

City of Barling, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BARLING, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Financial and Compliance Report

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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Barling, Arkansas Officials and Board of Directors
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Barling, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated June 22, 2023. These procedures were not performed for the Waterworks Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2022 and 2021:

Mayor: Wally Gattis
City Administrator: Steve Core
Treasurer: Charity Gregory
City/District Court Clerk: Florene Brown
Police Chief: Darrell Spells (Resigned August 26, 2022)
Bryan Fuller (Appointed August 30, 2022)

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
June 22, 2023
LOM109922

CITY OF BARLING, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,056,298	\$ 633,394	\$ 2,229,984
Accounts receivable	242,988		49,268
Interfund receivables	50,145		
TOTAL ASSETS	\$ 2,349,431	\$ 633,394	\$ 2,279,252
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 57,079	\$ 15,371	\$ 141,227
Interfund payables		50,145	
Settlements pending			24,468
Total Liabilities	57,079	65,516	165,695
Fund Balances:			
Restricted	8,551	451,065	1,555,272
Committed	287,627	116,813	558,285
Assigned	102,659		
Unassigned	1,893,515		
Total Fund Balances	2,292,352	567,878	2,113,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,349,431	\$ 633,394	\$ 2,279,252

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 90,161	\$ 412,862	
Federal aid	40,218		\$ 521,678
Property taxes	273,727	82,106	
Franchise fees	223,879		
Sales taxes	1,758,879		495,337
Fines, forfeitures, and costs	119,244		20,322
Interest	6,972	604	1,646
Local permits and fees	155,951		167
Sanitation fees			317,346
Fire equipment assessment fee	152,769		
Other	30,649	10,159	943
TOTAL REVENUES	2,852,449	505,731	1,357,439
EXPENDITURES			
Current:			
General government	620,609		
Law enforcement	1,226,981		14,173
Highways and streets		511,477	378,681
Public safety	1,158,360		
Sanitation			329,910
Recreation and culture	35,961		
TOTAL EXPENDITURES	3,041,911	511,477	722,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(189,462)	(5,746)	634,675
OTHER FINANCING SOURCES (USES)			
Contribution to water department		(4,160)	(652,681)
Contribution from water department	6,300	22,680	484
Insurance proceeds	88,607		
TOTAL OTHER FINANCING SOURCES (USES)	94,907	18,520	(652,197)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(94,555)	12,774	(17,522)
FUND BALANCES - JANUARY 1	2,386,907	555,104	2,131,079
FUND BALANCES - DECEMBER 31	\$ 2,292,352	\$ 567,878	\$ 2,113,557

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 91,190	\$ 90,161	\$ (1,029)	\$ 412,800	\$ 412,862	\$ 62
Federal aid	521,678	40,218	(481,460)			
Property taxes	265,000	273,727	8,727	80,000	82,106	2,106
Franchise fees	175,000	223,879	48,879			
Sales taxes	1,473,000	1,758,879	285,879	491,300		(491,300)
Fines, forfeitures, and costs	163,775	119,244	(44,531)			
Interest	2,170	6,972	4,802	500	604	104
Local permits and fees	141,800	155,951	14,151			
Fire equipment assessment fee	190,000	152,769	(37,231)			
Other	197,748	30,649	(167,099)	33,680	10,159	(23,521)
TOTAL REVENUES	3,221,361	2,852,449	(368,912)	1,018,280	505,731	(512,549)
EXPENDITURES						
Current:						
General government	871,388	620,609	250,779			
Law enforcement	1,399,826	1,226,981	172,845			
Highways and streets				505,151	511,477	(6,326)
Public safety	1,204,983	1,158,360	46,623			
Recreation and culture	12,000	35,961	(23,961)			
TOTAL EXPENDITURES	3,488,197	3,041,911	446,286	505,151	511,477	(6,326)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(266,836)	(189,462)	77,374	513,129	(5,746)	(518,875)
OTHER FINANCING SOURCES (USES)						
Transfers in	33,700		(33,700)			
Transfers out	(24,000)		24,000	(491,385)		491,385
Contribution to water department	(521,684)		521,684		(4,160)	(4,160)
Contribution from water department		6,300	6,300		22,680	22,680
Insurance proceeds		88,607	88,607			
TOTAL OTHER FINANCING SOURCES (USES)	(511,984)	94,907	606,891	(491,385)	18,520	509,905
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(778,820)	(94,555)	684,265	21,744	12,774	(8,970)
FUND BALANCES - JANUARY 1		2,386,907	2,386,907		555,104	555,104
FUND BALANCES - DECEMBER 31	\$ (778,820)	\$ 2,292,352	\$ 3,071,172	\$ 21,744	\$ 567,878	\$ 546,134

