

City of Lewisville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LEWISVILLE, ARKANSAS
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Senate Chair
Sen. John Payton
Senate Vice Chair



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Lewisville, 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 Lewisville, 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 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 Lewisville, Arkansas as of December 31, 2022 and 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 Lewisville, Arkansas, as of December 31, 2022 and 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.

Emphases of Matter

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 24, 2024
LOM222622

Arkansas

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



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

Kevin William White, CPA, JD
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 Lewisville, 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 Lewisville, Arkansas (City), as of and for the year ended December 31, 2022 and 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 June 24, 2024. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

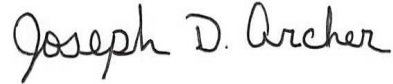
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated June 24, 2024.

Purpose of This Report

The purpose of this report is solely to describe 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



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 24, 2024

Arkansas

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



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

City of Lewisville, 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 and 2021:

Mayor: Ethan Dunbar
Recorder/Treasurer: Misty Wright
District Court Clerk: Dianne Jetton
Police Chief: Victor Rose

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

Mayor and Recorder/Treasurer

The City paid \$3,300 and \$2,460 in 2022 and 2021, respectively, for gym memberships on behalf of city employees, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, §5, as interpreted by Op. Att'y Gen nos. 92-099 and 2012-094. In addition, this benefit was not reported on the employees' IRS W-2 form.

District Court Clerk

Cash receipts and disbursements journals were not prepared for the City, County, and Game and Fish District Court accounts, in noncompliance with Ark. Code Ann. § 16-10-209 for 2022 and 2021. A cash disbursements journal was not prepared for the Small Claims account for 2021. A similar finding was issued in the prior report.

The balances in the District Court accounts were not identified with receipts for cases not yet adjudicated, as required by Ark. Code Ann. § 16-10-209.

Recorder/Treasurer

Invoices and supporting documentation were not provided for \$5,315 and \$1,396 for tested disbursements in 2022 and 2021, respectively, in noncompliance with Ark. Code Ann. § 14-59-105. Due to a lack of supporting documentation, the validity of these disbursements could not be determined.

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

Handwritten signature of Joseph D. Archer in black ink.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 24, 2024

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 162,279	\$ 162,167	\$ 376,154
Accounts receivable	31,506	7,964	719
TOTAL ASSETS	\$ 193,785	\$ 170,131	\$ 376,873
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,499	\$ 1,520	
Settlements pending			\$ 102,075
Total Liabilities	9,499	1,520	102,075
Fund Balances:			
Restricted		168,611	235,491
Assigned			39,307
Unassigned	184,286		
Total Fund Balances	184,286	168,611	274,798
TOTAL LIABILITIES AND FUND BALANCES	\$ 193,785	\$ 170,131	\$ 376,873

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

CITY OF LEWISVILLE, 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	\$ 27,414	\$ 78,965	\$ 18,073
Federal aid			115,399
Property taxes	36,905	11,046	5,940
Franchise fees	65,385		
Sales taxes	271,144		
Fines, forfeitures, and costs	121,326		
Interest	109	362	52
Sanitation fees	52,997		
Other	27,918	5,015	24,780
	<u>603,198</u>	<u>95,388</u>	<u>164,244</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	123,373		111,956
Law enforcement	220,061		92,150
Highways and streets		128,768	
Public safety	23,953		39,994
Sanitation	88,225		
Health	2,222		
Recreation and culture	8,235		
Total Current	<u>466,069</u>	<u>128,768</u>	<u>244,100</u>
Debt Service:			
Financed purchases principal		5,936	10,431
Financed purchases interest		1,051	879
	<u>466,069</u>	<u>135,755</u>	<u>255,410</u>
TOTAL EXPENDITURES			

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 137,129</u>	<u>\$ (40,367)</u>	<u>\$ (91,166)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			84,619
Transfers out	(84,619)		
Contribution to water department			<u>(35,419)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(84,619)</u>		<u>49,200</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	52,510	(40,367)	(41,966)
FUND BALANCES - JANUARY 1	<u>131,776</u>	<u>208,978</u>	<u>316,764</u>
FUND BALANCES - DECEMBER 31	<u>\$ 184,286</u>	<u>\$ 168,611</u>	<u>\$ 274,798</u>

