

City of Lowell, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LOWELL, ARKANSAS
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Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
February 2, 2023
LOM110521



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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Lowell, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated February 2, 2023. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated February 2, 2023.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Timothy R. Jones". The signature is fluid and cursive, with the first name "Timothy" being the most prominent.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
February 2, 2023

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Chris Moore
Clerk/Treasurer: Elizabeth Estes
District Court Clerk: Johnna Clayton
Police Chief: Tim Kuth

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, reading "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
February 2, 2023

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 12,104,727	\$ 6,963,613	\$ 9,017,723
Accounts receivable	827,840	196,110	166,710
	<u>12,932,567</u>	<u>7,159,723</u>	<u>9,184,433</u>
TOTAL ASSETS	<u>\$ 12,932,567</u>	<u>\$ 7,159,723</u>	<u>\$ 9,184,433</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 47,985	\$ 38,148	\$ 25,708
Settlements pending			143,424
Total Liabilities	<u>47,985</u>	<u>38,148</u>	<u>169,132</u>
Fund Balances:			
Restricted		7,121,575	8,730,012
Committed	1,000,000		
Assigned	2,177,828		285,289
Unassigned	9,706,754		
Total Fund Balances	<u>12,884,582</u>	<u>7,121,575</u>	<u>9,015,301</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,932,567</u>	<u>\$ 7,159,723</u>	<u>\$ 9,184,433</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 747,044	\$ 851,397	\$ 25,245
Federal aid	42,025		988,673
Property taxes	871,285	165,950	1,299,795
Franchise fees	619,879		
Sales taxes	7,000,352	2,485,461	
Fines, forfeitures, and costs	527,300		62,247
Interest	22,269	14,047	2,872
Local permits and fees	1,124,783		308,235
Advertising and promotion taxes			517,992
Employee contributions			158,490
Ambulance fees	155,223		
Fire dues	63,971		
Other	110,484		1,400
TOTAL REVENUES	11,284,615	3,516,855	3,364,949
EXPENDITURES			
Current:			
General government	2,204,062		141,611
Law enforcement	2,849,873		185,470
Highways and streets		1,944,635	44,760
Public safety	968,434		1,126,355
Recreation and culture	2,366,538		
Social services	5,584		
Advertising and promotion			257,973
Wastewater	173,222		
Total Current	8,567,713	1,944,635	1,756,169
Debt Service:			
Bond principal			165,000
Bond interest and other charges			55,572
TOTAL EXPENDITURES	8,567,713	1,944,635	1,976,741

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 2,716,902</u>	<u>\$ 1,572,220</u>	<u>\$ 1,388,208</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	189,720	40,000	562,025
Transfers out	(571,418)		(220,327)
Contribution from water department	323,500		
Proceeds from refunding and construction bond issue			5,535,000
Payment to refunding bond escrow agent			(1,124,884)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(58,198)</u>	<u>40,000</u>	<u>4,751,814</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,658,704	1,612,220	6,140,022
FUND BALANCES - JANUARY 1	<u>10,225,878</u>	<u>5,509,355</u>	<u>2,875,279</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 12,884,582</u></u>	<u><u>\$ 7,121,575</u></u>	<u><u>\$ 9,015,301</u></u>

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 116,000	\$ 747,044	\$ 631,044	\$ 360,000	\$ 851,397	\$ 491,397
Federal aid	24,500	42,025	17,525			
Property taxes	830,000	871,285	41,285	157,000	165,950	8,950
Franchise fees	560,000	619,879	59,879			
Sales taxes	6,010,000	7,000,352	990,352	1,572,000	2,485,461	913,461
Fines, forfeitures, and costs	536,000	527,300	(8,700)			
Interest	4,000	22,269	18,269	1,200	14,047	12,847
Local permits and fees	602,500	1,124,783	522,283			
Ambulance fees	190,000	155,223	(34,777)			
Fire dues		63,971	63,971			
Other	59,000	110,484	51,484			
TOTAL REVENUES	8,932,000	11,284,615	2,352,615	2,090,200	3,516,855	1,426,655
EXPENDITURES						
Current:						
General government	2,448,234	2,204,062	244,172			
Law enforcement	3,015,713	2,849,873	165,840			
Highways and streets				3,227,687	1,944,635	1,283,052
Public safety	3,425,382	968,434	2,456,948			
Recreation and culture	2,609,541	2,366,538	243,003			
Social services	8,000	5,584	2,416			
Wastewater		173,222	(173,222)			
TOTAL EXPENDITURES	11,506,870	8,567,713	2,939,157	3,227,687	1,944,635	1,283,052
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,574,870)	2,716,902	5,291,772	(1,137,487)	1,572,220	2,709,707
OTHER FINANCING SOURCES (USES)						
Transfers in	277,720	189,720	(88,000)	40,000	40,000	0
Transfers out	(1,807,000)	(571,418)	1,235,582			
Contribution from water department	323,500	323,500				
TOTAL OTHER FINANCING SOURCES (USES)	(1,205,780)	(58,198)	1,147,582	40,000	40,000	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,780,650)	2,658,704	6,439,354	(1,097,487)	1,612,220	2,709,707
FUND BALANCES - JANUARY 1		10,225,878	10,225,878		5,509,355	5,509,355
FUND BALANCES - DECEMBER 31	\$ (3,780,650)	\$ 12,884,582	\$ 16,665,232	\$ (1,097,487)	\$ 7,121,575	\$ 8,219,062

