

# **City of Lowell, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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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, 2022, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

#### *Unmodified Opinions on Regulatory Basis of Accounting*

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

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

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

#### *Basis for Opinions*

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

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

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

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

#### *Emphasis of Matter*

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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



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

Little Rock, Arkansas  
December 13, 2023  
LOM110522

# 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

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, 2022, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated December 13, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2022-1, that we consider to be a material weakness.

2022-1 Arkansas Code requires city management to maintain accurate financial records. The City's financial records for the Other Funds in the Aggregate opinion unit contained misstatements in assets, revenues, and expenditures of \$602,165, \$14,614, and \$616,779, respectively, due to bond account transactions not being recorded in the proper period.

The effects of these errors constitute a control deficiency in the process of preparing financial statements. City management should implement procedures to ensure financial records are accurate.

City management concurred with the above recommendations and have approved the appropriate adjustments to the City's financial records.

### 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 result of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the Report on Internal Control over Financial Reporting section as item 2022-1.

We also reported to management of the City in a separate letter dated December 13, 2023.

### **City's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described previously. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 13, 2023

# Arkansas

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



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## 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 2022:

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 other than the instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the Report on Internal Control over Financial Reporting section as item 2022-1.

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  
December 13, 2023



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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 17,235,511	\$ 8,100,414	\$ 10,005,311
Accounts receivable	1,131,051	166,383	115,409
Interfund receivables		50,570	
	<u>18,366,562</u>	<u>8,317,367</u>	<u>10,120,720</u>
TOTAL ASSETS	<u>\$ 18,366,562</u>	<u>\$ 8,317,367</u>	<u>\$ 10,120,720</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,169,858	\$ 6,808	\$ 21
Interfund payables	50,570		
Settlements pending			82,580
Total Liabilities	<u>1,220,428</u>	<u>6,808</u>	<u>82,601</u>
Fund Balances:			
Restricted	286,182	8,310,559	9,771,218
Committed	1,000,000		
Assigned	3,053,316		266,901
Unassigned	12,806,636		
Total Fund Balances	<u>17,146,134</u>	<u>8,310,559</u>	<u>10,038,119</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,366,562</u>	<u>\$ 8,317,367</u>	<u>\$ 10,120,720</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, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 429,625	\$ 983,656	\$ 27,511
Federal aid	29,914		988,661
Property taxes	937,766	180,068	1,499,995
Franchise fees	765,843		
Sales taxes	8,741,905	1,993,315	
Fines, forfeitures, and costs	594,987		71,446
Interest	27,354	22,510	54,382
Local permits and fees	1,175,556	60,000	145,618
Advertising and promotion taxes			415,538
Ambulance fees	153,887		
Fire dues	57,658		
Donations	142,161		
Private grants	336,964		
Employee contributions			168,518
Other	728,985	2,668	9,592
TOTAL REVENUES	14,122,605	3,242,217	3,381,261
EXPENDITURES			
Current:			
General government	2,381,283		
Law enforcement	2,842,987		221,160
Highways and streets		2,513,233	213,802
Public safety	1,905,401		1,138,412
Recreation and culture	1,244,200		431,173
Social services	9,189		
Advertising and promotion			899,464
Wastewater	405,320		
Total Current	8,788,380	2,513,233	2,904,011
Debt Service:			
Bond principal			70,000
Bond interest and other charges			115,605
TOTAL EXPENDITURES	8,788,380	2,513,233	3,089,616