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

CITY OF LEWISVILLE, 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	\$ 18,700	\$ 27,414	\$ 8,714	\$ 99,000	\$ 78,965	\$ (20,035)
Property taxes	61,050	36,905	(24,145)	11,550	11,046	(504)
Franchise fees	63,800	65,385	1,585			
Sales taxes	229,900	271,144	41,244			
Fines, forfeitures, and costs	87,150	121,326	34,176			
Interest	230	109	(121)	70	362	292
Sanitation fees	55,000	52,997	(2,003)			
Other	30,925	27,918	(3,007)	2,750	5,015	2,265
TOTAL REVENUES	546,755	603,198	56,443	113,370	95,388	(17,982)
EXPENDITURES						
Current:						
General government	180,955	123,373	57,582			
Law enforcement	218,060	220,061	(2,001)			
Highways and streets				127,170	128,768	(1,598)
Public safety	54,735	23,953	30,782			
Sanitation	120,172	88,225	31,947			
Health	2,750	2,222	528			
Recreation and culture	8,800	8,235	565			
Total Current	585,472	466,069	119,403	127,170	128,768	(1,598)
Debt Service:						
Financed purchases principal					5,936	(5,936)
Financed purchases interest					1,051	(1,051)
TOTAL EXPENDITURES	585,472	466,069	119,403	127,170	135,755	(8,585)

CITY OF LEWISVILLE, 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	\$ (38,717)	\$ 137,129	\$ 175,846	\$ (13,800)	\$ (40,367)	\$ (26,567)
OTHER FINANCING SOURCES (USES)						
Transfers in	81,400		(81,400)			
Transfers out	(88,000)	(84,619)	3,381			
TOTAL OTHER FINANCING SOURCES (USES)	(6,600)	(84,619)	(78,019)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(45,317)	52,510	97,827	(13,800)	(40,367)	(26,567)
FUND BALANCES - JANUARY 1		131,776	131,776		208,978	208,978
FUND BALANCES - DECEMBER 31	\$ (45,317)	\$ 184,286	\$ 229,603	\$ (13,800)	\$ 168,611	\$ 182,411

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

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

Exhibit A-1

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 111,951	\$ 201,115	\$ 409,357
Accounts receivable	26,753	8,131	9,450
TOTAL ASSETS	\$ 138,704	\$ 209,246	\$ 418,807
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,928	\$ 268	
Settlements pending			\$ 102,043
Total Liabilities	6,928	268	102,043
Fund Balances:			
Restricted		208,978	251,341
Assigned			65,423
Unassigned	131,776		
Total Fund Balances	131,776	208,978	316,764
TOTAL LIABILITIES AND FUND BALANCES	\$ 138,704	\$ 209,246	\$ 418,807

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

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

Exhibit B-1

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 24,110	\$ 104,829	\$ 25,185
Federal aid	13,900		115,400
Property taxes	44,820	13,428	7,272
Franchise fees	60,078		
Sales taxes	264,529		
Fines, forfeitures, and costs	98,097		
Interest	97	471	43
Sanitation fees	64,838		
Other	22,943	3,450	26,915
	<u>593,412</u>	<u>122,178</u>	<u>174,815</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	179,444		4,822
Law enforcement	221,730		42,683
Highways and streets		112,555	
Public safety	17,574		59,430
Sanitation	119,558		
Health	1,097		
Recreation and culture	1,932		
Total Current	<u>541,335</u>	<u>112,555</u>	<u>106,935</u>
Debt Service:			
Financed purchases principal		4,283	10,009
Financed purchases interest		957	1,301
	<u>541,335</u>	<u>117,795</u>	<u>118,245</u>
TOTAL EXPENDITURES			

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

Exhibit B-1

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 52,077</u>	<u>\$ 4,383</u>	<u>\$ 56,570</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			72,607
Transfers out	(72,607)		
Contribution to water department			<u>(713)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(72,607)</u>		<u>71,894</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(20,530)	4,383	128,464
FUND BALANCES - JANUARY 1	<u>152,306</u>	<u>204,595</u>	<u>188,300</u>
FUND BALANCES - DECEMBER 31	<u>\$ 131,776</u>	<u>\$ 208,978</u>	<u>\$ 316,764</u>