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for Debt Service Funds as reported with other funds in the aggregate.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and Education Act 474 monies 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.

E. Property Taxes

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 3,630,803	\$ 3,630,803
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	19,796,544	20,058,033
Uncollateralized	4,657,025	4,657,025
	<u> </u>	<u> </u>
Total Deposits	<u>\$ 28,084,372</u>	<u>\$ 28,345,861</u>

The above total deposits do not include cash on hand of \$1,691.

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

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2021, the City had \$4,657,025 of uninsured, uncollateralized bank deposits that were exposed to custodial credit risk, all of which was deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid	\$ 9,941		
Property taxes	100,464	\$ 19,114	\$ 107,592
Franchise fees	102,140		
Sales taxes	536,005	176,996	
Fines, forfeitures, and costs	49,104		5,901
Local permits and fees	2,745		
Advertising and promotion taxes			53,217
Other	27,441		
Totals	<u>\$ 827,840</u>	<u>\$ 196,110</u>	<u>\$ 166,710</u>

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 47,985</u>	<u>\$ 38,148</u>	<u>\$ 25,708</u>

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

NOTE 6: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 287,269
Law enforcement			167,912
Highways and streets		\$ 7,121,575	
Public safety			377,999
Advertising and promotion			880,349
Capital outlay			6,859,808
Debt service			156,675
Total Restricted		<u>7,121,575</u>	<u>8,730,012</u>
Committed for:			
General government	\$ 1,000,000		
Total Committed	<u>1,000,000</u>		
Assigned to:			
General government	2,002,195		
Law enforcement	9,045		285,289
Public safety	161,675		
Social services	4,913		
Total Assigned	<u>2,177,828</u>		<u>285,289</u>
Unassigned	<u>9,706,754</u>		
Totals	<u>\$ 12,884,582</u>	<u>\$ 7,121,575</u>	<u>\$ 9,015,301</u>

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$46,788,886. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$12,044,820. There were no short-term financing obligations.

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

NOTE 8: Commitments

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

	December 31, 2021
Long-term liabilities	\$ 5,535,000
Construction contracts	865,128
Total Commitments	<u>\$ 6,400,128</u>

Long-term liabilities

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

	December 31, 2021
<u>Bonds</u>	
<u>Capital Improvement Refunding and Construction Revenue Bonds, Series 2021</u>	
Lowell Ordinance No. 1072 approved the issuance of the City of Lowell, Arkansas - Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, dated August 24, 2021, in the amount of \$5,535,000, due in annual installments of \$70,000 - \$290,000 plus interest through June 1, 2046, bearing interest at 1.125% - 2.5% per annum. Payments are to be made from the Debt Service Fund.	
	<u>\$ 5,535,000</u>

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

The City's outstanding bonds payable of \$5,535,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2021	Maturities to December 31, 2021
<u>Bonds</u>					
8/24/21	6/1/46	1.125-2.5%	<u>\$ 5,535,000</u>	<u>\$ 5,535,000</u>	<u>\$ 0</u>

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
Bonds payable	<u>\$ 1,280,000</u>	<u>\$ 5,535,000</u>	<u>\$ 1,280,000 *</u>	<u>\$ 5,535,000</u>

