

City of Springdale, Arkansas

Financial Statements and Independent Auditor's Reports

December 31, 2022

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City of Springdale, Arkansas
December 31, 2022

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City of Springdale, Arkansas
List of Elected and Appointed Officials
December 31, 2022

Elected Officials:

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

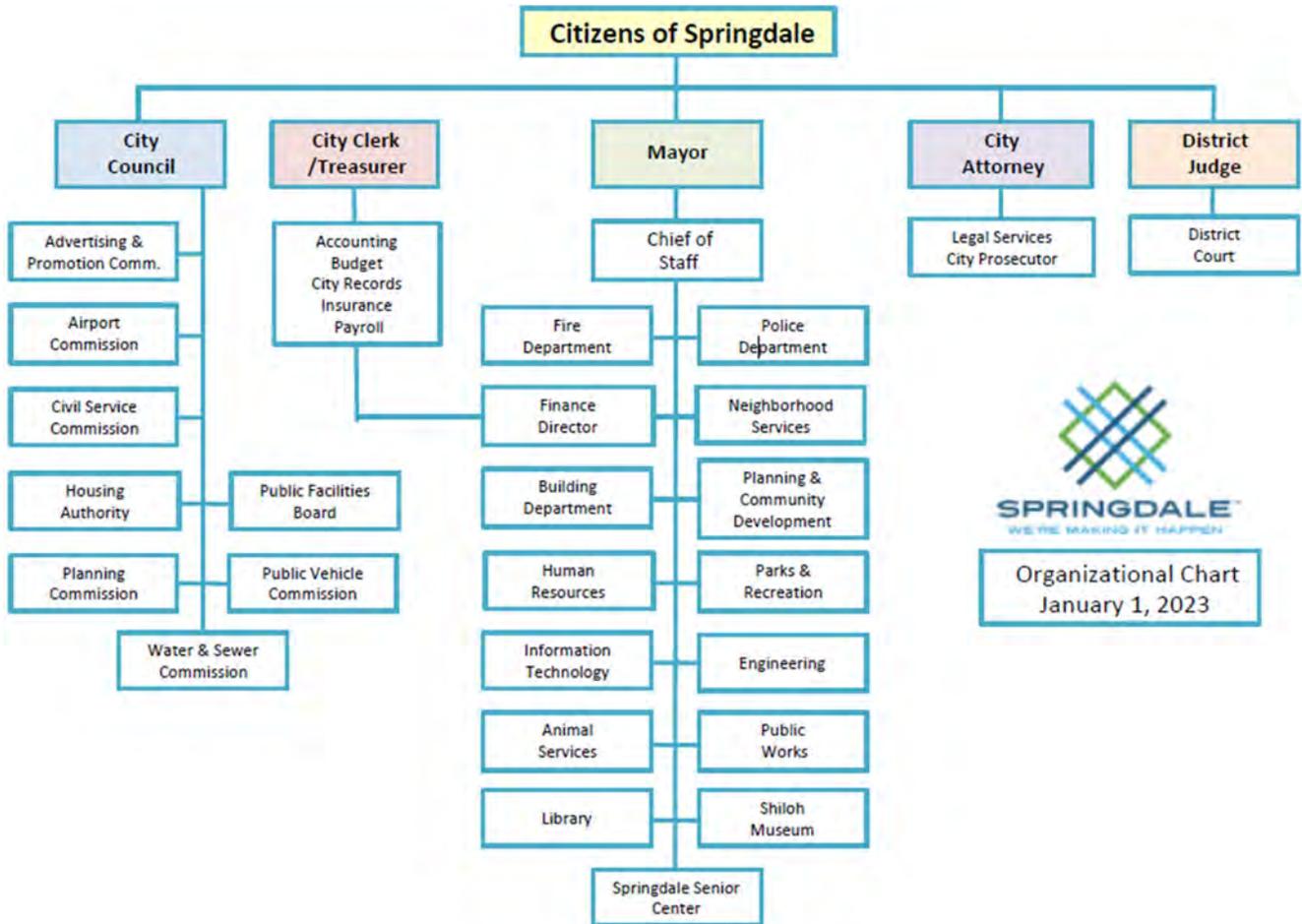
Appointed Officials:

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

City of Springdale, Arkansas

Organizational Chart

December 31, 2022





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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 of Springdale, Arkansas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

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

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and budgetary comparison schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules, budgetary comparison schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 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 that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That 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.

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City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

As management of the City of Springdale, we offer this narrative overview and analysis of the financial activities and financial position of the City for the year ended December 31, 2022. Overall, the financial health and well-being of a city lies in the willingness of its citizens and property owners to pay adequate taxes and other fees combined with the leadership and vision of the government's elected and appointed officials to spend those revenues strategically so that the City's service levels, assets and the City's desirability will be maintained not just for the current year but well into the future. We encourage readers of the financial statements to consider the information presented here in conjunction with all other information provided in this report.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2022 by \$327.5 million (net position). Of this amount, \$283.9 million is invested in capital assets, and \$21.4 million is restricted for capital expenditures, debt service, unspendable endowment funds, and other purposes. Unrestricted net position available for meeting the City's emergency and unexpected obligations is \$22.3 million. The City's business-type activities have an unrestricted net position of \$2.4 million.
- The City's total net position increased by \$44.5 million in 2022. Net position of governmental activities increased by \$41.5 million in 2022, compared to a net increase of \$17.4 million in 2021. The net position of the business-type activities increased by \$3.0 million in 2022 as compared to a net decrease of \$212 thousand in 2021.
- At the close of 2022, the City's governmental funds reported combined ending fund balances of \$110 million, which reflects an increase of \$4.0 million from the prior year, primarily due to capital expenditures of \$20.0 million, using bond proceeds issued previously, and an increase in debt service expenditures of \$4.0 million offset by use of \$5.8 million of funding from the American Rescue Plan grant and an increase in sales tax revenues of \$9.2 million. The restricted portion of the fund balances is \$46.3 million; \$4.4 million of which is considered unspendable, and \$41.9 million that is restricted for capital expenditures, debt service, and other purposes. The remaining fund balance is classified as \$5.0 million committed for capital projects and other purposes, assigned of \$16.0 million, and unassigned fund balance of \$42.6 million.
- At the end of 2022, the unassigned fund balance of the General Fund was \$42.8 million, which represents 39% of the total governmental fund balances and is 73% of total general fund expenditures, including transfers. There was an increase of \$17.2 million in the total general fund balance for 2022, compared to a \$20.5 million increase in 2021. The unassigned portion is available for use to support operations, funding for special projects and equipment replacement funding.
- The City's total bond indebtedness decreased by \$16.3 million during 2022. Key factors in the decrease were scheduled principal payments of \$7.8 million and excess tax receipts of \$8.5 million.
- The City's net pension liabilities decreased \$4.2 million to \$33.2 million as of December 31, 2022. The net pension liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 7* on pages 64 - 81 of this report. Pension expense decreased \$4.3 million to a total of \$3.1 million for 2022.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

- The City's OPEB liability decreased \$734 thousand to \$4.3 million as of December 31, 2022. The OPEB liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 9* on pages 81 - 87 of this report. OPEB income for 2022 was \$383 thousand.
- The City's business-type component unit reported net position of \$325 million as of September 30, 2022, an increase of \$10.5 million compared to September 30, 2021.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements are located on pages 23 - 25 of this report.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

Fund Financial Statements

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

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

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

The City maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Street Fund, the American Rescue Plan Fund, the 2018 Bonds Street Improvement Construction Fund, the 2018 Bonds Debt Service Fund, and the 2020 Bonds Debt Service Fund. Data from the remaining fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements are located on pages 26 through 32 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 36 and 37 of this report.

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are located on pages 38 through 93 of this report.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund budget, the Street Fund budget and an analysis of funding progress for its obligation to provide pensions and other postemployment benefits to its employees. *Required supplementary information* is located on pages 97 and 113 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules are located on pages 114 through 120 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$340 million at the close of the most recent fiscal year, as shown in the table below.

City of Springdale, Arkansas Net Position (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 143,164	\$ 133,221	\$ 1,112	\$ 817	\$ 144,276	\$ 134,038
Capital assets	453,154	437,128	12,106	8,471	465,260	445,599
Total assets	<u>596,318</u>	<u>570,349</u>	<u>13,218</u>	<u>9,288</u>	<u>609,536</u>	<u>579,637</u>
Deferred outflows of resources	<u>11,634</u>	<u>9,777</u>	<u>3</u>	<u>3</u>	<u>11,637</u>	<u>9,780</u>
Current liabilities	26,886	21,730	989	66	27,875	21,796
Other liabilities	<u>235,158</u>	<u>257,078</u>	<u>30</u>	<u>24</u>	<u>235,188</u>	<u>257,102</u>
Total liabilities	262,044	278,808	1,019	90	263,063	278,898
Deferred inflows of resources	<u>18,318</u>	<u>15,216</u>	<u>9</u>	<u>7</u>	<u>18,327</u>	<u>15,223</u>
Net investment in capital assets	283,884	268,434	9,804	8,471	293,688	276,905
Restricted	21,361	23,178	-	-	21,361	23,178
Unrestricted	<u>22,345</u>	<u>(5,510)</u>	2,389	723	24,734	(4,787)
Total net position	<u>\$ 327,590</u>	<u>\$ 286,102</u>	<u>\$ 12,193</u>	<u>\$ 9,194</u>	<u>\$ 339,783</u>	<u>\$ 295,296</u>

By far the largest portion of the City's net position, \$293.7 million (86%) reflects its investment in capital assets (*e.g.* land, buildings, machinery, infrastructure and equipment), plus unspent bond proceeds, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with the exception of business type assets, do not generate direct revenue for the City. They do represent an obligation on the part of the City to maintain these assets into the future. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

City of Springdale, Arkansas Management's Discussion and Analysis December 31, 2022

An additional portion of the City's net position (\$21.4 million or 6%) represents resources that are subject to restrictions as to how they may be used. Of the total restricted net position, \$0.8 million is restricted for capital projects, \$15.1 million is restricted for debt service, and \$5.5 million is restricted for other purposes. The remaining balance of unrestricted net position is \$24.7 million (7%).

It is important to note that the unrestricted net position of the City's business type activities of \$2.4 million may not be used to fund governmental activities.

Overall the City's net position increased by \$44.5 million during 2022. Total revenues increased by \$27.0 million (25%) between years. Sales tax revenue on a government-wide basis increased by \$9.1 million (15%), operating grants and contributions increased by \$2.2 million (13%), and capital grants and contributions increased by \$6.4 million (97%). Total expenses decreased by \$222 thousand (0%) from 2021 to 2022. The changes in net position are shown in the following schedule.