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

CITY OF LEWISVILLE, 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-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 32,000	\$ 24,110	\$ (7,890)	\$ 90,000	\$ 104,829	\$ 14,829
Federal aid		13,900	13,900			
Property taxes	38,000	44,820	6,820	10,500	13,428	2,928
Franchise fees	58,000	60,078	2,078			
Sales taxes	209,000	264,529	55,529			
Fines, forfeitures, and costs	67,600	98,097	30,497			
Interest	25	97	72	65	471	406
Local permits and fees	250		(250)			
Sanitation fees	55,000	64,838	9,838			
Other	34,850	22,943	(11,907)	2,500	3,450	950
TOTAL REVENUES	494,725	593,412	98,687	103,065	122,178	19,113
EXPENDITURES						
Current:						
General government	158,950	179,444	(20,494)			
Law enforcement	198,380	221,730	(23,350)			
Highways and streets				103,700	112,555	(8,855)
Public safety	53,970	17,574	36,396			
Sanitation	99,775	119,558	(19,783)			
Health	2,500	1,097	1,403			
Recreation and culture	8,000	1,932	6,068			
Total Current	521,575	541,335	(19,760)	103,700	112,555	(8,855)
Debt Service:						
Financed purchases principal					4,283	(4,283)
Financed purchases interest					957	(957)
TOTAL EXPENDITURES	521,575	541,335	(19,760)	103,700	117,795	(14,095)

CITY OF LEWISVILLE, 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-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (26,850)	\$ 52,077	\$ 78,927	\$ (635)	\$ 4,383	\$ 5,018
OTHER FINANCING SOURCES (USES)						
Transfers in	71,000		(71,000)			
Transfers out	(80,000)	(72,607)	7,393			
TOTAL OTHER FINANCING SOURCES (USES)	(9,000)	(72,607)	(63,607)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(35,850)	(20,530)	15,320	(635)	4,383	5,018
FUND BALANCES - JANUARY 1		152,306	152,306		204,595	204,595
FUND BALANCES - DECEMBER 31	\$ (35,850)	\$ 131,776	\$ 167,626	\$ (635)	\$ 208,978	\$ 209,613

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

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lewisville 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: Water and Sewer Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 through 4 for Special Revenue 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 and Schedule 3 for Custodial Funds as reported with other funds in the aggregate.

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 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.

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and payroll withholdings 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. 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.
3. 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 LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

There were no committed or assigned fund balances at year-end.

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value at December 31, 2022, is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 420,821	\$ 422,068
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	279,779	313,523
Total Deposits	\$ 700,600	\$ 735,591

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value at December 31, 2021, is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 430,615	\$ 440,695
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	291,808	314,354
Total Deposits	\$ 722,423	\$ 755,049

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.

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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	\$ 1,794	\$ 6,615	
Property taxes	4,497	1,349	\$ 719
Sales taxes	21,262		
Fines, forfeitures, and costs	3,953		
Totals	\$ 31,506	\$ 7,964	\$ 719

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 1,796	\$ 6,648	\$ 8,706
Property taxes	4,909	1,483	744
Sales taxes	19,723		
Fines, forfeitures, and costs	310		
Other	15		
Totals	\$ 26,753	\$ 8,131	\$ 9,450

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund
Vendor payables	\$ 9,499	\$ 1,520

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

Description	General Fund	Street Fund
Vendor payables	\$ 6,928	\$ 268

NOTE 6: Federal Funds Program Compliance

The City's 2022 federal funds were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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			\$ 69,983
Law enforcement			75,703
Highways and streets		\$ 168,611	
Public safety			89,805
Total Restricted		<u>168,611</u>	<u>235,491</u>
Assigned to:			
Law enforcement			6,773
Public safety			32,534
Total Assigned			<u>39,307</u>
Unassigned	<u>\$ 184,286</u>		
Totals	<u>\$ 184,286</u>	<u>\$ 168,611</u>	<u>\$ 274,798</u>

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			\$ 101,959
Law enforcement			75,732
Highways and streets		\$ 208,978	
Public safety			73,650
Total Restricted		<u>208,978</u>	<u>251,341</u>
Assigned to:			
Law enforcement			31,796
Public safety			33,627
Total Assigned			<u>65,423</u>
Unassigned	<u>\$ 131,776</u>		
Totals	<u>\$ 131,776</u>	<u>\$ 208,978</u>	<u>\$ 316,764</u>

CITY OF LEWISVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

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 and 2021, the legal debt limit for the bonded debt was \$1,473,077 and \$1,466,751, respectively. 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 and 2021, the legal debt limit for short-term financing obligations was \$411,700 and \$406,912, respectively. At December 31, 2022 and 2021, the amount of short-term financing obligations was \$36,686 and \$53,053, respectively, leaving a legal debt margin of \$375,014 and \$353,859, respectively.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Long-term liabilities	\$ 36,686	\$ 53,053