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

CITY OF BARLING, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Exhibit A-1

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,255,500	\$ 560,510	\$ 2,081,274
Accounts receivable	249,738	1,003	73,935
	<u>2,505,238</u>	<u>561,513</u>	<u>2,155,209</u>
TOTAL ASSETS	<u>\$ 2,505,238</u>	<u>\$ 561,513</u>	<u>\$ 2,155,209</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 118,331	\$ 6,409	\$ 1,733
Settlements pending			22,397
Total Liabilities	<u>118,331</u>	<u>6,409</u>	<u>24,130</u>
Fund Balances:			
Restricted	8,893	451,677	1,542,764
Committed	176,607	103,427	588,315
Assigned	111,412		
Unassigned	2,089,995		
Total Fund Balances	<u>2,386,907</u>	<u>555,104</u>	<u>2,131,079</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,505,238</u>	<u>\$ 561,513</u>	<u>\$ 2,155,209</u>

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

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

Exhibit B-1

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 94,693	\$ 385,882	
Federal aid	93,604		\$ 521,684
Property taxes	264,945	78,331	
Franchise fees	180,805		
Sales taxes	1,583,402		450,039
Fines, forfeitures, and costs	127,030		27,658
Interest	3,122	521	1,093
Local permits and fees	38,220		
Sanitation fees			373,556
Fire equipment assessment fee	179,737		
Other	54,028	17,813	34,339
TOTAL REVENUES	2,619,586	482,547	1,408,369
EXPENDITURES			
Current:			
General government	482,749		
Law enforcement	1,251,062		13,643
Highways and streets		387,257	453,873
Public safety	569,899		
Sanitation			364,124
Recreation and culture	20,468		
TOTAL EXPENDITURES	2,324,178	387,257	831,640
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	295,408	95,290	576,729
OTHER FINANCING SOURCES (USES)			
Contribution to water department		(3,120)	(20,250)
Contribution from water department	16,420	25,121	
TOTAL OTHER FINANCING SOURCES (USES)	16,420	22,001	(20,250)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	311,828	117,291	556,479
FUND BALANCES - JANUARY 1	2,075,079	437,813	1,574,600
FUND BALANCES - DECEMBER 31	\$ 2,386,907	\$ 555,104	\$ 2,131,079