*Includes \$1,115,000 early retirement of debt – See Note 9

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

NOTE 8: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2022	\$ 70,000	\$ 112,891	\$ 182,891
2023	185,000	110,341	295,341
2024	185,000	106,641	291,641
2025	190,000	102,891	292,891
2026	195,000	99,041	294,041
2027 through 2031	1,010,000	454,170	1,464,170
2032 through 2036	1,100,000	365,425	1,465,425
2037 through 2041	1,225,000	241,906	1,466,906
2042 through 2046	1,375,000	87,688	1,462,688
Totals	<u>\$ 5,535,000</u>	<u>\$ 1,680,994</u>	<u>\$ 7,215,994</u>

Construction Contracts

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

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2021
KJMP Trailhead & Extension Project	September 2022	\$ 44,361
KJMP Phase I Low ell Greenw ay Connector Trail	September 2022	404,543
Monroe Avenue Road Improvements	June 2025	41,838
Roundabout at Hw y 264 & Bellview Road	September 2023	43,430
Western Low ell Sew er Improvements	June 2024	100,174
Puppy Creek Bridge Replacement	June 2023	11,240
Low ell Road Extensions	June 2025	40,530
McClure Ave & Ward Nail Park Trail	June 2026	155,608
Weatherston Drainage Improvements	June 2023	9,334
Zion Drainage Improvements	April 2022	14,070
Total Construction Contracts		<u>\$ 865,128</u>

NOTE 9: Debt Refunding

On August 24, 2021, the City issued \$5,535,000 of Capital Improvement Refunding and Construction Bonds, Series 2021, with interest rates of 1.125 - 2.5 percent to advance refund \$1,115,000 of outstanding bonds issued on November 1, 2010, with interest rates of 2.0 – 4.0 percent. Bond proceeds of \$741,434 and additional city funds of \$383,450 were deposited with an escrow agent to advance refund the 2010 bonds and pay related interest and fees.

Additional bond proceeds of \$4,508,017 were used to finance the cost of capital improvements and betterments for the City, including the cost of sewer and park and recreational improvements. The remaining proceeds of \$148,938 were used to establish a debt service reserve. Net bond issuance costs associated with the refunding were \$136,611. The 2010 bonds were called on August 24, 2021.

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

NOTE 10: Interfund Transfers

The City transferred \$40,000 from the General Fund to the Street Fund for grounds maintenance purposes, \$296,418 from the General Fund to Other Funds in the Aggregate (LOPFI) for retirement withholding and matching payments, and \$235,000 from the General Fund to Other Funds in the Aggregate (Series 2010 Improvement Bond) for debt related payments. The City also transferred \$189,720 from Other Funds in the Aggregate (Fire Impact Fee) to the General Fund for equipment acquisition purposes and \$30,607 within Other Funds in the Aggregate from the Series 2005 Improvement Bonds Debt Service Fund to the Series 2021 Capital Improvement Refunding and Construction Revenue Bonds Debt Service Fund, for debt related payments.

NOTE 11: Pledged Revenues

The City pledged future franchise fees to repay \$5,535,000 in bonds that were issued in 2021 to provide funding for sewer and park and recreational improvements and to refund in advance 2010 bonds issued November 1, 2010. Total principal and interest remaining on the bonds are \$5,535,000 and \$1,680,994, respectively, payable through June 1, 2046. For 2021, interest paid was \$30,607.

The City collected \$619,879 in franchise fees in 2021. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for any lawful purposes.

NOTE 12: Jointly Governed Organization

Benton County and the cities of Benton County entered into an inter-local agreement, pursuant to Ark. Code Ann. § 8-6-723, creating the Benton County Solid Waste District (BCSWD). The BCSWD was established in an effort to adequately, reliably, and economically dispose of the Cities' and County's solid waste. Payments totaling \$3,978 were made to the BCSWD during 2021 and future funding is to be at the rate of \$.50 per capita of the City. Financial statements may be obtained at: Benton County Solid Waste District, 5702 Brookside Road, Bentonville, Arkansas 72712.

NOTE 13: Risk Management

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

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

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

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

The City participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for coverage in the following areas:

Building and Contents Program - This program is a blanket policy with coverage up to \$100,000,000 for any one loss with a \$500 deductible. Even though the APERMA property program limits are blanket, the City's property limits are tied back to the insurance statement of values. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city property.