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 5,334,225</u>	<u>\$ 728,984</u>	<u>\$ 291,645</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		460,000	731,173
Transfers out	(1,191,173)		
Contribution from water department	<u>118,500</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,072,673)</u>	<u>460,000</u>	<u>731,173</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,261,552	1,188,984	1,022,818
FUND BALANCES - JANUARY 1	<u>12,884,582</u>	<u>7,121,575</u>	<u>9,015,301</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 17,146,134</u></u>	<u><u>\$ 8,310,559</u></u>	<u><u>\$ 10,038,119</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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 116,000	\$ 429,625	\$ 313,625	\$ 390,000	\$ 983,656	\$ 593,656
Federal aid	4,200	29,914	25,714			
Property taxes	875,000	937,766	62,766	175,000	180,068	5,068
Franchise fees	560,000	765,843	205,843			
Sales taxes	7,510,000	8,741,905	1,231,905	1,575,000	1,993,315	418,315
Fines, forfeitures, and costs	470,000	594,987	124,987			
Interest	10,000	27,354	17,354	3,000	22,510	19,510
Local permits and fees	604,500	1,175,556	571,056		60,000	60,000
Ambulance fees	190,000	153,887	(36,113)			
Fire dues		57,658	57,658			
Donations		142,161	142,161			
Private grants		336,964	336,964			
Other	144,000	728,985	584,985		2,668	2,668
TOTAL REVENUES	10,483,700	14,122,605	3,638,905	2,143,000	3,242,217	1,099,217
EXPENDITURES						
Current:						
General government	3,954,337	2,381,283	1,573,054			
Law enforcement	2,944,536	2,842,987	101,549			
Highways and streets				3,055,161	2,513,233	541,928
Public safety	2,846,719	1,905,401	941,318			
Recreation and culture	2,040,937	1,244,200	796,737			
Social services	8,725	9,189	(464)			
Wastewater		405,320	(405,320)			
TOTAL EXPENDITURES	11,795,254	8,788,380	3,006,874	3,055,161	2,513,233	541,928

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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,311,554)	\$ 5,334,225	\$ 6,645,779	\$ (912,161)	\$ 728,984	\$ 1,641,145
OTHER FINANCING SOURCES (USES)						
Transfers in	53,000		(53,000)	460,000	460,000	0
Transfers out	(2,206,500)	(1,191,173)	1,015,327			
Contribution from water department	118,500	118,500	0			
TOTAL OTHER FINANCING SOURCES (USES)	(2,035,000)	(1,072,673)	962,327	460,000	460,000	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,346,554)	4,261,552	7,608,106	(452,161)	1,188,984	1,641,145
FUND BALANCES - JANUARY 1		12,884,582	12,884,582		7,121,575	7,121,575
FUND BALANCES - DECEMBER 31	\$ (3,346,554)	\$ 17,146,134	\$ 20,492,688	\$ (452,161)	\$ 8,310,559	\$ 8,762,720

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

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

**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, local permits and fees 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 the Debt Service Fund as reported with other funds in the aggregate.

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation – Regulatory (Continued)**

**Other Funds in the Aggregate (Continued)**

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

**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.

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Property Taxes**

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

**F. Budget Law**

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

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

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

Basis of Accounting

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

**G. Fund Balance Classification Policies and Procedures**

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

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



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

**NOTE 2: Cash Deposits with Financial Institutions**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 3,641,969	\$ 3,641,969
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	26,058,675	26,479,499
Uncollateralized	5,638,901	5,649,563
 Total Deposits	 <u>\$ 35,339,545</u>	 <u>\$ 35,771,031</u>

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

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. As of December 31, 2022, the City had deposits of \$5,649,563 not covered by FDIC insurance or collateralized, \$4,390,189 of these deposits were in money market accounts consisting of Federated Treasury Obligations.

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

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

**NOTE 4: Accounts Receivable**

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 100,000		
Federal aid	14,490		
Property taxes	90,031	\$ 17,274	\$ 111,877
Franchise fees	219,663		
Sales taxes	676,071	148,557	
Fines, forfeitures, and costs	28,532		3,532
Donations	1,229		
Other	1,035	552	
 Totals	 <u>\$ 1,131,051</u>	 <u>\$ 166,383</u>	 <u>\$ 115,409</u>

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

**NOTE 5: Accounts Payable**

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 1,169,858	\$ 6,808	\$ 21

**NOTE 6: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund		\$ 50,570
Street Fund	\$ 50,570	
Totals	\$ 50,570	\$ 50,570

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances were repaid on February 15, 2023.

