Springdale, Arkansas

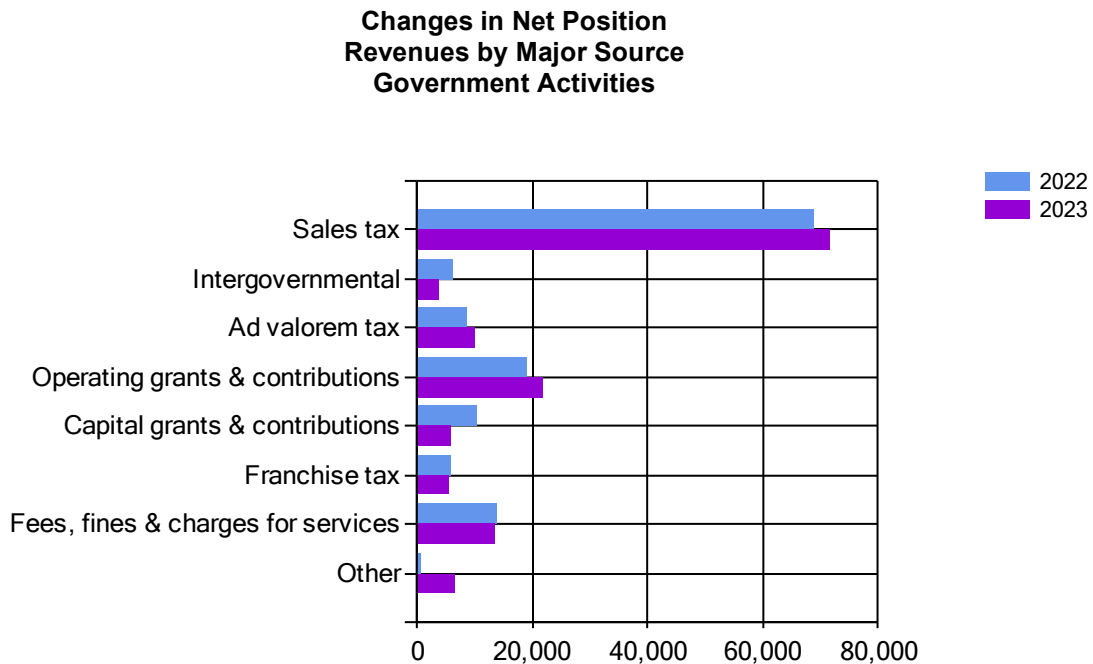
Management’s Discussion and Analysis

December 31, 2023

Governmental activities – Governmental activities increased the City’s net position by \$27.5 million. Key elements of this increase are as follows:

- Total revenues increased by \$3.4 million, due primarily to an increase in operating grants and contributions of \$2.6 million, or 14%; a decrease in capital grants and contributions of \$6.6 million, or 51%; and a \$2.7 million, or 4%, increase in sales taxes.
- The increase in operating grants and contributions was due to the increase in COVID-related grants for the Police and Fire Departments. The decrease in capital grants and contributions was due to the completion of capital related projects during 2022.
- Sales taxes provided \$71.5 million (74%) of the City’s governmental revenue in 2023, and ad valorem taxes provided \$10.0 million (10%), and franchise taxes provided \$5.4 million (6%). Sales taxes increased \$2.6 million, or 15%, which was primarily due to increased spending in retail sales.
- Capital outlay and donated capital assets exceeded depreciation expense by \$33.1 million.
- The reported 2023 expenses increased by \$20.1 million (22%) from 2022, due primarily to an increase in general government of \$6.1 million, an increase in public safety of \$8.3 million, and an increase in public works of \$2.0 million. General government increased due to an increase in wages from a cost-of-living adjustment and capital expenditures related to the renovation of Luther George Park and the new municipal complex. Public safety increased due to the reduction in ARPA grant revenue which had reduced public safety operating costs in 2022. Public works expenses increased primarily due to construction of new trails and additional street overlay.

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



Business-type activities – Business-type activities increased the City’s net position by \$1.0 million.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

The Municipal Airport revenues of \$1.2 million provided 87% of total revenues for business-type activities for 2023, while current year expenses of \$915 thousand were 84% of total expenses. Municipal Airport depreciation expense for 2023 was \$444 thousand.

Financial Analysis of the Government's Funds

The City of Springdale uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of December 31, 2023, the City's governmental funds combined fund balances were \$226 million, which reflects an increase of \$117 million from the prior year-end. Of this amount, \$4.1 million (2%) is nonspendable; \$161.4 million (71%) represents fund balances restricted for capital projects, debt service, and other purposes; \$5.4 million (2%) is committed for capital projects; and \$18.9 million (8%) is assigned for specific uses by fund type. The remainder of the balance, \$36.6 million (16%), is unassigned in the General Fund and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. As of December 31, 2023, the total fund balance of the General Fund was \$44.4 million, of which \$36.8 million (83%) was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures, including transfers out. Unassigned fund balance represents approximately 44% of the total General Fund expenditures for 2023, including transfers out, while total fund balance represents 53% of that same amount.

During the 2023 fiscal year, the fund balance of the General Fund decreased by \$5.5 million. As a comparison, the 2023 final adopted budget anticipated a \$1.7 million increase in the general fund balance by the end of the year. The increase for 2023 was due to the following:

- Total revenues for 2023, including transfers in, increased by \$5.4 million. The primary reason for the increase was due to increases in taxes of \$5.2 million.
- Total expenditures for 2023, including transfers out, increased by \$26.3 million. The primary reason for the increase was due to the increase in general government of \$2.8 million, an increase in public safety of \$4.1 million, and an increase in capital outlay of \$12.6 million.

The Street Fund is a special revenue fund that is presented as a major fund and accounts for 4% of the total governmental fund balances. Revenues include property taxes dedicated to streets, bridges, and associated drainage, as well as gasoline tax turnback from the state. The fund balance of the Street Fund decreased \$400 thousand between years. This decrease was due primarily to additional spending on street projects.

The American Rescue Plan Fund is a special revenue fund that is presented as a major fund. Revenues include grant funds from the federal government to address the COVID-19 pandemic and the corresponding economic crisis.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

The 2023 Series Street Improvement Fund provided 47% of the total governmental fund balances at December 31, 2023. The net increase in fund balances during 2023 was \$106.9 million and was due to receipt of bond proceeds in 2023 for capital improvements.

The 2018 Bonds Street Improvement Fund provided 4% of the total governmental fund balances at December 31, 2023. The net decrease in fund balances during 2023 was \$13.5 million and was the result of spending bond proceeds received in a prior year on capital improvements.

The 2018 Bonds Debt Service fund provided 0% of the total governmental fund balances at December 31, 2023. Revenues for 2023 for this fund include a portion of a one percent (1%) local sales tax pledged to debt service. During 2023, the City used excess tax receipts to call and redeem \$12.3 million in bonds.

The 2023 Bonds Debt Service fund provided 6% of the total governmental fund balances at December 31, 2023. Revenues for 2023 for this fund include a portion of a one percent (1%) local sales tax pledged to debt service.

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

At December 31, 2023, the net position of the Municipal Airport Fund was \$12.7 million, which accounts for 96% of the total net position of all proprietary funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The final amended General Fund budget had total budgeted revenues of \$67.5 million (total revenues plus other financing sources) compared to the original budget total of \$67.5 million. Final amended appropriations (total expenditures plus transfers out) were \$62.8 million as compared to the original budget total of \$60.2 million.

Total actual revenue received for the General Fund, including other financing sources, was \$78.6 million and was \$11.0 million, or 16.4%, greater than final budget estimates. General Fund actual expenditures, including transfers out, of \$84.4 million were 128.3% of the final amended budgeted appropriations. The final amended budget projected a \$1.7 million increase in fund balance, while the actual resulted in a fund balance decrease of \$5.5 million. Specific revenue and expenditure variances are as follows:

- Sales and use tax revenues received were \$1,884,814 higher than the final budgeted amount of \$43,940,000.
- Federal and state grants exceeded the final budgeted amount by \$1,447,348 due to grants that were not budgeted in 2023.
- Other grants and contributions exceeded the final budgeted amount by \$4,326,652 due to contributions received but not budgeted in 2023 for the Luther George Park.
- General government expenditures exceeded the final budgeted amount by \$8,381,614 due to capital related expenditures.
- Culture and recreation expenditures exceeded the final budgeted amount by \$8,951,275 due to capital related expenditures.

The budget and actual comparison schedules are located on pages 98 through 102.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2023 amounted to \$499.4 million, net of accumulated depreciation. The increase in capital assets related to governmental activities was \$16.0 million (7%). The City's investment in capital assets related to business-type activities increased by \$3.6 million (8%).

The following table summarizes the City's capital assets.

City of Springdale, Arkansas							
Capital Assets, Net of Accumulated Depreciation							
(Amounts in Thousands)							
	Governmental Activities		Business-Type Activities		Total		
	2023	2022	2023	2022	2023	2022	
Land and easements	\$ 108,299	\$ 103,798	\$ 3,298	\$ 3,298	\$ 111,597	\$ 107,096	
Land improvements	43,623	44,109	2,550	2,778	46,173	46,887	
Buildings and improvements	101,521	86,019	1,597	1,008	103,118	87,027	
Construction in progress	46,036	64,073	5,264	4,536	51,300	68,609	
Infrastructure	166,534	134,153	-	-	166,534	134,153	
Machinery and equipment	19,617	20,718	424	486	20,041	21,204	
Intangibles	639	284	-	-	639	284	
Total	\$ 486,269	\$ 453,154	\$ 13,133	\$ 12,106	\$ 499,402	\$ 465,260	

Major capital asset events during 2023 included the following:

- Har-Ber Avenue extension 48th Street to Gutensohn completed during 2023 at a total cost of \$11.3 million.
- Park Street intersections completed during 2023 at a total cost of \$3.5 million.
- Gene George Blvd – DTP to New Hope Road completed during 2023 at a total cost of \$4.8 million.
- 64th Street – Watkins to Hwy 412 completed during 2023 at a total cost of \$9.5 million.
- Gene George Blvd – Bleaux to ESR completed during 2023 at a total cost of \$13.1 million.
- DTP Extension – 56th Street to Hwy 112 completed during 2023 at a total cost of \$3.0 million.
- Spring Creek detention struction completed during 2023 at a total cost of \$1.4 million.
- Criminal Justice Building design completed during 2023 at a total cost of \$3.4 million.
- Criminal Justice Complex Phase 1 completed during 2023 at a total cost of \$1.2 million.
- Administration Building renovation completed during 2023 at t total cost of \$14.8 million.
- Construction in progress had a net decrease of \$18.0 million. Major projects in progress included the CAD/RMS System (\$1.4 million), Rabbit Foot Lodge Roof (\$1.2 million), Razorback Greenway (\$4.3 million), 40th Street – Falcon to bridge (\$4.8 million), Dixieland – Apple Blossom to Wagon Wheel (\$7.0 million), Spring Street – Johnson to Huntsville (\$1.9 million), Dean's Trail Phase II and III (\$5.0 million), Luther George Park improvements (\$5.2 million), Turf and Lighting for parks and fields (\$4.9 million), and Fire Ladder Truck (1.7 million).
- Depreciation expense totaled \$20.5 million.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2023

Additional information on the City's capital assets is located in *Note 4* on pages 48 through 51 of this report.

Long-term debt. At December 31, 2023, the City had \$314.9 million of long-term bonds outstanding, secured solely by City sales and use taxes. The City's total bonded debt increased by \$125.4 million and was due to issuance of bonds and refunding of 2018 and 2020 bonds during 2023, as well as the call and redemption of \$12.3 million of Series 2018 bonds with excess tax receipts.

The following table details the breakdown of this debt.

Long-Term Debt (Amounts in Thousands)

	Governmental Activities	
	2023	2022
Sales and Use Tax Refunding and Improvement Bonds, Series 2018	\$ —	\$ 145,790
Sales and Use Tax Refunding and Improvement Bonds, Series 2020	—	43,685
Sales and Use Tax Refunding and Improvement Bonds, Series 2023	314,905	—
	\$ 314,905	\$ 189,475

Under Arkansas statutes, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation of real and person property within the city limits. The City is also allowed to issue short-term debt (maturities of less than five years) up to 5% of the total assessed valuation. The City's current debt limit for both is \$438.0 million. The City had no general obligation long-term debt or any short-term debt at year-end.

The City's business type component unit, Springdale Water and Sewer Commission, had outstanding long-term debt of \$43.1 million at September 30, 2023. The Commission retired \$2.0 million of these bonds during the year ended September 30, 2023.

Additional information on the City's long-term debt can be found in *Note 5* located on pages 51 through 56 of this report.

Economic Factors and the Next Year's Budget

The current unemployment rate for the Fayetteville-Springdale-Rogers MSA was 2.3% at the end of 2023. This compares favorably to the state's average unemployment rate of 2.5% and the national average unemployment rate of 3.4% at the end of 2023.

The City's population, according to the revised 2020 census, was 87,176 and showed the City grew by 16,429, or 23%, between 2010 and 2020. There was minimal change in the City's population as of December 31, 2023.

City-wide revenue was up \$3.5 million, or 3%, compared to last year. Increases were experienced in sales taxes, operating grants, ad valorem tax, and investment earnings.

Sales and use taxes received in 2023 increased \$2.6 million, or 4%, as compared to 2022. These taxes are a primary source of revenue for the General Fund, comprising 58% of the total revenue. The assessed values for property taxes (for taxes to be collected in 2023) increased by 19% as compared to the prior year, in part due to the increase in property values.

City of Springdale, Arkansas
Management's Discussion and Analysis
December 31, 2023

The City Council adopted the 2024 budget on November 28, 2023 with General Fund projected revenues and transfers of \$72.2 million and projected expenditures and transfers of \$70.8 million. Budgeted revenues increased \$4.7 million, or 7%, compared to the final amended 2023 budget, primarily due to the increases in City and county sales taxes. Budgeted expenditures increased by \$7.5 million, or 12%, as compared to the 2023 budget, primarily due to increases in general government, public safety, and capital asset expenditures. The overall City 2024 projected operating revenues and transfers were \$87.4 million, which reflects an increase of 5% from the original and amended 2023 budget. The overall City 2024 projected operating expenditures and transfers for all funds were \$87.7 million, which reflects an increase of 11% from the original and amended 2023 budget.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 201 Spring Street, Springdale, Arkansas 72764.

General information relating to the City of Springdale, Arkansas can be found on the City's website, <http://www.springdalear.gov>.

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City of Springdale, Arkansas
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Water and Sewer Commission
Assets				
Cash and cash equivalents	\$ 45,856,992	\$ 400,109	\$ 46,257,101	\$ 22,337,117
Investments	16,652,601	85,362	16,737,963	46,435,243
Receivables, net of allowance for uncollectibles	21,905,171	68,483	21,973,654	11,452,868
Internal balances	318,043	(318,043)	-	-
Inventories	-	-	-	815,554
Prepaid assets	72,997	224	73,221	63,305
Assets held for resale	1,353,725	-	1,353,725	-
Restricted assets:				
Cash and cash equivalents	3,521,974	-	3,521,974	19,468,399
Investments	167,206,942	-	167,206,942	2,868,095
Interest receivable	50,337	-	50,337	963,734
Intergovernmental receivables	4,179,152	-	4,179,152	-
Capital assets:				
Nondepreciable	154,488,900	8,561,301	163,050,201	56,394,276
Depreciable, net of accumulated depreciation	331,779,665	4,571,451	336,351,116	247,913,090
Total Assets	<u>747,386,499</u>	<u>13,368,887</u>	<u>760,755,386</u>	<u>408,711,681</u>
Deferred Outflows of Resources				
Pensions	23,982,073	-	23,982,073	-
Other postemployment benefits	847,034	4,406	851,440	42,357
Total Deferred Outflows of Resources	<u>24,829,107</u>	<u>4,406</u>	<u>24,833,513</u>	<u>42,357</u>
Total Assets and Deferred Outflows of Resources	<u>772,215,606</u>	<u>13,373,293</u>	<u>785,588,899</u>	<u>408,754,038</u>
Liabilities				
Accounts payable and accrued expenses	12,931,457	70,464	13,001,921	4,606,737
Due to fiduciary funds	7,669	-	7,669	-
Accrued interest payable	5,774,541	-	5,774,541	148,121
Customer deposits	410,676	-	410,676	2,843,886
Unearned revenue	10,967,671	9,535	10,977,206	-
Noncurrent liabilities:				
Due within one year	165,343	705	166,048	735,113
Current portion of long-term debt	4,990,000	-	4,990,000	2,480,000
Due in more than one year	372,474,770	46,074	372,520,844	43,842,720
Total Liabilities	<u>407,722,127</u>	<u>126,778</u>	<u>407,848,905</u>	<u>54,656,577</u>
Deferred Inflows of Resources				
Pensions	4,714,033	-	4,714,033	-
Other postemployment benefits	1,481,844	7,709	1,489,553	137,841
Bond refunding	3,929,686	-	3,929,686	-
Total Deferred Inflows of Resources	<u>10,125,563</u>	<u>7,709</u>	<u>10,133,272</u>	<u>137,841</u>
Net Position				
Net investment in capital assets	301,349,052	12,814,709	314,163,761	275,614,814
Restricted for:				
Capital projects	766,736	-	766,736	203,822
Debt service	3,440	-	3,440	974,673
Other	4,153,279	-	4,153,279	313,223
Unrestricted	48,095,409	424,097	48,519,506	76,853,088
Total Net Position	<u>\$ 354,367,916</u>	<u>\$ 13,238,806</u>	<u>\$ 367,606,722</u>	<u>\$ 353,959,620</u>

City of Springdale, Arkansas
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Water and Sewer Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities								
General government								
Administration	\$ 8,198,893	\$ 414,140	\$ 1,334,929	\$ -	\$ (6,449,824)	\$ -	\$ (6,449,824)	\$ -
City attorney	957,334	22,761	-	-	(934,573)	-	(934,573)	-
Information technology	1,878,414	-	-	-	(1,878,414)	-	(1,878,414)	-
District court	3,638,823	3,124,331	42,045	-	(472,447)	-	(472,447)	-
Bluff Cemetery	820,741	41,375	761,199	-	(18,167)	-	(18,167)	-
Community Development								
Planning	655,660	74,323	-	-	(581,337)	-	(581,337)	-
Engineering	984,048	26,600	-	-	(957,448)	-	(957,448)	-
Community development and housing	1,147,368	89,681	998,876	-	(58,811)	-	(58,811)	-
Culture and recreation								
Parks and recreation	9,842,603	2,077,996	469,453	2,164,249	(5,130,905)	-	(5,130,905)	-
Senior centers	1,002,238	-	306,380	-	(695,858)	-	(695,858)	-
Public library	2,853,245	42,689	1,923,123	-	(887,433)	-	(887,433)	-
Shiloh Museum	1,433,210	76,359	73,153	-	(1,283,698)	-	(1,283,698)	-
Economic development	758,096	2,593,011	-	-	1,834,915	-	1,834,915	-
Public safety								
Animal services	1,174,005	35,057	64,920	-	(1,074,028)	-	(1,074,028)	-
Building inspection	779,349	987,858	-	-	208,509	-	208,509	-
Community engagement	486,679	49,677	-	-	(437,002)	-	(437,002)	-
Fire	21,806,797	2,349,324	1,264,330	-	(18,193,143)	-	(18,193,143)	-
Police	24,569,359	1,401,945	3,965,074	-	(19,202,340)	-	(19,202,340)	-
Public works	18,947,187	92,066	10,567,537	3,621,400	(4,666,184)	-	(4,666,184)	-
Debt Service								
Interest on long-term debt	8,737,168	-	-	-	(8,737,168)	-	(8,737,168)	-
Total governmental activities	110,671,217	13,499,193	21,771,019	5,785,649	(69,615,356)	-	(69,615,356)	-
Business-type activities								
Municipal airport	914,501	498,100	-	599,574	-	183,173	183,173	-
Sanitation	166,861	178,078	-	-	-	11,217	11,217	-
City attorney restitution	2,999	4,874	-	-	-	1,875	1,875	-
Total business-type activities	1,084,361	681,052	-	599,574	-	196,265	196,265	-
Total primary government	\$ 111,755,578	\$ 14,180,245	\$ 21,771,019	\$ 6,385,223	\$ (69,615,356)	\$ 196,265	\$ (69,419,091)	\$ -

Component Unit

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Activities (Continued)
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Water and Sewer Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Springdale Water and Sewer Commission	\$ 41,463,988	\$ 44,071,972	\$ -	\$ 22,843,125			\$ 25,451,109
Total component unit	\$ 41,463,988	\$ 44,071,972	\$ -	\$ 22,843,125			\$ 25,451,109
General revenues (expenses):							
				71,536,195	100,323	71,636,518	-
Sales tax				9,953,720	-	9,953,720	-
Ad valorem tax				5,435,981	-	5,435,981	-
Franchise tax				622,828	-	622,828	-
Hotel/motel tax				5,799,221	9,939	5,809,160	3,408,241
Unrestricted investment earnings (loss)				(24,993)	39,290	14,297	13,754
Gain (loss) on sale/disposal of assets				3,770,532	-	3,770,532	-
Intergovernmental				(700,000)	700,000	-	-
Transfers				96,393,484	849,552	97,243,036	3,421,995
Total general revenues and special items							
Change in net position				26,778,128	1,045,817	27,823,945	28,873,104
Net position, beginning of year				327,589,788	12,192,989	339,782,777	325,086,516
Net position, end of year				\$ 354,367,916	\$ 13,238,806	\$ 367,606,722	\$ 353,959,620

City of Springdale, Arkansas
Balance Sheet – Governmental Funds
December 31, 2023