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

NOTE 13: Risk Management (Continued)

Vehicle Program

- A. Liability - This program may pay all sums the City legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered city vehicle and for which the City is liable. The limit of payment for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city vehicles owned or leased by the City.
- B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating city. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Police Department vehicles and \$500 for all other covered vehicles and mobile equipment. The City agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the city government of a participating city and pay judgments imposed on City officials and employees and the city government and city-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

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

**NOTE 14: 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.

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 \$586,144 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$237,093 for the year ended December 31, 2021.

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

**NOTE 14: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$3,249,412.

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$233,352 for the year ended June 30, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$586,451.

NOTE 16: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The City was awarded \$1,977,334 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,977,334 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 17: Subsequent Events

On January 6, 2023, the City paid \$997,140 to Springdale Water Utilities for an inter-municipal sewer agreement.

On April 20, 2022, the city entered into a contract with Curtis Construction, Inc. for \$233,500, amended to \$269,375, for Zion Street Drainage Improvements.

On September 2, 2022, the City paid Innovative Roadway Solutions \$255,819 for surface sealing treatment for various City streets.

On November 17, 2022, the City paid Pavecon, Ltd. \$428,000 for Center Point Park roadwork.

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

Schedule 1

SPECIAL REVENUE FUNDS

	Advertising and Promotion	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	Equitable Sharing	American Rescue Plan Act
ASSETS							
Cash and cash equivalents	\$ 852,293	\$ 242,062	\$ 53,622	\$ 166,520	\$ 324,377	\$ 34	\$ 287,269
Accounts receivable	53,217	43,227		1,905			
TOTAL ASSETS	\$ 905,510	\$ 285,289	\$ 53,622	\$ 168,425	\$ 324,377	\$ 34	\$ 287,269
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 25,161			\$ 547			
Settlements pending							
Total Liabilities	25,161			547			
Fund Balances:							
Restricted	880,349		\$ 53,622	167,878	\$ 324,377	\$ 34	\$ 287,269
Assigned		\$ 285,289					
Total Fund Balances	880,349	285,289	53,622	167,878	324,377	34	287,269
TOTAL LIABILITIES AND FUND BALANCES	\$ 905,510	\$ 285,289	\$ 53,622	\$ 168,425	\$ 324,377	\$ 34	\$ 287,269

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

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		CUSTODIAL FUNDS		
	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Series 2005 Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	City Court	Education (Act 474)	Totals
ASSETS							
Cash and cash equivalents	\$ 2,283,362	\$ 4,508,085	\$ 7,735	\$ 148,940	\$ 141,146	\$ 2,278	\$ 9,017,723
Accounts receivable	68,361						166,710
TOTAL ASSETS	\$ 2,351,723	\$ 4,508,085	\$ 7,735	\$ 148,940	\$ 141,146	\$ 2,278	\$ 9,184,433
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 25,708
Settlements pending					\$ 141,146	\$ 2,278	143,424
Total Liabilities					141,146	2,278	169,132
Fund Balances:							
Restricted	\$ 2,351,723	\$ 4,508,085	\$ 7,735	\$ 148,940			8,730,012
Assigned							285,289
Total Fund Balances	2,351,723	4,508,085	7,735	148,940			9,015,301
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,351,723	\$ 4,508,085	\$ 7,735	\$ 148,940	\$ 141,146	\$ 2,278	\$ 9,184,433

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

Schedule 2

	SPECIAL REVENUE FUNDS					
	Advertising and Promotion	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	American Rescue Plan Act
REVENUES						
State aid			\$ 25,245			
Federal aid						\$ 988,673
Property taxes		\$ 380,761				
Fines, forfeitures, and costs		41,157		\$ 21,090		
Interest	\$ 2,203	67	15	81	\$ 182	
Local permits and fees					308,235	
Advertising and promotion taxes	517,992					
Employee contributions		158,490				
Other	1,400					
TOTAL REVENUES	521,595	580,475	25,260	21,171	308,417	988,673
EXPENDITURES						
Current:						
General government						
Law enforcement		176,553		8,917		
Highways and streets						
Public safety		424,951				701,404
Advertising and promotion	257,973					
Total Current	257,973	601,504		8,917		701,404
Debt Service:						
Bond principal						
Bond interest and other charges						
TOTAL EXPENDITURES	257,973	601,504		8,917		701,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	263,622	(21,029)	25,260	12,254	308,417	287,269
OTHER FINANCING SOURCES (USES)						
Transfers in		296,418				
Transfers out					(189,720)	
Proceeds from refunding and construction bond issue						
Payment to refunding bond escrow agent						
TOTAL OTHER FINANCING SOURCES (USES)		296,418			(189,720)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	263,622	275,389	25,260	12,254	118,697	287,269
FUND BALANCES - JANUARY 1	616,727	9,900	28,362	155,624	205,680	\$ 34
FUND BALANCES - DECEMBER 31	\$ 880,349	\$ 285,289	\$ 53,622	\$ 167,878	\$ 324,377	\$ 34