Changes in Net Position (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 13,622	\$ 11,051	\$ 1,176	\$ 610	\$ 14,798	\$ 11,661
Operating grants and contributions	19,143	16,774	-	168	19,143	16,942
Capital grants and contributions	10,165	6,578	2,809	-	12,974	6,578
Total program revenues	<u>42,930</u>	<u>34,403</u>	<u>3,985</u>	<u>778</u>	<u>46,915</u>	<u>35,181</u>
General revenues						
Sales tax	68,890	59,688	83	53	68,973	59,741
Ad valorem tax	8,380	8,364	-	-	8,380	8,364
Franchise tax	5,587	4,888	-	-	5,587	4,888
Hotel/motel tax	595	431	-	-	595	431
Investment earnings (losses)	(1,568)	410	(10)	(1)	(1,578)	409
Gain (loss) on sale of assets	1,319	60	-	(2)	1,319	58
Intergovernmental	5,938	-	-	-	5,938	-
Total general revenues	<u>89,141</u>	<u>73,841</u>	<u>73</u>	<u>50</u>	<u>89,214</u>	<u>73,891</u>
Total revenues	<u>132,071</u>	<u>108,244</u>	<u>4,058</u>	<u>828</u>	<u>136,129</u>	<u>109,072</u>
Expenses						
General government	9,390	10,473	-	-	9,390	10,473
Community development	2,347	2,658	-	-	2,347	2,658
Culture and recreation	14,357	13,236	-	-	14,357	13,236
Economic development	418	1,058	-	-	418	1,058
Public safety	40,549	40,510	-	-	40,549	40,510
Public works	16,940	16,285	-	-	16,940	16,285
Interest on long-term debt	6,582	6,597	-	-	6,582	6,597
Municipal airport	-	-	890	913	890	913
Sanitation	-	-	162	127	162	127
City attorney restitution	-	-	7	-	7	-
Total expenses	<u>90,583</u>	<u>90,817</u>	<u>1,059</u>	<u>1,040</u>	<u>91,635</u>	<u>91,857</u>
Increase (decrease) in net position	<u>41,488</u>	<u>17,427</u>	<u>2,999</u>	<u>(212)</u>	<u>44,487</u>	<u>17,215</u>
Increase (decrease) in net position	41,488	17,427	2,999	(212)	44,487	17,215
Net position - January 1,	286,102	268,675	9,194	9,406	295,296	278,081
Net position - December 31	<u>\$ 327,590</u>	<u>\$ 286,102</u>	<u>\$ 12,193</u>	<u>\$ 9,194</u>	<u>\$ 339,783</u>	<u>\$ 295,296</u>

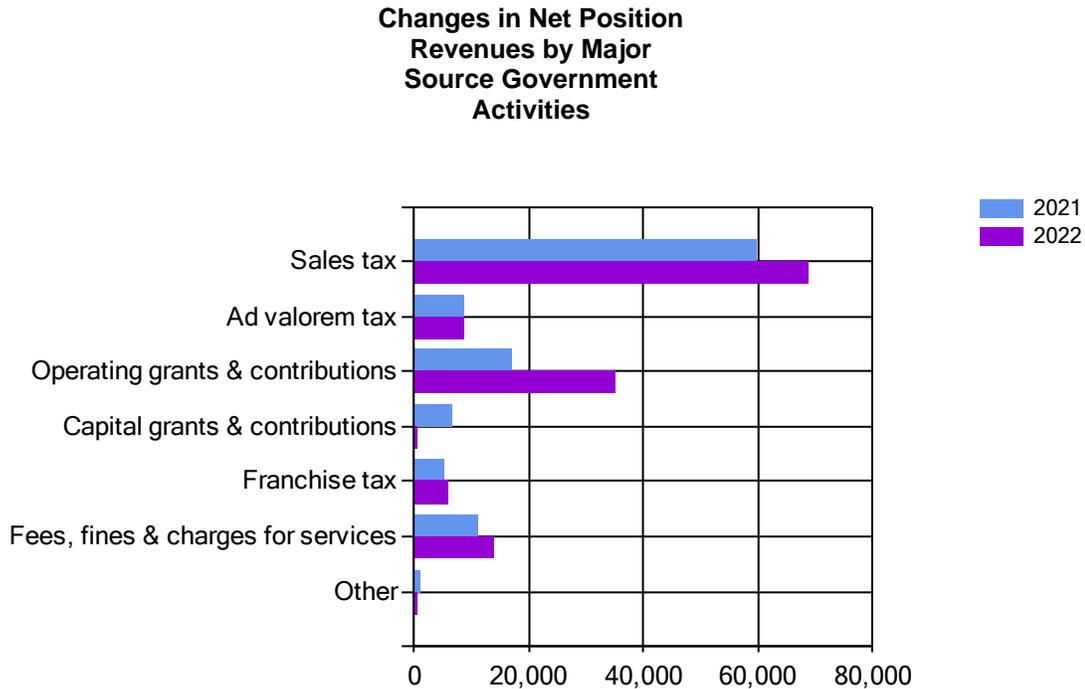
City of Springdale, Arkansas
Management's Discussion and Analysis
December 31, 2022

Governmental activities – Governmental activities increased the City’s net position by \$41.5 million. Key elements of this increase are as follows:

- Total revenues increased by \$23.8 million, due primarily to an increase in fines, fees and charges for services of \$2.6 million (23%), increase in operating grants and contributions of \$2.4 million or 14%, an increase in capital grants and contributions of \$3.6 million or 55%, and a \$9.2 million or 15% increase in sales taxes.
- The increase in fines and charges was due primarily to the expansion of the parks and recreation program. The increase in operating grants and contributions was due to the increase in COVID related grants for the Police and Fire Departments. The increase in capital grants and contributions was due to higher contributions for capital related projects during 2022.
- Sales taxes provided \$69.0 million (52%) of the City’s governmental revenue in 2022, and ad valorem taxes provided \$8.4 million (6%) and franchise taxes provided \$5.6 million (4%). Sales taxes increased \$9.2 million, or 15%, which was primarily due to increased spending in retail sales.
- Capital outlay and donated capital assets exceeded depreciation expense by \$16.0 million.
- The reported 2022 expenses decreased by \$120 thousand (.13%) from 2021, due primarily to a decrease in general government of \$1.1 million offset by an increase in culture and recreation of \$1.1 million. Public works expenses increased primarily due to construction of new trails and additional street overlay. Culture and recreation expenses increased primarily due to increased activity after return to full programming capacity after the pandemic and added programs.

City of Springdale, Arkansas Management's Discussion and Analysis December 31, 2022

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



Business-type activities – Business-type activities increased the City's net position by \$3.0 million.

The Municipal Airport revenues of \$460 thousand provided 71% of total revenues for business-type activities for 2022 while current year expenses of \$890 thousand were 84% of total expenses. Municipal Airport depreciation expense for 2022 was \$452 thousand.

Financial Analysis of the Government's Funds

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

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

As of December 31, 2022, the City's governmental funds combined fund balances were \$110 million, which reflects an increase of \$4 million from the prior year end. Of this amount, \$4.4 million (4%) is nonspendable, \$41.9 million (38%) represents fund balances restricted for capital projects, debt service, and other purposes, \$5.0 million (5%) is committed for capital projects, and \$16.0 million (14%) is assigned for specific uses by fund type. The remainder of the balance, \$42.7 million (39%), is unassigned in the General Fund and is available for spending at the government's discretion.

City of Springdale, Arkansas **Management's Discussion and Analysis** **December 31, 2022**

The General Fund is the chief operating fund of the City. As of December 31, 2022, the total fund balance of the General Fund was \$49.9 million of which \$42.8 million (86%) was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures, including transfers out. Unassigned fund balance represents approximately 73% of the total General Fund expenditures for 2022, including transfers out, while total fund balance represents 85% of that same amount.

During the 2022 fiscal year, the fund balance of the General Fund increased by \$17.24 million. As a comparison, the 2022 final adopted budget anticipated a \$5.5 million increase in the general fund balance by the end of the year. The increase for 2022 was due to the following:

- Total revenues for 2022, including transfers in, increased by \$9.3 million. The primary reasons for the increase were due to increases in taxes of \$8.3 million.
- Total expenditures for 2022, including transfers out, increased by \$4.2 million. The primary reason for the increase was due to the increase in general government of \$700 thousand and in culture and recreation of \$700 thousand, and an increase in public safety of \$2.4 million.

The Street Fund is a special revenue fund that is presented as a major fund, and accounts for 9% of the total governmental fund balances. Revenues include property taxes dedicated to streets, bridges and associated drainage, as well as gasoline tax turnback from the state. The fund balance of the Street Fund increased \$1.6 million between years. This increase was due primarily to additional grant funding of \$2.0 million.

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

The 2018 Bonds Street Improvement Fund provided 20% of the total governmental fund balances at December 31, 2022. The net decrease in fund balances during 2022 was \$14.8 million, and was the result of spending bond proceeds received in a prior year on capital improvements.

The 2018 Bonds Debt Service fund provided 14% of the total governmental fund balances at December 31, 2022. Revenues for 2022 for this fund include a one percent (1%) local sales tax pledged to debt service. During 2022, the City used excess tax receipts to call and redeem \$5.5 million in bonds.

The 2020 Bonds Debt Service fund provided 1% of the total governmental fund balances at December 31, 2022. Revenues for 2022 for this fund include a portion of a one percent (1%) local sales tax pledged to debt service.

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

At December 31, 2022, the net position of the Municipal Airport Fund was \$11.6 million, which accounts for 95% of the total net position of all proprietary funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

Budgetary Highlights

The final amended General Fund budget had total budgeted revenues of \$62.7 million (total revenues plus other financing sources) compared to the original budget total of \$62.7 million. Final amended appropriations (total expenditures plus transfers out) were \$58.1 million as compared to the original budget total of \$57.1 million.

Total actual revenue received for the General Fund, including other financing sources, was \$76.2 million and was \$13.5 million or 22% greater than final budget estimates. General Fund actual expenditures, including transfers out, of \$59.0 million were 7.4% of the final amended budgeted appropriations. The final amended budget projected a \$5.5 million increase in fund balance, while the actual resulted in a fund balance increase of \$17.2 million. Specific revenue and expenditure variances are as follows:

- Sales and use tax revenues received were \$2,525,596 higher than the final budgeted amount of \$39,000,700.
- Federal and state grants exceeded the final budgeted amount by \$1,043,389 due to law enforcement hiring stipends.
- Other grants and contributions exceeded the final budgeted amount by \$5,580,287 due to contributions received but not budgeted in 2022 for the Luther George Park.
- Fire expenditures were less than the final budgeted amount of \$17,271,110 by \$2,698,557 due to budgeted expenditures paid by restricted funds.

The budget and actual comparison schedules are located on pages 121 through 129.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2022 amounted to \$465 million, net of accumulated depreciation. The increase in capital assets related to governmental activities was \$16.0 million (4%). The City's investment in capital assets related to business-type activities increased by \$3.6 million (43%).

The following table summarizes the City's capital assets.

Capital Assets, Net of Accumulated Depreciation (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and easements	\$ 103,798	\$ 102,572	\$ 3,298	\$ 3,298	\$ 107,096	\$ 105,870
Land improvements	44,109	43,562	2,778	2,999	46,887	46,561
Buildings and improvements	86,019	87,793	1,008	1,148	87,027	88,941
Construction in progress	64,073	46,124	4,536	485	68,609	46,609
Infrastructure	134,153	135,582	-	-	134,153	135,582
Machinery and equipment	20,718	21,170	486	541	21,204	21,711
Intangibles	284	325	-	-	284	325
Total	\$ 453,154	\$ 437,128	\$ 12,106	\$ 8,471	\$ 465,260	\$ 445,599

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

Major capital asset events during 2022 included the following:

- Industrial access for Ford Avenue to Butterfield Coach Road totaled \$5.6 million
- Park Street roundabouts and intersections totaled 3.8 million
- Spring Creek Trail completed during 2022 at a total cost of \$2.2 million
- Pump Station Road Bridge completed during 2022 at a total cost of \$764 thousand
- Construction in progress had a net increase of \$17.9 million. Major projects in progress included the Administration Building renovation (\$11.5 million), Gene George Blvd. North (\$13.1 million), 64 Street project (\$9.0 million), Spring Street (\$1.8 million), Har-Ber extension (\$5.7 million), Park Street intersections (\$3.4 million), Dean's Trail (\$2.3 million), CAD/RMS System (\$1.2 million) and Razorback Greenway (\$1.2 million).
- Depreciation expense totaled \$18.6 million.

Additional information on the City's capital assets is located in *Note 4* on pages 55 through 57 of this report.

Long-term debt. At December 31, 2022, the City had \$189.5 million of long-term bonds outstanding, secured solely by City sales and use taxes. The City's total bonded debt decreased by \$16.3 million, and was due to scheduled bond maturities during 2021, as well as the call and redemption of \$5.5 million of Series 2018 bonds with excess tax receipts.

The following table details the breakdown of this debt.

Long-term Debt (Amounts in Thousands)

	Governmental Activities	
	2022	2021
Sales and Use Tax Refunding and Improvement Bonds, Series 2020	\$ 43,685	\$ 46,685
Sales and Use Tax Refunding and Improvement Bonds, Series 2018	145,790	159,080
	\$ 189,475	\$ 205,765

Under Arkansas statutes, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation of real and person property within the city limits. The City is also allowed to issue short-term debt (maturities of less than five years) up to 5% of the total assessed valuation. The City's current debt limit for both is \$389.9 million. The City had no general obligation long-term debt or any short-term debt at year end.