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

**NOTE 7: 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			\$ 575,458
Law enforcement	\$ 3,000		183,411
Highways and streets		\$ 8,310,559	
Public safety	100,000		552,238
Recreation and culture	183,182		
Advertising and promotion			408,245
Capital outlay			7,346,118
Debt service			705,748
Total Restricted	<u>286,182</u>	<u>8,310,559</u>	<u>9,771,218</u>
Committed for:			
General government	<u>1,000,000</u>		
Assigned to:			
General government	2,806,851		
Law enforcement	22,407		266,901
Public safety	219,827		
Social services	4,231		
Total Assigned	<u>3,053,316</u>		<u>266,901</u>
Unassigned	<u>12,806,636</u>		
Totals	<u>\$ 17,146,134</u>	<u>\$ 8,310,559</u>	<u>\$ 10,038,119</u>

**NOTE 8: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for the bonded debt was \$53,233,529. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2022, the legal debt limit for short-term financing obligations was \$13,681,416. There were no short-term financing obligations.

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

**NOTE 9: Commitments**

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

	December 31, 2022
Long-term liabilities	\$ 5,465,000
Construction contracts	1,684,632
Total Commitments	<u>\$ 7,149,632</u>

Long-term liabilities

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

	December 31, 2022
<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>\$ 5,465,000</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 \$5,465,000 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, 2022	Maturities to December 31, 2022
<u>Bonds</u>					
8/24/21	6/1/46	1.125-2.5%	<u>\$ 5,535,000</u>	<u>\$ 5,465,000</u>	<u>\$ 70,000</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	<u>\$ 5,535,000</u>	<u>\$ 0</u>	<u>\$ 70,000</u>	<u>\$ 5,465,000</u>

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

**NOTE 9: Commitments (Continued)**

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		
	Principal	Interest	Total
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	195,000	95,994	290,994
2028 through 2032	1,025,000	439,750	1,464,750
2033 through 2037	1,125,000	343,144	1,468,144
2038 through 2042	1,250,000	213,738	1,463,738
2043 through 2046	1,115,000	56,563	1,171,563
Totals	<u>\$ 5,465,000</u>	<u>\$ 1,568,103</u>	<u>\$ 7,033,103</u>

Construction Contracts

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

Project Name	Completion Date	Contract Balance December 31, 2022
Puppy Creek Bridge Replacement	December 2023	\$ 1,141,369
Sabre Heights Low Pressure Sewer	July 2023	543,263
Total Construction Contracts		<u>\$ 1,684,632</u>

**NOTE 10: Interfund Transfers**

The City transferred \$460,000 from the General Fund to the Street Fund for operating purposes and \$731,173 from the General Fund to Other Funds in the Aggregate (2021 Bond Fund Debt Service Fund) for debt related payments.

**NOTE 11: Subsequent Events**

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

On March 24, 2023 and April 21, 2023, the City paid \$288,900 and \$235,476, respectively, to Curtis Construction, Inc. for the Puppy Creek Bridge Replacement Project.

On April 21, 2023 and May 5, 2023, the City paid \$232,860 and 438,168, respectively, to Tomlinson Asphalt Co., Inc. for asphalt paving for various City streets.

On November 30, 2023, the City paid \$656,836 to Grant Garrett Excavating, Inc. for asphalt paving for various City streets.

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

**NOTE 12: 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 \$5,465,000 and \$1,568,103, respectively, payable through June 1, 2046. For 2022, principal and interest paid were \$70,000 and \$112,891, respectively.

The City collected \$765,843 in franchise fees in 2022. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for any lawful purposes.

**NOTE 13: 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 \$4,920 were made to the BCSWD during 2022 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 14: Risk Management**

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

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

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

Municipal 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, 2022

**NOTE 14: 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 15: Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://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 \$687,833 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$249,516 for the year ended December 31, 2022.