Long-term liabilities

Long-term liabilities at December 31, 2022 and 2021, are comprised of the following:

	December 31, 2022	December 31, 2021
<u>Direct Borrowings</u>		
Financed purchase with BancorpSouth Equipment Finance, dated May 17, 2019, in the amount of \$51,000, to finance costs of a 2016 Kenworth fire truck with interest of 4.14% for 60 monthly installments of \$942 beginning June 14, 2019. Payments are to be made from the Fire Sales Tax Fund.	\$ 15,535	\$ 25,966
Financed purchase with Scott Financial Services LLC, dated March 25, 2021, in the amount of \$62,740, to finance costs of a backhoe with interest of 4.25% for 60 monthly installments of \$1,164 beginning April 25, 2021. Payments are to be made 50% from the Street Fund and 50% from the Water Fund.	21,151	27,087
Total Long-term liabilities	\$ 36,686	\$ 53,053

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

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9: Commitments (Continued)

The City's outstanding financed purchases from direct borrowings of \$36,686 and \$53,053 at December 31, 2022 and 2021, respectively, contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions 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>Direct Borrowings</u>					
5/14/19	5/14/24	4.14%	\$ 51,000	\$ 15,535	\$ 35,465
3/25/21	3/25/26	4.25%	31,370	21,151	10,219
Total Long-Term Debt			<u>\$ 82,370</u>	<u>\$ 36,686</u>	<u>\$ 45,684</u>

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>Direct Borrowings</u>					
5/14/19	5/14/24	4.14%	\$ 51,000	\$ 25,966	\$ 25,034
3/25/21	3/25/26	4.25%	31,370	27,087	4,283
Total Long-Term Debt			<u>\$ 82,370</u>	<u>\$ 53,053</u>	<u>\$ 29,317</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchases	\$ 53,053	\$ 0	\$ 16,367	\$ 36,686

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
<u>Direct Borrowings</u>				
Financed purchases	\$ 35,975	\$ 31,370	\$ 14,292	\$ 53,053

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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,	Direct Borrow ings		
	Principal	Interest	Total
2023	\$ 17,068	\$ 1,228	\$ 18,296
2024	11,131	568	11,699
2025	6,753	233	6,986
2026	1,734	13	1,747
Totals	<u>\$ 36,686</u>	<u>\$ 2,042</u>	<u>\$ 38,728</u>

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

Years Ending December 31,	Direct Borrow ings		
	Principal	Interest	Total
2022	\$ 16,367	\$ 1,929	\$ 18,296
2023	17,068	1,228	18,296
2024	11,131	568	11,699
2025	6,753	233	6,986
2026	1,734	13	1,747
Totals	<u>\$ 53,053</u>	<u>\$ 3,971</u>	<u>\$ 57,024</u>

NOTE 10: Interfund Transfers

In 2022, the General Fund transferred \$84,619 of sales tax to the Other Funds in the Aggregate (Fire Department Sales Tax and Police Department Sales Tax Funds). In 2021, the General Fund transferred \$72,607 of sales tax to the Other Funds in the Aggregate (Fire Department Sales Tax and Police Department Sales Tax Funds).

NOTE 11: Risk Management

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

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

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

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11: Risk Management (Continued)

Municipal Vehicle Program

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

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

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

The City participates in the Arkansas Public Entities Insurance Cooperative - Worker's Compensation Trust (APCI-WCT) public entity risk pool for worker's compensation coverage. This program provides benefits for losses incurred by City officials, employees, volunteer fire fighters, and prisoners while performing work for the City. Rates for cities participating in this program are based on the cost experience of the particular city or group, the National Council on Worker's Compensation Insurance, and the Workers' Compensation Commission.

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.

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Plan Description

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

On December 18, 2017, administration of the City of Lewisville Firemen's Pension and Relief Fund and the City Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

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 \$36,555 and \$28,633 for the years ended December 31, 2022 and December 31, 2021, respectively, and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$19,765 and \$21,495 for the years ended December 31, 2022 and December 31, 2021, respectively.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022 and December 31, 2021, (actuarial valuation date and measurement date) was \$397,145 and \$149,928, respectively.