	General	Street Fund	American Rescue Plan Fund	2023 Series Street Improvement Fund
Assets				
Cash and cash equivalents	\$ 14,738,772	\$ 7,926,081	\$ 17,840,268	\$ -
Investments	9,334,078	2,421,905	-	-
Accounts receivable, net	18,671,516	2,958,953	-	-
Interest receivable	148,437	9,785	-	-
Due from other funds	7,150,289	1,532	5,332	-
Assets held for resale	-	-	-	-
Other assets	54,133	17,419	-	-
Restricted assets:				
Cash and cash equivalents	3,441,883	-	-	6,401
Investments	4,658,892	-	-	107,192,941
Interest receivable	-	-	-	-
Intergovernmental receivables	-	-	-	-
Total assets	<u>\$ 58,198,000</u>	<u>\$ 13,335,675</u>	<u>\$ 17,845,600</u>	<u>\$ 107,199,342</u>
Liabilities				
Accounts payable	\$ 2,714,936	\$ 2,088,079	\$ 58,881	\$ -
Salaries payable	1,856,213	118,347	-	-
Payable from restricted assets:				
Accounts payable	-	-	-	339,852
Due to other funds	1,143,586	9,242	6,723,024	100
Deposits	-	-	-	-
Developer bonds payable	410,676	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	264,136	10,627,405	-
Total Liabilities	<u>6,125,411</u>	<u>2,479,804</u>	<u>17,409,310</u>	<u>339,952</u>
Deferred Inflows of Resources				
Unavailable revenue – property taxes	7,716,921	1,462,314	-	-
Total Deferred Inflows of Resources	<u>7,716,921</u>	<u>1,462,314</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable				
Assets held for resale	-	-	-	-
Cemetery perpetual care	-	-	-	-
Endowments	-	-	-	-
Other nonspendable	54,133	17,419	-	-
Restricted				
Court automation	-	-	-	-
Debt service	-	-	-	-
Public safety expenditures	742,610	-	-	-
Recreation and culture	128,600	-	-	-
Capital projects	766,735	-	-	106,859,390
Committed	5,358,843	-	-	-
Assigned				
General fund	463,240	-	-	-
Special revenue funds	-	9,376,138	436,290	-
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	36,841,507	-	-	-
Total Fund Balance	<u>44,355,668</u>	<u>9,393,557</u>	<u>436,290</u>	<u>106,859,390</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,198,000</u>	<u>\$ 13,335,675</u>	<u>\$ 17,845,600</u>	<u>\$ 107,199,342</u>

2018 Bonds Street Improvement Construction Fund	2023 Bonds Debt Service Fund	2018 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,096,753	\$ 44,601,874
-	-	-	4,896,617	16,652,600
-	-	-	73,756	21,704,225
-	-	-	42,724	200,946
1,008,121	-	-	643,255	8,808,529
-	-	-	1,353,725	1,353,725
-	-	-	1,445	72,997
-	67,932	-	6,774	3,522,990
9,467,184	10,093,640	-	35,794,286	167,206,943
43,879	-	-	6,458	50,337
-	4,179,152	-	-	4,179,152
<u>\$ 10,519,184</u>	<u>\$ 14,340,724</u>	<u>\$ -</u>	<u>\$ 46,915,793</u>	<u>\$ 268,354,318</u>
\$ -	\$ -	\$ -	\$ 144,164	\$ 5,006,060
-	-	-	116,361	2,090,921
1,837,306	-	-	3,344,114	5,521,272
1,772	-	-	620,431	8,498,155
-	-	-	10,472	10,472
-	-	-	-	410,676
-	-	-	302,732	302,732
-	-	-	76,130	10,967,671
<u>1,839,078</u>	<u>-</u>	<u>-</u>	<u>4,614,404</u>	<u>32,807,959</u>
-	-	-	-	9,179,235
-	-	-	-	9,179,235
-	-	-	1,353,725	1,353,725
-	-	-	32,720	32,720
-	-	-	2,674,586	2,674,586
-	-	-	61,183	132,735
-	-	-	92,248	92,248
-	14,340,724	-	3,440	14,344,164
-	-	-	-	742,610
-	-	-	-	128,600
8,680,106	-	-	29,751,984	146,058,215
-	-	-	-	5,358,843
-	-	-	-	463,240
-	-	-	2,999,147	12,811,575
-	-	-	5,145,051	5,145,051
-	-	-	445,444	445,444
-	-	-	(258,139)	36,583,368
<u>8,680,106</u>	<u>14,340,724</u>	<u>-</u>	<u>42,301,389</u>	<u>226,367,124</u>
<u>\$ 10,519,184</u>	<u>\$ 14,340,724</u>	<u>\$ -</u>	<u>\$ 46,915,793</u>	<u>\$ 268,354,318</u>

City of Springdale, Arkansas
Reconciliation of the Balance Sheet of
Government Funds to the Statement of Net Position
December 31, 2023

Total fund balances – governmental funds \$ 226,367,124

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

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

Land	\$	60,130,723	
Easements		48,168,147	
Land improvements and infrastructure		379,767,891	
Buildings and improvements		143,975,388	
Machinery and equipment		64,130,640	
Intangibles		1,913,793	
Less accumulated depreciation		<u>(257,853,846)</u>	
		440,232,736	
Construction in progress		<u>46,035,829</u>	486,268,565

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end and are not considered available. On the accrual basis, those revenues are recognized regardless of when they are collected. 9,179,235

An internal service fund is used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position. 1,254,102

Some long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Revenue bonds payable, net		310,081,691	
Accrued interest payable		5,774,541	
Compensated absences		3,749,915	
OPEB liabilities		6,294,001	
Net pension liabilities		<u>57,504,506</u>	(383,404,654)

Deferred inflows and outflows of resources related to pensions, OPEB, and gain (loss) on bond refunding are not reported in the governmental funds but will be recognized in pension expense on a long-term basis and therefore, are reported in the statement of net position.

Deferred inflows of resources related to pensions		(4,714,033)	
Deferred outflows of resources related to pensions		23,982,073	
Deferred inflows of resources related to OPEB		(1,481,844)	
Deferred outflows of resources related to OPEB		847,034	
Deferred inflows of resources related to bond refunding		<u>(3,929,686)</u>	14,703,544

Net position of governmental funds \$ 354,367,916

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City of Springdale, Arkansas
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2023

	General	Street Fund	American Rescue Plan Fund	2023 Series Street Improvement Fund
Revenues				
Taxes	\$ 58,750,530	\$ 1,403,185	\$ -	\$ -
Fees and permits	1,331,434	41,971	-	-
Intergovernmental	7,305,570	8,168,859	3,770,532	-
Other grants and contributions	2,779,593	-	-	-
Charges for goods and services	4,333,891	30,591	-	-
Other charges for goods and services	-	14,923	-	-
Fines and forfeitures	818,216	-	-	-
Investment earnings (loss)	2,610,799	235,886	356,218	1,728,926
Miscellaneous	607,855	4,581	-	-
Total revenues	<u>78,537,888</u>	<u>9,899,996</u>	<u>4,126,750</u>	<u>1,728,926</u>
Expenditures				
Current				
General government	6,807,804	-	3,320,121	-
Community development	2,115,452	-	-	-
Culture and recreation	7,031,170	-	-	-
Economic development	-	-	-	-
Public safety	44,000,963	-	450,411	-
Public works	-	6,328,830	-	-
Capital expenditures	19,897,458	5,114,734	-	654,755
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	-	-	-	532,753
Agent fees	-	-	-	-
Total expenditures	<u>79,852,847</u>	<u>11,443,564</u>	<u>3,770,532</u>	<u>1,187,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,314,959)</u>	<u>(1,543,568)</u>	<u>356,218</u>	<u>541,418</u>
Other Financing Sources (Uses)				
Transfers in	45,333	1,009,558	-	384,846
Transfers out	(4,549,038)	-	-	-
Proceeds from issuance of bonds	-	-	-	107,580,912
Discount on bonds sold	-	-	-	(1,647,786)
Payment to refunded bonds escrow agent	-	-	-	-
Contributed capital	25,259	-	-	-
Proceeds from sale of capital assets	83,482	40,048	-	-
Insurance recoveries	181,587	93,243	-	-
Total other financing sources (uses)	<u>(4,213,377)</u>	<u>1,142,849</u>	<u>-</u>	<u>106,317,972</u>
Net Change in Fund Balances	(5,528,336)	(400,719)	356,218	106,859,390
Fund Balances, Beginning of Year	<u>49,884,004</u>	<u>9,794,276</u>	<u>80,072</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 44,355,668</u>	<u>\$ 9,393,557</u>	<u>\$ 436,290</u>	<u>\$ 106,859,390</u>

2018 Bonds Street Improvement Construction Fund	2023 Bonds Debt Service Fund	2018 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 14,272,792	\$ 9,748,919	\$ 2,364,318	\$ 86,539,744
-	-	-	24,608	1,398,013
3,239,331	-	-	2,899,051	25,383,343
-	-	-	1,349,756	4,129,349
-	-	-	3,498,147	7,862,629
-	-	-	-	14,923
-	-	-	2,733,136	3,551,352
921,320	61,825	269,420	1,292,448	7,476,842
-	-	-	167,366	779,802
<u>4,160,651</u>	<u>14,334,617</u>	<u>10,018,339</u>	<u>14,328,830</u>	<u>137,135,997</u>
-	-	-	4,434,835	14,562,760
-	-	-	1,138,351	3,253,803
-	-	-	3,170,100	10,201,270
-	-	-	527,756	527,756
-	-	-	-	44,451,374
-	-	-	-	6,328,830
17,641,729	-	-	10,709,231	54,017,907
-	-	12,305,000	-	12,305,000
-	-	3,153,449	449,004	3,602,453
-	839,650	3,000	189,896	1,565,299
-	4,750	5,607	2,500	12,857
<u>17,641,729</u>	<u>844,400</u>	<u>15,467,056</u>	<u>20,621,673</u>	<u>150,829,309</u>
<u>(13,481,078)</u>	<u>13,490,217</u>	<u>(5,448,717)</u>	<u>(6,292,843)</u>	<u>(13,693,312)</u>
-	10,857	-	1,589,480	3,040,074
-	(384,846)	(10,857)	(45,333)	(4,990,074)
-	169,553,607	-	37,770,481	314,905,000
-	(2,597,003)	-	(578,520)	(4,823,309)
-	(165,732,108)	(10,002,665)	(2,587,008)	(178,321,781)
-	-	-	-	25,259
-	-	-	-	123,530
-	-	-	-	274,830
-	<u>850,507</u>	<u>(10,013,522)</u>	<u>36,149,100</u>	<u>130,233,529</u>
(13,481,078)	14,340,724	(15,462,239)	29,856,257	116,540,217
<u>22,161,184</u>	<u>-</u>	<u>15,462,239</u>	<u>12,445,132</u>	<u>109,826,907</u>
<u>\$ 8,680,106</u>	<u>\$ 14,340,724</u>	<u>\$ -</u>	<u>\$ 42,301,389</u>	<u>\$ 226,367,124</u>

City of Springdale, Arkansas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2023

Net change in fund balances – total governmental funds \$ 116,540,217

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

Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which depreciation exceeds capital outlay in the current period are as follows:

Capital outlay	\$ 54,017,907	
Loss on disposal of capital assets	(423,353)	
Depreciation expense	<u>(20,480,465)</u>	33,114,089

An internal service fund is used by management to charge the costs of employee health care to individual funds. The net (revenue) expense of certain activities of the internal service fund is reported with governmental activities. 1,254,102

Revenues that do not provide current financial resources, such as ad valorem taxes and an unconditional remainder interest in trust, are not reported as revenues for the funds but are reported as revenues in the statement of activities. This is the change in the amount of deferred ad valorem taxes reported in the governmental fund statements. 1,008,980

Deferred inflows/outflows of resources related to the net pension and OPEB liabilities and other deferred inflows/outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds statements. This is the amount by which the deferred inflows/outflows of resources changed during the current year. 24,571,357

The net change in compensated absences, other postemployment benefits (“OPEB”) liabilities, net pension liabilities, and accrued interest payable, required current financial resources (expenditure in the fund financial statements) but are not reported as expenses in the statement of activities. (30,753,666)

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Below are the details of the differences in the treatment of long-term debt and related items.

Issuance of refunding bonds	(314,905,000)	
Payment to escrow agent related to principal	177,170,000	
Principal payments	12,305,000	
Changes in deferred inflow on bond refunding	(3,183,439)	
Amortization of discount on long-term debt	4,823,309	
Premium on long-term debt issued	<u>4,833,179</u>	<u>(118,956,951)</u>
Changes in net position of governmental activities		<u>\$ 26,778,128</u>

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City of Springdale, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2023

	Enterprise Funds			Governmental Activities – Internal Service Funds
	Municipal Airport Fund	Other Nonmajor Enterprise Funds	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 400,109	\$ 400,109	\$ 1,254,102
Investments	-	85,362	85,362	-
Accounts receivable, net	21,351	46,890	68,241	-
Accrued interest	-	242	242	-
Other assets	224	-	224	-
Total current assets	21,575	532,603	554,178	1,254,102
Noncurrent assets				
Capital Assets				
Land	3,297,658	-	3,297,658	-
Improvements other than buildings	8,991,584	-	8,991,584	-
Buildings and system	4,291,294	-	4,291,294	-
Machinery and equipment	1,092,761	280,774	1,373,535	-
Construction in progress	5,263,643	-	5,263,643	-
Less accumulated depreciation	(9,893,509)	(191,453)	(10,084,962)	-
Total capital assets, net of accumulated depreciation	13,043,431	89,321	13,132,752	-
Total noncurrent assets	13,043,431	89,321	13,132,752	-
Total assets	13,065,006	621,924	13,686,930	1,254,102
Deferred Outflows of Resources				
Other postemployment benefits	1,292	3,114	4,406	-
Total Deferred Outflows of Resources	1,292	3,114	4,406	-
Liabilities				
Current liabilities				
Accounts payable	\$ 57,314	\$ 7,201	\$ 64,515	\$ -
Salaries payable	4,042	1,907	5,949	-
Due to other funds	318,043	-	318,043	-
Unearned revenue	9,535	-	9,535	-
Total current liabilities	388,934	9,108	398,042	-
Noncurrent liabilities				
Due within one year	374	331	705	-
Due in more than one year	21,353	24,721	46,074	-
Total noncurrent liabilities	21,727	25,052	46,779	-
Total liabilities	410,661	34,160	444,821	-
Deferred Inflows of Resources				
Other postemployment benefits	2,261	5,448	7,709	-
Total Deferred Inflows of Resources	2,261	5,448	7,709	-
Net Position				
Net investment in capital assets	17,103,268	89,321	17,192,589	-
Unrestricted	(4,449,892)	496,109	(3,953,783)	1,254,102
Total net position	\$ 12,653,376	\$ 585,430	\$ 13,238,806	\$ 1,254,102

City of Springdale, Arkansas
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Municipal Airport Fund	Other Nonmajor Enterprise Funds	Total	
Operating Revenues				
Charges for services				
Fuel flowage fees	\$ 60,315	\$ -	\$ 60,315	\$ -
Other service fees	18,530	179,819	198,349	-
Rental fees	419,255	-	419,255	-
Other revenue	-	3,133	3,133	-
Total operating revenues	<u>498,100</u>	<u>182,952</u>	<u>681,052</u>	<u>-</u>
Operating Expenses				
Personnel	97,997	124,100	222,097	-
Maintenance	188,273	183	188,456	-
Supplies	50,346	24,044	74,390	-
Other operating expenses	134,238	5,293	139,531	-
Depreciation	443,647	16,240	459,887	-
Total operating expenses	<u>914,501</u>	<u>169,860</u>	<u>1,084,361</u>	<u>-</u>
Operating Income (Loss)	<u>(416,401)</u>	<u>13,092</u>	<u>(403,309)</u>	<u>-</u>
Nonoperating Revenues (Expenses)				
Sales taxes	100,323	-	100,323	-
Investment earnings (loss)	-	9,939	9,939	4,102
Insurance recoveries	39,290	-	39,290	-
Total nonoperating revenues (expenses)	<u>139,613</u>	<u>9,939</u>	<u>149,552</u>	<u>4,102</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(276,788)</u>	<u>23,031</u>	<u>(253,757)</u>	<u>4,102</u>
Capital grants and contributions	599,574	-	599,574	-
Capital transfers in	700,000	-	700,000	-
Transfers in	-	-	-	1,250,000
Change in Net Position	<u>1,022,786</u>	<u>23,031</u>	<u>1,045,817</u>	<u>1,254,102</u>
Net Position, Beginning of Year	<u>11,630,590</u>	<u>562,399</u>	<u>12,192,989</u>	<u>-</u>
Net Position, End of Year	<u>\$ 12,653,376</u>	<u>\$ 585,430</u>	<u>\$ 13,238,806</u>	<u>\$ 1,254,102</u>

City of Springdale, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2023

	Enterprise Funds			Internal Service Funds
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 486,085	\$ 181,338	\$ 667,423	\$ –
Payments to suppliers	(1,279,327)	(26,486)	(1,305,813)	–
Payments to employees	(92,776)	(117,213)	(209,989)	–
Net cash provided by (used in) operating activities	<u>(886,018)</u>	<u>37,639</u>	<u>(848,379)</u>	<u>–</u>
Cash Flows From Noncapital Financing Activities				
Transfer from other funds	–	–	–	1,250,000
Sales taxes	92,341	–	92,341	–
Net cash provided by noncapital financing activities	<u>92,341</u>	<u>–</u>	<u>92,341</u>	<u>1,250,000</u>
Cash Flows From Capital and Related Financing Activities				
Insurance recoveries	39,290	–	39,290	–
Capital grant receipts	2,582,422	–	2,582,422	–
Capital transfer from other funds	700,000	–	–	–
Receipt (payment) of interfund balances	(1,041,600)	–	(1,041,600)	–
Purchases of capital assets	(1,486,435)	–	(1,486,435)	–
Net cash provided by capital and related financing activities	<u>793,677</u>	<u>–</u>	<u>93,677</u>	<u>–</u>
Cash Flows From Investing Activities				
Interest received	–	5,466	5,466	4,102
Net cash provided by investing activities	<u>–</u>	<u>5,466</u>	<u>5,466</u>	<u>4,102</u>
Net Increase in Cash and Cash Equivalents	–	43,105	43,105	1,254,102
Cash and Cash Equivalents, January 1,	–	357,004	357,004	–
Cash and Cash Equivalents, December 31,	<u>\$ –</u>	<u>\$ 400,109</u>	<u>\$ 400,109</u>	<u>\$ 1,254,102</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used in) operating activities				
Operating income (loss)	<u>\$ (416,401)</u>	<u>\$ 13,092</u>	<u>\$ (403,309)</u>	<u>\$ –</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	443,647	16,240	459,887	–
(Increase) decrease in accounts receivable	(7,908)	(1,614)	(9,522)	–
Increase in other assets	(183)	85	(98)	–
Increase in deferred outflows of resources	(366)	(1,521)	(1,887)	–
Increase (decrease) in accounts payable	(906,287)	(1,247)	(907,534)	–
Increase (decrease) in salaries payable	563	–	563	–
Increase (decrease) in compensated absences	2,450	–	2,450	–
Increase in deferred inflows of resources	(1,018)	(194)	(1,212)	–
Increase in OPEB liability	3,592	12,798	16,390	–
Decrease in deferred revenue	(4,107)	–	(4,107)	–
	<u>(469,617)</u>	<u>24,547</u>	<u>(445,070)</u>	<u>–</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (886,018)</u>	<u>\$ 37,639</u>	<u>\$ (848,379)</u>	<u>\$ –</u>
Noncash activities				
Change in fair value of investments	\$ –	\$ (4,473)	\$ (4,473)	\$ –

City of Springdale, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2023

	Pension Trust Funds	Police Evidence Funds – Custodial Fund
Assets		
Cash and cash equivalents	\$ 422,783	\$ 109,180
Investments	17,577,730	-
Accounts receivable, net	1,639,756	-
Due from other funds	8,036	-
Total assets	19,648,305	109,180
Liabilities		
Accrued liabilities	263	-
Due to other funds	-	367
Total liabilities	263	367
Net Position		
Restricted for:		
Pensions	19,648,042	108,813
Total net position	\$ 19,648,042	\$ 108,813

City of Springdale, Arkansas
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended December 31, 2023

	Pension Trust Funds	Police Evidence Funds – Custodial Fund
Additions		
Contributions		
Taxes	\$ 1,666,980	\$ -
State insurance turnback	170,476	-
Fines and court costs	109,477	-
Seized funds	-	28,414
Total contributions	1,946,933	28,414
Investment Income		
Investment income	413,996	149
Net increase in fair value of investments	2,334,432	-
Total investment income	2,748,428	149
Less investment expenses	(128,029)	-
Net investment income	2,620,399	149
Total Additions	4,567,332	28,563
Deductions		
Benefits payments	2,559,702	-
Distributions to other governments	-	365
Miscellaneous	982	-
Total Deductions	2,560,684	365
Change in Fiduciary Net Position	2,006,648	28,198
Net Position, Beginning of Year	17,641,394	80,615
Net Position, End of Year	\$ 19,648,042	\$ 108,813

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City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Springdale, Arkansas (City) was incorporated April 1, 1878 and is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police, fire, animal control, code enforcement, and building inspection), streets, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services, bulky waste disposal, and water and waste water services. Citizens elect the Mayor and eight City Council members at large; however, the City Council members must reside in the ward they represent. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. To be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's Firemen's Relief and Pension Fund and Policemen's Pension and Relief Fund are reported as fiduciary component units as fiduciary funds in the fiduciary funds statements. The other retirement plans are maintained by the Arkansas Local Police and Fire Retirement System (LOPFI) and the Arkansas Public Employees' Retirement System (APERS) and are properly excluded from the financial statements.

The City's primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under these criteria, the following are included in the primary government reporting entity:

Blended Component Units – Governmental

The Springdale Public Library Board Foundation (Foundation) is a tax-exempt organization whose purpose is to support the Springdale Public Library (Library) and to support the Library's effort to serve the residents of the City and surrounding area in providing access to materials and information. The members of the Board of Directors are those persons who are Trustees of the Springdale Public Library. The trustees are appointed by the Mayor and approved by the City Council. Separate financial statements are not prepared for the Foundation.