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

**NOTE 15: 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, 2022, (actuarial valuation date and measurement date) was \$7,021,183.

**NOTE 16: Arkansas Public Employees Retirement System**

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2022, (date of APERS Employer Allocation Report) was \$216,570.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$1,823,544.

**NOTE 17: 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 \$1,977,334 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$1,977,334 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 LOWELL, ARKANSAS  
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
REGULATORY BASIS  
DECEMBER 31, 2022

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	\$ 408,266	\$ 227,916	\$ 81,211	\$ 181,902	\$ 471,027	\$ 34	\$ 575,458
Accounts receivable		38,985		1,475			
TOTAL ASSETS	<u>\$ 408,266</u>	<u>\$ 266,901</u>	<u>\$ 81,211</u>	<u>\$ 183,377</u>	<u>\$ 471,027</u>	<u>\$ 34</u>	<u>\$ 575,458</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 21						
Settlements pending							
Total Liabilities	<u>21</u>						
Fund Balances:							
Restricted	408,245		\$ 81,211	\$ 183,377	\$ 471,027	\$ 34	\$ 575,458
Assigned		\$ 266,901					
Total Fund Balances	<u>408,245</u>	<u>266,901</u>	<u>81,211</u>	<u>183,377</u>	<u>471,027</u>	<u>34</u>	<u>575,458</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 408,266</u>	<u>\$ 266,901</u>	<u>\$ 81,211</u>	<u>\$ 183,377</u>	<u>\$ 471,027</u>	<u>\$ 34</u>	<u>\$ 575,458</u>

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

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	CUSTODIAL FUNDS			
	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	City Court	Administration of Justice	Education (Act 474)	Totals
ASSETS							
Cash and cash equivalents	\$ 3,147,652	\$ 4,123,517	\$ 705,748	\$ 81,607	\$ 1	\$ 972	\$ 10,005,311
Accounts receivable	74,949						115,409
<b>TOTAL ASSETS</b>	<b>\$ 3,222,601</b>	<b>\$ 4,123,517</b>	<b>\$ 705,748</b>	<b>\$ 81,607</b>	<b>\$ 1</b>	<b>\$ 972</b>	<b>\$ 10,120,720</b>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 21
Settlements pending				\$ 81,607	\$ 1	\$ 972	82,580
Total Liabilities				81,607	1	972	82,601
Fund Balances:							
Restricted	\$ 3,222,601	\$ 4,123,517	\$ 705,748				9,771,218
Assigned							266,901
Total Fund Balances	3,222,601	4,123,517	705,748				10,038,119
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,222,601</b>	<b>\$ 4,123,517</b>	<b>\$ 705,748</b>	<b>\$ 81,607</b>	<b>\$ 1</b>	<b>\$ 972</b>	<b>\$ 10,120,720</b>

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, 2022

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			\$ 27,511			
Federal aid						\$ 988,661
Property taxes		\$ 415,315				
Fines, forfeitures, and costs		49,036		\$ 22,410		
Interest	\$ 2,230	507	78	425	\$ 1,032	
Local permits and fees					145,618	
Advertising and promotion taxes	415,538					
Employee contributions		168,518				
Other	9,592					
<b>TOTAL REVENUES</b>	<b>427,360</b>	<b>633,376</b>	<b>27,589</b>	<b>22,835</b>	<b>146,650</b>	<b>988,661</b>
EXPENDITURES						
Current:						
Law enforcement		213,824		7,336		
Highways and streets						
Public safety		437,940				700,472
Recreation and culture						
Advertising and promotion	899,464					
Total Current	899,464	651,764		7,336		700,472
Debt Service:						
Bond principal						
Bond interest and other charges						
<b>TOTAL EXPENDITURES</b>	<b>899,464</b>	<b>651,764</b>		<b>7,336</b>		<b>700,472</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>						
<b>EXPENDITURES</b>	<b>(472,104)</b>	<b>(18,388)</b>	<b>27,589</b>	<b>15,499</b>	<b>146,650</b>	<b>288,189</b>
OTHER FINANCING SOURCES (USES)						
Transfers in						
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)</b>						
<b>EXPENDITURES AND OTHER USES</b>	<b>(472,104)</b>	<b>(18,388)</b>	<b>27,589</b>	<b>15,499</b>	<b>146,650</b>	<b>288,189</b>
FUND BALANCES - JANUARY 1	880,349	285,289	53,622	167,878	324,377	\$ 34 287,269
FUND BALANCES - DECEMBER 31	\$ 408,245	\$ 266,901	\$ 81,211	\$ 183,377	\$ 471,027	\$ 34 575,458