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

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

Exhibit C-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 64,190	\$ 94,693	\$ 30,503	\$ 385,882	\$ 385,882	\$ 0
Federal aid	521,684	93,604	(428,080)			
Property taxes	239,000	264,945	25,945	78,330	78,331	1
Franchise fees	175,000	180,805	5,805			
Sales taxes	1,322,000	1,583,402	261,402	485,000		(485,000)
Fines, forfeitures, and costs	193,775	127,030	(66,745)			
Interest	3,810	3,122	(688)	400	521	121
Local permits and fees	41,800	38,220	(3,580)			
Fire equipment assessment fee	190,000	179,737	(10,263)			
Other	280,735	54,028	(226,707)	64,892	17,813	(47,079)
TOTAL REVENUES	3,031,994	2,619,586	(412,408)	1,014,504	482,547	(531,957)
EXPENDITURES						
Current:						
General government	601,779	482,749	119,030			
Law enforcement	1,428,348	1,251,062	177,286			
Highways and streets				944,046	387,257	556,789
Public safety	533,485	569,899	(36,414)			
Recreation and culture	21,396	20,468	928			
TOTAL EXPENDITURES	2,585,008	2,324,178	260,830	944,046	387,257	556,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	446,986	295,408	(151,578)	70,458	95,290	24,832
OTHER FINANCING SOURCES (USES)						
Transfers in	76,910		(76,910)			
Transfers out	(12,000)		12,000			
Contribution to water department					(3,120)	(3,120)
Contribution from water department		16,420	16,420		25,121	25,121
TOTAL OTHER FINANCING SOURCES (USES)	64,910	16,420	(48,490)		22,001	22,001
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	511,896	311,828	(200,068)	70,458	117,291	46,833
FUND BALANCES - JANUARY 1		2,075,079	2,075,079		437,813	437,813
FUND BALANCES - DECEMBER 31	\$ 511,896	\$ 2,386,907	\$ 1,875,011	\$ 70,458	\$ 555,104	\$ 484,646

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

CITY OF BARLING , ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	CUSTODIAL FUNDS		
	Sanitation	Court Technology	State Drug Asset Forfeiture	Federal Asset Forfeiture	Jail Fee	American Rescue Plan Act	Street Improvement	Administration of Justice	Police Court	Totals
ASSETS										
Cash and cash equivalents	\$ 588,518	\$ 28,695	\$ 7,869	\$ 90	\$ 48,228	\$ 521,679	\$ 1,010,437	\$ 5,303	\$ 19,165	\$ 2,229,984
Accounts receivable		3,267			795		45,206			49,268
TOTAL ASSETS	<u>\$ 588,518</u>	<u>\$ 31,962</u>	<u>\$ 7,869</u>	<u>\$ 90</u>	<u>\$ 49,023</u>	<u>\$ 521,679</u>	<u>\$ 1,055,643</u>	<u>\$ 5,303</u>	<u>\$ 19,165</u>	<u>\$ 2,279,252</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 30,233					\$ 110,994				\$ 141,227
Settlements pending								\$ 5,303	\$ 19,165	24,468
Total Liabilities	<u>30,233</u>					<u>110,994</u>		<u>5,303</u>	<u>19,165</u>	<u>165,695</u>
Fund Balances:										
Restricted		\$ 31,962	\$ 7,869	\$ 90	\$ 49,023	410,685	\$ 1,055,643			1,555,272
Committed	558,285									558,285
Total Fund Balances	<u>558,285</u>	<u>31,962</u>	<u>7,869</u>	<u>90</u>	<u>49,023</u>	<u>410,685</u>	<u>1,055,643</u>			<u>2,113,557</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 588,518</u>	<u>\$ 31,962</u>	<u>\$ 7,869</u>	<u>\$ 90</u>	<u>\$ 49,023</u>	<u>\$ 521,679</u>	<u>\$ 1,055,643</u>	<u>\$ 5,303</u>	<u>\$ 19,165</u>	<u>\$ 2,279,252</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Sanitation	Court Technology	State Drug Asset Forfeiture	Federal Asset Forfeiture	Jail Fee	American Rescue Plan Act	Street Improvement	Totals
REVENUES								
Federal aid						\$ 521,678		521,678
Sales taxes							\$ 495,337	495,337
Fines, forfeitures, and costs		\$ 9,035			\$ 11,287			20,322
Interest	\$ 1,111	28	\$ 9		47		451	1,646
Local permits and fees			167					167
Sanitation fees	317,346							317,346
Other	943							943
TOTAL REVENUES	319,400	9,063	176		11,334	521,678	495,788	1,357,439
EXPENDITURES								
Current:								
Law enforcement		4,643	2,670		6,860			14,173
Highways and streets							378,681	378,681
Sanitation	329,910							329,910
TOTAL EXPENDITURES	329,910	4,643	2,670		6,860		378,681	722,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,510)	4,420	(2,494)		4,474	521,678	117,107	634,675
OTHER FINANCING SOURCES (USES)								
Contribution to water department	(20,004)					(632,677)		(652,681)
Contribution from water department	484							484
TOTAL OTHER FINANCING SOURCES (USES)	(19,520)					(632,677)		(652,197)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(30,030)	4,420	(2,494)		4,474	(110,999)	117,107	(17,522)
FUND BALANCES - JANUARY 1	588,315	27,542	10,363	\$ 90	44,549	521,684	938,536	2,131,079
FUND BALANCES - DECEMBER 31	\$ 558,285	\$ 31,962	\$ 7,869	\$ 90	\$ 49,023	\$ 410,685	\$ 1,055,643	\$ 2,113,557