The City of Springdale Public Facilities Board (PFB) is governed by a five-member board whose members are nominated by a majority of the board, appointed by the Mayor, and confirmed by the City Council. The PFB is responsible for managing the City's minor league baseball park, as well as other duties that benefit the City. Separate financial statements are not prepared for the PFB.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

Discretely Presented Component Unit – Business-Type

City of Springdale, Arkansas Water and Sewer Commission (Commission) is governed by a five-member Board of Commissioners, appointed by the remainder of the Water and Sewer Commissioners, and approved by the City Council. The Commission receives no financial benefit from the City; however, the City has the power to impose its will on the Commission. Rate changes and debt issuance must be approved by the City Council. The Commission provides commercial and residential water services, as well as wastewater treatment services, that primarily benefit the residents of Springdale. The fiscal year-end of the Commission is September 30; therefore, all amounts reported in the financial statements are as of and for the year ended September 30, 2023. Financial statements of the Commission can be obtained from the Commission's administrative office located at 526 Oak Avenue, Springdale, Arkansas 72764.

Related Organizations

The City's Mayor and Council are also responsible for appointing members of the boards or commissions of other organizations, but the City's accountability for those organizations does not extend beyond making the appointments. These related organizations are as follows: the Housing Authority of the City of Springdale and the Shiloh Historic District Planning Commission.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows.

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. These statements distinguish between governmental activities, which are generally financed through taxes, intergovernmental revenues and other nonexchange transactions, and business-type activities, which are financed in whole or part by fees charged to external parties.

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund type—governmental, proprietary and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government except for those required to be accounted for in another fund.

The *Street Fund* is a special revenue fund which accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance, repair of streets, drainage systems, and traffic control systems as well as street lighting, landscaping, and maintenance and construction of trails.

The *American Rescue Plan Fund* is a special revenue fund which accounts for grant funds received under the *American Rescue Plan Act*. These monies are expended to satisfy purposes as outlined by the federal program.

The *2018 Bonds Street Improvements Construction Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Refunding and Improvements Bonds, Series 2018, utilized for major construction, renovation, expansion and improvement of the City's streets (*see also Note 5*).

The *2018 Series Bonds Debt Service Fund* accounts for resources from one-half of the City's two percent (2%) local sales and use tax and payments made for long-term debt principal, interest, and related costs of governmental funds debt (*see also Note 5*).

The *2023 Series Street Improvement Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Refunding and Improvements Bonds, Series 2023, utilized for major construction, renovation, expansion, and improvement of the City's streets (*see also Note 5*).

The *2023 Series Bonds Debt Service Fund* accounts for resources from a one percent (1%) local sales and use tax and payments made for long-term debt principal, interest, and related costs of governmental funds debt (*see also Note 5*).

The City reports the following major proprietary fund:

The *Municipal Airport Fund* is an enterprise fund which accounts for the operations and maintenance of the City's municipal airport.

Additionally, the City reports the following fund types:

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes. The City's nonmajor special revenue funds are the Springdale Public Library, Shiloh Museum Board Fund, Advertising and Promotion Fund, District Court Costs Fund, Arvest Ball Park Fund, Springdale Public Library Foundation (Foundation), Community Development Block Grant (CDBG) Fund, and District Court Fund.

Capital Projects Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment, other than those financed by enterprise funds. The City's nonmajor capital projects funds are the Public Facilities Board Fund, 2018 Bonds Fire Department Improvements Construction Fund, 2018 Bonds Animal Shelter Improvements Construction Fund, 2018 Criminal Justice & Admin Complex Construction Fund, 2023 Series Senior Center Fund, 2023 Series Parks, and 2023 Series Fire Fund.

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Debt Service Funds – The debt service funds are used to account for resources from local sales and use tax for payments for long-term debt principal, interest, and related costs of governmental funds debt (*see also Note 5*).

Permanent Trust Fund – Accounts for assets held in trust for the operation and maintenance of Bluff Cemetery (Cemetery). The City must act in accordance with the terms of specific bequests made to the Cemetery.

Enterprise Funds – Accounts for the Sanitation Fund and the City Attorney Restitution Fund whose operations are financed primarily through user charges.

Internal Service Fund – Accounts for the employee health insurance provided to departments of the City.

Pension Trust Funds – Accounts for assets held in trust for the Firemen’s Relief and Pension Fund (Firemen’s Fund) and the Policemen’s Pension and Relief Fund (Policemen’s Fund). Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Custodial Fund – Accounts for activities associated with collecting and disbursing monies seized as evidence for the Police Department.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Funds

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

Proprietary fund operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives or gives value without directly giving or receiving equal value in exchange, include taxes, fines, and forfeitures; grants, entitlements, and similar items; and contributions. Recognition standards are based upon the characteristics and classes of nonexchange transactions.

Property taxes are recognized as revenues in the year for which they are levied. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and contributions are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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Government Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City generally considers revenues reported in the governmental funds to be available if they are collected within sixty (60) days after year-end.

Principal revenue sources considered susceptible to accrual include property (ad valorem) taxes, sales taxes, utility franchise fees, grant revenues, and investment earnings. Other revenues, such as fines and forfeitures, are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the related fund liability is incurred as under the accrual basis of accounting, except for principal and interest on long-term debt, claims and judgments, pension and OPEB expenditures, and compensated absences, which are recognized as expenditures only when payment is due.

Budgets and Budgetary Accounting

Annual budgets are prepared on a basis consistent with generally accepted accounting principles, except for the City's proprietary funds. Proprietary fund budgets differ from GAAP in that capital acquisitions are recorded as expenditures as opposed to assets, and depreciation expense is not budgeted. The budgets are used as a management control device during the year for the following funds: General Fund, Street Fund, Springdale Public Library, District Court Costs Fund, Arvest Ballpark Fund, Municipal Airport Fund, Sanitation Fund, and the Bluff Cemetery Fund. Budgets are also adopted by the City Council for specific capital projects, which are carried forward until completed. All annual appropriations lapse at year-end.

All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budgets and the final amended budgets (which have been adjusted for legally authorized revisions during the year). During the year ended December 31, 2023, the City Council adopted several supplemental appropriations.

Cash and Cash Equivalents

Cash includes demand deposits, savings accounts, and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account. For reporting purposes both the City and the Commission consider all investments with original maturities of ninety (90) days or less at the date of purchase as cash equivalents.

Investments and Investment Income

Certificates of deposit and money market investments that mature within one year of the date of acquisition are recorded at amortized cost, which approximates fair value. All other investments are recorded at fair value with the resulting gains and losses recognized in the current period. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted

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accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs.

The Shiloh Museum Board Fund has invested funds with the Arkansas Community Foundation, Inc. (ARCF), which pools funds from many nonprofit organizations together in order to maximize the returns on investments. ARCF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, which consists of the three input levels noted above. The current fair value of the pooled investments, along with investment income and realized losses, are allocated to the participants in the pool based on their ownership interest.

The Commission’s investments consist of liquid money market funds and certificates of deposit with original maturities greater than 90 days. Certificates of deposit are recorded at amortized cost.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made.

Inventories

Inventories consist of various fittings, couplings, pipe, etc., used in the customary operations of the Commission. All inventories are stated at cost, which is determined on the historical average basis.

General government fund inventories are accounted for on the purchase method.

Prepays

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds.

Accounts Receivable

For the primary government, ambulance fees, property tax receivables, and airport hangar rent are shown net of an allowance for doubtful accounts. The Commission estimates most accounts receivable balances at September 30, 2023 to be materially collectible; therefore, no allowance has been recorded for doubtful accounts.

Restricted Assets

Certain assets are classified as restricted on the statement of net position because their use is subject to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

The balance of the restricted assets accounts in the Primary Government as of December 31, 2023, is as follows:

Cash and cash equivalents	\$	3,521,974
Investments		167,206,942
Interest receivable		50,337
Intergovernmental receivables		4,179,152
 Total restricted assets – governmental activities	 \$	 <u>174,958,405</u>

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The Commission has funds maintained in separate bank accounts to comply with debt instrument requirements, which are restricted for use for maintenance activities and payments of principal and interest. Also, the Commission has designated certain funds to be maintained for construction activity and water meter deposits.

The balance of the Commission’s restricted assets as of September 30, 2023 is as follows:

Investments – certificates of deposit – meter deposits	\$	2,868,095
Series 2022A Construction Fund		17,976,681
Series 2022A Debt Service Fund		718,552
ANRC Depreciation Fund		313,223
Cash – Lowell sewer expansion fund		203,822
Cash – Lowell sewer bond fund		<u>256,121</u>
 Total restricted assets – component unit	 \$	 <u><u>22,336,494</u></u>

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets acquired or constructed since 1980, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. Infrastructure capital assets contributed to the City and Commission by developers are recorded at acquisition values based upon the cost to construct by the developers (Level 3 input). Land donated to the City is recorded at acquisition values based upon the county assessor values (Level 2 input).

Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of five years. Exceptions are for infrastructure assets, which are defined as having a constructed cost of greater than \$25,000. Major outlays for capital assets and improvements are capitalized when completed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. For the Commission, assets with a cost greater than \$1,000 are capitalized.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset. Capital assets are depreciated using the straight-line method over their estimated useful lives. Ranges of estimated useful lives are as follows:

Capital Assets	Years
Land improvements	10–30
Buildings	20–40
Building improvements	7–30
Infrastructure	
Streets and bridges	15–50
Drainage	50
Water system	40
Meters and meter equipment	17
Sewer system and plant	20–50
Vehicles	5–20
Machinery and equipment	5–12

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Collections

Collections of historical artifacts and treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement of capitalization is waived for collections that meet certain criteria. The City's Shiloh Museum of Ozark History (Museum) has collections of historical artifacts and photographs that are not capitalized as they meet all of the waiver requirements, which are: (1) the collections are held solely for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) the collections are protected, kept unencumbered, cared for, and preserved; and (3) should any collection items be sold, the proceeds are to be used only to acquire other items for collections. The Museum has six buildings of historical significance which have been capitalized but are not being depreciated, as these buildings are part of the Museum's exhibits and are therefore being cared for and preserved. The Museum also has one building of historical significance, the Shiloh Meeting Hall, which is being depreciated as it is available for rent by the public.

Compensated Absences

The City allows employees to accumulate earned but unused vacation and sick leave. Upon termination, any accumulated unused vacation will be paid to the employees. Accumulated but unused sick leave is paid to employees upon retirement, up to a maximum of 60 days, provided that the payment does not exceed three months' salary.

For the Primary Government, compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund. The Commission accrues a liability for compensated absences as incurred which is then liquidated by the Commission as amounts are used.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. In governmental funds, long-term liabilities are only recorded to the extent that they are due and payable. Bond premiums and discounts are deferred and amortized over the life of the related debt using the effective interest method. For the City's component unit, the straight-line method is used. Long-term debt is reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize debt discounts and premium, as well as debt issuance costs, during the current period. The face amount of the debt issued, discounts given, and premiums received are reported as other financing sources (uses). Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

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Deferred Outflows/Inflows of Resources

Primary Government

In addition to assets, the statement of net position and statement of fund net position include separate sections for deferred outflows of resources, which represent a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The City has deferred outflows related to pension and OPEB plans, consisting of the amount of contributions made to the pension plans after the measurement date, the difference between the expected and actual experience related to pensions, and the difference in investment experience between actual earnings and projected earnings on pension plan investments, changes in assumptions and changes in proportion allocated to funds for pension plans. Deferred outflows related to contributions made to the pension plan after the measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense and OPEB expense over future periods (*see Notes 7 and 9*).

In addition to liabilities, the statement of net position and the balance sheet – governmental funds report a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred inflow for the gain on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or new debt. In addition, the City has two types of items reported as deferred inflows of resources, unavailable revenues and deferred inflows related to pensions and OPEB. Deferred inflows for pensions and OPEB consists of the difference between the expected and actual experience related to the pension and OPEB plans, changes in proportion allocated to funds for pensions, as well as the difference in assumption changes. These amounts are amortized over future periods to pension and OPEB expense (*see Notes 7 and 9*). Unavailable revenue, which also qualifies for reporting in this category, arises under the modified accrual basis of accounting. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Component Unit

The Commission has one item that qualifies for reporting as a deferred outflow of resources. The item is related to the OPEB Plan and is comprised of the differences between expected and actual experience of the total OPEB liability and changes of assumptions. These amounts will be amortized to OPEB expense over future periods. The Commission has one item that qualifies for reporting as a deferred inflow of resources. The item is related to the OPEB Plan and is comprised of the differences between expected and actual experience and changes of assumptions. These amounts will be amortized to OPEB expense over future periods.

Net Position/Fund Balance

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund statements. Net position is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of these assets. Restricted net position is the amount that is restricted for a particular purpose by creditors, grantors, or contributors external to the City or by laws or regulations of other governments or are imposed by law through constitutional provisions or enabling

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legislation. Included in this category are assets restricted for capital expenditures, net of related debt, and amounts deposited with bond trustees as required by bond indentures. At December 31, 2023, restricted net position of \$944,355 was restricted by enabling legislation. Unrestricted net position is the net position that does not meet the above definitions of “net investment in capital assets” or “restricted net position.”

Governmental fund balances are classified in five components. Nonspendable fund balances are not in a spendable form or are required to remain intact. Restricted fund balances may be spent only for the specific purpose stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, which is the City Council. The City Council can commit fund balance by adoption of a resolution or ordinance. Once adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Mayor or his designee may assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications.

Net Position/Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The City will also sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The City depletes committed amounts first, followed by assigned amounts, then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Deficit Fund Equity

At December 31, 2023, the Community Development Block Grant Fund, District Court Fund, 2018 Series Bond Criminal Justice Admin, and 2018 Animal Shelter Construction Fund, nonmajor funds, have deficit fund balances of \$122,851, \$44,360, \$90,630 and \$22, respectively. The deficits are due to timing of revenues and will be eliminated as revenues are received.

City of Springdale, Arkansas
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Impairment of Capital Assets

The City is required to evaluate prominent events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility is large in magnitude and (b) the event is outside the normal life cycle of the capital asset. Based upon management's assessment, no triggering events or changes in circumstances occurred during 2023.

Pensions

The City provides retirement benefits to substantially all of its employees through four separate defined benefit pension plans (the Plans) and one defined contribution pension plan (*Note 7*).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis of Accounting

The City's financial statements for its defined benefit pension plans reported as pension trust funds (FRPF and PPRF) are prepared using the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices (Level 1 input). The fair value of investments in mutual funds is determined using the fund's current per share price.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB plan. For this purpose, the City recognizes benefit payments when due and payable with the benefit terms.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from these estimates.

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Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City and its component unit's deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral agreements. The Foundation is not required to follow state law regarding collateralization of deposits, and does not have a deposit policy for custodial credit risk.

At December 31, 2023, the City had bank balances of \$52,233,264, of which none were exposed to custodial credit risk. The carrying value of these deposits as of December 31, 2023 was \$55,870,650. Also, at September 30, 2023, the Commission had deposits with a carrying value of \$74,495,612, none of which were exposed to custodial credit risk.

State statutes authorize the City's funds to be deposited in demand deposits, savings, and certificates of deposit in banks located in the state of Arkansas. Certificates of deposit may also be invested in eligible banks located in the United States.

Investments

The City's investment policy states that the City may invest operating and capital improvement funds in instruments and securities authorized by Arkansas state statutes. Permissible investments include U.S. Treasury and agency obligations or other obligations secured by the U.S. Government; obligations issued by the Arkansas State Board of Education; prerefunded municipal bonds; federal funds maturing in less than one year; demand, savings or time deposits of any depository institution chartered in the United States; warrants of political subdivisions of the State of Arkansas; repurchase agreements; money market funds; corporate debt obligations; and revenue bonds of any state, municipality, or political subdivision of the United States.

Funds held by the City's Trustee for the credit of the Construction Funds, Bond Funds, and the Debt Service Reserves are authorized to be invested in U.S. Government securities, time deposits, or certificates of deposit which are insured by the FDIC, or collateralized by securities held by a third party in which the City has a perfected first security interest, and money market funds registered under the *Federal Investment Company Act of 1940* and having a rating by Standard and Poor's of AAA-mG, AAA-m, or AA-m, and, if rated by Moody's Investors Service rated, AAA, AA1, or AA2.

The City's local pension funds are managed by professional investment managers, and are authorized to invest in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, commercial paper, international and corporate stocks, bonds, and mutual funds. Plan asset investments must adhere to Arkansas laws, specifically Arkansas Code 24-11-410, and be made in accordance with the prudent investor rule. Investment objectives are to earn the highest possible rate of return, consistent with prudent levels of risk, and to protect fund assets while insuring systematic and adequate funding of plan distributions and benefits to participants and their beneficiaries.

The City's other trust funds and endowment funds are governed by the prudent investor rule; investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and in general, avoid speculative investments.

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At December 31, 2023, the Primary Government had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 19,968,465	\$ 4,518,746	\$ 14,182,856	\$ 282,173	\$ 984,690
U.S. treasury notes and bonds	4,120,242	3,516,247	97,951	62,161	443,883
State/municipal bonds	685,341	—	543,966	62,785	78,590
Corporate bonds	1,210,801	241,506	419,476	241,981	307,838
Certificates of deposit	3,732,892	3,507,049	225,843	—	—
Money market funds	154,598,868	154,598,868	—	—	—
	184,316,609	<u>\$ 166,382,416</u>	<u>\$ 15,470,092</u>	<u>\$ 649,100</u>	<u>\$ 1,815,001</u>
Corporate stock	14,070,259				
Investment pools	3,093,006				
Other	120,534				
Total Investments	<u>\$ 201,600,408</u>				

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 inputs are unobservable inputs. The City's investments are categorized below:

City Investments	Fair Value	Quoted Prices in	Significant Others	Significant
		Active Markets	Observable Inputs	Unobservable
		Level 1	Level 2	Inputs Level 3
U.S. agencies obligations	\$ 12,832,187	\$ 92,424	\$ 12,739,763	\$ —
U.S. treasury notes	9,499,276	—	9,499,276	—
Municipal bonds	534,290	—	534,290	—
Corporate bonds	<u>173,092</u>	<u>173,092</u>	—	—
Total Debt Securities	<u>\$ 23,038,845</u>	<u>\$ 265,516</u>	<u>\$ 22,773,329</u>	<u>\$ —</u>
Equity securities	\$ 324,474	\$ 324,474	\$ —	\$ —
Alternative investments	\$ 60,216	60,216	—	—
Beneficial interest in ARCF	\$ 3,093,006	\$ —	\$ —	\$ 3,093,006
Pension Investments	Fair Value	Level 1	Level 2	Level 3
U.S. agencies obligations	\$ 1,757,246	\$ 1,757,246	\$ —	\$ —
State and municipal bonds	151,050	151,050	—	—
Corporate bonds	\$ 1,037,709	\$ 1,037,709	\$ —	\$ —
Total Debt Securities	<u>\$ 2,946,005</u>	<u>\$ 2,946,005</u>	<u>\$ —</u>	<u>\$ —</u>
Equity securities	\$ 13,745,785	\$ 13,745,785	\$ —	\$ —
Alternative investments	60,318	—	60,318	—

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policy is to hold all investments to maturity.

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The pension funds investment policies address interest rate risk by managing asset allocation. The Firemen's Fund policy allows for a maximum investment in equities of 50% and the balance in fixed income (including cash equivalents) and other investments. Within the above allocation, the cash and cash equivalents range is from 5% to 25%, fixed income investments range 15% to 75%, equities 25% to 60%, and other investments 0% to 10%. The Policemen's Fund allocation policy is for equities to range from 40% to 65% of total assets, fixed income investments range from 30% to 50%, and cash and cash equivalents range from 0% to 5%.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As described earlier in this section, the City's investment policy follows Arkansas law which limits the types of investments that can be made by the City. The City's investment policy does not allow for investment in derivative products, common stocks, or long-term bonds used for speculation.

The Firemen's Fund policy is that common stock must carry an investment grade of medium or A or better; and fixed income securities must be investment grade or better. The Firemen's Fund held no fixed income investments at December 31, 2023.

The Policemen's Fund policy is for plan assets to be invested in investment grade bonds rated BBB or better; no less than 85% of corporate bonds and commercial paper investments be A rated or higher; and no more than 15% of securities may be invested in corporate bonds with a rating of BAA or less. Fixed income securities totaled \$2,946,004 at year-end. Ratings for corporate bonds held ranged from Aaa to Baa, and government treasuries and agencies were ranked Aaa by Moody's and Standard & Poor's. The Policemen's Fund held \$1,037,709 in corporate bonds at year-end, with \$874,436 ranked A3 to Aaa, or 84% of total corporate bonds. The Policemen's Fund held \$163,273, or 16%, ranked Baa-Baa3. State and municipal bonds held totaled \$151,050, with \$19,704 ranked Aaa, \$94,908 ranked Aa1, \$36,438 ranked Aa2, and \$0 ranked Aa3. U.S. agencies held at year-end totaled \$1,757,246.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investment or collateral securities that are the possession of an outside party. While the City's investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City are in the City's name. Investment managers for the pension trust funds must be a registered investment advisor with the Arkansas Securities Department and/or the Securities and Exchange Commission (SEC).