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, 2022

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Totals
REVENUES				
State aid				\$ 27,511
Federal aid				988,661
Property taxes	\$ 1,084,680			1,499,995
Fines, forfeitures, and costs				71,446
Interest		\$ 46,605	\$ 3,505	54,382
Local permits and fees				145,618
Advertising and promotion taxes				415,538
Employee contributions				168,518
Other				9,592
<b>TOTAL REVENUES</b>	<b>1,084,680</b>	<b>46,605</b>	<b>3,505</b>	<b>3,381,261</b>
EXPENDITURES				
Current:				
Law enforcement				221,160
Highways and streets	213,802			213,802
Public safety				1,138,412
Recreation and culture		431,173		431,173
Advertising and promotion				899,464
<b>Total Current</b>	<b>213,802</b>	<b>431,173</b>		<b>2,904,011</b>
Debt Service:				
Bond principal			70,000	70,000
Bond interest and other charges			115,605	115,605
<b>TOTAL EXPENDITURES</b>	<b>213,802</b>	<b>431,173</b>	<b>185,605</b>	<b>3,089,616</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>870,878</b>	<b>(384,568)</b>	<b>(182,100)</b>	<b>291,645</b>
OTHER FINANCING SOURCES (USES)				
Transfers in			731,173	731,173
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>870,878</b>	<b>(384,568)</b>	<b>549,073</b>	<b>1,022,818</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>2,351,723</b>	<b>4,508,085</b>	<b>156,675</b>	<b>9,015,301</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 3,222,601</b>	<b>\$ 4,123,517</b>	<b>\$ 705,748</b>	<b>\$ 10,038,119</b>

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

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

<u>Fund Name</u>	<u>Fund Description</u>
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, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
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.
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, 2022  
(Unaudited)