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

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS			
	Tax Incremental Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Series 2005 Improvement Bonds	Capital Improvement Refunding Revenue Bonds Series 2010	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Totals
REVENUES						
State aid						\$ 25,245
Federal aid						988,673
Property taxes	\$ 919,034					1,299,795
Fines, forfeitures, and costs						62,247
Interest		\$ 68	\$ 19	\$ 235	\$ 2	2,872
Local permits and fees						308,235
Advertising and promotion taxes						517,992
Employee contributions						158,490
Other						1,400
TOTAL REVENUES	919,034	68	19	235	2	3,364,949
EXPENDITURES						
Current:						
General government	5,000				136,611	141,611
Law enforcement						185,470
Highways and streets	44,760					44,760
Public safety						1,126,355
Advertising and promotion						257,973
Total Current	49,760				136,611	1,756,169
Debt Service:						
Bond principal				165,000		165,000
Bond interest and other charges				24,965	30,607	55,572
TOTAL EXPENDITURES	49,760			189,965	167,218	1,976,741
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	869,274	68	19	(189,730)	(167,216)	1,388,208
OTHER FINANCING SOURCES (USES)						
Transfers in				235,000	30,607	562,025
Transfers out			(30,607)			(220,327)
Proceeds from refunding and construction bond issue		4,508,017		741,434	285,549	5,535,000
Payment to refunding bond escrow agent				(1,124,884)		(1,124,884)
TOTAL OTHER FINANCING SOURCES (USES)		4,508,017	(30,607)	(148,450)	316,156	4,751,814
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	869,274	4,508,085	(30,588)	(338,180)	148,940	6,140,022
FUND BALANCES - JANUARY 1	1,482,449		38,323	338,180		2,875,279
FUND BALANCES - DECEMBER 31	\$ 2,351,723	\$ 4,508,085	\$ 7,735	\$ 0	\$ 148,940	\$ 9,015,301

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Fire Impact Fee	Ark. Code Ann. § 14-56-103 and Lowell Ordinance no.719 (August 16, 2005) established a Fire Impact Fee to be used to help implement the Lowell Comprehensive Plan and the city's community facility plans for Fire/EMS facilities.
Equitable Sharing	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.
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.
Tax Increment Financing (TIF) Improvement Bonds	Lowell Ordinance No. 795 (July 24, 2007) authorized the issuance and sale of Tax Increment Improvement Bonds for the acquisition, construction and equipping of various projects throughout the Redevelopment District.
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to acquire, construct and equip sewer improvements and park and recreational improvements.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Series 2005 Improvement Bonds	Lowell Ordinance No. 778 (February 20, 2007) authorized the issuance and sale of Capital Improvement Revenue Bonds, Series 2005 to acquire, construct and equip waste water improvements and park and recreational facilities and pledged a portion of the franchise fees for the repayment of the bonds.
Capital Improvement Refunding Revenue Bonds Series 2010	Lowell Ordinance No. 877 (October 6, 2010) authorized the issuance and sale of Capital Improvement Refunding Revenue Bonds, Series 2010 to refinance the 2005 Series Improvement Bonds and continued the pledge of a portion of the franchise fees for the repayment of the bonds.
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to refund Capital Improvement Refunding Revenue Bonds, Series 2010, fund a debt service reserve, and acquire, construct and equip sewer improvements and park and recreational improvements and pledged a portion of the franchise fees for the repayment of the bonds.
City Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Education (Act 474)	Act 474 of 1999 provided for a charge of \$.50 per \$1,000 from building permits for a craft training program to promote a coordinated effort between construction, vocational and technical schools.