CITY OF BARLING, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	CUSTODIAL FUNDS		
	Sanitation	Court Technology	State Drug Asset Forfeiture	Federal Asset Forfeiture	Jail Fee	American Rescue Plan Act	Street Improvement	Administration of Justice	Police Court	Totals
ASSETS										
Cash and cash equivalents	\$ 557,305	\$ 27,207	\$ 10,363	\$ 90	\$ 44,946	\$ 521,684	\$ 897,282	\$ 4,027	\$ 18,370	\$ 2,081,274
Accounts receivable	31,253	335			1,093		41,254			73,935
TOTAL ASSETS	<u>\$ 588,558</u>	<u>\$ 27,542</u>	<u>\$ 10,363</u>	<u>\$ 90</u>	<u>\$ 46,039</u>	<u>\$ 521,684</u>	<u>\$ 938,536</u>	<u>\$ 4,027</u>	<u>\$ 18,370</u>	<u>\$ 2,155,209</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 243				\$ 1,490					\$ 1,733
Settlements pending								\$ 4,027	\$ 18,370	22,397
Total Liabilities	<u>243</u>				<u>1,490</u>			<u>4,027</u>	<u>18,370</u>	<u>24,130</u>
Fund Balances:										
Restricted		\$ 27,542	\$ 10,363	\$ 90	44,549	\$ 521,684	\$ 938,536			1,542,764
Committed	588,315									588,315
Total Fund Balances	<u>588,315</u>	<u>27,542</u>	<u>10,363</u>	<u>90</u>	<u>44,549</u>	<u>521,684</u>	<u>938,536</u>			<u>2,131,079</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 588,558</u>	<u>\$ 27,542</u>	<u>\$ 10,363</u>	<u>\$ 90</u>	<u>\$ 46,039</u>	<u>\$ 521,684</u>	<u>\$ 938,536</u>	<u>\$ 4,027</u>	<u>\$ 18,370</u>	<u>\$ 2,155,209</u>

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

Schedule 4

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Sanitation	Court Technology	State Drug Asset Forfeiture	Federal Asset Forfeiture	Jail Fee	American Rescue Plan Act	Street Improvement	Totals
REVENUES								
Federal aid						\$ 521,684		\$ 521,684
Sales taxes							\$ 450,039	450,039
Fines, forfeitures, and costs		\$ 6,812	\$ 7,756		\$ 13,090			27,658
Interest	\$ 653	27	8		42		363	1,093
Sanitation fees	373,556							373,556
Other	34,339							34,339
TOTAL REVENUES	408,548	6,839	7,764		13,132	521,684	450,402	1,408,369
EXPENDITURES								
Current:								
Law enforcement		6,571			7,072			13,643
Highways and streets							453,873	453,873
Sanitation	364,124							364,124
TOTAL EXPENDITURES	364,124	6,571			7,072		453,873	831,640
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,424	268	7,764		6,060	521,684	(3,471)	576,729
OTHER FINANCING SOURCES (USES)								
Contribution to water department	(20,250)							(20,250)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,174	268	7,764		6,060	521,684	(3,471)	556,479
FUND BALANCES - JANUARY 1	564,141	27,274	2,599	\$ 90	38,489		942,007	1,574,600
FUND BALANCES - DECEMBER 31	\$ 588,315	\$ 27,542	\$ 10,363	\$ 90	\$ 44,549	\$ 521,684	\$ 938,536	\$ 2,131,079