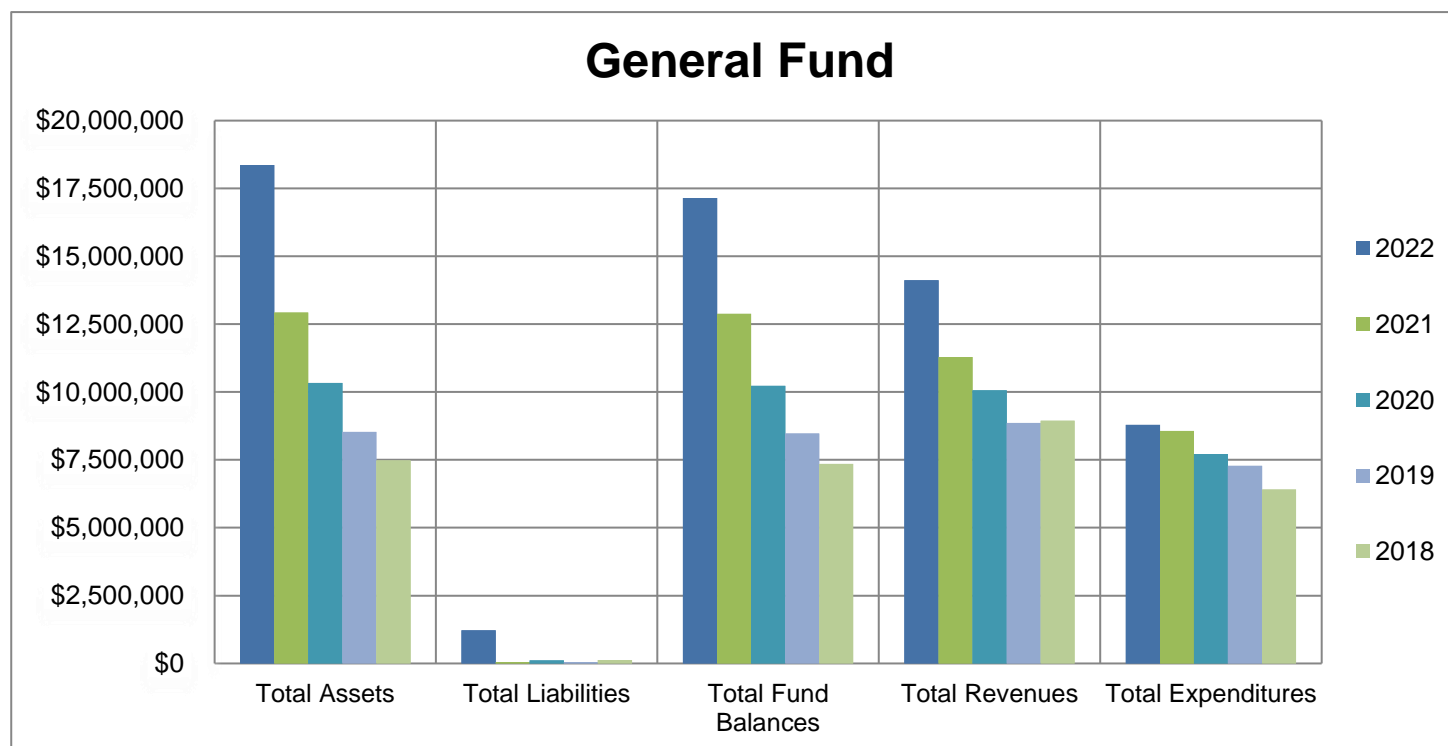
Schedule 3

	December 31, 2022
Land	\$ 3,285,160
Buildings and Improvements	6,126,595
Equipment	<u>8,940,925</u>
Total	<u><u>\$ 18,352,680</u></u>

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

Schedule 4-1

<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 18,366,562	\$ 12,932,567	\$ 10,334,587	\$ 8,528,852	\$ 7,484,293
Total Liabilities	1,220,428	47,985	108,709	52,239	128,560
Total Fund Balances	17,146,134	12,884,582	10,225,878	8,476,613	7,355,733
Total Revenues	14,122,605	11,284,615	10,061,231	8,862,055	8,947,876
Total Expenditures	8,788,380	8,567,713	7,714,114	7,279,577	6,407,237
Total Other Financing Sources/Uses	(1,072,673)	(58,198)	(597,852)	(461,598)	(92,113)