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

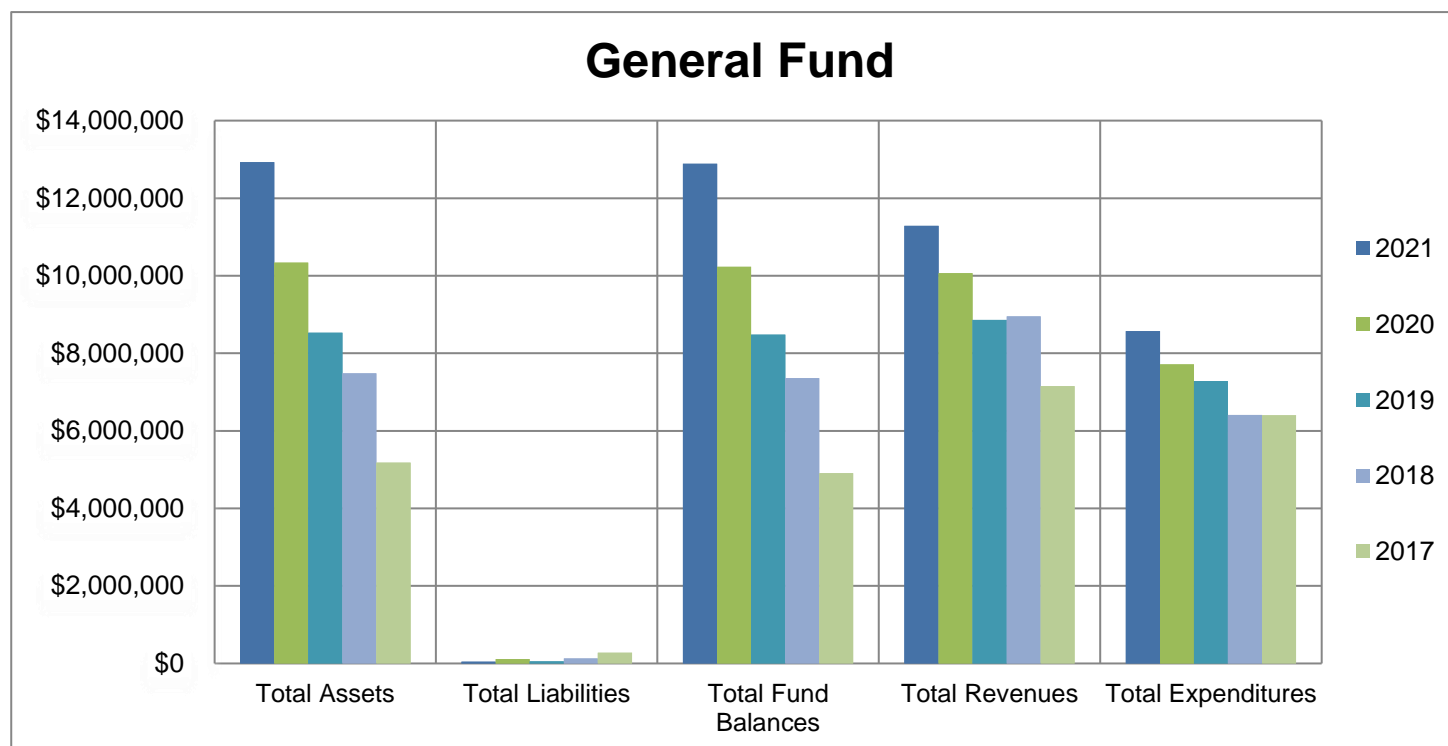
Schedule 3

	December 31, 2021
Land	\$ 3,285,160
Buildings and Improvements	6,126,595
Equipment	<u>7,536,176</u>
Total	<u><u>\$ 16,947,931</u></u>