Concentration of Credit Risk

The City's policy places no limit on the amount that may be invested in any one issuer. The Firemen's Fund's policy limits investment in equities in any one company or affiliated group of companies to no more than 5% of the fund's total assets. No more than 3% may be invested in any one debt issue, excluding U.S. Treasury or U.S. government agency debt securities. The Policemen's Fund's policy is that securities of any one company or government agency should not exceed 15% of the total fund and no more than 30% of the total fund should be invested in any one industry.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Note 3: Receivables

Receivables as of December 31, 2023 for the City’s General Fund, Street Fund, 2018 Bonds Street Improvement Construction Fund, 2018 Bonds Debt Service Fund, 2020 Bonds Debt Service Fund, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>2018 Bonds Street Improvement Construction Fund</u>	<u>2023 Bonds Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables						
Accounts	\$ 1,045,126	\$ 9,892	\$ –	\$ –	\$ 49,615	\$ 1,104,633
Property taxes	9,044,858	1,715,380	–	–	974	10,761,212
Sales taxes	8,333,605	2,644	–	–	–	8,336,249
Franchise taxes	978,320	–	–	–	–	978,320
Grants	63,620	–	–	–	13,848	77,468
Intergovernmental	377,062	1,335,497	–	–	9,319	1,721,878
Interest	148,437	9,785	–	–	42,724	200,946
Restricted receivables						
Sales taxes	–	–	–	4,179,152	–	4,179,152
Interest	–	–	43,879	–	6,458	50,337
Gross receivables	19,991,028	3,073,198	43,879	4,179,152	122,938	27,410,195
Less: Allowance for uncollectibles	(1,171,075)	(104,460)	–	–	–	(1,275,535)
Net total receivables	<u>\$ 18,819,953</u>	<u>\$ 2,968,738</u>	<u>\$ 43,879</u>	<u>\$ 4,179,152</u>	<u>\$ 122,938</u>	<u>\$ 26,134,660</u>

Receivables as of December 31, 2023 for the City’s enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Proprietary Funds</u>	<u>Municipal Airport Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Receivables			
Accounts	\$ 11,892	\$ 46,890	\$ 58,782
Sales taxes	19,849	–	19,849
Interest	–	242	242
Gross receivables	31,741	47,132	78,873
Less: Allowance for uncollectibles	(10,390)	–	(10,390)
Net total receivables	<u>\$ 21,351</u>	<u>\$ 47,132</u>	<u>\$ 68,483</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Receivables as of December 31, 2023 for the City's fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

Fiduciary Funds	Fire Pension Fund	Police Pension Fund	Total Pension Trust Funds
Receivables			
Property taxes	\$ 851,246	\$ 887,464	\$ 1,738,710
Interest	–	21,364	21,364
Gross receivables	851,246	908,828	1,760,074
Less: Allowance for uncollectibles	(60,159)	(60,159)	(120,318)
Net total receivables	<u>\$ 791,087</u>	<u>\$ 848,669</u>	<u>\$ 1,639,756</u>

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023 (September 30 for the Commission) is presented below:

	Balance December 31, 2022	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2023
Governmental Activities				
Capital assets, non-depreciable				
Land	\$ 59,120,691	\$ 1,010,032	\$ –	\$ 60,130,723
Easements	44,677,507	3,490,640	–	48,168,147
Museum buildings	154,201	–	–	154,201
Construction in progress	64,073,055	51,025,815	69,063,041	46,035,829
Total capital assets, non-depreciable	<u>168,025,454</u>	<u>55,526,487</u>	<u>69,063,041</u>	<u>154,488,900</u>
Capital assets, depreciable				
Land improvements	60,521,262	825,923	(41,105)	61,388,290
Infrastructure	274,477,283	43,902,318	–	318,379,601
Buildings and improvements	124,984,670	20,015,530	1,024,813	143,975,387
Machinery and equipment	62,476,746	2,376,624	722,730	64,130,640
Intangibles	1,325,527	434,065	–	1,759,592
Total capital assets, depreciable	<u>523,785,488</u>	<u>67,554,460</u>	<u>1,706,438</u>	<u>589,633,510</u>
Less accumulated depreciation				
Land improvements	16,412,411	1,773,582	421,008	17,764,985
Infrastructure	140,324,251	11,521,441	–	151,845,692
Buildings and improvements	38,965,695	3,563,677	74,732	42,454,640
Machinery and equipment	41,758,701	3,542,245	787,346	44,513,600
Intangibles	1,195,408	79,520	–	1,274,928
Total accumulated depreciation	<u>238,656,466</u>	<u>20,480,465</u>	<u>1,283,086</u>	<u>257,853,845</u>
Total governmental activities, net	<u>\$ 453,154,476</u>	<u>\$ 102,600,482</u>	<u>\$ 69,486,393</u>	<u>\$ 486,268,565</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

<u>Business-type Activities</u>	Balance December 31, 2022	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2023
Capital assets, non-depreciable				
Land	\$ 3,297,658	\$ —	\$ —	\$ 3,297,658
Construction in progress	4,535,983	1,548,371	820,711	5,263,643
Total capital assets, non-depreciable	<u>7,833,641</u>	<u>1,548,371</u>	<u>820,711</u>	<u>8,561,301</u>
Capital assets, depreciable				
Land improvements	8,991,584	—	—	8,991,584
Buildings and improvements	3,550,668	752,596	11,970	4,291,294
Machinery and equipment	1,367,356	6,179	—	1,373,535
Total capital assets, depreciable	<u>13,909,608</u>	<u>758,775</u>	<u>11,970</u>	<u>14,656,413</u>
Less accumulated depreciation				
Land improvements	6,213,902	227,568	—	6,441,470
Buildings and improvements	2,542,259	164,070	11,970	2,694,359
Machinery and equipment	880,884	68,249	—	949,133
Total accumulated depreciation	<u>9,637,045</u>	<u>459,887</u>	<u>11,970</u>	<u>10,084,962</u>
Total business-type activities, net	<u>\$ 12,106,204</u>	<u>\$ 1,847,259</u>	<u>\$ 820,711</u>	<u>\$ 13,132,752</u>

<u>Business-type Activities</u>	Balance September 30, 2022	Additions and Transfers, Net	Retirements and Transfers, Net	Balance September 30, 2023
<u>Component Unit</u>				
Capital assets, non-depreciable				
Land	\$ 3,348,889	\$ —	\$ —	\$ 3,348,889
Easements	5,333,167	6,950	6,235	5,346,352
Construction in progress	14,027,654	34,377,959	(706,578)	47,699,035
Total capital assets, non-depreciable	<u>22,709,710</u>	<u>34,384,909</u>	<u>(700,343)</u>	<u>56,394,276</u>
Capital assets, depreciable				
Buildings and improvements	6,244,802	—	—	6,244,802
Water and sewer systems	388,589,839	16,121,991	659,740	405,371,570
Machinery and equipment	26,827,941	286,763	4,159	27,118,863
Total capital assets, depreciable	<u>421,662,582</u>	<u>16,408,754</u>	<u>663,899</u>	<u>438,735,235</u>
Less accumulated depreciation				
Buildings and improvements	4,764,640	194,863	—	4,959,503
Water and sewer systems	169,857,619	9,398,267	—	179,255,886
Machinery and equipment	6,194,428	448,772	(36,444)	6,606,756
Total accumulated depreciation	<u>180,816,687</u>	<u>10,041,902</u>	<u>(36,444)</u>	<u>190,822,145</u>
Total component unit activities, net	<u>\$ 263,555,605</u>	<u>\$ 40,751,761</u>	<u>\$ —</u>	<u>\$ 304,307,366</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Depreciation expense was charged to functions/programs of the primary government and its component unit as follows:

Governmental Activities

General government		
Administration	\$	629,160
Information technology		30,487
District Court		23,495
Community Development		
Community development and housing		2,730
Culture and recreation		
Parks and recreation		4,466,554
Senior centers		30,486
Public Library		116,370
Shiloh Museum		97,885
Public Safety		
Animal services		95,710
Building inspection		7,756
Community engagement		8,876
Fire		1,536,558
Police		1,406,358
Public Works		12,028,040
Total governmental activities		<u>20,480,465</u>

Business-type Activities

Municipal airport		443,647
Sanitation		16,240
Total business-type activities		<u>459,887</u>

Total depreciation expenses – primary government \$ 20,940,352

Component Unit

City of Springdale, Arkansas Water and Sewer Commission	\$	<u>10,041,902</u>
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The City has active construction projects as of December 31, 2023. Total outstanding commitments under authorized contracts for capital projects of governmental funds are as follows:

<u>Primary Government</u>	Expenditures Incurred to December 31, 2023	Remaining Commitments at December 31, 2023
Governmental activities		
Capital Projects		
Streets and drainage projects	\$ 34,589,887	\$ 12,526,656
Parks and recreation project	<u>6,298,818</u>	<u>6,069,335</u>
Total commitments – primary government	<u>\$ 40,888,705</u>	<u>\$ 18,595,991</u>

These commitments will be funded through City sales and use taxes, proceeds from the sales of the 2023 Series Bonds, and intergovernmental participations.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Business-type Component Unit

At September 30, 2023, the Commission had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$26,218,628 remained open on the construction and improvement contracts still in progress at September 30, 2023.

Note 5: Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2023 for the primary government were as follows:

<u>Governmental Activities</u>	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 189,475,000	\$ 314,905,000	\$ 189,475,000	\$ 314,905,000	\$ 4,990,000
Add issuance premium	4,833,179	-	4,833,179	-	-
Subtract bond discount	-	(4,823,309)	-	(4,823,309)	-
Bonds payable, net	<u>194,308,179</u>	<u>310,081,691</u>	<u>194,308,179</u>	<u>310,081,691</u>	<u>4,990,000</u>
Compensated absences	3,360,736	389,179	-	3,749,915	75,164
OPEB liabilities	4,272,518	2,021,483	-	6,294,001	90,179
Net pension liabilities	33,216,020	24,288,486	-	57,504,506	-
Total other long-term liabilities	<u>40,849,274</u>	<u>26,699,148</u>	<u>-</u>	<u>67,548,422</u>	<u>165,343</u>
Total	<u>\$ 235,157,453</u>	<u>\$ 336,780,839</u>	<u>\$ 194,308,179</u>	<u>\$ 377,630,113</u>	<u>\$ 5,155,343</u>

<u>Business-type Activities</u>	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023	Due Within One Year
Compensated absences	\$ 13,548	\$ 488	\$ -	\$ 14,036	\$ 236
OPEB liabilities	16,353	16,390	-	32,743	469
Total other long-term liabilities	<u>\$ 29,901</u>	<u>\$ 16,878</u>	<u>\$ -</u>	<u>\$ 46,779</u>	<u>\$ 705</u>

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

Changes in long-term liabilities for the year ended September 30, 2023 for the City's discretely presented component unit were as follows:

<u>Component Unit</u>	<u>Balance September 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2023</u>	<u>Due Within One Year</u>
<u>Water and Sewer Commission</u>					
Bonds payable					
Revenue bonds, Series 2006	\$ 1,155,000	\$ -	\$ 275,000	\$ 880,000	\$ 285,000
Revenue bonds, Series 2022A	43,080,000	-	1,650,000	41,430,000	2,195,000
Revenue bonds, Series 2022B	11,250	773,837	-	785,087	-
Bond premium	2,428,978	-	81,191	2,347,787	-
	<u>46,675,228</u>	<u>773,837</u>	<u>2,006,191</u>	<u>45,442,874</u>	<u>2,480,000</u>
Compensated absences	1,305,620	980,177	908,040	1,377,757	735,113
OPEB liabilities	248,615	30,548	41,961	237,202	-
Customer deposits	<u>2,762,258</u>	<u>81,628</u>	<u>-</u>	<u>2,843,886</u>	<u>-</u>
Total other long-term liabilities	<u>4,316,493</u>	<u>1,092,353</u>	<u>950,001</u>	<u>4,458,845</u>	<u>735,113</u>
Total	<u>\$ 50,991,721</u>	<u>\$ 1,866,190</u>	<u>\$ 2,956,192</u>	<u>\$ 49,901,719</u>	<u>\$ 3,215,113</u>

Sales and Use Tax Bonds – Governmental Activities

On August 10, 2023, the City issued \$314,905,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding and Improvement Bonds. The interest rates on the bonds range from 4.125% to 5.636%, payable semiannually, and maturity dates range from August 1, 2024 to August 1, 2053. The Series 2023 Bonds are not general obligations of the City but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City under Ordinance No. 2082 adopted March 13, 1992. The issuance of the Series 2023 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5807 adopted February 14, 2023.

The 2023 Bonds were issued to advance refund the outstanding Series 2018 Bonds and Series 2020 Bonds (Bonds Refunded), to pay a premium for a municipal bonds debt service reserve insurance policy, and to pay expenses of issuing the bonds. Refunding proceeds of the 2023 Bonds along with existing debt service funds from sales tax collections were deposited in an irrevocable trust with an escrow agent. The Bonds Refunded will be redeemed in full in 2024. At December 31, 2023, \$167,740,000 of defeased bonds remain outstanding.

Bonds in the amount of \$109,370,000 were for the purpose of financing the cost of street improvements. Bonds in the amount of \$15,183,066 were for the purpose of financing the cost of park and recreational improvements. Bonds in the amount of \$7,265,000 were for the purpose of financing the cost of fire department improvements. Bonds in the amount of \$15,565,000 were for the purpose of financing senior center improvements. The reacquisition price of the Bonds Refunded exceeded the net carrying amount of the bonds by \$4,427,645. This amount is recorded as a deferred inflow of resources and is being amortized over the remaining life of the refunded debt. Amortization expense for 2023 is \$497,958. The City realized an economic loss (difference between the present values of the debt service payments on the new and old debt) of \$7,735,256.

In lieu of a debt service reserve, the City purchased a Municipal Bond Insurance Policy from Build America Mutual Assurance Company. The Insurance Policy guarantees the scheduled payment of principal and interest on the Series 2023 Bonds when due.

The Bonds are subject to extraordinary redemption from proceeds of the Series 2023 Bonds not needed for the purposes intended and surplus tax receipts, at least annually, in inverse order of maturity (and by lot within a maturity in such manner at the Trustee shall determine) in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. In

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

the case of the redemption of 2023 Bonds from unspent proceeds, the 2023 Bonds to be redeemed will be the series of the 2023 Bonds from which the unspent proceeds were derived.

On March 31, 2020, the City issued \$50,730,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding Bonds, Taxable Series 2020, dated March 31, 2020. The interest rates on the bonds range from 1.59% to 2.45%, payable semiannually, and maturity dates range from November 1, 2020 to November 1, 2032. The Series 2020 Bonds are not general obligations of the City but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City under Ordinance No. 2082 adopted March 13, 1992. The issuance of the Series 2020 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5457 adopted on February 25, 2020.

On May 17, 2018, the City issued \$188,075,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding and Improvement Bonds, Series 2018, dated May 17, 2018. The interest rates on the bonds range from 3.0% to 5.0%, payable semiannually, and maturity dates range from April 1, 2019 to April 1, 2043. The Series 2018 Bonds are not general obligations of the City but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City. The issuance of the Series 2018 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5223 adopted on November 28, 2017. Voters approved the issuance of the bonds and the pledging of the tax at a special election held February 13, 2018. The tax will expire after the bonds have been paid or provision is made therefore, in accordance with Arkansas statutes.

The 2018 Series Bonds were issued for the purpose of financing the following projects.

Bonds in the amount of \$76,175,000 were for the purpose of financing the costs of new streets, roads and bridges or improvements to existing streets, roads, and bridges. Bonds in the amount of \$18,385,000 were issued to fund park and recreational facilities and improvements, including land acquisition, equipment and parking, drainage, lighting, and utility improvements. Bonds in the amount of \$15,480,000 were for the purpose of acquiring fire equipment, apparatus and new, or improvements to existing facilities for the City's fire department, including land acquisition and parking improvements. Bonds in the amount of \$37,180,000 were issued to finance the costs of the extension and renovation of the City Administration Building to house the City's Police, Police and Fire Dispatch, City Attorney, State District Court and other City Administration departments, including necessary radio equipment, furniture, fixtures, land acquisition and parking improvements. Bonds in the amount of \$4,935,000 were issued to finance the costs of a new animal shelter, including necessary furniture, fixtures, land acquisition, and parking improvements. Expenses incurred to issue the bonds were paid from the bond proceeds of the above projects.

During 2023, the City used surplus tax receipts to call and redeem \$12,305,000 in Series 2018 Bonds.

Bonds payable at December 31, 2023 were as follows:

Primary Government	Issue Year	Final Maturity	Interest Rates	Bond Rating	Original Issue	Total Outstanding
Sales and Use Tax Refunding and Improvement Bonds	2023	2053	4.13% – 5.64%	AA	314,905,000	<u>\$ 314,905,000</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Debt service requirements for bonds outstanding at December 31, 2023 were as follows:

Primary Government	Principal	Interest	Total
2024	\$ 4,990,000	\$ 14,838,222	\$ 19,828,222
2025	4,865,000	14,962,572	19,827,572
2026	5,115,000	14,715,011	19,830,011
2027	5,370,000	14,460,142	19,830,142
2028	5,635,000	14,192,797	19,827,797
2029–2033	32,755,000	66,387,010	99,142,010
2034–2038	42,220,000	56,928,287	99,148,287
2039–2043	55,100,000	44,039,459	99,139,459
2044–2048	71,145,000	27,994,084	99,139,084
2049–2053	87,710,000	11,426,838	99,136,838
	<u>\$ 314,905,000</u>	<u>\$ 279,944,422</u>	<u>\$ 594,849,422</u>

The following is a summary of pledged revenues of the City for the year ended December 31, 2023:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest, and fees	Period Revenue Will Not Be Available for Other Purposes
Primary Government						
Sales and Use Tax Bonds, Series 2023	Sales and Use Tax	\$ 25,711,381	\$ –	-%	\$ 594,849,422	Until 2053

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Water and Sewer Revenue Bonds – Business-Type Component Unit

Series 2006

The City of Springdale, Arkansas Water and Sewer Revenue Bonds, Series 2006, were issued August 10, 2006 in the amount of \$3,600,000. The purpose of the bonds was to finance a portion of the costs of improvements to the sewer facilities of the City. The interest rate on the bonds is 5%, interest and principal are payable semi-annually, and maturity dates range from March 1, 2007 to September 1, 2026. The Commission has pledged future water and sewer system revenues to pay the debt.

Series 2022

In April 2022, the Commission issued \$43,080,000 in Revenue Bonds (Series 2022A) at an average rate of 4.45% to finance improvements to the sewer facilities. The bonds mature in fiscal year 2037 with principal and interest payments due in March and September of each year. As of September 30, 2023, the outstanding principal was \$41,430,000.

In July 2022, the Commission issued \$2,054,083 in Revenue Bonds (Series 2022B) at an annual lending rate of 1.00% to finance improvements to the sewer facilities. Draws totaled \$785,087 as of September 30, 2023. The remaining draws will occur as improvements are completed. Principal and interest payments are due in April and October starting in fiscal year 2025. The final payment is scheduled for April 2034.

In July 2022, the Commission issued \$1,000,000 in Revenue Bonds (Series 2022C) at an annual lending rate of 1.00% to finance improvements to the sewer facilities. The Series 2022C bonds have been fully drawn as of September 30, 2023. The \$1,000,000 in principal drawn down as of September 30, 2023 was forgiven by the Arkansas Natural Resources Commission.

As of September 30, 2023, the outstanding principal was \$43,095,087

Maturities of revenue bonds payable for the City’s component unit for subsequent fiscal years are as follows:

<u>Component Unit</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer Commission			
2024	\$ 2,480,000	\$ 150,000	\$ 2,630,000
2025	2,600,000	140,875	2,740,875
2026	2,710,000	131,125	2,841,125
2027	2,540,000	127,000	2,667,000
2028	2,665,000	106,600	2,771,600
2029–2033	15,020,000	600,800	15,620,800
2034–2038	15,080,087	553,575	15,633,662
	<u>\$ 43,095,087</u>	<u>\$ 1,809,975</u>	<u>\$ 44,905,062</u>

Applicability of Federal Arbitrage Regulations

Debt issuances of the City issued after the *Tax Reform Act of 1986* are subject to the federal arbitrage regulations. These regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of issue. City management believes the City is in compliance with these rules and regulations.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2023

Based upon interim calculations, the City has no arbitrage liability as of December 31, 2023.

Conduit Debt Obligations

From time to time, the City has issued various bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, healthcare, and other facilities deemed to be in the public interest. Industrial and commercial bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Health care facilities bonds are secured by a pledge of the gross receipts of the corporation and are payable solely from the pledged revenues. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

The City's current conduit debt consists of the City of Springdale, Arkansas Public Facilities Board bonds in the amount of \$75,465,000 issued in 2016. The outstanding principle payable at December 31, 2023 is \$59,225,000.

Note 6: Individual Fund Disclosures

Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are mainly as a result of the time lag between the dates that interfund revenues are collected, goods and services are provided or reimbursable expenditures occur, and payments are made between funds.

The General Fund and Sales and Use Tax Fund have interfund receivables and payables primarily related to city sales taxes collected which are transferred to the General Fund for operations and maintenance.

Interfund receivables and payables as of December 31, 2023 are as follows:

	Interfund Receivables	Interfund Payables
<u>Primary Government</u>		
Governmental Funds		
General	\$ 7,150,289	\$ 1,143,586
Street	1,532	9,242
American Rescue Plan	5,332	6,723,024
2023 Series Street Improvement Fund		100
2018 Bonds Street Improvement Construction	1,008,121	1,772
Nonmajor governmental funds	643,255	620,431
Total governmental funds	8,808,529	8,498,155
Proprietary Funds		
Municipal Airport	–	318,043
Fiduciary Funds		
	8,036	367
Total Primary Governments	\$ 8,816,565	\$ 8,816,565

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the

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General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers in (out) for the year ended December 31, 2023 are as follows:

<u>Primary Government</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General	\$ 45,333	\$ 4,549,038
Street	1,009,558	-
2023 Series Street Improvement	384,846	-
2023 Bonds Debt Service	10,857	384,846
2018 Bonds Debt Service	-	10,857
Nonmajor governmental	1,589,480	45,333
Total governmental funds	<u>3,040,074</u>	<u>4,990,074</u>
Proprietary Funds		
Municipal Airport	700,000	-
Internal Service	1,250,000	-
	<u>1,950,000</u>	<u>-</u>
Total Primary Government	<u>\$ 4,990,074</u>	<u>\$ 4,990,074</u>

Note 7: Pension Plans

Substantially all of the City’s employees receive retirement benefits. The City sponsors two single-employer defined benefit plans (Firemen’s Relief and Pension Fund or FRPF and Policemen’s Pension and Relief Fund or PPRF) and one defined contribution plan (the money purchase pension plan), which do not issue separate financial reports for each plan. The City also contributes to the LOPFI and the APERS, which are statewide cost-sharing multiple-employer defined benefit pension plans.