The City's business type component unit, Springdale Water and Sewer Commission, had outstanding long-term debt of \$44.2 million at September 30, 2022. The Commission retired \$260 thousand of these bonds during the year ended September 30, 2022.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2022

Additional information on the City's long-term debt can be found in *Note 5* located on pages 57 through 63 of this report.

Economic Factors and the Next Year's Budget

The current unemployment rate for the Fayetteville-Springdale-Rogers MSA was 2.2% at the end of 2022. This compares favorably to the state's average unemployment rate of 2.9% and the national average unemployment rate of 3.3% at the end of 2022.

The City's population, according to the revised 2020 census, was 87,176, and showed the City grew by 16,429 or 23% between 2010 and 2020. There was minimal change in the City's population as of December 31, 2022.

City wide revenue was up \$27.1 million, or 25% compared to last year. Increases were experienced in sales taxes, fines, fees and charges for services, and grants and contributions.

Sales and use taxes received in 2022 increased \$9.2 million, or 15% as compared to 2021. These taxes are a primary source of revenue for the General Fund, comprising 52% of the total revenue. The assessed values for property taxes, (for taxes to be collected in 2022) increased by 8% as compared to the prior year, in part due to the increase in property values.

The City Council adopted the 2023 budget on November 8, 2022 with General Fund projected revenues and transfers of \$67.5 million and projected expenditures and transfers of \$63.3 million. Budgeted revenues increased \$4.8 million, or 8% compared to the final amended 2022 budget, primarily due to the increases in City and county sales taxes. Budgeted expenditures increased by \$5.2 million, or 9% as compared to the 2022 budget, primarily due to increases in general government, public safety and capital asset expenditures. The overall City 2023 projected operating revenues and transfers were \$83.3 million, which reflects an increase of 6% from the original and amended 2022 budget. The overall City 2023 projected operating expenditures and transfers for all funds were \$79.3 million, which reflects an increase of 9% from the original and amended 2022 budget.

Request for Information

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

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

City of Springdale, Arkansas
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Water and Sewer Commission
Assets				
Cash and cash equivalents	\$ 53,511,332	\$ 357,004	\$ 53,868,336	\$ 20,519,875
Investments	13,727,306	80,889	13,808,195	45,573,338
Receivables, net of allowance for uncollectibles	19,773,793	2,033,827	21,807,620	5,506,418
Internal balances	1,359,643	(1,359,643)	-	-
Inventories	-	-	-	704,519
Prepaid assets	41,757	126	41,883	64,143
Assets held for resale	1,880,966	-	1,880,966	-
Restricted assets:				
Cash and cash equivalents	14,727,943	-	14,727,943	41,803,458
Investments	33,433,506	-	33,433,506	2,768,753
Interest receivable	51,695	-	51,695	71,836
Intergovernmental receivables	4,655,550	-	4,655,550	-
Capital assets:				
Nondepreciable	168,025,454	7,833,641	175,859,095	22,709,710
Depreciable, net of accumulated depreciation	285,129,022	4,272,563	289,401,585	240,845,894
Total Assets	596,317,967	13,218,407	609,536,374	380,567,944
Deferred Outflows of Resources				
Pensions	10,976,320	-	10,976,320	-
Other postemployment benefits	657,959	2,519	660,478	56,948
Total Deferred Outflows of Resources	11,634,279	2,519	11,636,798	56,948
Total Assets and Deferred Outflows of Resources	607,952,246	13,220,926	621,173,172	380,624,892
Liabilities				
Accounts payable and accrued expenses	10,128,055	975,473	11,103,528	4,168,386
Due to fiduciary funds	7,409	-	7,409	-
Accrued interest payable	1,720,023	-	1,720,023	232,648
Customer deposits	296,182	-	296,182	2,762,258
Unearned revenue	14,734,683	13,642	14,748,325	-
Noncurrent liabilities:				
Due within one year	145,207	448	145,655	700,616
Current portion of long-term debt	8,180,000	-	8,180,000	1,925,000
Due in more than one year	226,832,246	29,453	226,861,699	45,603,847
Total Liabilities	262,043,805	1,019,016	263,062,821	55,392,755
Deferred Inflows of Resources				
Pensions	15,241,672	-	15,241,672	-
Other postemployment benefits	2,330,734	8,921	2,339,655	145,621
Bond refunding	746,247	-	746,247	-
Total Deferred Inflows of Resources	18,318,653	8,921	18,327,574	145,621
Net Position				
Net investment in capital assets	283,884,272	9,803,664	293,687,936	256,212,183
Restricted for:				
Capital projects	766,735	-	766,735	199,367
Debt service	15,094,201	-	15,094,201	866,582
Other	5,499,919	-	5,499,919	305,608
Unrestricted	22,344,661	2,389,325	24,733,986	67,502,776
Total Net Position	\$ 327,589,788	\$ 12,192,989	\$ 339,782,777	\$ 325,086,516

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Water and Sewer Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities								
General government								
Administration	\$ 3,576,599	\$ 505,208	\$ 2,272,971	\$ -	\$ (798,420)	\$ -	\$ (798,420)	\$ -
City attorney	893,726	26,692	-	-	(867,034)	-	(867,034)	-
Information technology	1,537,956	834	-	-	(1,537,122)	-	(1,537,122)	-
District court	3,317,642	3,109,156	40,796	-	(167,690)	-	(167,690)	-
Bluff Cemetery	64,548	7,300	-	-	(57,248)	-	(57,248)	-
Community Development								
Planning	737,261	93,340	-	-	(643,921)	-	(643,921)	-
Engineering	787,034	25,000	-	-	(762,034)	-	(762,034)	-
Community development and housing	822,456	76,575	709,412	-	(36,469)	-	(36,469)	-
Culture and recreation								
Parks and recreation	9,280,108	2,535,941	2,379	3,807,357	(2,934,431)	-	(2,934,431)	-
Senior centers	909,322	73,728	315,375	-	(520,219)	-	(520,219)	-
Public library	2,826,133	95,974	1,775,833	-	(954,326)	-	(954,326)	-
Shiloh Museum	1,341,669	142,636	856,649	46,304	(296,080)	-	(296,080)	-
Economic development	418,224	1,158,161	-	-	739,937	-	739,937	-
Public safety								
Animal services	1,098,736	47,577	42,165	-	(1,008,994)	-	(1,008,994)	-
Building inspection	770,245	1,224,845	31	-	454,631	-	454,631	-
Community engagement	479,389	62,414	186	-	(416,789)	-	(416,789)	-
Fire	17,946,925	2,528,149	1,213,744	-	(14,205,032)	-	(14,205,032)	-
Police	20,253,248	1,776,635	4,389,957	1,791,658	(12,294,998)	-	(12,294,998)	-
Public works	16,940,096	132,476	7,523,294	4,519,563	(4,764,763)	-	(4,764,763)	-
Debt Service								
Interest on long-term debt	6,581,943	-	-	-	(6,581,943)	-	(6,581,943)	-
Total governmental activities	90,583,260	13,622,641	19,142,792	10,164,882	(47,652,945)	-	(47,652,945)	-
Business-type activities								
Municipal airport	890,383	989,824	-	2,808,701	-	2,908,142	2,908,142	-
Sanitation	161,741	176,933	-	-	-	15,192	15,192	-
City attorney restitution	7,335	9,561	-	-	-	2,226	2,226	-
Total business-type activities	1,059,459	1,176,318	-	2,808,701	-	2,925,560	2,925,560	-
Total primary government	\$ 91,642,719	\$ 14,798,959	\$ 19,142,792	\$ 12,973,583	\$ (47,652,945)	\$ 2,925,560	\$ (44,727,385)	\$ -

Component Unit
Springdale Water and
Sewer Commission
Total component unit

	<u>36,514,552</u>	<u>40,709,389</u>	<u>-</u>	<u>6,967,367</u>	<u>11,162,204</u>
	<u>\$ 36,514,552</u>	<u>\$ 40,709,389</u>	<u>\$ -</u>	<u>\$ 6,967,367</u>	<u>\$ 11,162,204</u>

General revenues (expenses):

Sales tax	68,889,983	82,626	68,972,609	-
Ad valorem tax	8,380,228	-	8,380,228	-
Franchise tax	5,586,882	-	5,586,882	-
Hotel/motel tax	595,490	-	595,490	-
Unrestricted investment earnings (loss)	(1,568,054)	(9,700)	(1,577,754)	(691,192)
Gain (loss) on sale/disposal of assets	1,318,567	-	1,318,567	17,255
Intergovernmental	5,937,548	-	5,937,548	-
Total general revenues and special items	<u>89,140,644</u>	<u>72,926</u>	<u>89,213,570</u>	<u>(673,937)</u>

Change in net position	41,487,699	2,998,486	44,486,185	10,488,267
Net position, beginning of year	<u>286,102,089</u>	<u>9,194,503</u>	<u>295,296,592</u>	<u>314,598,249</u>
Net position, end of year	<u>\$ 327,589,788</u>	<u>\$ 12,192,989</u>	<u>\$ 339,782,777</u>	<u>\$ 325,086,516</u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Balance Sheet - Governmental Funds
December 31, 2022

	General	Street Fund	American Rescue Plan Fund	2018 Bonds Street Improvement Construction Fund
Assets				
Cash and cash equivalents	\$ 21,208,846	\$ 7,511,972	\$ 20,758,401	\$ -
Investments	8,946,506	2,331,527	-	-
Accounts receivable, net	16,881,006	2,740,903	-	-
Interest receivable	47,569	7,580	-	-
Due from other funds	8,124,505	1,532	1,132	-
Assets held for resale	-	-	-	-
Other assets	32,283	8,599	-	-
Restricted assets:				
Cash and cash equivalents	2,374,288	-	-	-
Investments	4,029,101	-	-	23,883,497
Interest receivable	-	-	-	43,879
Intergovernmental receivables	-	-	-	-
Total assets	<u>\$ 61,644,104</u>	<u>\$ 12,602,113</u>	<u>\$ 20,759,533</u>	<u>\$ 23,927,376</u>
Liabilities				
Accounts payable	\$ 3,017,506	\$ 1,142,547	\$ 8,911	\$ 950,085
Salaries payable	1,511,656	95,118	-	-
Payable from restricted assets:				
Accounts payable	-	-	-	814,335
Due to other funds	66,362	4,175	6,272,613	1,772
Deposits	-	-	-	-
Developer bonds payable	296,182	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	264,136	14,397,937	-
Total Liabilities	<u>4,891,706</u>	<u>1,505,976</u>	<u>20,679,461</u>	<u>1,766,192</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	6,868,394	1,301,861	-	-
Total Deferred Inflows of Resources	<u>6,868,394</u>	<u>1,301,861</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable				
Assets held for resale	-	-	-	-
Cemetery perpetual care	-	-	-	-
Endowments	-	-	-	-
Other nonspendable	32,283	8,599	-	-
Restricted				
Court automation	-	-	-	-
Debt service	-	-	-	-
Public safety expenditures	689,053	-	-	-
Recreation and culture	128,600	-	-	-
Capital projects	766,735	-	-	22,161,184
Committed	4,976,284	-	-	-
Assigned				
General fund	462,077	-	-	-
Special revenue funds	-	9,785,677	80,072	-
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	42,828,972	-	-	-
Total Fund Balance	<u>49,884,004</u>	<u>9,794,276</u>	<u>80,072</u>	<u>22,161,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,644,104</u>	<u>\$ 12,602,113</u>	<u>\$ 20,759,533</u>	<u>\$ 23,927,376</u>