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

Schedule 4-1

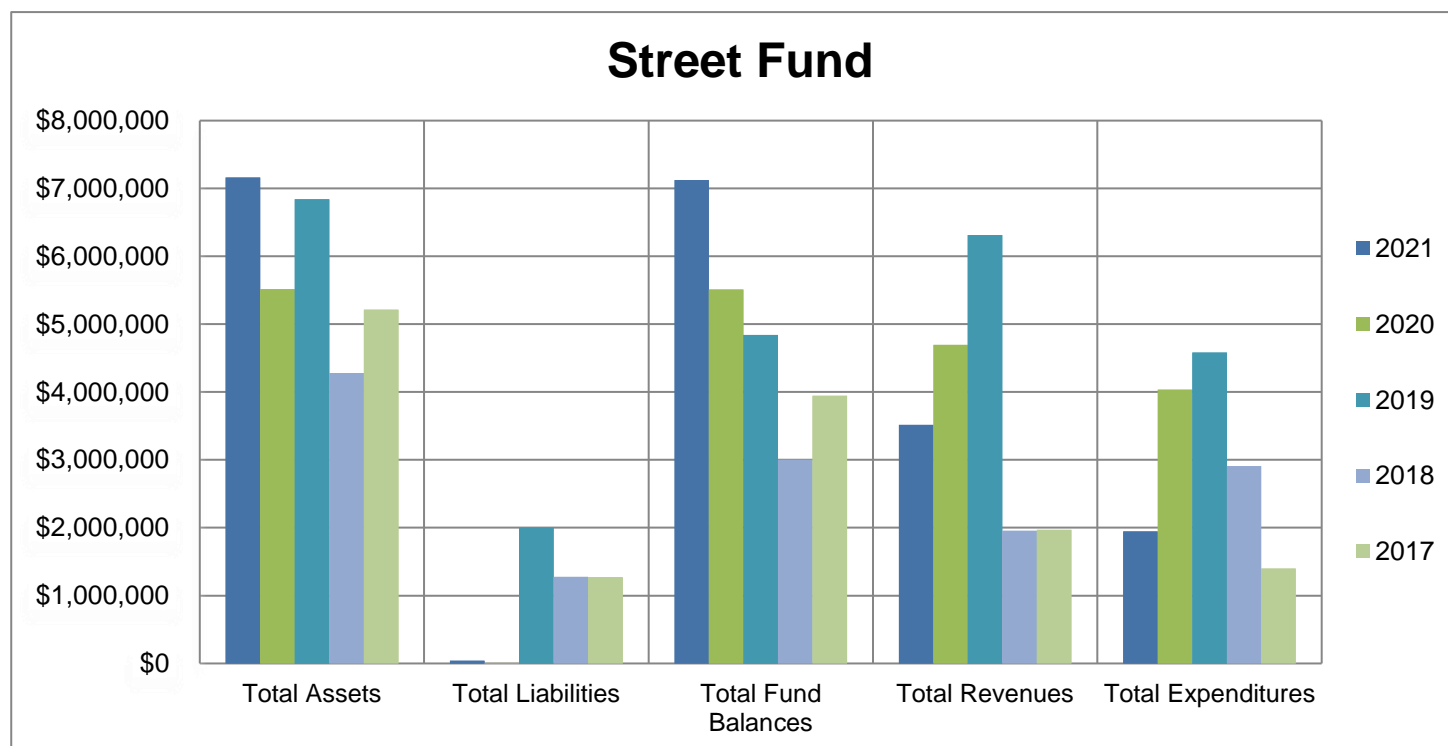
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 12,932,567	\$ 10,334,587	\$ 8,528,852	\$ 7,484,293	\$ 5,183,040
Total Liabilities	47,985	108,709	52,239	128,560	278,542
Total Fund Balances	12,884,582	10,225,878	8,476,613	7,355,733	4,904,498
Total Revenues	11,284,615	10,061,231	8,862,055	8,947,876	7,152,242
Total Expenditures	8,567,713	7,714,114	7,279,577	6,407,237	6,399,150
Total Other Financing Sources/Uses	(58,198)	(597,852)	(461,598)	(92,113)	(445,140)



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

Schedule 4-2

Street	2021	2020	2019	2018	2017
Total Assets	\$ 7,159,723	\$ 5,516,771	\$ 6,839,167	\$ 4,278,285	\$ 5,212,652
Total Liabilities	38,148	7,416	1,999,260	1,274,400	1,269,822
Total Fund Balances	7,121,575	5,509,355	4,839,907	3,003,885	3,942,830
Total Revenues	3,516,855	4,692,984	6,313,097	1,954,701	1,967,417
Total Expenditures	1,944,635	4,033,536	4,581,373	2,908,647	1,398,007
Total Other Financing Sources/Uses	40,000	10,000	104,298	17,709	30,000



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

Schedule 4-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 9,184,433	\$ 2,988,768	\$ 2,268,418	\$ 2,261,659	\$ 3,062,439
Total Liabilities	169,132	113,489	120,848	109,407	92,911
Total Fund Balances	9,015,301	2,875,279	2,147,570	2,152,252	2,969,528
Total Revenues	3,364,949	1,375,877	1,451,280	1,235,221	860,029
Total Expenditures	1,976,741	1,235,020	1,690,962	2,287,497	1,001,929
Total Other Financing Sources/Uses	4,751,814	586,852	235,000	235,000	235,000