Membership Information

Membership of the single-employer pension plans and the defined contribution plan consisted of the following at December 31, 2023:

	<u>Firemen’s Relief and Pension Fund</u>	<u>Policemen’s Pension and Relief Fund</u>	<u>Money Purchase Pension Plan</u>
Retirees and beneficiaries receiving benefits	39	33	-
Active plan members	-	-	296
Total	<u>39</u>	<u>33</u>	<u>296</u>

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Financial Information

Separate financial reports are not issued on each of the single-employer pension plans. The following is the condensed financial information of the plans included as pension trust funds:

Statement of Fiduciary Net Position		
December 31, 2023		
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Assets		
Cash and cash equivalents	\$ 198,685	\$ 224,098
Investments	9,851,260	7,726,470
Accounts receivable	791,087	848,669
Due from other funds	—	8,036
Total Assets	10,841,032	8,807,273
Liabilities		
Accrued liabilities	201	62
Total Liabilities	201	62
Net Position		
Net position restricted for pensions	\$ 10,840,831	\$ 8,807,211

Statement of Changes in Fiduciary Net Position		
December 31, 2023		
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Additions		
Employer contributions	\$ 838,296	\$ 938,161
State insurance turnback – supplements	81,372	89,104
Net investment income	1,766,849	853,550
Total Additions	2,686,517	1,880,815
Deductions		
Benefit payments	1,282,629	1,106,597
Benefit payments – supplements	81,372	89,104
Miscellaneous	631	351
Total Deductions	1,364,632	1,196,052
Change in Fiduciary Net Position	1,321,885	684,763
Net Position Restricted for Pensions, Beginning of Year	9,518,946	8,122,448
Net Position Restricted for Pensions, End of Year	\$ 10,840,831	\$ 8,807,211

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Plan Descriptions and Funding Information

The City of Springdale, Arkansas participates in four defined benefit pension plans; which are comprised of two single-employer defined benefit pension plans and two cost-sharing defined benefit pension plans, each of which are described and illustrated in detail below. Aggregate amounts for the four defined benefit pension plans are as follows:

	<u>FRPF</u>	<u>PPRF</u>	<u>LOPFI</u>	<u>APERS</u>	<u>Total</u>
Net pension liability	\$ 1,965,598	\$ 3,769,293	\$ 51,664,063	\$ 105,552	\$ 57,504,506
Deferred outflows of resources	32,557	421,073	17,946,424	24,479	18,424,533
Deferred outflows of resources – contributions	–	–	5,551,391	6,149	5,557,540
Deferred inflows of resources	–	–	4,713,368	665	4,714,033
Pension expense (reduction of expense)	(475,857)	154,332	8,439,680	18,477	8,136,632

Single-Employer Defined Benefit Plans

Firemen’s Relief and Pension Fund

The Firemen’s Relief and Pension Fund (Firemen’s Fund or FRPF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer, and four retired firemen.

The Firemen’s Fund provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. The Fund also provides benefits for surviving spouses and dependent children of deceased firemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option (DROP) for up to five years. All firemen hired after January 1, 1983 participate in the LOPFI created by *Act 364 of 1981*. Therefore, the Firemen’s Fund is effectively closed to new members.

Contributions to the Firemen’s Fund are set forth in Arkansas Code. The City’s contribution to the Firemen’s Fund consists of a one-half mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes six percent (6%) of the firemen’s salaries. Participants also contribute six percent (6%) of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than six percent (6%). Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2023 were \$919,668 and included \$838,296 in property taxes and \$81,372 in state insurance premium taxes.

There are no asset concentrations of over 5%.

There were no active employees who were covered by the Plan for the year ended 2023.

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Policemen’s Pension and Relief Fund

The Policemen’s Pension and Relief Fund (Policemen’s Fund or PPRF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer, and four retired policemen.

The Policemen’s Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. The Fund also provides benefits for surviving spouses and dependent children of deceased policemen.

No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to five years. All policemen hired after January 1, 1983 participate in LOPFI created by *Act 364 of 1981*. Therefore, the Policemen’s Fund is effectively closed to new members.

Contributions to the Policemen’s Fund are set forth in Arkansas Code. The City’s contribution to the Policemen’s Fund consists of a one-half mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, a \$3 assessment against each court case plus 10 percent (10%) of fines and forfeitures collected, and proceeds derived from the sale of confiscated goods. Participant contributions are returned without interest if the participant terminates covered employment. Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2023 were \$1,027,265. The City’s share of contributions was \$1,027,265 and included \$828,684 in property taxes, \$89,104 in state insurance premium taxes, and \$109,477 in fines and court costs.

The asset concentrations of over 5% are as follows:

SPDR S&P MidCap 400 ETF TR UTSER1	\$	937,131
ISHARES TR MSCI EAFE Index Fd MFC		760,809

There were no active employees who were covered by the Plan for the year ended 2023.

Actuarial Methods and Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on both plans. Actuarial valuations are performed annually, and the last valuation was as of December 31, 2023. Actuarial assumptions used in evaluating the Plans include entry age normal cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of five years for active participants and five years for retirees, 5% investment rate of return, 4.2% to 8% salary increases and the 1983 group annuity mortality table. The

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actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2023 was five years.

Net Pension Liability

The components of the net pension liability of the City were as follows:

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
Firemen's Relief and Pension Fund	12/31/2023	\$ 12,806,789	\$ 10,840,831	\$ 1,965,958	84.6%
Policemen's Relief and Pension Fund	12/31/2023	12,576,504	8,807,211	3,769,293	70.0%

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class are considered. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return for each FRPF and PPRF are shown in the table below:

Long-Term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Foreign Equity	0%	6.25%
Cash & Equivalents	10%	0.25%

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Investment Policies

Firemen’s Relief and Pension Fund

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of December 31, 2023.

Target Allocation of Investments	
Asset Class	Firemen’s Pension
Domestic Fixed Income	15%–75%
Domestic Equity	25%–75%
Cash	5%–25%
Alternative Investments	0%–10%

Policemen’s Pension and Relief Fund

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The investment strategy of the plan is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in investment management is to emphasize long-term growth of principal while avoiding excess risk. The secondary objective is the preservation of capital—the emphasis is placed on minimizing return volatility rather than maximizing total return. The following was the Board’s adopted asset allocation policy as of December 31, 2022.

Target Allocation of Investments	
Asset Class	Policemen’s Pension
Domestic Fixed Income	80%
Domestic Equity	10%
Cash	10%

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Discount Rate

In the December 31, 2022 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the weighted average expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Firemen's Relief and Pension Fund (FRPF)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at December 31, 2022	\$ 13,650,800	\$ 9,518,946	\$ 4,131,854
Changes for the Year			
Service Cost	–	–	–
Interest on Net Pension Liability	613,998	–	613,998
Benefit changes	–		
Difference between Expected and Actual Experience	(175,380)	–	(175,380)
Assumption changes	–		
Employer Contributions	–	866,404	(866,404)
Net Investment Income	–	1,772,513	(1,772,513)
Benefits and Refunds	(1,282,629)	(1,282,629)	–
Administrative Expenses	–	–	–
Other/Reconciliation	–	(34,403)	34,403
Net Changes	<u>(844,011)</u>	<u>1,321,885</u>	<u>(2,165,896)</u>
Balances at December 31, 2023	<u>\$ 12,806,789</u>	<u>\$ 10,840,831</u>	<u>\$ 1,965,958</u>

Policemen's Pension and Relief Fund (PPRF)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at December 31, 2022	\$ 13,027,559	\$ 8,122,448	\$ 4,905,111
Changes for the Year			
Service Cost	–	–	–
Interest on Net Pension Liability	640,842	–	640,842
Difference between Expected and Actual Experience	14,700	–	14,700
Assumption changes	–		
Employer Contributions	–	943,542	(943,542)
Net Investment Income (Loss)	–	823,813	(823,813)
Benefits and Refunds	(1,106,597)	(1,106,597)	–
Other/Reconciliation	–	24,005	(24,005)
Administrative Expenses	–	–	–
Net Changes	<u>(451,055)</u>	<u>684,763</u>	<u>(1,135,818)</u>
Balances at December 31, 2023	<u>\$ 12,576,504</u>	<u>\$ 8,807,211</u>	<u>\$ 3,769,293</u>

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability for each plan of the City using the current rate as compared to what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage higher than the current rate:

		Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Firemen’s Pension	City’s Net Pension Liability	\$ 3,016,430	\$ 1,965,598	\$ 1,050,138
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Policemen’s Pension	City’s Net Pension Liability	\$ 4,890,417	\$ 3,769,293	\$ 2,801,335

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

Plan	Fiscal Year Ended December 31,	Annual Money- Weighted Rate of Return
Firemen’s Relief and Pension Fund	2023	19.03%
	2022	-19.83%
	2021	15.26%
Policemen’s Pension and Relief Fund	2023	10.24%
	2022	-13.78%
	2021	13.38%

The net pension liability for the Firemen’s and Policemen’s Plans have been recognized in the City’s statement of net position to comply with GASB standards. However, based on an interpretation of state law by the City’s legal counsel, management of the City believes that if these Plans were to become insolvent, whereby remaining Plan assets were not adequate to pay current benefits, the City may not be legally obligated to fund any deficiency. Arkansas Code §24-11-416 and §24-11- 807 state that if at any time there is insufficient money in the fund to pay full benefits, then beneficiaries will be paid a prorated amount.

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Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2023, the City recognized a decrease in pension expense from its single-employer defined benefit plans of \$321,525. At December 31, 2023, the City reported net deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Firemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ 32,557	\$ -
Policemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ 421,073	\$ -

There were no amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability for the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Firemen's Pension	Policemen's Pension
2024	\$ (169,190)	\$ 100,956
2025	117,935	129,470
2026	345,182	274,932
2027	(261,370)	(84,285)
Total	\$ 32,557	\$ 421,073

Money Purchase Pension Plan

Plan Description

The Money Purchase Pension Plan (Money Purchase Plan) is a defined contribution plan, established on October 1, 1999 by City Ordinance No. 2933. The Money Purchase Plan is qualified under Section 401(a) of the Internal Revenue Code. Plan assets are held in trust and administered by Voya Financial, Inc. (VOYA). Each participant has a plan account to which the contributions are made, and each participant manages their account by selecting various investment options offered by VOYA. Plan benefits are based upon the total amount of money in an individual's account at retirement.

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Contributions

The plan covers all non-uniformed City employees 18 years of age or older and who have 30 days service with the City. Employees contribute three percent (3%) of their salaries to the Plan, and the City contributes six percent (6%). There are no voluntary contributions. For the year ended December 31, 2023 employer and employee contributions to the plan were \$875,916 and \$439,683, respectively.

Benefits Provided

An employee who meets the eligibility requirements may become a plan participant as of the first day of the pay period following thirty (30) days of employment. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after one year of participation, and additional 20% each year thereafter until the participant is vested 100% after five years of service. Notwithstanding the vesting schedule, a participant's right to his retained benefit is nonforfeitable and fully vested upon the attainment of his normal retirement age.

Participant's normal retirement age shall be 65, but no later than age 70. The plan also provides for disability and survivor benefits. Benefits are paid by the Trustee upon the direction of the Administrator under one or more options such as a single lump-sum payment or an annuity.

Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The LOPFI is a statewide cost-sharing multiple-employer retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by *Act 364 of the 1981 General Assembly* and is administered by the LOPFI Board of Trustees. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the internet at www.lopfi-prb.com, or by contacting the Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

Benefits Provided

LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age of retirement, retirement multiplier, amount of the credit services (years and months), and final average pay (FAP). Each option available to the member provides for a different calculation based on these factors.

Contributions

Contributions to LOPFI are made by both the Member and the employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. Contribution requirements are set forth in Arkansas state statute.

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Participating firemen are required to contribute eight and one-half percent (8.5%) of annual covered salary. Participating policemen are required to contribute two and one-half percent (2.5%) of annual covered salary. The City is required to contribute at an actuarially determined rate of compensation, which for 2023 was 24.00% for both paid firemen and for paid policemen. City contributions for 2023 were \$2,710,327 for paid firemen, and \$2,841,064 for paid policemen, and were equal to 100% of the required contributions. Employee contributions for 2023 were \$1,018,742 for paid firemen and \$357,629 for paid policemen. At December 31, 2023, there were 152 active paid firemen and 142 active paid policemen. Covered payroll was \$11,293,031 and \$11,837,765 for paid firemen and for paid policemen, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a liability of \$51,664,063 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2023, the City's proportion was 3.25522%, which was a 1.51053% decrease from the City proportion of 4.76575% at December 31, 2022.

For the year ended December 31, 2023, the City recognized pension expense of \$8,439,680. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,396,080	\$ —
Changes of assumptions	563,237	4,005,852
Net difference between projected and actual earnings on pension plan investments	12,575,922	—
Changes in proportion	1,411,185	707,516
Contributions subsequent to the measurement date	5,551,391	—
Total	\$ 23,497,815	\$ 4,713,368

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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,551,391 will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>		
2024	\$	1,178,950
2025		2,267,975
2026		3,663,448
2027		<u>6,122,683</u>
Total	\$	<u>13,233,056</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Price inflation	2.50 percent (2.50 percent in prior year)
Wage inflation	3.25 percent (3.25 percent in prior year)
Salary increases	3.75 to 18.25 percent, including inflation (3.75 to 18.25 percent, including inflation, in prior year)
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation (7.00 percent in prior year, net of pension plan investment expense, including inflation)

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

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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class are considered. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Stock – Large Cap	21%	4.05%	0.85%
U.S. Stock – Small Cap	21%	4.65%	0.98%
International Equity	9%	5.27%	0.47%
Emerging Markets	9%	7.49%	0.67%
U.S. Corporate Bonds	25%	-0.35%	-0.09%
Real Estate	5%	3.76%	0.19%
Private Equity	10%	9.10%	0.91%
Total	<u>100%</u>		<u>3.98%</u>
Expected Inflation			<u>2.25%</u>
Total Return			<u>6.23%</u>

Discount Rate

In the December 31, 2022 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on assumptions made, found that the pension plan’s net position was available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to the Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease	Current Single Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
City’s proportionate share of the net pension liability	\$ 76,930,760	\$ 51,664,063	\$ 31,217,495

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report.

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District Judges and Court Clerk's Retirement System

Plan Description

On January 1, 2005, the district judge became a member of the Arkansas District Judges Retirement System (ADJRS), a state administered defined benefit plan. Effective July 1, 2007, all powers, duties and plan liabilities of ADJRS were transferred to the Arkansas Public Employees' Retirement System (APERS) by *Act 177 of 2007*. ADJRS at that time became a closed system. District judges entering the system after July 1, 2007 are treated as APERS employees. There is one retired judge and one retired clerk receiving benefits from ADJRS. The district court judge became a state employee effective January 1, 2017. Therefore, the court clerk is the only employee who is a member of the APERS, a state administered defined benefit plan.

Benefits Provided

Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the noncontributory plan applies to all persons hired prior to July 1, 2005, while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of 1% for each month retirement precedes the normal retirement age or 1% for each month below 28 years of actual service, whichever is less. Under the noncontributory plan, the benefit calculation is equal to a factor of 1.72% of the member's final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional.5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

Under both the noncontributory and contributory plan, the member's final average salary is the highest 36 calendar months of covered compensation. In addition, a cost-of-living adjustment of 3% annually is included in the current benefits.

Covered payroll for the district court clerk covered under this plan totaled \$78,482 for the fiscal year ended December 31, 2023.

Contributions

The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly, certain municipal and county elected officials, and certain agencies employing individuals in public safety positions must also remit additional contributions.

City of Springdale, Arkansas
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Employer contribution rates during the Plan year ended June 30, 2023, as a percentage of active member payroll, are as follows:

State, County, Municipal, and Non-State Divisions:	15.32%
Wildlife and Military Department Civilian	
Firefighters Subdivisions	27.32%
District Judge Division	67.13%
School Division	4.00%

Contributions to APERS are made by both the Member (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5% of covered payroll for each employee under the new contributory plan. The City's contribution rate for 2023 was 15.32% of covered employee's salaries from January 1, 2023 to June 30, 2023 and 15.32% from July 1, 2023 to December 31, 2023. Contributions made to the plan by employees and the City for the year ended December 31, 2023 amounted to \$4,213 and \$12,023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a liability of \$105,552 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to total employer contributions to the Plan for the measurement period. At June 30, 2023, the City's proportion was 0.00362201%, which is an increase of 0.00002348% from its proportion as of June 30, 2022 of 0.00359853%.

For the year ended December 31, 2023, the City recognized a reduction of pension expense of \$18,477. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,958	\$ 580
Changes of assumptions	4,962	-
Net difference between projected and actual earnings on pension plan investments	13,137	-
Change in proportions	422	85
Contributions subsequent to the measurement date	6,149	-
Total	\$ 30,628	\$ 665

City of Springdale, Arkansas
Notes to Financial Statements
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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$6,149 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows)</u>
2024	\$ 5,683
2025	2,851
2026	16,083
2027	(803)
Total	<u>\$ 23,814</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost method	Entry Age Normal
Price inflation	2.50 percent
Wage inflation	3.25 Percent
Discount rates	7.00 percent
Salary increases	3.25 to 9.85 percent, including inflation
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report.

City of Springdale, Arkansas
Notes to Financial Statements
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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class are considered. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Estate Related Assets	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fund	18%	1.79%
Total	<u>100%</u>	

Discount Rate

In the June 30, 2023 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption</u>		
	<u>1% Decrease 6.00%</u>	<u>Current Single Rate Assumption 7.00%</u>	<u>1% Increase 8.00%</u>
City's proportionate share of the net pension liability	<u>\$ 109,444</u>	<u>\$ 105,552</u>	<u>\$ 86,781</u>

City of Springdale, Arkansas
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Pension Plan – Component Unit

Springdale Water and Sewer Commission (Commission) adopted a defined contribution money purchase pension plan effective February 1, 1996. The plan is administered under a written Plan and Trust Agreement entered into by the trustee and the Commission. The trustee and plan administrator, Arvest Trust Company, N.A., is responsible for the investment of the plan assets and administration of the plan.

To participate in the plan, an employee must be age 20 ½, have completed six months of service, be a full-time employee (at least 1,000 hours per year), and agree to contribute the mandatory 3.0% employee contribution. An employee who meets the above eligibility requirements may become a plan participant as of the first day of the plan year following completion of the eligibility requirements. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after two years of participation and additional 10% each year thereafter until the participant is vested 100% after 10 years of service.

Participants' normal retirement age shall be the later of age 65 or 10 years of participation. Participants may elect qualified early retirement at age 60 with 10 years of service. The plan also provides for disability and survivor benefits. Benefits are paid by the trustee upon the direction of the administrator under one or more options, such as a single lump-sum payment or in equal installments over not more than a fifteen (15) year period.

Employee's contributions are three percent (3%) of base monthly compensation. Employees may voluntarily contribute additional amounts up to ten percent (10%) of base monthly compensation. The employer contributes six percent (6%) of the employee's base monthly compensation for each plan participant. The Commission contributions for the year ended September 30, 2023, the year-end for the Commission, were \$296,415.

Note 8: Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is administered by Voya Financial, Inc. (VOYA), the other plan by Nationwide Retirement Solutions, Inc. All assets and income of the trusts are for the exclusive benefit of eligible employees and their beneficiaries. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plans other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the plans in these basic financial statements. Deferred compensation investments are held by outside trustees. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments, or a combination of these.

The Plans, available to all full time City employees, permit them to defer until future years up to 25% of annual gross earnings not to exceed \$20,500 for 2023. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

City of Springdale, Arkansas
Notes to Financial Statements
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Deferred Compensation Plan – Component Unit

Employees of the *Springdale Water and Sewer Commission* are eligible to participate in a deferred compensation plan adopted in January 1976 and amended from time to time in compliance with IRC regulations. The assets are held by Jackson National Life and remain the property of the Trust until paid to the employees.

Note 9: Other Postemployment Benefits (OPEB)

Plan Description

Plan Description: The City of Springdale sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal city official or employee vested in any of the City’s retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City’s healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of the statute. The City does not issue separate financial statements for the plan, but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

Funding Policy: The contribution requirements of plan members are established by the City Council and may be amended as needed. Plan members pay 100% of the cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City’s health insurance plans. The City is not required to make contributions to the Plan on behalf of retirees and funds the Plan on a pay-as-you-go basis. Expenses are recorded in the applicable fund as liabilities are incurred. As of December 31, 2023, the date of the actuarial valuation, the plan has 21 retirees who pay monthly premiums between \$323 for single coverage to \$937 for family coverage. Retirees contributed \$107,499 of the total current year cost, which equaled the total benefits paid by the City for 2023.

Employees covered by benefit terms – at December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not receiving benefit payments	-
Active members	606
Total	627

Total OPEB Liability – The City’s total OPEB liability of \$6,326,744 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

City of Springdale, Arkansas
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Actuarial Methods and Assumptions

Discount Rate	4.00% (4.31% in prior year) based upon the 20 year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary Increases	General: 2.0%–5.0%; Police: 5.0%–6.0%; Fire: 3.5%–5.5%
Inflation rate	3.0 % per year
Healthcare cost trend rates	7.50% for 2021 decreasing annually to ultimate rate of 4.5% for 2029
Cost method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary Method where: <ul style="list-style-type: none"> • Service Cost of each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and • Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth.
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Changes in Total OPEB Liability

Service cost	\$ 121,387
Interest	187,790
Change of benefit terms	1,418,053
Differences between expected and actual experience	(104,984)
Changes in assumptions	523,126
Benefit payments	<u>(107,499)</u>
Net change in total OPEB liability	2,037,873
Total OPEB liability, beginning of year	<u>4,288,871</u>
Total OPEB liability, end of year	<u>\$ 6,326,744</u>

City of Springdale, Arkansas
Notes to Financial Statements
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Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease (3.00)%	Discount Rate (4.00)%	1% Increase (5.00)%
Other Postemployment Benefits Liability	\$ 7,051,739	\$ 6,326,744	\$ 5,692,985

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rate.