NOTE 13: Arkansas Public Employees Retirement System

Plan Description

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

CITY OF LEWISVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 13: Arkansas Public Employees Retirement System (Continued)

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 years ended June 30, 2022 and 2021, (date of APERS Employer Allocation Report) was \$45,787 and \$48,857, respectively.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022 and 2021, (actuarial valuation date and measurement date) was \$385,533 and \$122,784, respectively.

NOTE14: 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 \$230,799 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$230,799 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 LEWISVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

SPECIAL REVENUE FUNDS

	Fire Department Sales Tax	Fire Fighting Apparatus	Fire Equipment and Training ACT 833	Police Department Sales Tax	Local Police and Fire Retirement LOPFI	Police Asset Forfeiture Fund	American Rescue Plan Act (ARPA)
ASSETS							
Cash and cash equivalents	\$ 32,534	\$ 49,323	\$ 39,763	\$ 4,369	\$ 75,703	\$ 2,404	\$ 69,983
Accounts receivable		719					
TOTAL ASSETS	\$ 32,534	\$ 50,042	\$ 39,763	\$ 4,369	\$ 75,703	\$ 2,404	\$ 69,983
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending							
Fund Balances:							
Restricted		\$ 50,042	\$ 39,763		\$ 75,703		\$ 69,983
Assigned	\$ 32,534			\$ 4,369		\$ 2,404	
Total Fund Balances	32,534	50,042	39,763	4,369	75,703	2,404	69,983
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,534	\$ 50,042	\$ 39,763	\$ 4,369	\$ 75,703	\$ 2,404	\$ 69,983

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

Schedule 1

	CUSTODIAL FUNDS				
	Internal Service	Employee Group Insurance	District Court	Administration of Justice	Totals
ASSETS					
Cash and cash equivalents	\$ 25,724	\$ 12,345	\$ 45,698	\$ 18,308	\$ 376,154
Accounts receivable					719
TOTAL ASSETS	<u>\$ 25,724</u>	<u>\$ 12,345</u>	<u>\$ 45,698</u>	<u>\$ 18,308</u>	<u>\$ 376,873</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Settlements pending	\$ 25,724	\$ 12,345	\$ 45,698	\$ 18,308	\$ 102,075
Fund Balances:					
Restricted					235,491
Assigned					39,307
Total Fund Balances					<u>274,798</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,724</u>	<u>\$ 12,345</u>	<u>\$ 45,698</u>	<u>\$ 18,308</u>	<u>\$ 376,873</u>

CITY OF LEWISVILLE, 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							Totals
	Fire Department Sales Tax	Fire Fighting Apparatus	Fire Equipment and Training ACT 833	Police Department Sales Tax	Local Police and Fire Retirement LOPFI	Police Asset Forfeiture Fund	American Rescue Plan Act (ARPA)	
REVENUES								
State aid			\$ 18,073					\$ 18,073
Federal aid						\$ 115,399		115,399
Property taxes		\$ 5,940						5,940
Interest		44			\$ 8			52
Other					24,780			24,780
TOTAL REVENUES		5,984	18,073		24,788		115,399	164,244
EXPENDITURES								
Current:								
General government							111,956	111,956
Law enforcement				\$ 67,333	24,817			92,150
Public safety	\$ 32,092	981	6,921					39,994
Total Current	32,092	981	6,921	67,333	24,817		111,956	244,100
Debt Service:								
Financed purchases principal								10,431
Financed purchases interest								879
TOTAL EXPENDITURES	43,402	981	6,921	67,333	24,817		111,956	255,410
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,402)	5,003	11,152	(67,333)	(29)		3,443	(91,166)
OTHER FINANCING SOURCES (USES)								
Transfers in	42,309			42,310				84,619
Contribution to water department							(35,419)	(35,419)
TOTAL OTHER FINANCING SOURCES (USES)	42,309			42,310			(35,419)	49,200
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,093)	5,003	11,152	(25,023)	(29)		(31,976)	(41,966)
FUND BALANCES - JANUARY 1	33,627	45,039	28,611	29,392	75,732	\$ 2,404	101,959	316,764
FUND BALANCES - DECEMBER 31	<u>\$ 32,534</u>	<u>\$ 50,042</u>	<u>\$ 39,763</u>	<u>\$ 4,369</u>	<u>\$ 75,703</u>	<u>\$ 2,404</u>	<u>\$ 69,983</u>	<u>\$ 274,798</u>