CITY OF BARLING, ARKANSAS
NOTES TO SCHEDULES 1 THROUGH 4
DECEMBER 31, 2022 AND 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Sanitation	Barling Ordinance No. 129 (May 12, 1981) provided sanitation rates and charges to be determined by City Board of Directors and collected on the monthly water bills to provide for City Sanitation Services.
Court Technology	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
State Drug Asset Forfeiture	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Federal Asset Forfeiture	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Jail Fee	Ark. Code Ann. § 16-17-129 and Barling Ordinance No. 386 (February 28, 2012) provided for an additional \$20 from each defendant to be collected by the District Court and deposited into a city fund to be used exclusively to help defray the cost of incarcerating city prisoners.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Street Improvement	Barling Ordinance No. 409 (August 12, 2014) provided for the levy of a one percent (1%) Sales and Use Tax through December 31, 2024, within the City of Barling, Arkansas for immediate improvement of the City's road, street, alleyways, curbs, gutters, drainage, and sidewalks, and for a source of revenue to finance such improvements.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Police Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

1. A. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 through 4 are reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund presented on Schedules 1 through 4 is reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The Custodial Funds presented on Schedules 1 and 3 are reported with other funds in the aggregate.

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

1: (Continued)

B. Basis of Accounting - Regulatory

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

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

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

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

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

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

1: (Continued)

D. Property Taxes

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

E. Budget Law

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

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

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

Basis of Accounting

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

F. Fund Balance Classification Policies and Procedures

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

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

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

2. Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government	\$ 8,551		\$ 410,685
Law enforcement			88,944
Highw ays and streets		\$ 451,065	
Capital outlay			1,055,643
Total Restricted	<u>8,551</u>	<u>451,065</u>	<u>1,555,272</u>
Committed for:			
General government	53,469		
Highw ays and streets		116,813	
Public safety	234,158		
Sanitation			558,285
Total Committed	<u>287,627</u>	<u>116,813</u>	<u>558,285</u>
Assigned to:			
Public safety	96,284		
Recreation and culture	6,375		
Total Assigned	<u>102,659</u>		
Unassigned	<u>1,893,515</u>		
Totals	<u><u>\$ 2,292,352</u></u>	<u><u>\$ 567,878</u></u>	<u><u>\$ 2,113,557</u></u>

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

2. Details of Fund Balance Classifications (Continued)

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government	\$ 8,893		\$ 521,684
Law enforcement			82,544
Highways and streets		\$ 451,677	
Capital outlay			938,536
Total Restricted	<u>8,893</u>	<u>451,677</u>	<u>1,542,764</u>
Committed for:			
Highways and streets		103,427	
Public safety	176,607		
Sanitation			588,315
Total Committed	<u>176,607</u>	<u>103,427</u>	<u>588,315</u>
Assigned to:			
Public safety	96,078		
Recreation and culture	15,334		
Total Assigned	<u>111,412</u>		
Unassigned	<u>2,089,995</u>		
Totals	<u>\$ 2,386,907</u>	<u>\$ 555,104</u>	<u>\$ 2,131,079</u>

3. Commitments

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

	December 31, 2022	December 31, 2021
Long-term liabilities	\$ 66,004	\$ 62,933
Construction contracts	<u>247,063</u>	<u>154,993</u>
Total Commitments	<u>\$ 313,067</u>	<u>\$ 217,926</u>

Long-term liabilities

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

	December 31, 2022	December 31, 2021
Compensated absences consisting of accrued vacation leave adjusted to current salary cost	<u>\$ 66,004</u>	<u>\$ 62,933</u>

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

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

3. Commitments (Continued)

Construction Contracts

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

<u>Project Name</u>	<u>Completed Date</u>	<u>Contract Balance December 31, 2022</u>	<u>Contract Balance December 31, 2021</u>
Police Dept. Remodel Phase I	April 30, 2022		\$ 41,605
Police Dept. Remodel Phase II	April 30, 2022		113,388
Splash Pad	May 31, 2023	\$ 247,063	
Total Construction Contracts		<u>\$ 247,063</u>	<u>\$ 154,993</u>

4. Subsequent Events

On January 3, 2023, the City remitted \$535,000 to an escrow agent to be used for the City's portion of an infrastructure improvement project.