The accompanying notes are an integral part of these financial statements

2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,004,601	\$ 53,483,820
-	-	2,449,272	13,727,305
-	-	88,179	19,710,088
2	-	8,554	63,705
-	-	179,920	8,307,089
-	-	1,880,966	1,880,966
-	-	875	41,757
11,479,855	677,464	223,848	14,755,455
-	-	5,520,909	33,433,507
-	1,353	6,463	51,695
3,982,382	673,168	-	4,655,550
<u>\$ 15,462,239</u>	<u>\$ 1,351,985</u>	<u>\$ 14,363,587</u>	<u>\$ 150,110,937</u>
\$ -	\$ -	\$ 429,841	\$ 5,548,890
-	-	92,107	1,698,881
-	-	1,752,745	2,567,080
-	-	609,933	6,954,855
-	-	10,472	10,472
-	-	-	296,182
-	-	302,732	302,732
-	-	72,610	14,734,683
<u>-</u>	<u>-</u>	<u>3,270,440</u>	<u>32,113,775</u>
-	-	-	8,170,255
-	-	-	8,170,255
-	-	1,880,966	1,880,966
-	-	32,720	32,720
-	-	2,368,919	2,368,919
-	-	38,344	79,226
-	-	399,661	399,661
15,462,239	1,351,985	-	16,814,224
-	-	-	689,053
-	-	-	128,600
-	-	957,764	23,885,683
-	-	-	4,976,284
-	-	-	462,077
-	-	2,306,251	12,172,000
-	-	2,777,749	2,777,749
-	-	449,274	449,274
-	-	(118,501)	42,710,471
<u>15,462,239</u>	<u>1,351,985</u>	<u>11,093,147</u>	<u>109,826,907</u>
<u>\$ 15,462,239</u>	<u>\$ 1,351,985</u>	<u>\$ 14,363,587</u>	<u>\$ 150,110,937</u>

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City of Springdale, Arkansas
Reconciliation of the Balance Sheet of
Government Funds to the Statement of Net Position
December 31, 2022

Total fund balances - governmental funds \$ 109,826,907

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

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

Land	\$	59,120,691	
Easements		44,677,507	
Land improvements and infrastructure		334,998,545	
Buildings and improvements		124,984,670	
Machinery and equipment		62,476,746	
Intangibles		1,479,728	
Less accumulated depreciation		(238,656,466)	
		389,081,421	
Construction in progress		64,073,055	453,154,476

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end and are not considered available. On the accrual basis, those revenues are recognized regardless of when they are collected. 8,170,255

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

Revenue bonds payable, net		194,308,179	
Accrued interest payable		1,720,023	
Compensated absences		3,360,736	
OPEB liabilities		4,272,518	
Net pension liabilities		33,216,020	(236,877,476)

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

Deferred inflows of resources related to pensions		(15,241,672)	
Deferred outflows of resources related to pensions		10,976,320	
Deferred inflows of resources related to OPEB		(2,330,734)	
Deferred outflows of resources related to OPEB		657,959	
Deferred inflows of resources related to bond refunding		(746,247)	(6,684,374)

Net position of governmental funds \$ 327,589,788

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

City of Springdale, Arkansas
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2022

	General	Street Fund	American Rescue Plan Fund	2018 Bonds Street Improvement Construction Fund
Revenues				
Taxes	\$ 53,596,360	\$ 1,214,719	\$ -	\$ -
Fees and permits	1,502,586	33,410	-	-
Intergovernmental	7,059,087	8,524,038	5,937,548	1,791,658
Other grants and contributions	6,244,870	2,042,873	-	-
Charges for goods and services	4,068,379	42,118	-	-
Other charges for goods and services	-	420	-	-
Fines and forfeitures	823,927	-	-	-
Investment earnings (loss)	(718,782)	(164,587)	62,657	(432,334)
Miscellaneous	541,157	12,798	-	-
Total revenues	<u>73,117,584</u>	<u>11,705,789</u>	<u>6,000,205</u>	<u>1,359,324</u>
Expenditures				
Current				
General government	5,777,034	-	-	-
Community development	1,511,913	-	-	-
Culture and recreation	6,590,041	-	-	-
Economic development	-	-	-	-
Public safety	35,688,132	-	5,261,444	-
Public works	-	6,858,651	-	-
Capital expenditures	7,317,422	3,690,617	676,104	16,149,504
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	-	-	-	-
Agent fees	-	-	-	-
Total expenditures	<u>56,884,542</u>	<u>10,549,268</u>	<u>5,937,548</u>	<u>16,149,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,233,042</u>	<u>1,156,521</u>	<u>62,657</u>	<u>(14,790,180)</u>
Other Financing Sources (Uses)				
Transfers in	-	442,674	-	-
Transfers out	(2,094,156)	-	-	-
Contributed capital	133,468	-	-	-
Proceeds from sale of capital assets	1,318,567	-	-	-
Insurance recoveries	1,648,679	43,730	-	-
Total other financing sources (uses)	<u>1,006,558</u>	<u>486,404</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	17,239,600	1,642,925	62,657	(14,790,180)
Fund Balances, Beginning of Year	<u>32,644,404</u>	<u>8,151,351</u>	<u>17,415</u>	<u>36,951,364</u>
Fund Balances, End of Year	<u>\$ 49,884,004</u>	<u>\$ 9,794,276</u>	<u>\$ 80,072</u>	<u>\$ 22,161,184</u>

The accompanying notes are an integral part of these financial statements

2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 23,398,660	\$ 3,965,027	\$ 641,305	\$ 82,816,071
-	-	23,864	1,559,860
-	-	2,436,341	25,748,672
-	-	990,232	9,277,975
-	-	1,993,333	6,103,830
-	-	-	420
-	-	2,727,740	3,551,667
78,858	22,411	(331,869)	(1,483,646)
-	-	102,936	656,891
<u>23,477,518</u>	<u>3,987,438</u>	<u>8,583,882</u>	<u>128,231,740</u>
-	-	3,372,719	9,149,753
-	-	811,209	2,323,122
-	-	3,081,548	9,671,589
-	-	418,224	418,224
-	-	-	40,949,576
-	-	-	6,858,651
-	-	6,338,014	34,171,661
13,290,000	3,000,000	-	16,290,000
6,622,158	945,948	-	7,568,106
3,000	-	-	3,000
8,998	5,993	-	14,991
<u>19,924,156</u>	<u>3,951,941</u>	<u>14,021,714</u>	<u>127,418,673</u>
<u>3,553,362</u>	<u>35,497</u>	<u>(5,437,832)</u>	<u>813,067</u>
-	-	1,651,482	2,094,156
-	-	-	(2,094,156)
-	-	-	133,468
-	-	-	1,318,567
-	-	58,263	1,750,672
-	-	1,709,745	3,202,707
3,553,362	35,497	(3,728,087)	4,015,774
<u>11,908,877</u>	<u>1,316,488</u>	<u>14,821,234</u>	<u>105,811,133</u>
<u>\$ 15,462,239</u>	<u>\$ 1,351,985</u>	<u>\$ 11,093,147</u>	<u>\$ 109,826,907</u>

City of Springdale, Arkansas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net change in fund balances – total governmental funds \$ 4,015,774

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

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

Capital outlay	34,171,661	
Depreciation expense	<u>(18,144,855)</u>	16,026,806

Revenues that do not provide current financial resources, such as ad valorem taxes and an unconditional remainder interest in trust, are not reported as revenues for the funds, but are reported as revenues in the statement of activities. This is the change in the amount of deferred ad valorem taxes reported in the governmental fund statements. 636,512

Deferred inflows/outflows of resource related to the net pension and OPEB liabilities, and other deferred inflows/outflows of resources are not due and payable in the current period and, therefore are not reported in the funds statements. This is the amount by which the deferred inflows/outflows of resources changed during the current year. (1,272,205)

The net change in compensated absences, other post-employment benefits ("OPEB") liabilities, net pension liabilities, and accrued interest payable, required current financial resources (expenditure in the fund financial statements) but are not reported as expenses in the statement of activities. 4,919,821

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

Principal payments	16,290,000	
Changes in deferred inflow on bond refunding	26,804	
Amortization of premium on long-term debt	<u>844,187</u>	<u>17,160,991</u>
Changes in net position of governmental activities		<u>\$ 41,487,699</u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Net Position - Proprietary Funds
December 31, 2022

	Enterprise Funds		
	Municipal Airport Fund	Other Proprietary Funds	Total
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 357,004	\$ 357,004
Investments	-	80,889	80,889
Accounts receivable, net	1,988,309	45,276	2,033,585
Accrued interest	-	242	242
Other assets	41	85	126
Total current assets	<u>1,988,350</u>	<u>483,496</u>	<u>2,471,846</u>
Noncurrent assets			
Capital Assets			
Land	3,297,658	-	3,297,658
Improvements other than buildings	8,991,584	-	8,991,584
Buildings and system	3,550,668	-	3,550,668
Machinery and equipment	1,086,582	280,774	1,367,356
Construction in progress	4,535,983	-	4,535,983
Less accumulated depreciation	<u>(9,461,832)</u>	<u>(175,213)</u>	<u>(9,637,045)</u>
Total capital assets, net of accumulated depreciation	<u>12,000,643</u>	<u>105,561</u>	<u>12,106,204</u>
Total noncurrent assets	<u>12,000,643</u>	<u>105,561</u>	<u>12,106,204</u>
Total assets	<u>13,988,993</u>	<u>589,057</u>	<u>14,578,050</u>
Deferred Outflows of Resources			
Other postemployment benefits	926	1,593	2,519
Total Deferred Outflows of Resources	<u>926</u>	<u>1,593</u>	<u>2,519</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 963,601	\$ 4,252	\$ 967,853
Salaries payable	3,479	4,141	7,620
Due to other funds	1,359,643	-	1,359,643
Unearned revenue	13,642	-	13,642
Total current liabilities	<u>2,340,365</u>	<u>8,393</u>	<u>2,348,758</u>
Noncurrent liabilities			
Due within one year	307	141	448
Due in more than one year	15,378	14,075	29,453
Total noncurrent liabilities	<u>15,685</u>	<u>14,216</u>	<u>29,901</u>
Total liabilities	<u>2,356,050</u>	<u>22,609</u>	<u>2,378,659</u>
Deferred Inflows of Resources			
Other postemployment benefits	3,279	5,642	8,921
Total Deferred Inflows of Resources	<u>3,279</u>	<u>5,642</u>	<u>8,921</u>
Net Position			
Net investment in capital assets	9,698,103	105,561	9,803,664
Unrestricted	<u>1,932,487</u>	<u>456,838</u>	<u>2,389,325</u>
Total net position	<u>\$ 11,630,590</u>	<u>\$ 562,399</u>	<u>\$ 12,192,989</u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2022