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Other Postemployment Benefits Liability	\$ 5,588,975	\$ 6,326,744	\$ 7,195,980

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the City reported OPEB expense of \$1,104,307. At December 31, 2023, the City reported deferred outflow of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,636	\$ (804,028)
Changes in assumptions	840,804	(685,525)
Total	\$ 851,440	\$ (1,489,553)

City of Springdale, Arkansas
Notes to Financial Statements
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The balances as of December 31, 2023 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

<u>Year Ending December 31,</u>	
2024	\$ (195,291)
2025	(211,261)
2026	(211,598)
2027	(89,650)
2028	<u>69,687</u>
Total	<u>\$ (638,113)</u>

Component Unit – Water and Sewer Commission

General Information about the OPEB Plan

Plan Description: The Commission sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are entitled to purchase continued health benefits coverage for the retiree and the retiree’s dependents until Medicare eligibility. The Commission has the authority to establish and amend the requirements of this plan. The Commission does not issue stand-alone financial statements of the healthcare plan, but all required information is presented in this report.

Benefits Provided: There are no direct benefits provided to the retirees under the Plan. The only benefits provided are derived from the retiree receiving a lower premium for health insurance by being allowed to stay within the group coverage under the Commission until Medicare eligibility. Retirees are responsible for 100% of the premiums once included within the Plan.

Funding Policy: The contribution requirements of plan members are established by the Commission and may be amended as needed. Retiree coverage is the same as the coverage provided to active Commission employees. Retirees pay premiums ranging from \$512 per month to \$1,336 per month depending on the coverage elected. The Commission’s policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense as liabilities are incurred.

Employees covered by benefit terms: At September 30, 2023, the following employees were covered by the benefit terms:

Total active participants	118
Total retiree participants	<u>1</u>
	<u>119</u>

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

Total OPEB Liability

The Commission’s total OPEB liability as of September 30, 2023 of \$237,202 was measured as of September 30, 2023 and was determined by an actuarial valuation as of October 1, 2023. For 2023, the liabilities are actuarially rolled forward to the September 30, 2023 measurements date on a “no loss/no gain” basis.

Actuarial assumptions: The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation	October 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay – open group
Amortization period	7 years beginning October 1, 2022
Inflation	3.25%
Healthcare cost trend rates	Initially 7.50% decreasing in .50% increments over 7 years to 4.50% for 2023, respectively
Salary increases	3.25% for wage inflation plus merit/productivity growth ranging from .42% to 6.60% depending on age of the employee. The payroll growth assumption is based on the non-state rates shown in the APERS actuarial valuation as of June 30, 2022.
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 for retirees and Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP- 2020 for surviving spouses.

City of Springdale, Arkansas
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Discount Rate: The discount rate used to measure the total OPEB liability was 4.87%. As an unfunded plan, this rate was determined based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The indexes used in determining this rate include the Bond Buyer G.O. 20- Year Bond Municipal Bond Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year G.O. Municipal Bond Index.

Changes in the Total OPEB Liability

Service cost	\$ 18,326
Interest	12,222
Changes in assumptions	4,401
Differences between expected and actual experience	(24,664)
Benefit payments	<u>(21,698)</u>
 Net change in total OPEB liability	 (11,413)
Total OPEB liability, beginning of year	<u>248,615</u>
Total OPEB liability, end of year	<u><u>\$ 237,202</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.77% in 2022 to 4.87% in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability for the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease 3.87%	Discount Rate 4.87%	1% Increase 5.87%
Total OPEB liability	<u>\$ 256,008</u>	<u>\$ 237,202</u>	<u>\$ 219,663</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability for the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the healthcare cost trend rates.

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Total OPEB liability	<u>\$ 211,394</u>	<u>\$ 237,202</u>	<u>\$ 267,455</u>

City of Springdale, Arkansas
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OPEB Expenses and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2023, the Commission recognized OPEB expense of \$17,096. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differenced between expected and actual experience	\$ 14,667	\$ (101,026)
Change in assumptions	<u>27,690</u>	<u>(36,815)</u>
Total	<u>\$ 42,357</u>	<u>\$ (137,841)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2023 related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Net Deferred Outflows (Inflows)</u>
2024	\$ (13,448)
2025	(20,583)
2026	(23,216)
2027	(19,949)
2028	(15,389)
Thereafter	<u>(2,899)</u>
	<u>\$ (95,484)</u>

Note 10: Risk Management

The City and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which they carry insurance. The City, however, under Arkansas State Statute has tort immunity. The type of coverage and the liability limits vary with each entity.

Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile, legal defense, and workers' compensation. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks related to vehicle accidents covered by AML, the City pays a \$1,000 deductible per incident. For legal risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses.

There have been no significant reductions in insurance coverage from 2022 to 2023, nor have settlement amounts exceeded insurance coverage for each of the past three years.

City of Springdale, Arkansas
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Component Unit – Water and Sewer Commission

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Commission purchases commercial insurance for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The self-insurance liability related to health benefits at September 30, 2023 was \$127,898.

Note 11: Property Taxes

City property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of Springdale is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes that remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property remains delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Washington and Benton counties are the collecting agents for the City, and remit collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2023, property taxes receivable and related deferred inflows (unavailable revenue) of \$9,179,235 have been recorded in the governmental funds. In the government-wide statement of net position, delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full-market value and applies the statutory rate of 20% to arrive at assessed value.

The City is permitted by Arkansas State Law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds, and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2023 to finance the above operations was \$0.53 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.67 per \$100 of assessed valuation on real and personal property. Approximately \$11,739,000 of additional taxes could be raised per year based on the current year's assessed value of \$1,339,533,100 for real property and \$412,608,498 for personal property before the limit is reached.

City of Springdale, Arkansas
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Note 12: Sales Taxes

In October 1981, Washington County began assessing a 1% sales and use tax on retail sales in the county. Effective December 1, 2004, the tax rate increased to 1.25%. Each city in Washington County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 25.29% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$19,669,004 for 2023 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 1992, the City began assessing a 1% sales and use tax on retail sales in the City, upon approval of the tax by the City's voters. Previously, revenues were used to fund capital improvement projects (50%) and general municipal operations and maintenance (50%). On March 31, 2020, the City issued the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2020 (see also *Note 5*). These bonds are secured by a first and prior pledge of revenues collected from the 1% sales and use tax levied by the City. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Beginning in December 2012, the tax is remitted to the bond trustee. Taxes not needed to fund debt service are then remitted to the City. Taxes for this purpose remitted to the City and bond trustee totaled \$24,021,708 for 2023 and are included in the General Fund's (\$22,332,038) and the 2020 Bonds Debt Service Fund's (\$1,689,670) tax revenues in the accompanying financial statements.

In August 1998, Benton County began assessing a 1% sales and use tax on retail sales in the county. Each city in Benton County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 2.96% of the county tax. The tax is collected by the state and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$3,823,272 for 2023 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 2006, City voters approved a 1% sales and use tax on retail sales in the City. Revenues from the tax are pledged for payment of the principal and interest on the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2018 (see also *Note 5*). This tax replaced the additional 1% sales and use tax which was pledged for payment of the principal and interest on the Series 2006 Bonds. On August 10, 2023, the City issued the City of Springdale, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Series 2023 (see also *Note 5*). The City began assessing the original tax in October 2003. The tax is collected by the state and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$24,021,711 for 2023 and are included in the 2018 Bonds Debt Service Fund's (\$9,748,919) and 2023 Bonds Debt Service Fund's (\$14,272,792) tax revenues in the accompanying financial statements. This tax will sunset upon retirement of all related debt.

In April 2009, the Arkansas General Assembly passed *Act 840 of 2009* regarding the disposition of city and county sales taxes on aviation fuel. The Act stated that money collected that is derived from a tax on aviation fuel that is not dedicated to a specific purpose shall be transmitted to the publicly owned airport where the aviation fuel was sold. Therefore, beginning in July 2009, taxes collected on aviation fuel by the state are remitted to the City's Municipal Airport, net of a 3% collection fee. Taxes for this purpose remitted to the Airport for the City and Washington County totaled \$57,638 and \$42,685, respectively, for 2023 and are included as nonoperating revenue for the Municipal Airport Fund in the accompanying financial statements.

City of Springdale, Arkansas
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Note 13: Contingencies

Litigation

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. It is the opinion of the City's management and legal counsel that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

The City is a member of the Municipal League Defense Program, which provides coverage for legal defense, expenses, and damages in suits against City officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and employees. The maximum coverage of any one loss cannot exceed 25% of the Program's funded reserves at the time the lawsuit was filed or the judgment becomes final, or \$ 1 million, whichever is less.

The City is represented in all other actions by the City Attorney. The City appropriates funds as necessary to meet settlements and awards. The City accrues a liability when it is incurred and when the contingency is probable and reasonably estimable.

Contingencies

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under the terms and conditions specified in the grant agreements. In the opinion of City management such disallowed costs, if any, will not be significant.

Component Unit – Water and Sewer Commission

At various times, the Commission may be involved in litigation incidental to its operations. At September 30, 2023, the only outstanding legal proceedings pertain to the valuation of easements acquired by the Commission. Based upon management's assessment, any impact to the Commission's financial statements is not expected to be material.

Note 14: Endowment

The City's endowment consists of funds established to provide current income and long-term protection for the operations of the City's Shiloh Museum. The endowment is a part of the Shiloh Museum Board Fund, and represents donor-restricted endowment funds and funds designated by the Board of Directors of the Museum to function as endowments. As required by GAAP, net position associated with endowment funds including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of the City has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Arkansas in 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the City classifies as nonexpendable restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts

City of Springdale, Arkansas
Notes to Financial Statements
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to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonexpendable restricted net position is classified as unrestricted net position until those amounts are appropriated for expenditure by the City in a manner consistent with the standard of prudence prescribed by the UPMIFA.

In accordance with the UPMIFA, the City considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the City and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the City
- (7) The investment policies of the City

Endowment fund balance and activity for 2023 is as follows:

	Assigned	Nonspendable
Endowment fund balance, beginning of year	\$ 360,296	\$ 2,368,919
Contributions	–	41,034
Distributions	(25,000)	–
Available for distribution	83,124	(83,124)
Investment income (loss), net	–	347,757
Endowment fund balance, end of year	\$ 418,420	\$ 2,674,586

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the City to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net position. There were no such deficiencies as of December 31, 2023.

Return Objectives and Risk Parameters

The City’s endowment is held by Arkansas Community Foundation, Inc. (ARCF) that has been granted variance power. These endowment funds are subject to the investment policies of ARCF. ARCF’s investment strategy seeks to preserve the value of funds under management and to provide growth and income to support the charitable purposes for which endowment funds were created. Endowment assets are invested in a manner intended to produce a long-term average return, after inflation and net of investment and administrative costs, that exceeds charitable spending.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2023

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ARCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Through a strategic assets allocation intended to achieve return objectives while minimizing risk, assets are invested in a diversified mix of equities, fixed- income instruments, cash, and alternative classes such as hedge funds and private equity investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the City's agreement with ARCF, the City is subject to the spending policy of ARCF. ARCF's spending policy provides an annual distribution of 4% of the grant making dollar's average ending market value of the previous 20 trailing quarters (if available), as calculated on the first day of ARCF's fiscal year. The averaging method is designed to smooth charitable spending over time and protect the fund from the effect of inflation and investment return fluctuations.

Note 15: New GASB Standards

Other financial and accounting reporting standards which have been issued by GASB, but are not yet required to be implemented by the City are as follows:

GASB Statement No. 100 – *Accounting Changes and Error Corrections* – An Amendment of GASB Statement No. 62. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent and comparable information. This statement is effective for periods beginning after June 15, 2023

GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No, 103 – *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter. Earlier application is encouraged.

The City has not yet determined the potential impact of implementing the above statements.

Required Supplementary Information

City of Springdale, Arkansas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Other Postemployment Benefit Healthcare Plan

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	\$ 121,387	\$ 193,611	\$ 216,104	\$ 179,284	\$ 153,853	\$ 489,156
Interest	187,790	116,391	120,230	174,803	204,470	249,144
Change in benefit terms	1,418,053	—	—	—	—	—
Differences between expected and actual experience	(104,984)	15,954	(656,649)	(973,271)	(382,765)	(159,014)
Changes of assumptions or other inputs	523,126	(971,990)	(75,061)	975,305	478,590	(2,406,789)
Benefit payments	<u>(107,499)</u>	<u>(88,314)</u>	<u>(72,632)</u>	<u>(94,545)</u>	<u>(90,247)</u>	<u>(119,300)</u>
 Net change in total OPEB liability	 2,037,873	 (734,348)	 (468,008)	 261,576	 363,901	 (1,946,803)
 Total OPEB liability, beginning	 <u>4,288,871</u>	 <u>5,023,219</u>	 <u>5,491,227</u>	 <u>5,229,651</u>	 <u>4,865,750</u>	 <u>6,812,553</u>
 Total OPEB liability, ending	 <u>\$ 6,326,744</u>	 <u>\$ 4,288,871</u>	 <u>\$ 5,023,219</u>	 <u>\$ 5,491,227</u>	 <u>\$ 5,229,651</u>	 <u>\$ 4,865,750</u>
 Covered-employee payroll	 \$ 35,418,997	 \$ 30,264,894	 \$ 28,886,527	 \$ 27,140,214	 \$ 23,317,709	 \$ 23,941,017
Total OPEB liability as a percentage of covered-employee payroll	17.9%	14.2%	17.4%	20.2%	22.4%	20.3%

Notes to Schedule:

Changes in assumptions:

- 1) Discount rate: 2019 – 3.26 %; 2020 – 2.12%; 2021 – 2.25%; 2022 – 4.31%; 2023 – 4.00%
- 2) Mortality table for healthy retirees has been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- 3) The turnover rate assumption for general, police, and fire employees has been updated based on the City's April 2019 experience study.
- 4) The retirement rate assumption for general, police, and fire employees has been updated based on the City's April 1029 experience study.
- 5) The PPO and HDHP election rate assumption has been updated based on the City's April 2019 experience study.
- 6) The spousal coverage assumption for active employees has been updated based on the City's April 2019 experience study.
- 7) Health care trend rates have been updated to an initial rate of 7.5%, decreasing by 0.5% annually to an ultimate rate of 4.5%.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

City of Springdale, Arkansas
Schedule of Changes in the Commission's Total OPEB Liability
and Related Ratios
Other Postemployment Benefit Healthcare Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 18,326	\$ 27,924	\$ 27,842	\$ 24,166	\$ 20,215	\$ 18,933	\$ 11,311
Interest	12,222	8,148	8,321	11,289	12,975	9,100	5,325
Differences between expected and actual experience	(24,664)	(40,956)	(47,230)	(24,200)	(35,385)	35,469	43,992
Changes of assumptions	4,401	(46,503)	15,303	25,978	7,217	(14,398)	10,082
Benefit payments	<u>(21,698)</u>	<u>(14,647)</u>	<u>(13,902)</u>	<u>(8,125)</u>	<u>—</u>	<u>—</u>	<u>(2,804)</u>
Net Change in Total OPEB Liability	(11,413)	(66,034)	(9,666)	29,108	5,022	49,104	67,906
Total OPEB Liability, Beginning	<u>248,615</u>	<u>314,649</u>	<u>324,315</u>	<u>295,207</u>	<u>290,185</u>	<u>241,081</u>	<u>173,175</u>
Total OPEB Liability, Ending	<u>\$ 237,202</u>	<u>\$ 248,615</u>	<u>\$ 314,649</u>	<u>\$ 324,315</u>	<u>\$ 295,207</u>	<u>\$ 290,185</u>	<u>\$ 241,081</u>
Covered-Employee Payroll	\$ 7,610,261	\$ 7,073,323	\$ 6,850,676	\$ 6,613,078	\$ 6,362,331	\$ 5,386,565	\$ 5,217,012
Commission's Net OPEB Liability as a Percentage of Covered-Employee Payroll	3.12%	3.51%	4.59%	4.90%	4.64%	5.39%	4.62%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10- year trend is compiled under the provisions of GASB 75, the Commission will only present available information.

No amounts are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Discount rates:

2023	4.87%
2022	4.77%
2021	2.43%
2020	2.41%
2019	3.58%

Healthcare cost trend rates:

Initially 7.5% decreasing in 0.50% increments over 7 years to 4.5% for 2023.

Salary increases:

3.25% for wage inflation plus merit/productivity growth ranging from 0.42% to 6.60% depending on age of the employee. The payroll growth assumption is based on the non-state rates shown in the APERS actuarial valuation as of June 30, 2022 for all years presented.

Amortization Period:

2023	7 years beginning October 1, 2022
2022	7 years beginning October 1, 2021
2021	7 years beginning October 1, 2020
2020	7 years beginning October 1, 2019
2019	8 years beginning October 1, 2018
2018	8 years beginning October 1, 2017

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Changes in the City’s Net Pension Liability and Related Ratios –
Firemen’s Pension and Relief Fund

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Interest	613,998	684,812	603,362	623,122	644,516	670,414	694,232	737,430	818,743	832,851
Benefit changes	–	–	1,611,263	–	–	–	–	–	–	–
Difference between actual & expected experience *	(175,380)	(85,340)	218,787	185,710	81,287	(29,079)	(1,191)	(420,129)	(1,250,687)	95,678
Assumption changes	–	–	467,751	–	–	–	–	–	–	–
Benefit payments	(1,282,629)	(1,289,871)	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)
Refunds	–	–	–	–	–	–	–	–	–	–
Net Change in Total Pension Liability	(844,011)	(690,399)	1,646,773	(344,857)	(427,886)	(523,546)	(480,878)	(871,321)	(1,631,930)	(292,885)
Total Pension Liability, Beginning	13,650,800	14,341,199	12,694,426	13,039,283	13,467,169	13,990,715	14,471,593	15,342,914	16,974,844	17,267,729
Total Pension Liability, Ending (a)	\$ 12,806,789	\$ 13,650,800	\$ 14,341,199	\$ 12,694,426	\$ 13,039,283	\$ 13,467,169	\$ 13,990,715	\$ 14,471,593	\$ 15,342,914	\$ 16,974,844
Plan Fiduciary Net Position										
Contributions – employee	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Contributions – employer	866,404	752,799	693,767	638,319	570,675	593,753	597,239	593,335	595,428	564,558
Net investment income (loss)	1,772,513	(2,422,157)	1,689,869	1,920,229	1,993,174	(255,686)	1,497,844	489,275	45,094	539,443
Benefit payments	(1,282,629)	(1,289,871)	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)
Administrative expense	–	–	(3,250)	–	(250)	(300)	(296)	–	–	(25)
Other/reconciliation	(34,403)	(14,293)	(4,519)	250	–	1,295	1,540	–	–	–
Net Change in Plan Fiduciary Net Position	1,321,885	(2,973,522)	1,121,477	1,405,109	1,409,910	(825,819)	922,408	(106,012)	(559,464)	(117,438)
Plan Fiduciary Net Position, Beginning	9,518,946	12,492,468	11,370,991	9,965,882	8,555,972	9,381,791	8,459,383	8,565,395	9,124,859	9,242,297
Plan Fiduciary Net Position, Ending (b)	\$ 10,840,831	\$ 9,518,946	\$ 12,492,468	\$ 11,370,991	\$ 9,965,882	\$ 8,555,972	\$ 9,381,791	\$ 8,459,383	\$ 8,565,395	\$ 9,124,859
Net Pension Liability (a) – (b)	\$ 1,965,958	\$ 4,131,854	\$ 1,848,731	\$ 1,323,435	\$ 3,073,401	\$ 4,911,197	\$ 4,608,924	\$ 6,012,210	\$ 6,777,519	\$ 7,849,985
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.65%	69.73%	87.11%	89.57%	76.43%	63.53%	67.06%	58.46%	55.83%	53.76%
Covered Employee Payroll	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

Information in this schedule has been determined as of the measurement date (December 31 of the current fiscal year-end) of the City’s net pension liability.

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Firemen’s Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,809,537	\$ 564,311	\$ 1,245,226	\$ –	N/A
2015	1,769,978	580,317	1,189,661	–	N/A
2016	1,531,255	593,256	937,999	–	N/A
2017	1,358,714	595,955	762,759	–	N/A
2018	1,042,598	593,337	449,261	–	N/A
2019	1,110,846	570,032	540,814	–	N/A
2020	696,613	638,319	58,294	–	N/A
2021	302,095	693,767	(391,672)	–	N/A
2022	419,517	752,799	(333,282)	–	N/A
2023	931,083	866,404	64,679	–	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	After 2021, Pub-2010 General, Below Median income, Healthy Set forward 1 year males, 2 years female, Projected MP-2020 (Before 2022, 1983 Group Annuity Mortality)

Information in this schedule has been determined as of the City’s most recent fiscal year-end.

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Changes in the City’s Net Pension Liability and Related Ratios –
Policemen’s Pension and Relief Fund

Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Interest	640,842	651,148	655,705	671,832	706,880	725,816	741,399	758,914	809,001	822,232
Benefit changes	–	–	–	–	–	–	–	–	–	–
Difference between actual & expected experience *	14,700	(93,258)	(89,811)	129,234	(277,035)	34,465	91,404	35,255	(666,271)	57,613
Assumption changes	–	–	455,828	–	–	–	–	–	–	–
Benefit payments	(1,106,597)	(1,106,597)	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Refunds	–	–	–	–	–	–	–	–	–	–
Net Change in Total Pension Liability	(451,055)	(548,707)	(97,404)	(327,008)	(703,693)	(384,185)	(311,663)	(350,297)	(1,001,736)	(264,621)
Total Pension Liability, Beginning	13,027,559	13,576,266	13,673,670	14,000,678	14,704,371	15,088,556	15,400,219	15,750,516	16,752,252	17,016,873
Total Pension Liability, Ending (a)	\$ 12,576,504	\$ 13,027,559	\$ 13,576,266	\$ 13,673,670	\$ 14,000,678	\$ 14,704,371	\$ 15,088,556	\$ 15,400,219	\$ 15,750,516	\$ 16,752,252
Plan Fiduciary Net Position										
Contributions – employee	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Contributions – employer	943,542	868,168	810,121	770,964	684,052	690,283	696,132	665,893	679,786	633,760
Net investment income (loss)	823,813	(1,317,912)	1,161,413	565,374	1,291,587	(484,326)	880,932	543,877	(176,004)	563,969
Benefit payments	(1,106,597)	(1,106,597)	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Funeral benefit	–	–	–	–	–	(6,500)	–	–	(6,500)	–
Other/Reconciliation	24,005	(23,655)	(10,754)	1,663	–	–	–	–	–	–
Administrative expense	–	–	–	–	–	–	–	(258)	–	–
Net Change in Plan Fiduciary Net Position	684,763	(1,579,996)	841,654	209,927	842,101	(945,009)	432,598	65,046	(647,184)	53,263
Plan Fiduciary Net Position, Beginning	8,122,448	9,702,444	8,860,790	8,650,863	7,808,762	8,753,771	8,321,173	8,256,127	8,903,311	8,850,048
Plan Fiduciary Net Position, Ending (b)	\$ 8,807,211	\$ 8,122,448	\$ 9,702,444	\$ 8,860,790	\$ 8,650,863	\$ 7,808,762	\$ 8,753,771	\$ 8,321,173	\$ 8,256,127	\$ 8,903,311
Net Pension Liability (a) – (b)	\$ 3,769,293	\$ 4,905,111	\$ 3,873,822	\$ 4,812,880	\$ 5,349,815	\$ 6,895,609	\$ 6,334,785	\$ 7,079,046	\$ 7,494,389	\$ 7,848,941
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.03%	62.35%	71.47%	64.80%	61.79%	53.11%	58.02%	54.03%	52.42%	53.15%
Covered Employee Payroll	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

Information in this schedule has been determined as of the measurement date (December 31 of the current fiscal year-end) of the City’s net pension liability.