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

Schedule 3

SPECIAL REVENUE FUNDS

	Fire Department Sales Tax	Fire Fighting Apparatus	Fire Equipment and Training ACT 833	Police Department Sales Tax	Local Police and Fire Retirement LOPFI	Police Asset Forfeiture Fund	American Rescue Plan Act (ARPA)
ASSETS							
Cash and cash equivalents	\$ 33,627	\$ 44,295	\$ 19,905	\$ 29,392	\$ 75,732	\$ 2,404	\$ 101,959
Accounts receivable		744	8,706				
TOTAL ASSETS	\$ 33,627	\$ 45,039	\$ 28,611	\$ 29,392	\$ 75,732	\$ 2,404	\$ 101,959
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending							
Fund Balances:							
Restricted		\$ 45,039	\$ 28,611		\$ 75,732		\$ 101,959
Assigned	\$ 33,627			\$ 29,392		\$ 2,404	
Total Fund Balances	<u>33,627</u>	<u>45,039</u>	<u>28,611</u>	<u>29,392</u>	<u>75,732</u>	<u>2,404</u>	<u>101,959</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,627	\$ 45,039	\$ 28,611	\$ 29,392	\$ 75,732	\$ 2,404	\$ 101,959

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

Schedule 3

	CUSTODIAL FUNDS				
	Internal Service	Employee Group Insurance	District Court	Administration of Justice	Totals
ASSETS					
Cash and cash equivalents	\$ 20,182	\$ 14,390	\$ 55,823	\$ 11,648	\$ 409,357
Accounts receivable					9,450
TOTAL ASSETS	\$ 20,182	\$ 14,390	\$ 55,823	\$ 11,648	\$ 418,807
LIABILITIES AND FUND BALANCES					
Liabilities:					
Settlements pending	\$ 20,182	\$ 14,390	\$ 55,823	\$ 11,648	\$ 102,043
Fund Balances:					
Restricted					251,341
Assigned					65,423
Total Fund Balances					316,764
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,182	\$ 14,390	\$ 55,823	\$ 11,648	\$ 418,807

CITY OF LEWISVILLE, 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 4

	SPECIAL REVENUE FUNDS							Totals
	Fire Department Sales Tax	Fire Fighting Apparatus	Fire Equipment and Training ACT 833	Police Department Sales Tax	Local Police and Fire Retirement LOPFI	Police Asset Forfeiture Fund	American Rescue Plan Act (ARPA)	
REVENUES								
State aid			\$ 25,185					\$ 25,185
Federal aid							\$ 115,400	115,400
Property taxes		\$ 7,272						7,272
Interest		39			\$ 4			43
Other					26,915			26,915
TOTAL REVENUES		7,311	25,185		26,919		115,400	174,815
EXPENDITURES								
Current:								
General government							4,822	4,822
Law enforcement				\$ 29,401	9,422		3,860	42,683
Public safety	\$ 17,259	17,091	21,034				4,046	59,430
Total Current	17,259	17,091	21,034	29,401	9,422		12,728	106,935
Debt Service:								
Financed purchases principal	10,009							10,009
Financed purchases interest	1,301							1,301
TOTAL EXPENDITURES	28,569	17,091	21,034	29,401	9,422		12,728	118,245
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(28,569)	(9,780)	4,151	(29,401)	17,497		102,672	56,570
OTHER FINANCING SOURCES (USES)								
Transfers in	36,304			36,303				72,607
Contribution to water department							(713)	(713)
TOTAL OTHER FINANCING SOURCES (USES)	36,304			36,303			(713)	71,894
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,735	(9,780)	4,151	6,902	17,497		101,959	128,464
FUND BALANCES - JANUARY 1	25,892	54,819	24,460	22,490	58,235	\$ 2,404		188,300
FUND BALANCES - DECEMBER 31	\$ 33,627	\$ 45,039	\$ 28,611	\$ 29,392	\$ 75,732	\$ 2,404	\$ 101,959	\$ 316,764

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Fire Department Sales Tax	Lewisville City Resolution 308 (July 11, 2002) established the fund to receive 25% of a levied one percent sales tax.
Fire Fighting Apparatus	Established to support public safety programs.
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.
Police Department Sales Tax	Lewisville City Resolution 308 (July 11, 2002) established the fund to receive 25% of a levied one percent sales tax.
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.
Police Asset Forfeiture Fund	Established to receive police asset forfeiture revenue.
American Rescue Plan Act (ARPA)	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.
Internal Service	Established to process payroll of all employees.
Employee Group Insurance	Established to process payroll of all employees.
District 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.