	Enterprise Funds		
	Municipal Airport Fund	Other Proprietary Funds	Total
Operating Revenues			
Charges for services			
Fuel flowage fees	\$ 67,790	\$ -	\$ 67,790
Other service fees	18,530	179,216	197,746
Rental fees	373,504	-	373,504
Other revenue	14	7,278	7,292
Total operating revenues	<u>459,838</u>	<u>186,494</u>	<u>646,332</u>
Operating Expenses			
Personnel	93,135	109,144	202,279
Maintenance	85,328	-	85,328
Supplies	61,198	28,736	89,934
Other operating expenses	198,895	9,037	207,932
Depreciation	451,827	22,159	473,986
Total operating expenses	<u>890,383</u>	<u>169,076</u>	<u>1,059,459</u>
Operating Income (Loss)	<u>(430,545)</u>	<u>17,418</u>	<u>(413,127)</u>
Nonoperating Revenues (Expenses)			
Sales taxes	82,626	-	82,626
Investment earnings (loss)	1,662	(11,362)	(9,700)
Insurance recoveries	529,986	-	529,986
Total nonoperating revenues (expenses)	<u>614,274</u>	<u>(11,362)</u>	<u>602,912</u>
Income (Loss) before Capital Contributions and Special Items	183,729	6,056	189,785
Capital grants and contributions	<u>2,808,701</u>	<u>-</u>	<u>2,808,701</u>
Change in Net Position	2,992,430	6,056	2,998,486
Net Position - Beginning of Year	<u>8,638,160</u>	<u>556,343</u>	<u>9,194,503</u>
Net Position - End of Year	<u>\$ 11,630,590</u>	<u>\$ 562,399</u>	<u>\$ 12,192,989</u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	Enterprise Funds		
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 464,758	\$ 184,864	\$ 649,622
Payments to suppliers	(374,391)	(37,804)	(412,195)
Payments to employees	(91,739)	(99,229)	(190,968)
Net cash provided by (used in) operating activities	<u>(1,372)</u>	<u>47,831</u>	<u>46,459</u>
Cash Flows From Noncapital Financing Activities			
Sales taxes	96,577	-	96,577
Net cash used in noncapital financing activities	<u>96,577</u>	<u>-</u>	<u>96,577</u>
Cash Flows From Capital and Related Financing Activities			
Insurance recoveries	529,986	-	529,986
Capital grant receipts	867,869	-	867,869
Receipt (payment) of interfund balances	1,359,643	-	1,359,643
Purchases of capital assets	(3,166,104)	-	(3,166,104)
Net cash provided by capital and related financing activities	<u>(408,606)</u>	<u>-</u>	<u>(408,606)</u>
Cash Flows From Investing Activities			
Interest received	1,662	2,087	3,749
Net cash provided by (used in) investing activities	<u>1,662</u>	<u>2,087</u>	<u>3,749</u>
Net Increase in Cash and Cash Equivalents	(311,739)	49,918	(261,821)
Cash and Cash Equivalents, January 1	<u>311,739</u>	<u>307,086</u>	<u>618,825</u>
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 357,004</u>	<u>\$ 357,004</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used in) operating activities			
Operating income (loss)	\$ (430,545)	\$ 17,418	\$ (413,127)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	451,827	22,159	473,986
(Increase) decrease in accounts receivable	(2,001)	(1,630)	(3,631)
Increase in other assets	(41)	368	327
Increase in deferred outflows of resources	508	(482)	26
Increase (decrease) in accounts payable	(28,929)	(399)	(29,328)
Increase (decrease) in salaries payable	887	3,567	4,454
Increase (decrease) in compensated absences	2,521	-	2,521
Increase in deferred inflows of resources	(436)	2,762	2,326
Increase in OPEB liability	(2,084)	4,068	1,984
Decrease in deferred revenue	6,921	-	6,921
	<u>429,173</u>	<u>30,413</u>	<u>459,586</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,372)</u>	<u>\$ 47,831</u>	<u>\$ 46,459</u>
Noncash activities			
Accounts payable related to capital assets	942,897	-	942,897
Change in fair value of investments	-	(13,449)	(13,449)

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2022

	Pension Trust Funds	Police Evidence Funds - Custodial Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 300,992	\$ 80,832
Investments	15,801,431	-
Accounts receivable, net	1,531,608	-
Due from other funds	7,626	-
	<u>17,641,657</u>	<u>80,832</u>
Total assets	<u>17,641,657</u>	<u>80,832</u>
Liabilities		
Accrued liabilities	263	-
Due to other funds	-	217
	<u>263</u>	<u>217</u>
Total liabilities	<u>263</u>	<u>217</u>
Net Position		
Restricted for:		
Pensions	17,641,394	-
Other entities	-	80,615
	<u>17,641,394</u>	<u>80,615</u>
Total net position	<u><u>17,641,394</u></u>	<u><u>80,615</u></u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended December 31, 2022

	Pension Trust Funds	Police Evidence Funds - Custodial Fund
Additions		
Contributions		
Taxes	\$ 1,477,007	\$ -
State insurance turnback	166,259	-
Fines and court costs	111,692	-
Seized funds	-	8,091
Total contributions	<u>1,754,958</u>	<u>8,091</u>
Investment Income		
Investment income	161,675	58
Net decrease in fair value of investments	<u>(3,776,232)</u>	<u>-</u>
Total investment income (loss)	(3,614,557)	58
Less investment expenses	<u>(134,204)</u>	<u>-</u>
Net investment income (loss)	<u>(3,748,761)</u>	<u>58</u>
Total Additions (Deductions)	<u>(1,993,803)</u>	<u>8,149</u>
Deductions		
Benefits payments	2,559,715	-
Distributions to other governments	<u>-</u>	<u>272</u>
Total Deductions	<u>2,559,715</u>	<u>272</u>
Change in Fiduciary Net Position	(4,553,518)	7,877
Net Position - Beginning of Year	<u>22,194,912</u>	<u>72,738</u>
Net Position - End of Year	<u>\$ 17,641,394</u>	<u>\$ 80,615</u>

The accompanying notes are an integral part of these financial statements

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

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

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

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

Reporting Entity

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

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

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

Blended Component Units – Governmental

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

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

Discretely Presented Component Unit – Business-Type

City of Springdale, Arkansas Water and Sewer Commission (Commission) is governed by a five member Board of Commissioners, appointed by the remainder of the Water and Sewer Commissioners, and approved by the City Council. The Commission receives no financial benefit from the City; however, the City has the power to impose its will on the Commission. Rate changes and debt issuance must be approved by the City Council. The Commission provides commercial and residential water services, as well as waste water treatment services, that primarily benefit the residents of Springdale. The fiscal year-end of the Commission is September 30; therefore, all amounts reported in the financial statements are as of and for the year ended September 30, 2022. Financial statements of the Commission can be obtained from the Commission's administrative office located at 526 Oak Avenue, Springdale Arkansas 72764.

Related Organizations

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

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

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

The *2020 Series Bonds Debt Service Fund* accounts for resources from a one percent (1%) local sales and use tax and payments made for long-term debt principal, interest and related costs of governmental funds debt (*see also Note 5*).

The City reports the following major proprietary fund:

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

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

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

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

City of Springdale, Arkansas

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

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

Government Fund Financial Statements

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

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

Budgets and Budgetary Accounting

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

City of Springdale, Arkansas
Notes to Financial Statements
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All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budgets and the final amended budgets (which have been adjusted for legally authorized revisions during the year). During the year ended December 31, 2022, the City Council adopted several supplemental appropriations.

Cash and Cash Equivalents

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

Investments and Investment Income

Certificates of deposit and money market investments that mature within one year of the date of acquisition are recorded at amortized cost, which approximates fair value. All other investments are recorded at fair value with the resulting gains and losses recognized in the current period. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs.

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

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

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

City of Springdale, Arkansas
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Inventories

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

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

Prepays

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds.

Accounts Receivable

For the primary government, ambulance fees, property tax receivables and airport hangar rent are shown net of an allowance for doubtful accounts. The Commission estimates most accounts receivable balances at September 30, 2022, to be materially collectible; therefore, no allowance has been recorded for doubtful accounts.

Restricted Assets

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

The balance of the restricted assets accounts in the Primary Government as of December 31, 2022, is as follows:

Cash and cash equivalents	\$ 14,727,943
Investments	33,433,506
Interest receivable	51,695
Intergovernmental receivables	<u>4,655,550</u>
Total restricted assets - governmental activities	<u><u>\$ 52,868,694</u></u>

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

City of Springdale, Arkansas
Notes to Financial Statements
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The balance of the Commission’s restricted assets as of September 30, 2022, is as follows:

Investments - certificates of deposit - meter deposits	\$	2,769,880
Series 2022A Construction Fund		40,430,774
Series 2022A Debt Service Fund		654,771
ANRC Depreciation Fund		305,608
Cash - Lowell sewer expansion fund		199,367
Cash - Lowell sewer bond fund		211,811
Interest receivable		71,836
		71,836
 Total restricted assets - component unit	 \$	 44,644,047
		44,644,047

Capital Assets

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

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

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

City of Springdale, Arkansas
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Capital assets are depreciated using the straight-line method over their estimated useful lives. Ranges of estimated useful lives are as follows:

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

Collections

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

Compensated Absences

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

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

Long-term Obligations

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

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

Deferred Outflows/Inflows of Resources

Primary Government

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

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

City of Springdale, Arkansas

Notes to Financial Statements

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Component Unit

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

Net Position/Fund Balance

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the government-wide and proprietary fund statements. Net position is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of these assets. Restricted net position is the amount that is restricted for a particular purpose by creditors, grantors, or contributors external to the City, or by laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Included in this category are assets restricted for capital expenditures, net of related debt, and amounts deposited with bond trustees as required by bond indentures. At December 31, 2022, restricted net position of \$1,036,273 was restricted by enabling legislation. Unrestricted net position is the net position that does not meet the above definitions of “net investment in capital assets” or “restricted net position”.

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

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

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

City of Springdale, Arkansas

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

Net Position/Fund Balance Flow Assumptions

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

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

Deficit Fund Equity

At December 31, 2022, the Community Development Block Grant Fund, the District Court Fund, and the 2018 Animal Shelter Construction Fund, nonmajor funds, have deficit fund balances of \$73,057, \$45,301 and \$22, respectively. The deficits are due to timing of revenues and will be eliminated as revenues are received.

Impairment of Capital Assets

The City is required to evaluate prominent events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility is large in magnitude and (b) the event is outside the normal life cycle of the capital asset. Based upon management's assessment, no triggering events or changes in circumstances occurred during 2022.

Pensions

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

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

Postemployment Benefits Other than Pensions (OPEB)

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

Estimates

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

Note 2: Deposits and Investments

Deposits

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

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

At December 31, 2022, the City had bank balances of \$62,015,384, of which none were exposed to custodial credit risk. The carrying value of these deposits as of December 31, 2022, was \$60,036,571. Also, at September 30, 2022, the Commission had deposits with a carrying value of \$94,849,507, none of which were exposed to custodial credit risk.

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

City of Springdale, Arkansas
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Investments

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

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

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

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

At December 31, 2022, the Primary Government had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. agencies obligations	\$ 17,495,960	\$ 687,944	\$ 14,722,057	\$ 964,875	\$ 1,121,084
U.S. treasury notes and bonds	4,028,407	3,790,701	237,706	-	-
State/municipal bonds	806,759	-	553,046	58,531	195,182
Corporate bonds	1,146,345	1,146,345	-	-	-
Certificates of deposit	2,178,183	1,191,915	986,268	-	-
Money market funds	34,946,335	34,946,335	-	-	-
	60,601,989	\$ 41,763,240	\$ 16,499,077	\$ 1,023,406	\$ 1,316,266
Corporate stock	11,698,009				
Investment pools	2,729,215				
Other	171,238				
Total Investments	<u>\$ 75,200,451</u>				

City of Springdale, Arkansas

Notes to Financial Statements

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

<u>City Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Others Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
U.S. agencies obligations	\$ 10,417,830	\$ 64,615	\$ 10,353,215	\$ -
U.S. treasury notes	9,860,809	-	9,860,809	-
Municipal bonds	534,290	-	534,290	-
Corporate bonds	150,801	150,801	-	-
Total Debt Securities	<u>\$ 20,963,730</u>	<u>\$ 215,416</u>	<u>\$ 20,748,314</u>	<u>\$ -</u>
Equity securities	\$ 253,285	\$ 253,285	\$ -	\$ -
Alternative investments	55,560	55,560	-	-
Beneficial interest in ARCF	\$ 2,729,215	\$ -	\$ -	\$ 2,729,215
<u>Pension Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. agencies obligations	\$ 1,245,728	\$ 1,245,728	\$ -	\$ -
State and municipal bonds	272,470	272,470	-	-
Corporate bonds	\$ 995,544	\$ 995,544	\$ -	\$ -
Total Debt Securities	<u>\$ 2,513,742</u>	<u>\$ 2,513,742</u>	<u>\$ -</u>	<u>\$ -</u>
Equity securities	\$ 11,444,724	\$ 11,444,724	\$ -	\$ -
Alternative investments	115,678	51,880	63,798	-

Interest Rate Risk

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

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

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Credit Risk

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

The Firemen's Fund policy is that common stock must carry an investment grade of medium or A or better; and fixed income securities must be investment grade or better. The Firemen's Fund held no fixed income investments at December 31, 2022.

The Policemen's Fund policy is for plan assets to be invested in investment grade bonds rated BBB or better; no less than 85% of corporate bonds and commercial paper investments be A rated or higher; and no more than 15% of securities may be invested in corporate bonds with a rating of BAA or less. Fixed income securities totaled \$2,513,742 at year end. Ratings for corporate bonds held ranged from Aaa to Baa, and government treasuries and agencies were ranked Aaa by Moody's and Standard & Poor's. The Policemen's Fund held \$995,544 in corporate bonds at year end, with \$716,998 ranked A3 to Aaa, or 72% of total corporate bonds. The Policemen's Fund held \$278,546, or 28% ranked Baa. State and municipal bonds held totaled \$272,470, with \$67,972 ranked Aaa, \$134,401 ranked Aa1, \$60,781 ranked Aa2 and \$9,316 ranked Aa3. U.S agencies held at year end totaled \$1,245,728.