City of Springdale Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Policemen’s Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,841,418	\$ 626,132	\$ 1,215,286	\$ –	N/A
2015	1,761,283	679,765	1,081,518	–	N/A
2016	1,692,892	665,814	1,027,078	–	N/A
2017	1,599,260	694,848	904,412	–	N/A
2018	1,431,737	689,867	741,870	–	N/A
2019	1,558,282	680,769	877,513	–	N/A
2020	1,209,889	770,964	438,925	–	N/A
2021	1,089,198	810,121	279,077	–	N/A
2022	877,914	868,168	9,746	–	N/A
2023	1,104,431	943,542	160,889	–	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	After 2021, Pub-2010 General, Below Median Income, Healthy Set forward 1 year males, 2 years female, Projected MP-2020 (Before 2022, 1983 Group Annuity Mortality).

Information in this schedule has been determined as of the City’s most recent fiscal year-end.

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Investment Returns

Plan	Fiscal Year Ended December 31,	Annual Money-Weighted Rate of Return
Firemen’s Relief and Pension Fund	2023	19.03%
	2022	-19.83%
	2021	15.26%
	2020	19.81%
	2019	24.16%
	2018	-2.82%
	2017	18.36%
	2016	5.94%
	2015	0.53%
	2014	6.05%
Policemen’s Pension and Relief Fund	2023	10.24%
	2022	-13.78%
	2021	13.38%
	2020	6.69%
	2019	17.07%
	2018	-5.69%
	2017	10.90%
	2016	6.80%
	2015	-2.61%
	2014	7.09%

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of the City’s Proportionate Share of the Net
Pension Liability – Arkansas Local Police and Fire Retirement System

City fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City’s proportion of the net pension liability	3.25522%	4.76575%	4.71121%	4.71121%	4.76790%	4.78403%	4.7949%	5.0422%	4.6714%
City’s proportionate share of the net pension liability	\$ 51,664,063	\$ 24,082,025	\$ 31,659,064	\$ 36,405,419	\$ 43,024,581	\$ 33,995,179	\$ 27,356,562	\$ 26,459,702	\$ 16,910,936
City’s covered-employee payroll	\$ 19,968,175	\$ 18,469,966	\$ 17,331,715	\$ 16,730,154	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134	\$ 12,487,950
City’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	258.73%	130.38%	182.67%	217.60%	271.76%	228.47%	189.97%	185.36%	135.42%
Plan fiduciary net position as a percentage of the total pension liability	69.20%	84.75%	77.79%	73.21%	71.17%	72.49%	72.49%	72.92%	79.14%

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Arkansas Local Police and Fire Retirement System

<u>City fiscal year ended December 31,</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially required contribution	\$ 5,551,391	\$ 4,692,522	\$ 4,340,442	\$ 4,072,953	\$ 3,931,588	\$ 3,719,909	\$ 3,422,270	\$ 3,167,945	\$ 3,131,048
Contributions in relation to the actuarially determined contribution	<u>5,551,391</u>	<u>4,692,522</u>	<u>4,340,442</u>	<u>4,072,953</u>	<u>3,931,588</u>	<u>3,719,909</u>	<u>3,422,270</u>	<u>3,167,945</u>	<u>3,131,048</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
Covered employee payroll	\$ 23,130,796	\$ 19,968,176	\$ 18,469,966	\$ 17,331,715	\$ 16,730,154	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134
Contributions as a percentage of covered employee payroll	24.00%	23.50%	23.50%	23.50%	23.50%	23.50%	23.00%	22.00%	21.93%

Information in this schedule has been determined as of the most recent fiscal year-end.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of the City’s Proportionate Share of the Net
Pension Liability – Arkansas Public Employees Retirement System

City fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City’s proportionate share of the net pension liability	0.3622%	0.3599%	0.3602%	0.3610%	0.3384%	0.0031%	0.0073%	.00107%	0.0099%
City’s proportionate share of the net pension liability	\$ 105,552	\$ 97,030	\$ 27,690	\$ 103,384	\$ 82,636	\$ 68,327	\$ 189,320	\$ 254,984	\$ 182,965
City’s covered-employee payroll	\$ 78,482	\$ 75,220	\$ 73,289	\$ 71,784	\$ 65,913	\$ 58,017	\$ 148,688	\$ 180,014	\$ 176,262
City’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.49%	128.99%	37.78%	144.02%	125.37%	117.77%	127.33%	141.65%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	79.59%	75.65%	75.65%	75.50%	80.30%

Information in this schedule has been determined as of the City’s measurement date (June 30) of its net pension liability.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Arkansas Public Employees Retirement System

<u>City fiscal year ended December 31,</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 12,023	\$ 11,938	\$ 11,132	\$ 10,906	\$ 10,648	\$ 9,043	\$ 8,456	\$ 26,064	\$ 27,053
Contributions in relation to the actuarially determined contribution	<u>12,023</u>	<u>11,938</u>	<u>11,132</u>	<u>10,906</u>	<u>10,648</u>	<u>9,043</u>	<u>8,456</u>	<u>26,064</u>	<u>27,053</u>
Contribution deficiency (excess)	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>
Covered employee payroll	\$ 78,482	\$ 77,923	\$ 72,661	\$ 71,185	\$ 69,507	\$ 60,144	\$ 57,835	\$ 179,754	\$ 184,976
Contributions as a percentage of covered employee payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.04%	14.62%	14.50%	14.63%

Information in this schedule has been determined as of the City’s most recent fiscal year-end.

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

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund
Year Ended December 31, 2023

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Sales	\$ 43,940,000	\$ 43,940,000	\$ 45,824,814	\$ 1,884,814
Ad valorem	7,194,000	7,194,000	7,489,735	295,735
Franchise	4,836,000	4,836,000	5,435,981	599,981
Fees and permits:				
Building permits	-	-	868,678	868,678
Occupation permits	1,145,900	1,145,900	190,486	(955,414)
Other	-	-	272,270	272,270
Intergovernmental:				
Federal and state grants	-	-	1,447,348	1,447,348
State turnback	2,462,890	2,462,890	1,323,463	(1,139,427)
State turnback – general	-	-	1,330,744	1,330,744
State turnback – insurance	-	-	1,988,830	1,988,830
County	-	-	22,473	22,473
Other	3,036,170	3,036,170	1,192,712	(1,843,458)
Other grants and contributions	242,190	242,190	4,568,842	4,326,652
Charges for goods and services:				
Ambulance fees	-	-	2,262,681	2,262,681
Other revenues	3,326,400	3,326,400	2,071,210	(1,255,190)
Fines and forfeitures	803,000	803,000	818,216	15,216
Investment earnings (losses)	514,900	514,900	929,076	414,176
Miscellaneous	-	-	500,329	500,329
Total revenues	67,501,450	67,501,450	78,537,888	11,036,438
Expenditures				
General Government				
Administration				
Personnel	2,383,034	2,383,034	2,216,110	166,924
Buildings and equipment	157,700	157,700	194,757	(37,057)
Supplies	133,500	133,500	58,209	75,291
Other	1,019,182	1,019,182	1,144,622	(125,440)
Economic development	472,720	472,720	464,157	8,563
Capital	-	-	8,612,566	(8,612,566)
Total Administration Expenditures	4,166,136	4,166,136	12,690,421	(8,524,285)
City Attorney				
Personnel	865,335	865,335	866,556	(1,221)
Buildings and equipment	15,100	15,100	10,246	4,854
Supplies	14,800	14,800	19,744	(4,944)
Other	20,314	20,314	13,581	6,733
Total City Attorney Expenditures	915,549	915,549	910,127	5,422
Information Technology				
Personnel	1,045,242	1,045,242	931,186	114,056
Buildings and equipment	581,000	581,000	544,512	36,488
Supplies	8,100	8,100	16,098	(7,998)
Other	237,500	237,500	271,526	(34,026)
Capital	95,050	95,050	66,321	28,729
Total Information Technology Expenditures	1,966,892	1,966,892	1,829,643	137,249
Total General Government Expenditures	7,048,577	7,048,577	15,430,191	(8,381,614)

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2023

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Shiloh Museum				
Personnel	\$ 907,744	\$ 907,744	\$ 856,472	\$ 51,272
Buildings and equipment	47,325	47,325	67,164	(19,839)
Supplies	60,000	60,000	62,602	(2,602)
Other	28,500	28,500	38,758	(10,258)
Capital	10,000	36,487	35,994	493
Total Shiloh Museum Expenditures	<u>1,053,569</u>	<u>1,080,056</u>	<u>1,060,990</u>	<u>19,066</u>
Springdale Senior Centers				
Personnel	489,445	489,445	462,933	26,512
Buildings and equipment	55,000	55,000	71,527	(16,527)
Supplies	261,020	261,020	326,196	(65,176)
Other	58,100	58,100	73,039	(14,939)
Capital	-	-	268,513	(268,513)
Total Springdale Senior Centers Expenditures	<u>863,565</u>	<u>863,565</u>	<u>1,202,208</u>	<u>(338,643)</u>
Parks and Recreation				
Personnel	3,017,311	3,017,311	3,035,756	(18,445)
Buildings and equipment	673,000	844,950	707,445	137,505
Supplies	1,090,388	1,090,388	1,141,775	(51,387)
Other	150,290	150,290	187,503	(37,213)
Capital	458,000	458,000	9,120,158	(8,662,158)
Total Parks and Recreation Expenditures	<u>5,388,989</u>	<u>5,560,939</u>	<u>14,192,637</u>	<u>(8,631,698)</u>
Total Culture and Recreation Expenditures	<u>7,306,123</u>	<u>7,504,560</u>	<u>16,455,835</u>	<u>(8,951,275)</u>
Community Development				
Planning and Community Development				
Personnel	685,148	685,148	586,246	98,902
Buildings and equipment	9,000	9,000	5,662	3,338
Supplies	13,500	13,500	8,313	5,187
Other	61,150	61,150	40,176	20,974
Capital	-	-	20,000	(20,000)
Total Planning and Community Development Expenditures	<u>768,798</u>	<u>768,798</u>	<u>660,397</u>	<u>108,401</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2023

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering				
Personnel	\$ 776,775	\$ 776,775	\$ 760,828	\$ 15,947
Buildings and equipment	26,522	26,522	5,909	20,613
Supplies	15,200	15,200	15,486	(286)
Other	128,700	128,700	151,890	(23,190)
Total Engineering Expenditures	947,197	947,197	934,113	13,084
Total Community Development Expenditures	1,715,995	1,715,995	1,594,510	121,485
Public Safety:				
Animal Services				
Personnel	833,937	833,937	694,554	139,383
Buildings and equipment	69,200	69,200	87,753	(18,553)
Supplies	150,000	150,000	183,085	(33,085)
Other	111,400	111,400	98,340	13,060
Capital	109,900	109,900	62,455	47,445
Total Animal Services Expenditures	1,274,437	1,274,437	1,126,187	148,250
Building Inspection				
Personnel	710,406	710,406	675,280	35,126
Buildings and equipment	17,000	17,000	7,307	9,693
Supplies	38,850	38,850	26,808	12,042
Other	54,500	54,500	47,921	6,579
Capital	-	-	41,885	(41,885)
Total Building Inspection Expenditures	820,756	820,756	799,201	21,555
Neighborhood Services/Code Enforcement				
Personnel	427,497	427,497	394,649	32,848
Buildings and equipment	35,300	35,300	17,560	17,740
Supplies	38,900	38,900	34,476	4,424
Other	22,200	22,200	14,959	7,241
Total Neighborhood Services Expenditures	523,897	523,897	461,644	62,253
Police				
Personnel	20,286,037	22,635,245	20,685,497	1,949,748
Buildings and equipment	551,650	551,650	562,171	(10,521)
Supplies	780,600	780,600	867,114	(86,514)
Other	813,350	813,350	789,896	23,454
Capital	192,000	192,000	1,676,230	(1,484,230)
Total Police Expenditures	22,623,637	24,972,845	24,580,908	391,937

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2023

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire				
Personnel	\$ 16,129,573	\$ 16,129,573	\$ 16,311,913	\$ (182,340)
Buildings and equipment	631,500	631,500	751,615	(120,115)
Supplies	1,047,000	1,047,000	947,592	99,408
Other	757,400	757,400	770,473	(13,073)
Capital	352,000	352,000	622,778	(270,778)
Total Fire Expenditures	18,917,473	18,917,473	19,404,371	(486,898)
Total Public Safety Expenditures	44,160,200	46,509,408	46,372,311	137,097
Total expenditures	60,230,895	62,778,540	79,852,847	(17,074,307)
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,270,555	4,722,910	(1,314,959)	(6,037,869)
Other financing sources (uses)				
Transfers in	-	-	45,333	45,333
Transfers out	(3,026,714)	(3,026,714)	(4,549,038)	(1,522,324)
Refund of contributed capital	-	-	25,259	25,259
Proceeds from sale of capital assets	-	-	83,482	83,482
Insurance recoveries	-	-	181,587	181,587
Total other financing sources (uses)	(3,026,714)	(3,026,714)	(4,213,377)	(1,186,663)
Net Change in Fund Balances	4,243,841	1,696,196	(5,528,336)	(7,224,532)
Fund Balances, Beginning of Year	49,884,004	49,884,004	49,884,004	-
Fund Balances, End of Year	\$ 54,127,845	\$ 51,580,200	\$ 44,355,668	\$ (7,224,532)

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – Street Fund
Year Ended December 31, 2023

	Budgets		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem	\$ 1,282,800	\$ 1,282,800	\$ 1,403,185	\$ 120,385
Other	27,300	27,300	41,971	14,671
Federal and state grants	1,766,000	1,766,000	840,653	(925,347)
State turnback – street	6,240,000	6,240,000	7,328,206	1,088,206
Other revenues	15,000	15,000	14,923	(77)
Street signs	10,000	10,000	16,426	6,426
Street and curb cut repairs	-	-	14,165	14,165
Investment earnings (losses)	37,000	37,000	235,886	198,886
Miscellaneous	-	-	4,581	4,581
Total revenues	9,378,100	9,378,100	9,899,996	521,896
Expenditures				
Personnel	3,014,337	3,014,337	2,840,023	174,314
Building and equipment	947,500	947,500	600,276	347,224
Supplies	1,299,600	1,299,600	1,190,500	109,100
Regional support	526,562	526,562	526,000	562
Other	2,835,350	2,835,350	1,140,152	1,695,198
Capital	1,866,000	1,866,000	5,146,613	(3,280,613)
Total Public Works Expenditures	10,489,349	10,489,349	11,443,564	(954,215)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,111,249)	(1,111,249)	(1,543,568)	(432,319)
Other financing sources (uses)				
Transfers in	1,119,339	1,119,339	1,009,558	(109,781)
Proceeds from sale of capital assets	-	-	40,048	40,048
Insurance recoveries	-	-	93,243	93,243
Total other financing sources (uses)	1,119,339	1,119,339	1,142,849	23,510
Net Change in Fund Balances	8,090	8,090	(400,719)	(408,809)
Fund Balances, Beginning of Year	9,794,276	9,794,276	9,794,276	-
Fund Balances, End of Year	\$ 9,802,366	\$ 9,802,366	\$ 9,393,557	\$ (408,809)

City of Springdale, Arkansas
Notes to Required Supplementary Information
Year Ended December 31, 2023

Stewardship, Compliance, and Accountability

Budgetary Information

The City follows these procedures as set out by City Ordinance in establishing the budgetary data reflected in the financial statements:

- During July, public hearings are conducted which allow for taxpayer comments.
- On or before August 1, staff projects revenue available for the following year.
- On or before September 1, the Mayor projects funds available for each division/department.
- On or before September 15, division/department heads deliver proposed detailed budget to the Mayor for review. City Council sets the dates for work sessions in October and November to review and make budget changes.
- On or before October 15, the Mayor delivers the proposed budget to the City Council.
- During October and November, the City Council conducts special work sessions to review the budget with each division/department head.
- On or before December 10, the City Council legally enacts a budget through passage of a resolution. State law requires the adoption of the annual budget on or before February 1 of each year.

The original budget of the General Fund was amended during 2023. The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* for the General and Street funds present the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

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City of Springdale, Arkansas
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds					Public Library Board Foundation Fund
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	
Assets						
Cash and cash equivalents	\$ 628,726	\$ -	\$ 294,610	\$ -	\$ -	\$ 25,651
Investments	-	418,420	494,921	-	470,799	629,337
Accounts receivable, net	974	11	38,821	9,319	-	-
Interest receivable	-	-	4,319	-	4,416	-
Due from other funds	390	6,438	-	42,953	450,411	12,588
Assets held for resale	-	-	-	-	-	-
Other assets	786	51	-	325	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Investments	-	2,674,586	-	164,320	-	-
Interest receivable	-	-	-	1,832	-	-
Total assets	\$ 630,876	\$ 3,099,506	\$ 832,671	\$ 218,749	\$ 925,626	\$ 667,576
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 42,573	\$ 8,718	\$ 3,030	\$ 3,850	\$ -	\$ -
Salaries payable	70,675	2,848	-	37,382	-	-
Payable from restricted assets:						
Accounts payable	-	-	-	-	-	-
Due to other funds	16,775	63,157	-	84,944	138,041	-
Deposits	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	1,630	-	-	74,250	250
Total Liabilities	130,023	76,353	3,030	126,176	212,291	250
Fund Balances						
Nonspendable						
Assets held for resale	-	-	-	-	-	-
Cemetery perpetual care	-	-	-	-	-	-
Endowments	-	2,674,586	-	-	-	-
Other nonspendable	60,524	51	-	325	-	-
Restricted						
Court automation	-	-	-	92,248	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Special revenue funds	440,329	348,516	829,641	-	713,335	667,326
Capital projects funds	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	500,853	3,023,153	829,641	92,573	713,335	667,326
Total Liabilities and Fund Balances	\$ 630,876	\$ 3,099,506	\$ 832,671	\$ 218,749	\$ 925,626	\$ 667,576

Special Revenue Funds			Capital Projects					
Community Development Block Grant Fund	District Court Fund	Public Facilities Board Fund	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	2023 Series Senior Center Fund	2023 Series Parks and Recreation Fund	2023 Series Fire Department Construction Fund
\$ -	\$ 452,474	\$ 2,653,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,458,801	-	-	-	-	-	-
13,837	-	-	-	-	-	-	-	-
-	-	33,053	-	-	-	-	-	-
-	57,397	-	-	72,466	-	-	612	-
-	-	1,353,725	-	-	-	-	-	-
283	-	-	-	-	-	-	-	-
-	-	-	-	3,195	-	34	52	53
-	-	-	7	13,908	-	14,984,501	12,521,290	5,435,674
-	-	-	-	4,626	-	-	-	-
<u>\$ 14,120</u>	<u>\$ 509,871</u>	<u>\$ 6,498,776</u>	<u>\$ 7</u>	<u>\$ 94,195</u>	<u>\$ -</u>	<u>\$ 14,984,535</u>	<u>\$ 12,521,954</u>	<u>\$ 5,435,727</u>
\$ 9,218	\$ 76,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,456	-	-	-	-	-	-	-	-
-	-	-	-	153,882	-	15,120	3,175,112	-
122,297	164,252	-	-	30,943	22	-	-	-
-	10,472	-	-	-	-	-	-	-
-	302,732	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>136,971</u>	<u>554,231</u>	<u>-</u>	<u>-</u>	<u>184,825</u>	<u>22</u>	<u>15,120</u>	<u>3,175,112</u>	<u>-</u>
-	-	1,353,725	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
283	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	14,969,415	9,346,842	5,435,727
-	-	-	-	-	-	-	-	-
-	-	5,145,051	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(123,134)	(44,360)	-	7	(90,630)	(22)	-	-	-
<u>(122,851)</u>	<u>(44,360)</u>	<u>6,498,776</u>	<u>7</u>	<u>(90,630)</u>	<u>(22)</u>	<u>14,969,415</u>	<u>9,346,842</u>	<u>5,435,727</u>
<u>\$ 14,120</u>	<u>\$ 509,871</u>	<u>\$ 6,498,776</u>	<u>\$ 7</u>	<u>\$ 94,195</u>	<u>\$ -</u>	<u>\$ 14,984,535</u>	<u>\$ 12,521,954</u>	<u>\$ 5,435,727</u>

City of Springdale, Arkansas
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2023