5. Interlocal Agreement

District Court Judge

Sebastian County and the Cities of Barling, Central City, and Greenwood entered into an agreement to provide for the District Judge's annual salary of \$117, 300 to be paid 50% by the State and the remaining 50 % to be paid as follows: 61% by Sebastian County, 15% by Barling, 4% by Central City, and 20% by Greenwood. The Judge is an employee of the State of Arkansas and is elected for a four year term. The City's share of the expenses were \$8,572 and \$8,572 for 2022 and 2021, respectively.

6. Jointly Governed Organization

Twelfth Judicial District Drug Task Force

The Prosecuting Attorneys of the Twelfth Judicial District and the Twenty-first Judicial District, the Sebastian and Crawford Counties' Sheriffs' Departments, and the Police Departments of Fort Smith, Alma, Greenwood, and Barling entered into an agreement to establish the Twelfth Judicial District Drug Task Force. Funding is provided by grants and the Prosecuting Attorneys' offices, local Sheriff's Departments, and local Police Departments. The City of Barling does not contribute any funds or equipment to the Task Force. Separate financial statements for the Twelfth Judicial District Drug Task Force are available at: 901 South B Street, Fort Smith, AR 72901.

**7. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On December 31, 2011, administration of the City of Barling's Firemen's Pension and Relief Fund and the City of Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

**7. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$132,036 and 132,122 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$81,986 and 75,181 for the years ended December 31, 2022 and 2021, respectively.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022 and 2021, (actuarial valuation date and measurement date) was \$2,060,193 and 998,031, respectively.

8. Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayor, Jerry Barling's surviving spouse, Ms. Lynnette Barling \$1,500 and \$1,500, for the years ended December 31, 2022 and 2021, respectively.

9. Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer, Myra Cardwell \$13,312 and \$13,312, for the years ended December 31, 2022 and 2021, respectively.

CITY OF BARLING, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022 and 2021

10. Retirement System

Plan Description

The City contributes to the International City/County Management Association – Retirement Corporation (ICMA-RC) Deferred Compensation Plan. This plan is a 457 program as defined by the Internal Revenue Service and is administered by the ICMA-RC.

Funding Policy

The City made monthly contributions into each participating individual employee's IRA account matching employee contributions up to a maximum 3% of applicable wages. Participants are eligible for contributions upon hire date. All participants are fully vested at the time the contributions are made.

11. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2022	December 31, 2021
Land	\$ 484,276	\$ 484,276
Buildings	5,039,094	4,489,852
Equipment	3,177,726	2,502,854
Infrastructure	8,046,311	8,046,311
Construction in progress	78,359	338,087
Totals	<u>\$ 16,825,766</u>	<u>\$ 15,861,380</u>