Custodial Credit Risk

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

Concentration of Credit Risk

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

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Note 3: Receivables

Receivables as of December 31, 2022 for the City's General Fund, Street Fund, 2018 Bonds Street Improvement Construction Fund, 2018 Bonds Debt Service Fund, 2020 Bonds Debt Service Fund, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General Fund	Street Fund	2018 Bonds Street Improvement Construction Fund	2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Nonmajor Governmental Funds	Total
Receivables							
Accounts	\$ 596,352	\$ 25,982	\$ -	\$ -	\$ -	\$ 45,598	\$ 667,932
Property taxes	8,089,673	1,530,593	-	-	-	5,300	9,625,566
Sales taxes	7,218,418	-	-	-	-	-	7,218,418
Franchise taxes	1,222,654	-	-	-	-	-	1,222,654
Grants	308,098	646,554	-	-	-	28,457	983,109
Intergovernmental	371,303	630,318	-	-	-	8,824	1,010,445
Interest	47,569	7,580	-	2	-	8,554	63,705
Restricted receivables							
Sales taxes	-	-	-	3,982,382	673,168	-	4,655,550
Grants	-	-	-	-	-	-	-
Interest	-	-	43,879	-	1,353	6,463	51,695
Gross receivables	17,854,067	2,841,027	43,879	3,982,384	674,521	103,196	25,499,074
Less: Allowance for uncollectibles	(925,492)	(92,544)	-	-	-	-	(1,018,036)
Net total receivables	\$ 16,928,575	\$ 2,748,483	\$ 43,879	\$ 3,982,384	\$ 674,521	\$ 103,196	\$ 24,481,038

Receivables as of December 31, 2022 for the City's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

Proprietary Funds	Municipal Airport Fund	Other Enterprise Funds	Total
Receivables			
Accounts	\$ 2,474	\$ 45,276	\$ 47,750
Sales taxes	11,867	-	11,867
Grants	1,982,848	-	1,982,848
Interest	-	242	242
Gross receivables	1,997,189	45,518	2,042,707
Less: Allowance for uncollectibles	(8,880)	-	(8,880)
Net total receivables	\$ 1,988,309	\$ 45,518	\$ 2,033,827

Receivables as of December 31, 2022 for the City's fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

Fiduciary Funds	Fire Pension Fund	Police Pension Fund	Total Pension Trust Funds
Receivables			
Property taxes	\$ 812,770	\$ 812,404	\$ 1,625,174
Accounts	-	13,424	13,424
Gross receivables	812,770	825,828	1,638,598
Less: Allowance for uncollectibles	(53,495)	(53,495)	(106,990)
Net total receivables	\$ 759,275	\$ 772,333	\$ 1,531,608

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2022 (September 30, for the Commission), is presented below:

	Balance December 31, 2021	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2022
<u>Governmental Activities</u>				
Capital assets, non-depreciable				
Land	\$ 59,411,314	\$ 171,416	\$ 462,039	\$ 59,120,691
Easements	43,160,408	1,517,099	-	44,677,507
Museum buildings	154,201	-	-	154,201
Construction in progress	46,124,202	31,124,992	13,176,139	64,073,055
Total capital assets, non-depreciable	<u>148,850,125</u>	<u>32,813,507</u>	<u>13,638,178</u>	<u>168,025,454</u>
Capital assets, depreciable				
Land improvements	57,860,330	2,660,932	-	60,521,262
Infrastructure	266,744,591	7,732,692	-	274,477,283
Buildings and improvements	123,511,601	1,523,409	50,340	124,984,670
Machinery and equipment	59,648,306	3,093,220	264,780	62,476,746
Intangibles	1,325,527	-	-	1,325,527
Total capital assets, depreciable	<u>509,090,355</u>	<u>15,010,253</u>	<u>315,120</u>	<u>523,785,488</u>
Less accumulated depreciation				
Land improvements	14,298,362	2,114,049	-	16,412,411
Infrastructure	131,163,058	9,161,193	-	140,324,251
Buildings and improvements	35,718,204	3,288,382	40,891	38,965,695
Machinery and equipment	38,478,001	3,541,008	260,308	41,758,701
Intangibles	1,155,185	40,223	-	1,195,408
Total accumulated depreciation	<u>220,812,810</u>	<u>18,144,855</u>	<u>301,199</u>	<u>238,656,466</u>
Total governmental activities, net	<u>\$ 437,127,670</u>	<u>\$ 29,678,905</u>	<u>\$ 13,652,099</u>	<u>\$ 453,154,476</u>
<u>Business-type Activities</u>				
Capital assets, non-depreciable				
Land	\$ 3,297,658	\$ -	\$ -	\$ 3,297,658
Construction in progress	485,707	4,050,276	-	\$ 4,535,983
Total capital assets, non-depreciable	<u>3,783,365</u>	<u>4,050,276</u>	<u>-</u>	<u>7,833,641</u>
Capital assets, depreciable				
Land improvements	8,985,226	18,038	11,680	8,991,584
Buildings and improvements	3,541,110	9,558	-	3,550,668
Machinery and equipment	1,336,227	31,129	-	1,367,356
Total capital assets, depreciable	<u>13,862,563</u>	<u>58,725</u>	<u>11,680</u>	<u>13,909,608</u>
Less accumulated depreciation				
Land improvements	5,986,435	239,147	11,680	6,213,902
Buildings and improvements	2,392,791	149,468	-	2,542,259
Machinery and equipment	795,513	85,371	-	880,884
Total accumulated depreciation	<u>9,174,739</u>	<u>473,986</u>	<u>11,680</u>	<u>9,637,045</u>
Total business-type activities, net	<u>\$ 8,471,189</u>	<u>\$ 3,635,015</u>	<u>\$ -</u>	<u>\$ 12,106,204</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

<u>Business-type Activities</u>	Balance September 30, 2021	Additions and Transfers, Net	Retirements and Transfers, Net	Balance September 30, 2022
<u>Component Unit</u>				
Capital assets, non-depreciable				
Land	\$ 3,348,889	\$ -	\$ -	\$ 3,348,889
Easements	5,329,647	3,520	-	5,333,167
Construction in progress	23,840,969	9,472,911	(19,286,226)	\$ 14,027,654
Total capital assets, non-depreciable	<u>32,519,505</u>	<u>9,476,431</u>	<u>(19,286,226)</u>	<u>22,709,710</u>
Capital assets, depreciable				
Buildings and improvements	5,873,217	-	371,584	6,244,801
Water and sewer systems	382,294,988	6,335,333	(40,482)	388,589,839
Machinery and equipment	7,694,432	218,867	18,914,642	26,827,941
Total capital assets, depreciable	<u>395,862,637</u>	<u>6,554,200</u>	<u>19,245,744</u>	<u>421,662,581</u>
Less accumulated depreciation				
Buildings and improvements	4,572,939	191,701	-	4,764,640
Water and sewer systems	160,892,206	9,007,003	(41,590)	169,857,619
Machinery and equipment	5,695,036	499,392	-	6,194,428
Total accumulated depreciation	<u>171,160,181</u>	<u>9,698,096</u>	<u>(41,590)</u>	<u>180,816,687</u>
Total component unit activities, net	<u>\$ 257,221,961</u>	<u>\$ 6,332,535</u>	<u>\$ 1,108</u>	<u>\$ 263,555,604</u>

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

Governmental Activities

General government	
Administration	\$ 316,477
Information technology	17,431
District Court	3,502
Community Development	
Community development and housing	2,730
Culture and recreation	
Parks and recreation	4,388,780
Senior centers	44,952
Public Library	130,444
Shiloh Museum	102,395
Public Safety	
Animal services	94,658
Building inspection	9,566
Community engagement	13,661
Fire	1,530,696
Police	1,372,996
Public Works	10,116,567
Total governmental activities	<u>18,144,855</u>

Business-type Activities

Municipal airport	451,827
Sanitation	22,159
Total business-type activities	<u>473,986</u>

Total depreciation expenses - primary government \$ 18,618,841

Component Unit

City of Springdale, Arkansas Water and Sewer Commission	<u>\$ 9,698,096</u>
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City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

The City has active construction projects as of December 31, 2022. Total outstanding commitments under authorized contracts for capital projects of governmental funds are as follows:

<u>Primary Government</u>	<u>Expenditures Incurred to December 31, 2022</u>	<u>Remaining Commitments at December 31, 2022</u>
Governmental activities		
Capital Projects		
Streets and drainage projects	\$ 44,309,383	\$ 15,630,285
Criminal justice and administration	<u>37,094,278</u>	<u>2,608,021</u>
Total commitments - primary government	<u><u>\$ 81,403,661</u></u>	<u><u>\$ 18,238,306</u></u>

These commitments will be funded through City sales and use taxes, proceeds from the sales of the 2018 Series Bonds, and intergovernmental participations.

Business-type Component Unit

At September 30, 2022, the Commission had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$54,964,735 remained open on the construction and improvement contracts still in progress at September 30, 2022.

Note 5: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2022, for the primary government were as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2022</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$ 205,765,000	\$ -	\$ 16,290,000	\$ 189,475,000	\$ 8,180,000
Add issuance premium	<u>5,677,366</u>	<u>-</u>	<u>844,187</u>	<u>4,833,179</u>	<u>-</u>
Bonds payable, net	<u>211,442,366</u>	<u>-</u>	<u>17,134,187</u>	<u>194,308,179</u>	<u>8,180,000</u>
Compensated absences	3,217,776	142,960	-	3,360,736	52,468
OPEB liabilities	5,008,849	-	736,331	4,272,518	92,739
Net pension liabilities	<u>37,409,307</u>	<u>-</u>	<u>4,193,287</u>	<u>33,216,020</u>	<u>-</u>
Total other long-term liabilities	<u>45,635,932</u>	<u>142,960</u>	<u>4,929,618</u>	<u>40,849,274</u>	<u>145,207</u>
Total	<u><u>\$ 257,078,298</u></u>	<u><u>\$ 142,960</u></u>	<u><u>\$ 22,063,805</u></u>	<u><u>\$ 235,157,453</u></u>	<u><u>\$ 8,325,207</u></u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

<u>Business-type Activities</u>	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022	Due Within One Year
Compensated absences	\$ 9,890	\$ 3,658	\$ -	\$ 13,548	\$ 178
OPEB liabilities	14,369	1,984	-	16,353	270
Total other long-term liabilities	<u>\$ 24,259</u>	<u>\$ 5,642</u>	<u>\$ -</u>	<u>\$ 29,901</u>	<u>\$ 448</u>

Changes in long-term liabilities for the year ended September 30, 2022 for the City's discretely presented component unit were as follows:

<u>Component Unit</u>	Balance September 30, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Water and Sewer Commission					
Bonds payable					
Revenue bonds, Series 2006	\$ 1,415,000	\$ -	\$ 260,000	\$ 1,155,000	\$ 275,000
Revenue bonds, Series 2022A	-	43,080,000	-	43,080,000	1,650,000
Revenue bonds, Series 2022B	-	11,250	-	11,250	-
Bond premium	-	2,428,978	-	2,428,978	-
	<u>1,415,000</u>	<u>45,520,228</u>	<u>260,000</u>	<u>46,675,228</u>	<u>1,925,000</u>
Compensated absences	1,297,015	886,212	877,607	1,305,620	700,616
OPEB liabilities	314,649	36,072	102,106	248,615	-
Customer deposits	2,683,077	79,181	-	2,762,258	-
Total other long-term liabilities	<u>4,294,741</u>	<u>1,001,465</u>	<u>979,713</u>	<u>4,316,493</u>	<u>700,616</u>
Total	<u>\$ 5,709,741</u>	<u>\$ 46,521,693</u>	<u>\$ 1,239,713</u>	<u>\$ 50,991,721</u>	<u>\$ 2,625,616</u>

Sales and Use Tax Bonds – Governmental Activities

On March 31, 2020, the City issued \$50,730,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding Bonds, Taxable Series 2020, dated March 31, 2020. The interest rates on the bonds range from 1.59% to 2.45%, payable semiannually, and maturity dates range from November 1, 2020 to November 1, 2032. The Series 2020 Bonds are not general obligations of the City, but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City under Ordinance No. 2082 adopted March 13, 1992. The issuance of the Series 2020 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5457 adopted on February 25, 2020. The percentage portion of pledged revenues for the Series 2020 bonds of 16.9% results from pledged revenues from the 1% sales and use tax levied by the City totaling \$23,396,159 and the portion of pledged revenue stream for the bonds totaling \$3,965,027 for the year ended December 31, 2022.