	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
	<u>2020 Bonds</u>	<u>Bluff Cemetery</u>	<u>Nonmajor</u>
	<u>Debt Service</u>	<u>Fund</u>	<u>Governmental</u>
			<u>Fund</u>
Assets			
Cash and cash equivalents	\$ -	\$ 42,095	\$ 4,096,753
Investments	-	424,339	4,896,617
Accounts receivable, net	-	10,794	73,756
Interest receivable	-	936	42,724
Due from other funds	-	-	643,255
Assets held for resale	-	-	1,353,725
Other assets	-	-	1,445
Restricted assets:			
Cash and cash equivalents	3,440	-	6,774
Investments	-	-	35,794,286
Interest receivable	-	-	6,458
Total assets	<u>\$ 3,440</u>	<u>\$ 478,164</u>	<u>\$ 46,915,793</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 144,164
Salaries payable	-	-	116,361
Payable from restricted assets:			
Accounts payable	-	-	3,344,114
Due to other funds	-	-	620,431
Deposits	-	-	10,472
Due to other governments	-	-	302,732
Unearned revenue	-	-	76,130
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,614,404</u>
Fund Balances			
Nonspendable			
Assets held for resale	-	-	1,353,725
Cemetery perpetual care	-	32,720	32,720
Endowments	-	-	2,674,586
Other nonspendable	-	-	61,183
Restricted			
Court automation	-	-	92,248
Debt service	3,440	-	3,440
Capital projects	-	-	29,751,984
Assigned			
Special revenue funds	-	-	2,999,147
Capital projects funds	-	-	5,145,051
Permanent fund	-	445,444	445,444
Unassigned	-	-	(258,139)
Total Fund Balances	<u>3,440</u>	<u>478,164</u>	<u>42,301,389</u>
Total Liabilities and Fund Balances	<u>\$ 3,440</u>	<u>\$ 478,164</u>	<u>\$ 46,915,793</u>

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City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue Funds						
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	Public Library Board Foundation Fund	Community Development Block Grant Fund
Revenues							
Taxes	\$ 51,820	\$ -	\$ 622,828	\$ -	\$ -	\$ -	\$ -
Fees and permits	-	24,608	-	-	-	-	-
Intergovernmental	1,858,626	-	-	42,045	-	-	998,380
Other grants and contributions	35,308	73,153	-	-	450,411	29,189	496
Charges for goods and services	-	16,635	-	244,824	455,811	-	-
Fines and forfeitures	21,190	-	-	-	-	-	-
Investment earnings (loss)	6,906	382,473	17,236	11,888	21,357	60,186	-
Miscellaneous	21,499	35,116	15,626	444	-	-	89,681
Total revenues	1,995,349	531,985	655,690	299,201	927,579	89,375	1,088,557
Expenditures							
Current							
General government	-	-	-	1,366,036	-	-	-
Community development	-	-	-	-	-	-	1,138,351
Culture and recreation	2,642,950	266,451	-	-	215,612	45,087	-
Economic development	-	-	527,756	-	-	-	-
Capital expenditures	5,124	221,526	-	-	84,290	-	-
Debt Service							
Interest	-	-	-	-	-	-	-
Other fees	-	-	-	-	-	-	-
Agent fees	-	-	-	-	-	-	-
Total expenditures	2,648,074	487,977	527,756	1,366,036	299,902	45,087	1,138,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	(652,725)	44,008	127,934	(1,066,835)	627,677	44,288	(49,794)
Other Financing Sources (Uses)							
Transfers in	829,980	-	-	759,500	-	-	-
Transfers out	-	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-
Total other financing sources (uses)	829,980	-	-	759,500	-	-	-
Net Change in Fund Balances	177,255	44,008	127,934	(307,335)	627,677	44,288	(49,794)
Fund Balances, Beginning of Year	323,598	2,979,145	701,707	399,908	85,658	623,038	(73,057)
Fund Balances, End of Year	\$ 500,853	\$ 3,023,153	\$ 829,641	\$ 92,573	\$ 713,335	\$ 667,326	\$ (122,851)

Special Revenue Funds		Capital Projects						Debt Service	
District Court Fund	Public Facilities Board Fund	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	2023 Series Senior Center Fund	2023 Series Parks and Recreation Fund	2023 Series Fire Department Construction Fund	2020 Bonds Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689,670	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
167,117	2,577,385	-	-	-	-	-	-	-	
2,711,946	-	-	-	-	-	-	-	-	
5,195	100,716	-	36,117	-	245,202	234,599	107,754	48,482	
-	-	-	-	-	-	-	-	-	
<u>2,884,258</u>	<u>2,678,101</u>	<u>-</u>	<u>36,117</u>	<u>-</u>	<u>245,202</u>	<u>234,599</u>	<u>107,754</u>	<u>1,738,152</u>	
2,248,058	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
635,259	838,040	-	1,084,504	-	275,067	5,892,095	1,673,326	-	
-	-	-	-	-	-	-	-	449,004	
-	-	-	-	-	75,815	75,840	35,389	2,852	
-	-	-	-	-	-	-	-	2,500	
<u>2,883,317</u>	<u>838,040</u>	<u>-</u>	<u>1,084,504</u>	<u>-</u>	<u>350,882</u>	<u>5,967,935</u>	<u>1,708,715</u>	<u>454,356</u>	
941	1,840,061	-	(1,048,387)	-	(105,680)	(5,733,336)	(1,600,961)	1,283,796	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	(45,333)	
-	-	-	-	-	15,309,588	15,314,750	7,146,143	-	
-	-	-	-	-	(234,493)	(234,572)	(109,455)	-	
-	-	-	-	-	-	-	-	(2,587,008)	
-	-	-	-	-	15,075,095	15,080,178	7,036,688	(2,632,341)	
941	1,840,061	-	(1,048,387)	-	14,969,415	9,346,842	5,435,727	(1,348,545)	
(45,301)	4,658,715	7	957,757	(22)	-	-	-	1,351,985	
<u>\$ (44,360)</u>	<u>\$ 6,498,776</u>	<u>\$ 7</u>	<u>\$ (90,630)</u>	<u>\$ (22)</u>	<u>\$ 14,969,415</u>	<u>\$ 9,346,842</u>	<u>\$ 5,435,727</u>	<u>\$ 3,440</u>	

City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended December 31, 2023

	<u>Permanent</u>		<u>Total Nonmajor Governmental Fund</u>
	<u>Bluff Cemetery Fund</u>		<u>Fund</u>
Revenues			
Taxes	\$ -	\$	2,364,318
Fees and permits	-		24,608
Intergovernmental	-		2,899,051
Other grants and contributions	761,199		1,349,756
Charges for goods and services	36,375		3,498,147
Fines and forfeitures	-		2,733,136
Investment earnings (loss)	14,337		1,292,448
Miscellaneous	5,000		167,366
	<u>816,911</u>		<u>14,328,830</u>
Total revenues			
Expenditures			
Current			
General government	820,741		4,434,835
Community development	-		1,138,351
Culture and recreation	-		3,170,100
Economic development	-		527,756
Capital expenditures	-		10,709,231
Debt Service			
Interest	-		449,004
Other fees	-		189,896
Agent fees	-		2,500
	<u>820,741</u>		<u>20,621,673</u>
Total expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,830)</u>		<u>(6,292,843)</u>
Other Financing Sources (Uses)			
Transfers in	-		1,589,480
Transfers out	-		(45,333)
Proceeds from issuance of bonds	-		37,770,481
Discount on bonds sold	-		(578,520)
Payment to refunded bonds escrow agent	-		(2,587,008)
	<u>-</u>		<u>36,149,100</u>
Total other financing sources (uses)			
Net Change in Fund Balances	(3,830)		29,856,257
Fund Balances, Beginning of Year	<u>481,994</u>		<u>12,445,132</u>
Fund Balances, End of Year	<u>\$ 478,164</u>	\$	<u>42,301,389</u>

City of Springdale, Arkansas
Combining Statement of Net Position –
Nonmajor Enterprise Funds
December 31, 2023

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 30,866	\$ 369,243	\$ 400,109
Investments	-	85,362	85,362
Accounts receivable, net	-	46,890	46,890
Accrued interest	-	242	242
Other assets	-	-	-
Total current assets	<u>30,866</u>	<u>501,737</u>	<u>532,603</u>
Capital assets			
Machinery and equipment	-	280,774	280,774
Less accumulated depreciation	-	(191,453)	(191,453)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>89,321</u>	<u>89,321</u>
Total assets	<u>30,866</u>	<u>591,058</u>	<u>621,924</u>
Deferred Outflows of Resources			
Other postemployment benefits	-	3,114	3,114
Total Deferred Outflows of Resources	<u>-</u>	<u>3,114</u>	<u>3,114</u>
Liabilities			
Current Liabilities			
Accounts payable	-	7,201	7,201
Salaries payable	-	1,907	1,907
Total current liabilities	<u>-</u>	<u>9,108</u>	<u>9,108</u>
Noncurrent liabilities			
Due within one year	-	331	331
Due in more than one year	-	24,721	24,721
Total noncurrent liabilities	<u>-</u>	<u>25,052</u>	<u>25,052</u>
Total liabilities	<u>-</u>	<u>34,160</u>	<u>34,160</u>
Deferred Inflows of Resources			
Other postemployment benefits	-	5,448	5,448
Total Deferred Inflows of Resources	<u>-</u>	<u>5,448</u>	<u>5,448</u>
Net Position			
Net investment in capital assets	-	89,321	89,321
Unrestricted	30,866	465,243	496,109
Total net position	<u>\$ 30,866</u>	<u>\$ 554,564</u>	<u>\$ 585,430</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenses and Changes in Net Position -
Nonmajor Enterprise Funds
For the Year Ended December 31, 2023

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Operating Revenues			
Charges for services			
Other service fees	\$ 1,939	\$ 177,880	\$ 179,819
Other revenue	2,935	198	3,133
Total operating revenues	<u>4,874</u>	<u>178,078</u>	<u>182,952</u>
Operating Expenses			
Personnel	-	124,100	124,100
Maintenance	-	183	183
Supplies	64	23,980	24,044
Other operating expenses	2,935	2,358	5,293
Depreciation	-	16,240	16,240
Total operating expenses	<u>2,999</u>	<u>166,861</u>	<u>169,860</u>
Operating Income	<u>1,875</u>	<u>11,217</u>	<u>13,092</u>
Nonoperating Revenues (Expenses)			
Investment Earnings (Loss)	-	9,939	9,939
Total Nonoperating Revenues	<u>-</u>	<u>9,939</u>	<u>9,939</u>
Change in Net Position	1,875	21,156	23,031
Net Position, Beginning of Year	<u>28,991</u>	<u>533,408</u>	<u>562,399</u>
Net Position, End of Year	<u>\$ 30,866</u>	<u>\$ 554,564</u>	<u>\$ 585,430</u>

City of Springdale, Arkansas
Combining Statement of Cash Flows –
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 4,874	\$ 176,464	\$ 181,338
Payments to suppliers	(2,999)	(23,487)	(26,486)
Payments to employees	–	(117,213)	(117,213)
Net cash provided by operating activities	<u>1,875</u>	<u>35,764</u>	<u>37,639</u>
Cash Flows From Investing Activities			
Interest received	–	5,466	5,466
Net cash provided by investing activities	<u>–</u>	<u>5,466</u>	<u>5,466</u>
Net Increase in Cash and Cash Equivalents	1,875	41,230	43,105
Cash and Cash Equivalents, January 1	<u>28,991</u>	<u>328,013</u>	<u>357,004</u>
Cash and Cash Equivalents, December 31	<u>\$ 30,866</u>	<u>\$ 369,243</u>	<u>\$ 400,109</u>
Reconciliation of Operating Income to Net			
Cash provided by operating activities			
Operating income	<u>\$ 1,875</u>	<u>\$ 11,217</u>	<u>\$ 13,092</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	–	16,240	16,240
Decrease in accounts receivable	–	(1,614)	(1,614)
Increase in other assets	–	85	85
Decrease in deferred outflows of resources	–	(1,521)	(1,521)
Decrease in accounts payable	–	(1,247)	(1,247)
Decrease in deferred inflows of resources	–	(194)	(194)
Increase in OPEB liability	–	12,798	12,798
	<u>–</u>	<u>24,547</u>	<u>24,547</u>
Net Cash Provided By Operating Activities	<u>\$ 1,875</u>	<u>\$ 35,764</u>	<u>\$ 37,639</u>
Noncash Activities			
Change in fair value of investments	\$ –	\$ (4,473)	\$ (4,473)

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Public Library Fund
Year Ended December 31, 2023

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad valorem	\$ 55,000	\$ 55,000	\$ 51,820	\$ (3,180)
Intergovernmental				
Federal and state grants	3,600	3,600	17,550	13,950
County	1,841,080	1,841,080	1,841,076	(4)
Other grants and contributions	-	-	35,308	35,308
Fines	10,000	10,000	21,190	11,190
Investment earnings	15,000	15,000	6,906	(8,094)
Miscellaneous	-	-	21,499	21,499
Total revenues	<u>1,924,680</u>	<u>1,924,680</u>	<u>1,995,349</u>	<u>70,669</u>
Expenditures				
Culture and recreation				
Public Library				
Personnel	1,898,755	1,898,755	1,662,879	235,876
Maintenance	244,100	244,100	246,998	(2,898)
Supplies	611,300	611,300	566,292	45,008
Other	166,500	166,500	166,781	(281)
Capital	-	-	5,124	(5,124)
Total Public Library expenditures	<u>2,920,655</u>	<u>2,920,655</u>	<u>2,648,074</u>	<u>272,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(995,975)</u>	<u>(995,975)</u>	<u>(652,725)</u>	<u>343,250</u>
Other Financing Sources (Uses)				
Transfers in	<u>995,975</u>	<u>995,975</u>	<u>829,980</u>	<u>(165,995)</u>
Total other financing sources (uses)	<u>995,975</u>	<u>995,975</u>	<u>829,980</u>	<u>(165,995)</u>
Net Change in Fund Balances	-	-	177,255	177,255
Fund Balances, Beginning of Year	<u>323,598</u>	<u>323,598</u>	<u>323,598</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 323,598</u>	<u>\$ 323,598</u>	<u>\$ 500,853</u>	<u>\$ 177,255</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – District Court Costs Fund
Year Ended December 31, 2023

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
County	\$ 44,147	\$ 44,147	\$ 42,045	\$ (2,102)
Fees and permit				
Installment plan fees	-	-	89,828	89,828
Other revenues	255,000	255,000	154,996	(100,004)
Investment earnings	5,000	5,000	11,888	6,888
Miscellaneous	-	-	444	444
Total revenues	<u>304,147</u>	<u>304,147</u>	<u>299,201</u>	<u>(4,946)</u>
Expenditures				
General government				
Court Costs				
Personnel	997,282	997,282	976,753	20,529
Maintenance	67,000	67,000	93,385	(26,385)
Supplies	47,250	47,250	53,345	(6,095)
Other	103,650	103,650	24,941	78,709
Capital	-	-	217,612	(217,612)
Total Court Costs expenditures	<u>1,215,182</u>	<u>1,215,182</u>	<u>1,366,036</u>	<u>(150,854)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(911,035)</u>	<u>(911,035)</u>	<u>(1,066,835)</u>	<u>(155,800)</u>
Other Financing Sources (Uses)				
Transfers in	<u>911,400</u>	<u>911,400</u>	<u>759,500</u>	<u>(151,900)</u>
Total other financing sources (uses)	<u>911,400</u>	<u>911,400</u>	<u>759,500</u>	<u>(151,900)</u>
Special Items				
Total special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	365	365	(307,335)	(307,700)
Fund Balances, Beginning of Year	<u>399,908</u>	<u>399,908</u>	<u>399,908</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 400,273</u>	<u>\$ 400,273</u>	<u>\$ 92,573</u>	<u>\$ (307,700)</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Arvest Ballpark Fund
Year Ended December 31, 2023

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal and state grants	\$ -	\$ -	\$ 450,411	\$ 450,411
Rent	437,000	437,000	455,811	18,811
Investment earnings	11,100	11,100	21,357	10,257
Total revenues	<u>448,100</u>	<u>448,100</u>	<u>927,579</u>	<u>479,479</u>
Expenditures				
Culture and recreation				
Maintenance	125,000	125,000	-	125,000
Other	100,250	100,250	215,612	(115,362)
Capital	597,842	597,842	84,290	513,552
Total Arvest Ball Park expenditures	<u>823,092</u>	<u>823,092</u>	<u>299,902</u>	<u>523,190</u>
Other Financing Sources (Uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(374,992)	(374,992)	627,677	1,002,669
Fund Balances, Beginning of Year	<u>85,658</u>	<u>85,658</u>	<u>85,658</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ (289,334)</u></u>	<u><u>\$ (289,334)</u></u>	<u><u>\$ 713,335</u></u>	<u><u>\$ 1,002,669</u></u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Bluff Cemetery Fund
Year Ended December 31, 2023

	Budgets		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Other grants and contributions	\$ -	\$ -	\$ 761,199	\$ 761,199
Charges for goods				
Cemetery lots	50,000	50,000	36,375	(13,625)
Investment earnings (losses)	-	-	14,337	14,337
Miscellaneous	4,500	4,500	5,000	500
Total revenues	54,500	54,500	816,911	762,411
Expenditures				
General government				
Cemetery				
Maintenance	58,500	58,500	61,615	(3,115)
Supplies	500	500	-	500
Other	600	600	767	(167)
BCF – Capital	-	760,000	758,359	1,641
Total Bluff Cemetery expenditures	59,600	819,600	820,741	(1,141)
Net Change in Fund Balances	(5,100)	(765,100)	(3,830)	761,270
Fund Balances, Beginning of Year	481,994	481,994	481,994	-
Fund Balances, End of Year	\$ 476,894	\$ (283,106)	\$ 478,164	\$ 761,270

City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position –
Budget and Actual – Municipal Airport Fund
Year Ended December 31, 2023

	Budgets	
	Original	Final
Operating Revenues		
Fuel flowage fees	\$ -	\$ -
Other service fees	71,195	71,195
Rental fees	385,800	385,800
Total operating revenues	<u>456,995</u>	<u>456,995</u>
Operating Expenses		
Personnel	113,610	113,610
Maintenance	76,000	76,000
Supplies	48,500	48,500
Other operating expenses	168,100	168,100
Depreciation	-	-
Total operating expenses	<u>406,210</u>	<u>406,210</u>
Operating Income (Loss)	<u>50,785</u>	<u>50,785</u>
Nonoperating Revenues (Expenses)		
Sales taxes	55,400	55,400
Insurance recoveries	-	-
Total nonoperating revenues (expenses)	<u>55,400</u>	<u>55,400</u>
Income (Loss) before Capital Contributions and Special Items	106,185	106,185
Capital grants and contributions	-	-
Capital transfers in	-	-
Change in Net Position	106,185	106,185
Net Position, Beginning of Year	<u>8,681,330</u>	<u>8,681,330</u>
Net Position, End of Year	<u>\$ 8,787,515</u>	<u>\$ 8,787,515</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 60,315	\$ -	\$ 60,315	\$ 60,315
18,530	-	18,530	(52,665)
<u>419,255</u>	<u>-</u>	<u>419,255</u>	<u>33,455</u>
<u>498,100</u>	<u>-</u>	<u>498,100</u>	<u>41,105</u>
97,997	-	97,997	15,613
188,273	-	188,273	(112,273)
50,346	-	50,346	(1,846)
134,238	-	134,238	33,862
<u>443,647</u>	<u>(443,647)</u>	<u>-</u>	<u>-</u>
<u>914,501</u>	<u>-</u>	<u>914,501</u>	<u>(508,291)</u>
<u>(416,401)</u>	<u>-</u>	<u>(416,401)</u>	<u>(467,186)</u>
100,323	-	100,323	44,923
<u>39,290</u>	<u>-</u>	<u>39,290</u>	<u>39,290</u>
<u>139,613</u>	<u>-</u>	<u>139,613</u>	<u>84,213</u>
(276,788)	-	(276,788)	(382,973)
599,574	-	599,574	599,574
<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>700,000</u>
1,022,786	-	1,022,786	916,601
<u>11,630,590</u>	<u>-</u>	<u>11,630,590</u>	<u>2,949,260</u>
<u>\$ 12,653,376</u>	<u>\$ -</u>	<u>\$ 12,653,376</u>	<u>\$ 3,865,861</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position –
Budget and Actual – Sanitation Fund
Year Ended December 31, 2023

	Budgets	
	Original	Final
Operating Revenues		
Charges for services		
Other service fees	\$ 174,000	\$ 174,000
Other revenue	-	-
Total operating revenues	<u>174,000</u>	<u>174,000</u>
Operating Expenses		
Personnel	114,876	114,876
Maintenance	3,000	3,000
Supplies	31,500	31,500
Other operating expenses	5,080	5,080
Depreciation	-	-
Total operating expenses	<u>154,456</u>	<u>154,456</u>
Operating Income (Loss)	<u>19,544</u>	<u>19,544</u>
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	1,000	1,000
Total nonoperating revenues (expenses)	<u>1,000</u>	<u>1,000</u>
Change in Net Position	20,544	20,544
Net Position, Beginning of Year	<u>573,678</u>	<u>573,678</u>
Net Position, End of Year	<u>\$ 594,222</u>	<u>\$ 594,222</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 177,880	\$ -	\$ 177,880	\$ 3,880
198	-	198	198
<u>178,078</u>	<u>-</u>	<u>178,078</u>	<u>4,078</u>
124,100	-	124,100	(9,224)
183	-	183	2,817
23,980	-	23,980	7,520
2,358	-	2,358	2,722
16,240	(16,240)	-	-
<u>166,861</u>	<u>-</u>	<u>166,861</u>	<u>(12,405)</u>
<u>11,217</u>	<u>-</u>	<u>11,217</u>	<u>(8,327)</u>
9,939	-	9,939	8,939
<u>9,939</u>	<u>-</u>	<u>9,939</u>	<u>8,939</u>
21,156	-	21,156	612
<u>533,408</u>	<u>-</u>	<u>533,408</u>	<u>(40,270)</u>
<u>\$ 554,564</u>	<u>\$ -</u>	<u>\$ 554,564</u>	<u>\$ (39,658)</u>

Independent Accountant's Report on Compliance With Certain State Acts

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

We have examined management's assertions that the City of Springdale, Arkansas complied with the requirements of *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2023.

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

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

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

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

In our opinion, management's assertion that the City of Springdale, Arkansas complied with the aforementioned requirements during the year ended December 31, 2023 is fairly stated, in all material respects.

Forvis Mazars, LLP

**Rogers, Arkansas
July 14, 2025**