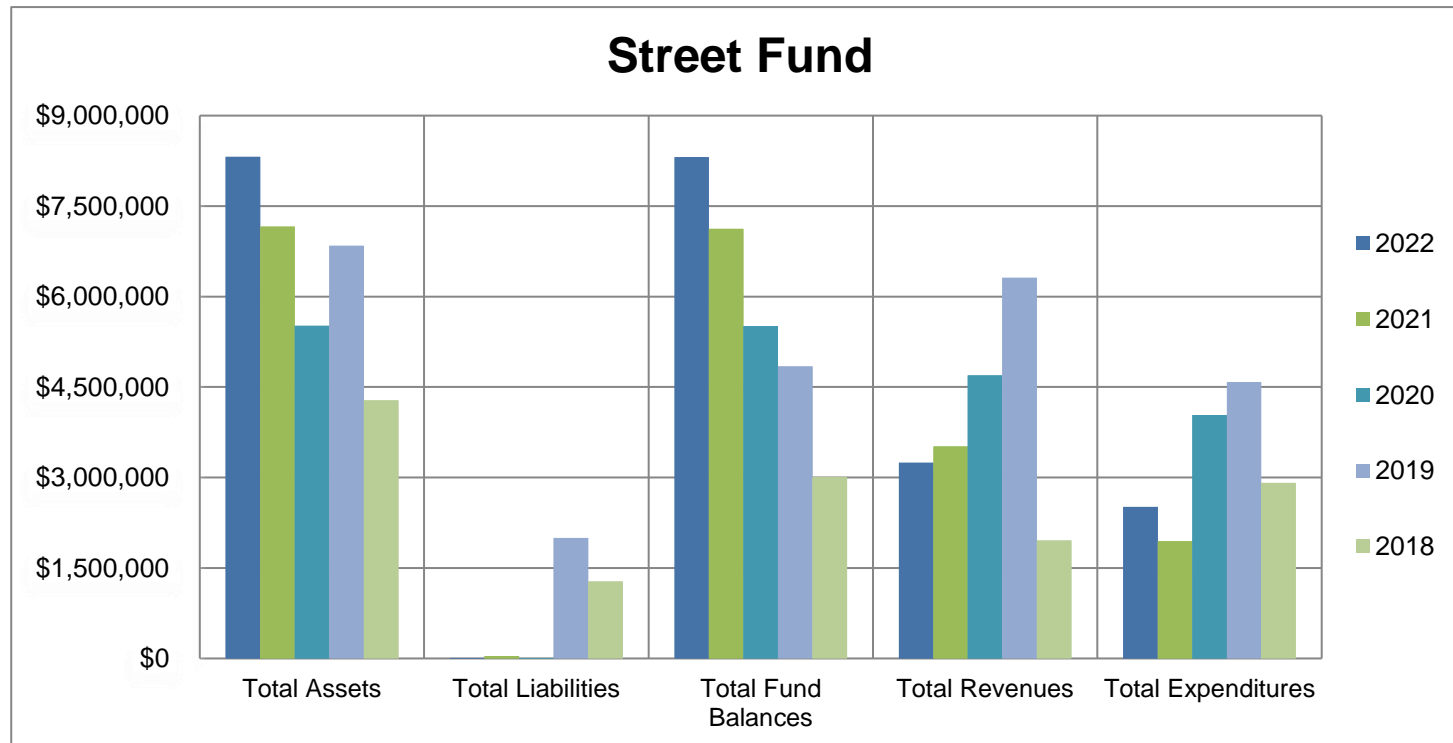




CITY OF LOWELL, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
DECEMBER 31, 2022  
(Unaudited)

Schedule 4-2

<b>Street</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total Assets	\$ 8,317,367	\$ 7,159,723	\$ 5,516,771	\$ 6,839,167	\$ 4,278,285
Total Liabilities	6,808	38,148	7,416	1,999,260	1,274,400
Total Fund Balances	8,310,559	7,121,575	5,509,355	4,839,907	3,003,885
Total Revenues	3,242,217	3,516,855	4,692,984	6,313,097	1,954,701
Total Expenditures	2,513,233	1,944,635	4,033,536	4,581,373	2,908,647
Total Other Financing Sources/Uses	460,000	40,000	10,000	104,298	17,709



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 10,120,720	\$ 9,184,433	\$ 2,988,768	\$ 2,268,418	\$ 2,261,659
Total Liabilities	82,601	169,132	113,489	120,848	109,407
Total Fund Balances	10,038,119	9,015,301	2,875,279	2,147,570	2,152,252
Total Revenues	3,381,261	3,364,949	1,375,877	1,451,280	1,235,221
Total Expenditures	3,089,616	1,976,741	1,235,020	1,690,962	2,287,497
Total Other Financing Sources/Uses	731,173	4,751,814	586,852	235,000	235,000