City of Springdale, Arkansas
Notes to Financial Statements
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The Series 2020 Bonds were issued to advance refund the outstanding Series 2012 Bonds (Bonds Refunded), to pay a premium for a municipal bond debt service reserve insurance policy, and to pay expenses of issuing the bonds. The reacquisition price of the 2012 Series Bonds exceeded the net carrying amount of the bonds by \$1,191,419. This amount is recorded as a deferred inflow of resources, and is being amortized over the remaining life of the refunded debt. Amortization expense for 2022 is \$86,286.

The Series 2020 Bonds are subject to redemption at the option of the City, from funds from any source, on and after November 1, 2025, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2020 Bonds maturing on November 1, 2032 are subject to mandatory sinking fund redemption on November 1 in the years and the amounts listed below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

Series 2020 Bonds maturing November 1, 2032:

<u>Years</u>	<u>Principal Amount</u>
2031	\$ 5,600,000
2032 (maturity)	2,385,000

In lieu of a debt service reserve, the City purchased a Municipal Bond Insurance Policy from Build America Mutual Assurance Company. The Insurance Policy guarantees the scheduled payment of principal and interest on the Series 2020 Bonds when due.

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

February 13, 2018. The tax will expire after the bonds have been paid or provision is made therefore, in accordance with Arkansas statutes.

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

Bonds in the amount of \$76,175,000 were for the purpose of financing the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. Bonds in the amount of \$18,385,000 were issued to fund park and recreational facilities and improvements, including land acquisition, equipment and parking, drainage, lighting and utility improvements. Bonds in the amount of \$15,480,000 were for the purpose of acquiring fire equipment, apparatus and new, or improvements to existing facilities for the City's fire department, including land acquisition and parking improvements. Bonds in the amount of \$37,180,000 were issued to finance the costs of the extension and renovation of the City Administration Building to house the City's Police, Police

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

and Fire Dispatch, City Attorney, State District Court and other City Administration departments, including necessary radio equipment, furniture, fixtures, land acquisition and parking improvements. Bonds in the amount of \$4,935,000 were issued to finance the costs of a new animal shelter, including necessary furniture, fixtures, land acquisition and parking improvements. Expenses incurred to issue the bonds were paid from the bond proceeds of the above projects.

Bonds in the amount of \$35,950,000 were issued to current refund the outstanding Series 2013 Bonds, to pay a premium for a municipal bond debt service reserve insurance policy, and to pay expenses of issuing the bonds. The net carrying amount of the 2013 Series Bonds exceeded the reacquisition price by \$434,181. This amount is recorded as a deferred inflow of resources, and is being amortized over the remaining life of the refunded debt.

The Bonds are subject to extraordinary redemption from proceeds of the Series 2018 Bonds not needed for the purposes intended and surplus tax receipts, at least annually, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Bonds may be redeemed at the option of the City, from funds from any source, on and after April 1, 2024, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2018 Bonds maturing on April 1 in the years 2037 and 2041 are subject to mandatory sinking fund redemption on April 1 in the years and the amounts listed below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

Series 2018 Bonds maturing April 1, 2037:

<u>Years</u>	<u>Principal Amount</u>
2035	\$8,535,000
2036	8,965,000
2037 (Maturity)	9,410,000

Series 2018 Bonds maturing April 1, 2041:

<u>Years</u>	<u>Principal Amount</u>
2038	\$9,885,000
2039	10,240,000
2040	10,605,000
2041 (Maturity)	9,655,000

The Series 2018 Bonds were issued at a premium of \$8,810,646. This premium is being amortized over the life of the bonds using the effective interest method. Bond premium amortization for 2022 was \$844,187.

The City is required to maintain a debt service reserve equal to one-half of the maximum annual debt service requirements on the Series 2018 Bonds as originally issued. The debt service reserve was funded solely with a municipal bond debt service reserve insurance policy.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

During 2022, the City used surplus tax receipts to call and redeem \$8,500,000 in Series 2018 Bonds.

Bonds payable at December 31, 2022, were as follows:

Primary Government	Issue Year	Final Maturity	Interest Rates	Bond Rating	Original Issue	Total Outstanding
Sales and Use Tax Refunding Bonds	2020	2032	1.59% - 2.45%	AA	50,730,000	\$ 43,685,000
Sales and Use Tax Refunding & Impr Bonds	2018	2043	3.0% - 5.0%	AA	188,075,000	145,790,000
						189,475,000

Debt service requirements for bonds outstanding at December 31, 2022 were as follows:

Primary Government	Principal	Interest	Total
2023	\$ 8,180,000	\$ 7,342,164	\$ 15,522,164
2024	8,580,000	7,034,015	15,614,015
2025	9,950,000	6,708,940	16,658,940
2026	10,400,000	6,347,552	16,747,552
2027	10,880,000	5,964,263	16,844,263
2028 - 2032	58,315,000	24,045,178	82,360,178
2033 - 2037	42,785,000	14,140,725	56,925,725
2038 - 2042	40,385,000	3,929,880	44,314,880
	\$ 189,475,000	\$ 75,512,717	\$ 264,987,717

The following is a summary of pledged revenues of the City for the year ended December 31, 2022.

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and fees	Period Revenue Will Not Be Available for Other Purposes
Primary Government						
Sales and Use Tax Bonds, Series 2020	Sales and Use Tax	\$ 23,396,159	\$ 3,965,027	16.95%	\$ 49,116,531	Until 2032
Sales and Use Tax Bonds, Series 2018	Sales and Use Tax	23,398,660	23,398,660	100.00%	215,886,186	Until 2042

Water and Sewer Revenue Bonds – Business-Type Component Unit

Series 2006

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

City of Springdale, Arkansas
Notes to Financial Statements
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Series 2022

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

In July 2022, the Commission issued \$2,054,083 in Revenue Bonds (Series 2022B) at an annual lending rate of 1.00% to finance improvements to the sewer facilities. Draws totaled \$11,250 as of September 30, 2022. The remaining draws will occur as improvements are completed. Principal and interest payments are due in April and October starting in fiscal year 2025. The final payment is scheduled for April 2034.

In July 2022, the Commission issued \$1,000,000 in Revenue Bonds (Series 2022C) at an annual lending rate of 1.00% to finance improvements to the sewer facilities. There have been no draws as of September 30, 2022. The remaining draws will occur as improvements are completed. Principal and interest payments are due in April and October starting in fiscal year 2025. The final payment is scheduled for April 2034.

As of September 30, 2022, the outstanding principal was \$44,246,250

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

Component Unit	Principal	Interest	Total
Water and Sewer Commission			
2023	\$ 1,925,000	\$ 136,750	\$ 2,061,750
2024	2,480,000	150,000	2,630,000
2025	2,611,250	140,875	2,752,125
2026	2,710,000	131,125	2,841,125
2027	2,540,000	127,000	2,667,000
2028 - 2032	14,440,000	577,600	15,017,600
2033 - 2037	17,540,000	683,375	18,223,375
	<u>\$ 44,246,250</u>	<u>\$ 1,946,725</u>	<u>\$ 46,192,975</u>

Applicability of Federal Arbitrage Regulations

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

Based upon interim calculations, the City has no arbitrage liability as of December 31, 2022.

City of Springdale, Arkansas
Notes to Financial Statements
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Conduit Debt Obligations

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

The City's current conduit debt consists of the City of Springdale, Arkansas Public Facilities Board bonds in the amount of \$75,465,000 issued in 2016. The outstanding principle payable at December 31, 2022 is \$64,265,000.

Note 6: Individual Fund Disclosures

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

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

Interfund receivables and payables as of December 31, 2022 are as follows:

	Interfund Receivables	Interfund Payables
<u>Primary Government</u>		
Governmental Funds		
General	\$ 8,124,505	\$ 66,362
Street	1,532	4,175
American Rescue Plan	1,132	6,272,613
2018 Bonds Street Improvement Construction	-	1,772
Nonmajor governmental funds	179,920	609,933
Total governmental funds	8,307,089	6,954,855
Proprietary Funds		
Municipal Airport	-	1,359,643
Fiduciary Funds		
	7,626	217
Total Primary Governments	\$ 8,314,715	\$ 8,314,715

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Transfers in (out) for the year ended December 31, 2022 are as follows:

<u>Primary Government</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General	\$ -	\$ 2,094,156
Street	442,674	-
Nonmajor governmental	1,651,482	-
Total governmental funds	<u>2,094,156</u>	<u>2,094,156</u>
 Total Primary Government	 <u>\$ 2,094,156</u>	 <u>\$ 2,094,156</u>

Note 7: Pension Plans

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

Membership Information

Membership of the single-employer pension plans and the defined contribution plan consisted of the following at December 31, 2022:

	<u>Firemen's Relief and Pension Fund</u>	<u>Policemen's Pension and Relief Fund</u>	<u>Money Purchase Pension Plan</u>
Retirees and beneficiaries receiving benefits	41	33	-
Active plan members	-	-	276
 Total	 <u>41</u>	 <u>33</u>	 <u>276</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Financial Information

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

	Statement of Fiduciary Net Position	
	December 31, 2022	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Assets		
Cash and cash equivalents	\$ 134,047	\$ 166,945
Investments	8,625,825	7,175,606
Accounts receivable	759,275	772,333
Due from other funds	-	7,626
Total Assets	9,519,147	8,122,510
Liabilities		
Accrued liabilities	201	62
Total Liabilities	201	62
Net Position		
Net position restricted for pensions	\$ 9,518,946	\$ 8,122,448

	Statement of Changes in Fiduciary Net Position	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
	Additions	
Employer contributions	\$ 738,507	\$ 850,192
State insurance turnback - supplements	75,892	90,367
Net investment income	(2,422,158)	(1,326,603)
Total Additions	(1,607,759)	(386,044)
Deductions		
Benefit payments	1,289,871	1,103,585
Benefit payments - supplements	75,892	90,367
Miscellaneous	-	-
Total Deductions	1,365,763	1,193,952
Change in Fiduciary Net Position	(2,973,522)	(1,579,996)
Net Position Restricted for Pensions, Beginning of Year	12,492,468	9,702,444
Net Position Restricted for Pensions, End of Year	\$ 9,518,946	\$ 8,122,448

City of Springdale, Arkansas
Notes to Financial Statements
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Plan Descriptions and Funding Information

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

	FRPF	PPRF	LOPFI	APERS	Total
Net pension liability	\$ 4,131,854	\$ 4,905,111	\$ 24,082,025	\$ 97,030	\$ 33,216,020
Deferred outflows of resources	854,119	760,805	4,638,514	24,376	6,277,814
Deferred outflows of resources - contributions	-	-	4,692,522	5,984	4,698,506
Deferred inflows of resources	-	-	15,240,342	1,330	15,241,672
Pension expense (reduction of expense)	(93,042)	261,245	2,924,652	9,362	3,102,217

Single-Employer Defined Benefit Plans

Firemen's Relief and Pension Fund

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

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

Contributions to the Firemen's Fund are set forth in Arkansas Code. The City's contribution to the Firemen's Fund consists of a one-half mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes six percent (6%) of the firemen's salaries. Participants also contribute six percent (6%) of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than six percent (6%). Accounting and administrative services are performed by personnel of the City at no charge to the Fund. Total contributions to the Fund in 2022 were \$814,399 and included \$738,507 in property taxes and \$75,892 in state insurance premium taxes.

There are no asset concentrations of over 5%.