CITY OF LEWISVILLE, ARKANSAS
 OTHER INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 DECEMBER 31, 2022 AND 2021
 (Unaudited)

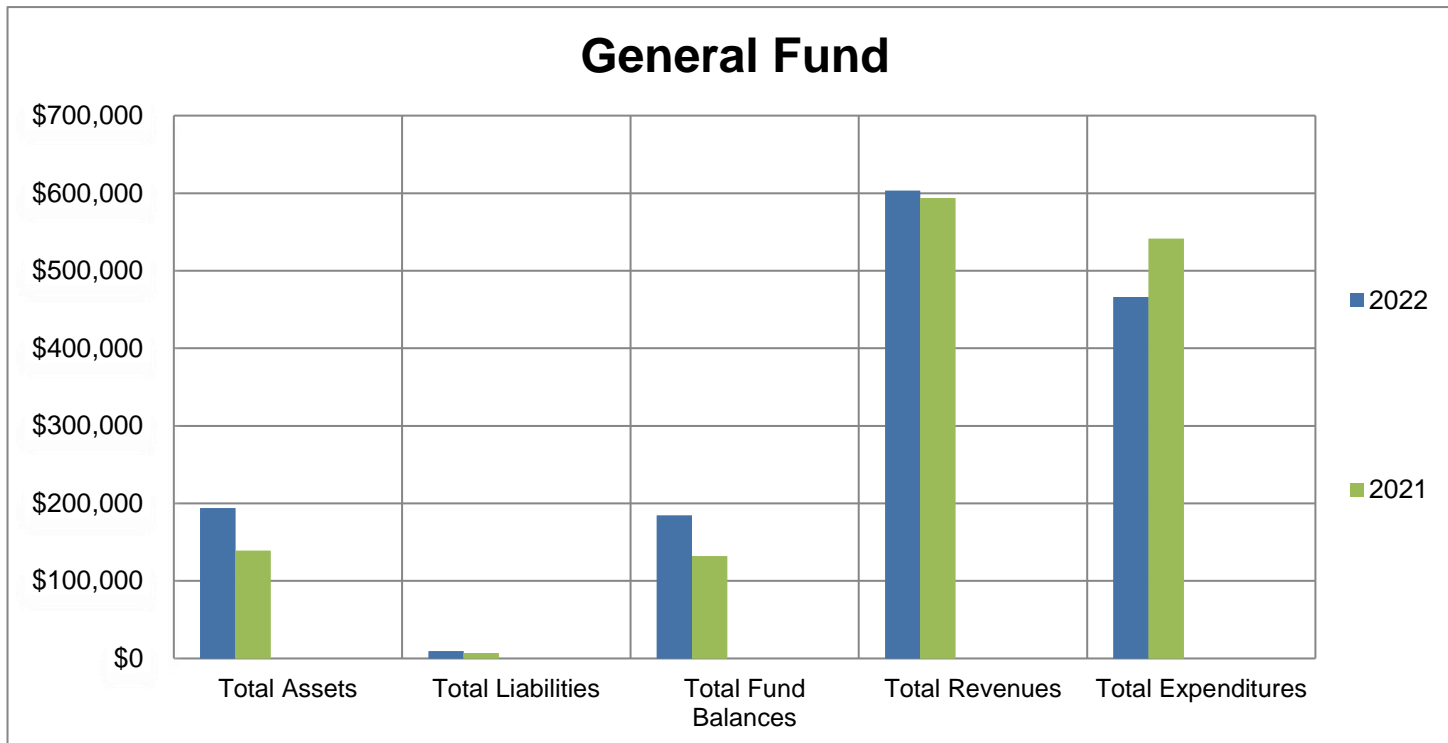
Schedule 5

	December 31, 2022	December 31, 2021
Land	\$ 49,212	\$ 24,212
Buildings	358,821	358,821
Improvements	49,490	49,490
Equipment	786,432	786,432
Totals	\$ 1,243,955	\$ 1,218,955