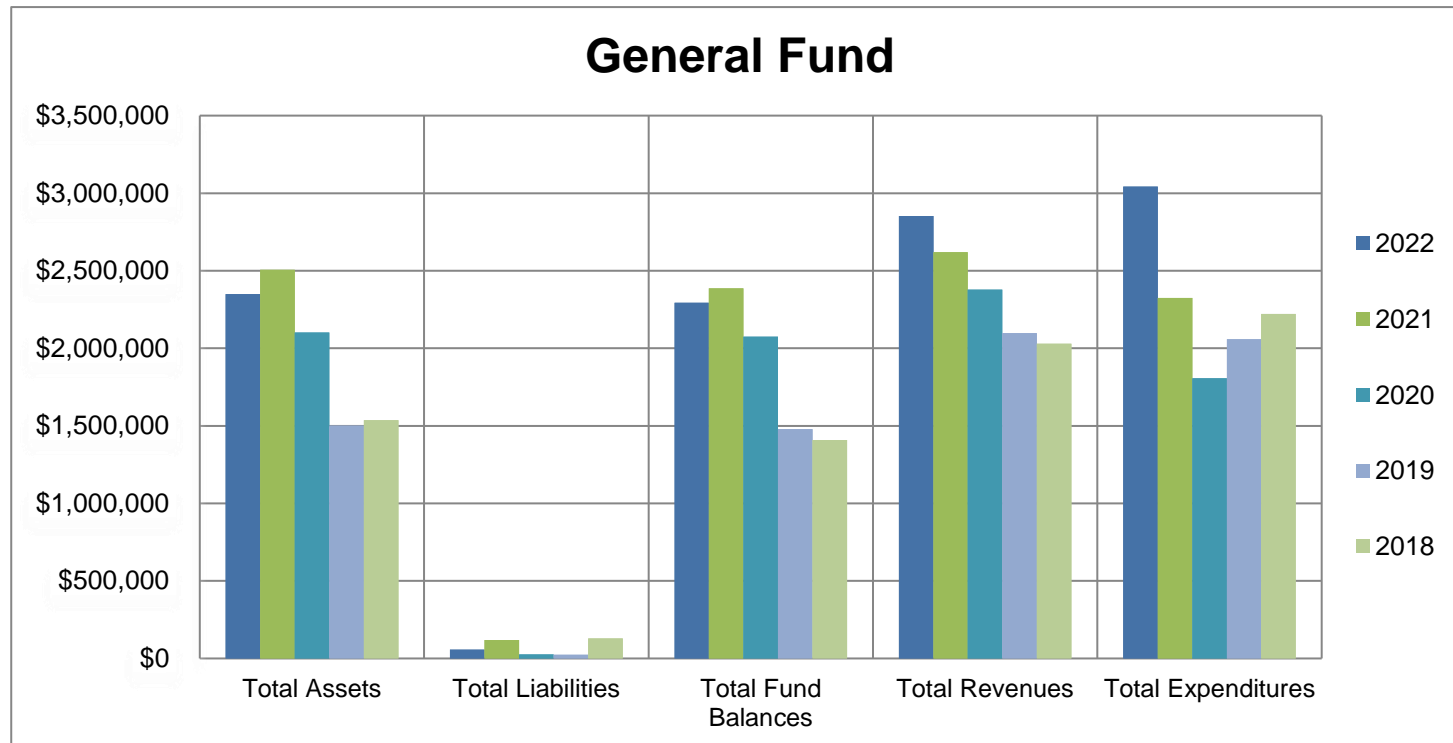
12. Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City was awarded \$1,043,363 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$1,043,363 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

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

Schedule 5-1

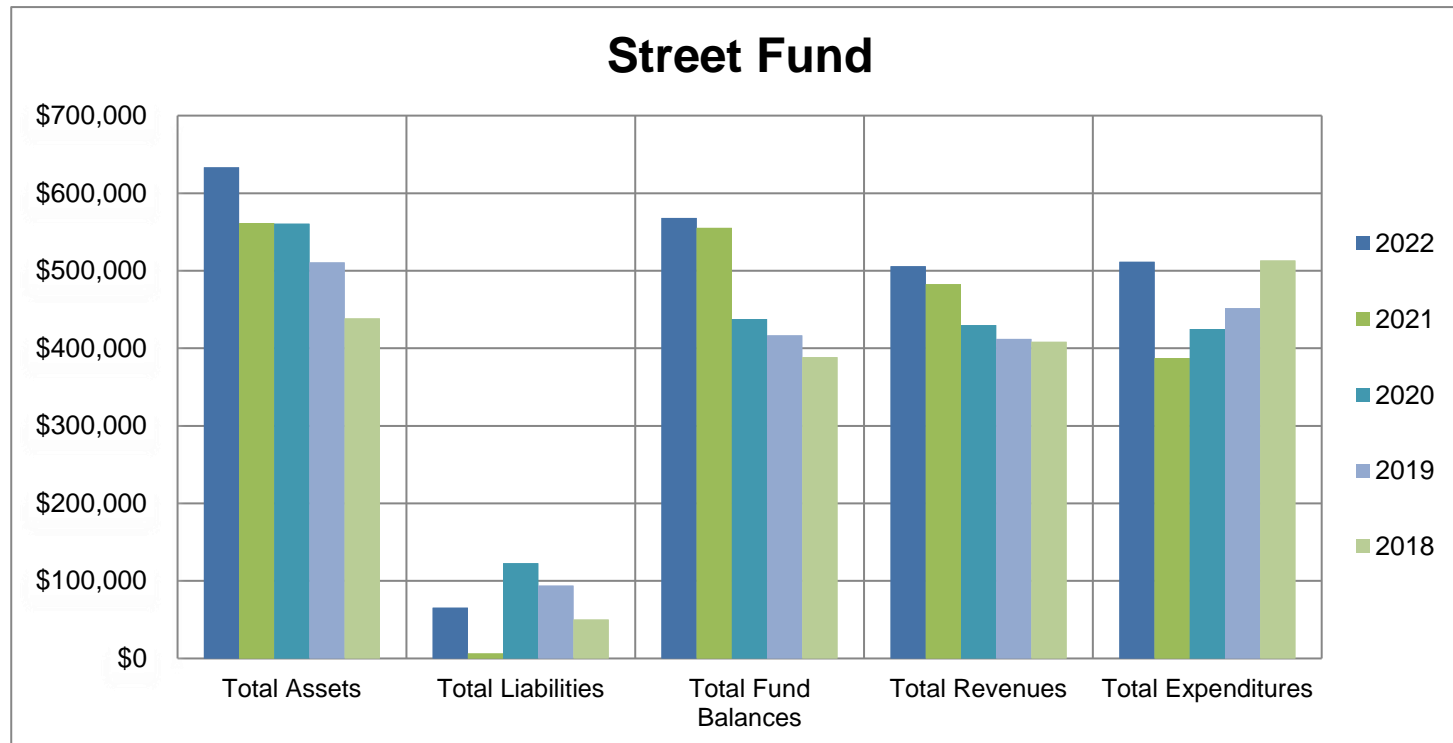
General	2022	2021	2020	2019	2018
Total Assets	\$ 2,349,431	\$ 2,505,238	\$ 2,101,570	\$ 1,501,185	\$ 1,537,010
Total Liabilities	57,079	118,331	26,491	23,066	128,568
Total Fund Balances	2,292,352	2,386,907	2,075,079	1,478,119	1,408,442
Total Revenues	2,852,449	2,619,586	2,377,648	2,097,952	2,029,392
Total Expenditures	3,041,911	2,324,178	1,806,595	2,059,111	2,221,653
Total Other Financing Sources/Uses	94,907	16,420	25,907	30,836	26,108



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

Schedule 5-2

<u>Street</u>	2022	2021	2020	2019	2018
Total Assets	\$ 633,394	\$ 561,513	\$ 560,487	\$ 510,591	\$ 438,511
Total Liabilities	65,516	6,409	122,674	94,050	50,152
Total Fund Balances	567,878	555,104	437,813	416,541	388,359
Total Revenues	505,731	482,547	429,976	411,898	408,257
Total Expenditures	511,477	387,257	424,927	451,606	513,085
Total Other Financing Sources/Uses	18,520	22,001	16,223	67,890	23,507



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

Schedule 5-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 2,279,252	\$ 2,155,209	\$ 1,645,004	\$ 1,525,562	\$ 1,344,975
Total Liabilities	165,695	24,130	70,404	38,373	43,021
Total Fund Balances	2,113,557	2,131,079	1,574,600	1,487,189	1,301,954
Total Revenues	1,357,439	1,408,369	814,797	750,372	672,001
Total Expenditures	722,764	831,640	727,386	531,629	295,516
Total Other Financing Sources/Uses	(652,197)	(20,250)		(33,508)	