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

Schedule 6-1

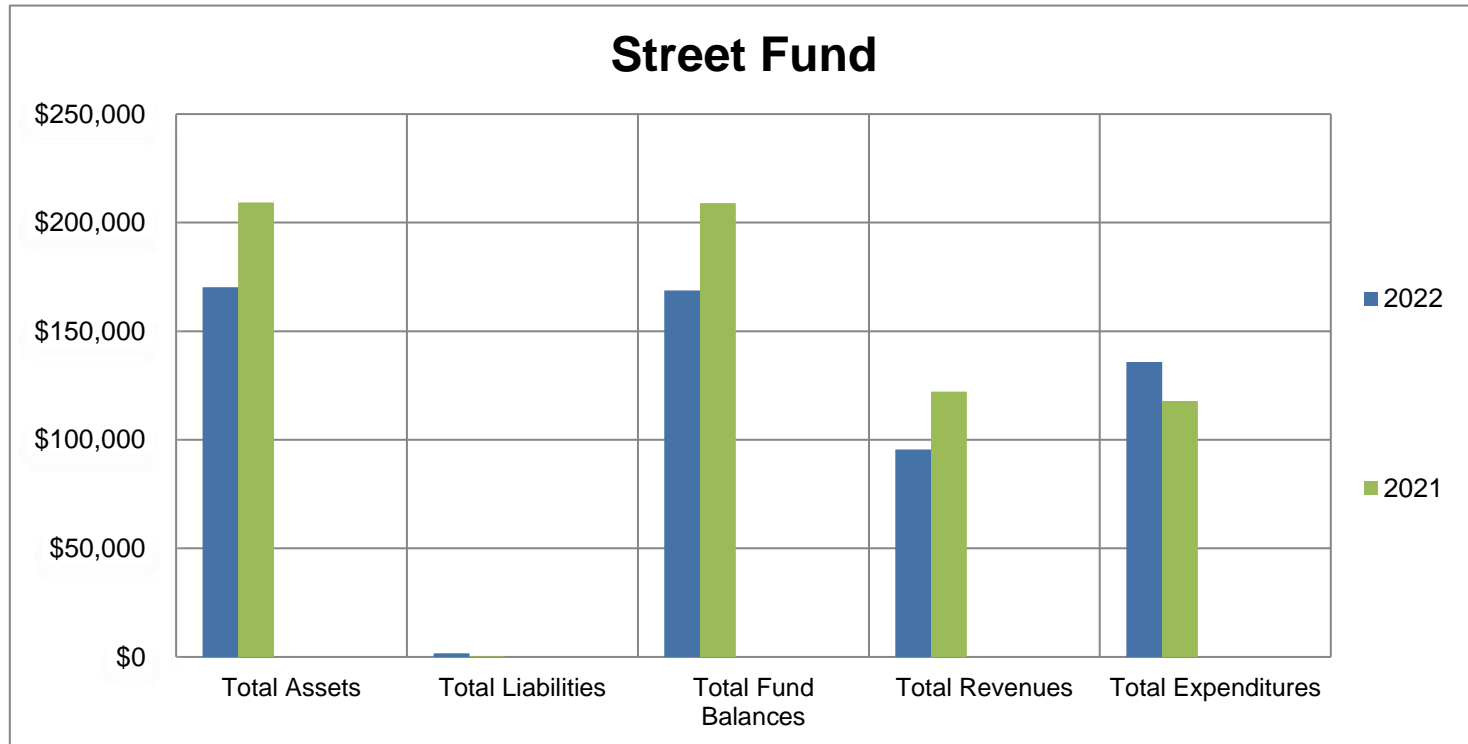
<u>General</u>	2022	2021
Total Assets	\$ 193,785	\$ 138,704
Total Liabilities	9,499	6,928
Total Fund Balances	184,286	131,776
Total Revenues	603,198	593,412
Total Expenditures	466,069	541,335
Total Other Financing Sources/Uses	(84,619)	(72,607)



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

Schedule 6-2

<u>Street</u>	<u>2022</u>	<u>2021</u>
Total Assets	\$ 170,131	\$ 209,246
Total Liabilities	1,520	268
Total Fund Balances	168,611	208,978
Total Revenues	95,388	122,178
Total Expenditures	135,755	117,795



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

Schedule 6-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>
Total Assets	\$ 376,873	\$ 418,807
Total Liabilities	102,075	102,043
Total Fund Balances	274,798	316,764
Total Revenues	164,244	174,815
Total Expenditures	255,410	118,245
Total Other Financing Sources/Uses	49,200	71,894