There were no active employees which were covered by the Plan for the year ended 2022.

City of Springdale, Arkansas
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Policemen's Pension and Relief Fund

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

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

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

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

Total contributions to the Fund in 2022 were \$940,559. The City's share of contributions was \$940,559, and included \$738,500 in property taxes, \$90,367 in state insurance premium taxes, and \$111,692 in fines and court costs.

The asset concentrations of over 5% are as follows:

SPDR S&P MidCap 400 UTSER1	\$	905,063
ISHARES TR MSCI EAFE Index Fd MFC		729,195

There were no active employees which were covered by the Plan for the year ended 2022.

Actuarial Methods and Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on both plans. Actuarial valuations are performed annually and the last valuation was as of December 31, 2022. Actuarial assumptions used in evaluating the Plans include entry age normal cost method, five year smoothed market for

City of Springdale, Arkansas
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valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases and the 1983 group annuity mortality table. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2022 was 5 years.

Net Pension Liability

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

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
Firemen's Relief and Pension Fund	12/31/2022	\$ 13,650,800	\$ 9,518,946	\$ 4,131,854	69.7%
Policemen's Relief and Pension Fund	12/31/2022	13,027,559	8,122,448	4,905,111	62.3%

Long-term Expected Return on Plan Assets

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

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

Investment Policies

Firemen's Relief and Pension Fund

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2022.

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Notes to Financial Statements
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Target Allocation of Investments

Asset Class	Firemen's Pension
Domestic Fixed Income	15% - 75%
Domestic Equity	25% - 75%
Cash	5% - 25%
Alternative Investments	0% - 10%

Policemen's Pension and Relief Fund

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

Target Allocation of Investments

Asset Class	Policemen's Pension
Domestic Fixed Income	80%
Domestic Equity	10%
Cash	10%

Discount Rate

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

City of Springdale, Arkansas
Notes to Financial Statements
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Changes in the Net Pension Liability

Firemen's Relief and Pension Fund (FRPF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 14,341,199	\$ 12,492,468	\$ 1,848,731
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	684,812	-	684,812
Benefit changes	-		
Difference between Expected and Actual Experience	(85,340)	-	(85,340)
Assumption changes	-		
Employer Contributions	-	752,799	(752,799)
Net Investment Income	-	(2,422,157)	2,422,157
Benefits and Refunds	(1,289,871)	(1,289,871)	-
Administrative Expenses			
Other / Reconciliation	-	-	-
Other/Reconciliation	-	(14,293)	14,293
Net Changes	(690,399)	(2,973,522)	2,283,123
Balances at December 31, 2022	<u>\$ 13,650,800</u>	<u>\$ 9,518,946</u>	<u>\$ 4,131,854</u>

Policemen's Pension and Relief Fund (PPRF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 13,576,266	\$ 9,702,444	\$ 3,873,822
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	651,148	-	651,148
Difference between Expected and Actual Experience	(93,258)	-	(93,258)
Assumption changes	-		
Employer Contributions	-	868,168	(868,168)
Net Investment Income (Loss)	-	(1,317,912)	1,317,912
Benefits and Refunds	(1,106,597)	(1,106,597)	-
Other/Reconciliation	-	(23,655)	23,655
Administrative Expenses	-	-	-
Net Changes	(548,707)	(1,579,996)	1,031,289
Balances at December 31, 2022	<u>\$ 13,027,559</u>	<u>\$ 8,122,448</u>	<u>\$ 4,905,111</u>

City of Springdale, Arkansas
Notes to Financial Statements
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

		Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Firemen's Pension	City's Net Pension Liability	<u>\$ 5,279,185</u>	<u>\$ 4,131,854</u>	<u>\$ 3,131,012</u>
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Policemen's Pension	City's Net Pension Liability	<u>\$ 6,098,287</u>	<u>\$ 4,905,111</u>	<u>\$ 3,865,698</u>

Money-Weighted Rate of Return

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

Plan	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2022	19.83%
	2021	15.26%
	2020	19.81%
Policemen's Pension and Relief Fund	2022	-13.78%
	2021	13.38%
	2020	6.69%

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

City of Springdale, Arkansas
Notes to Financial Statements
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Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2022, the City recognized an increase in pension expense from its single-employer defined benefit plans of \$168,203. At December 31, 2022, the City reported net deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Firemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ 854,119	\$ -
 Policemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ 760,805	\$ -

There were no amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Firemen's Pension	Policemen's Pension
23	\$ (223,918)	\$ 2,593
2024	92,180	185,241
2025	379,305	213,754
2026	606,552	359,217
Total	\$ 854,119	\$ 760,805

Money Purchase Pension Plan

Plan Description

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

Contributions

The plan covers all non-uniformed City employees 18 years of age or older and who have 30 days service with the City. Employees contribute three percent (3%) of their salaries to the Plan, and the City contributes six percent (6%). There are no voluntary contributions. For the year ended December 31, 2022 employer and employee contributions to the plan were \$783,840 and \$391,918, respectively.

City of Springdale, Arkansas

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Benefits Provided

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

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

Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

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

Benefits Provided

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

Contributions

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

Participating firemen are required to contribute eight and one-half percent (8.5%) of annual covered salary. Participating policemen are required to contribute two and one-half percent (2.5%) of annual covered salary. The City is required to contribute at an actuarially determined rate of compensation, which for 2022 was 23.50% for both paid firemen and for paid policemen.

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City contributions for 2022 were \$2,489,764 for paid firemen, and \$2,202,758 for paid policemen, and were equal to 100% of the required contributions. Employee contributions for 2022 were \$900,553 for paid firemen and \$234,336 for paid policemen. At December 31, 2022, there were 144 active paid firemen and 141 active paid policemen. Covered payroll was \$10,594,740 and \$9,373,435 for paid firemen and for paid policemen, respectively.

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

At December 31, 2022, the City reported a liability of \$24,082,025 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the ratio of the City’s actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2022, the City’s proportion was 4.76575%, which was a 0.16070% increase from the City proportion of 4.60505% at December 31, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$2,924,652. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,852,639	\$ -
Changes of assumptions	929,923	-
Net difference between projected and actual earnings on pension plan investments	-	14,762,071
Changes in proportion	855,952	478,271
Contributions subsequent to the measurement date	4,692,522	-
Total	\$ 9,331,036	\$ 15,240,342

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,692,522 will be recognized as a reduction of the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending December 31,		
2023	\$	(1,483,677)
2024		(4,042,232)
2025		(2,969,661)
2026		(2,106,258)
Total	\$	(10,601,828)

City of Springdale, Arkansas

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Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

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

Long-Term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Stock - Large Cap	21%	4.77%	1.00%
U.S. Stock - Small Cap	21%	5.47%	1.15%
International Equity	9%	5.97%	0.54%
Emerging Markets	9%	8.33%	0.75%
U.S. Corporate Bonds	25%	0.66%	0.17%
Real Estate	5%	4.34%	0.22%
Private Equity	10%	9.05%	0.90%
Total	<u>100%</u>		<u>4.73%</u>
Expected Inflation			<u>2.25%</u>
Total Return			<u>6.98%</u>

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Discount Rate

In the December 31, 2021 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on assumptions made, found that the pension plan’s net position was available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease	Current Single Rate Assumption	1% Increase
	6.00%	7.00%	8.00%
City’s proportionate share of the net pension liability	\$ 48,461,507	\$ 24,082,025	\$ 4,412,400

Pension Plan Fiduciary Net Position

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

District Judges and Court Clerk’s Retirement System

Plan Description

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

Benefits Provided

Benefits under APERS are calculated depending on the member’s hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005, while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65

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with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes the normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the member's final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional.5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

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

Covered payroll for the district court clerk covered under this plan totaled \$77,923 for the fiscal year ended December 31, 2022.

Contributions

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

Employer contribution rates during the Plan year ended June 30, 2022, as a percentage of active member payroll, are as follows:

State, County, Municipal, and Non-State Divisions:	15.32%
Wildlife and Military Department Civilian	
Firefighters Subdivisions	27.32%
District Judge Division	42.61%
School Division	4.00%

Contributions to APERS are made by both the Member (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City's contribution rate for 2022 was 15.32% of covered employee's salaries from January 1, 2022 to June 30, 2022, and 15.32% from July 1, 2022 to December 31, 2022. Contributions made to the plan by employees and the City for the year ended December 31, 2022 amounted to \$3,994 and \$11,938, respectively.

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December 31, 2022

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

At December 31, 2022, the City reported a liability of \$97,030 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to total employer contributions to the Plan for the measurement period. At June 30, 2022, the City's proportion was 0.00359853%, which is an decrease of 0.00000306% from its proportion as of June 30, 2021 of 0.00360159%.

For the year ended December 31, 2022, the City recognized a reduction of pension expense of \$9,362. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,329	\$ 1,171
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	20,469	-
Change in proportions	1,578	159
Contributions subsequent to the measurement date	<u>5,984</u>	<u>-</u>
Total	<u>\$ 30,360</u>	<u>\$ 1,330</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,984 will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows)</u>
2023	\$ 4,544
2024	3,343
2025	530
2026	<u>14,629</u>
Total	<u>\$ 23,046</u>

City of Springdale, Arkansas
Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Pension Plan Fiduciary Net Position

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

Long-term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Estate Related Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fund	18%	0.57%
Total	100%	

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Discount Rate

In the June 30, 2022 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows, based on the assumptions made, found that the pension plan’s net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.15%	Current Single Rate Assumption 7.15%	1% Increase 8.15%
City's proportionate share of the net pension liability	\$ 109,444	\$ 97,030	\$ 86,781

Pension Plan – Component Unit

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

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

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

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Employee's contributions are three percent (3%) of base monthly compensation. Employees may voluntarily contribute additional amounts up to ten percent (10%) of base monthly compensation. The employer contributes six percent (6%) of the employee's base monthly compensation for each plan participant. The Commission contributions for the year ended September 30, 2022, the year- end for the Commission, were \$342,281.

Note 8: Deferred Compensation Plans

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

The Plans, available to all full time City employees, permit them to defer until future years up to 25% of annual gross earnings not to exceed \$20,500 for 2022. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Deferred Compensation Plan – Component Unit

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

Note 9: Other Postemployment Benefits (OPEB)

Plan Description

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2022

Funding Policy

Funding Policy: The contribution requirements of plan members are established by the City Council and may be amended as needed. Plan members pay 100% of the cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City’s health insurance plans. The City is not required to make contributions to the Plan on behalf of retirees and funds the Plan on a pay-as-you-go basis. Expenses are recorded in the applicable fund as liabilities are incurred. As of December 31, 2022, the date of the actuarial valuation, the plan has 20 retirees who pay monthly premiums between \$323 for single coverage to \$937 for family coverage. Retirees contributed \$88,314 of the total current year cost, which equaled the total benefits paid by the City for 2022.

Employees covered by benefit terms – at December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not receiving benefit payments	-
Active members	574
Total	594

Total OPEB Liability – The City's total OPEB liability of \$4,288,871 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Discount Rate	4.31% (2.25% in prior year) based upon the 20 year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary Increases	General - 2.0%-5.0%; Police - 5.0%-6.0%; Fire - 3.5%-5.5%
Inflation rate	3.0 % per year
Healthcare cost trend rates	7.50% for 2021 decreasing annually to ultimate rate of 4.5% for 2029
Cost method	<p>Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary Method where:</p> <ul style="list-style-type: none"> • Service Cost of each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Mortality	<p>General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021.</p> <p>Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.</p>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Changes in Total OPEB Liability

Service cost	\$ 193,611
Interest	116,391
Differences between expected and actual experience	15,954
Changes in assumptions	(971,990)
Benefit payments	<u>(88,314)</u>
Net change in total OPEB liability	(734,348)
Total OPEB liability - beginning of year	<u>5,023,219</u>
Total OPEB liability - end of year	<u><u>\$ 4,288,871</u></u>

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease (3.31)%	Discount Rate (4.31)%	1% Increase (5.31)%
Other Postemployment Benefits Liability	\$ 4,791,526	\$ 4,288,871	\$ 3,850,416

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Other Postemployment Benefits Liability	\$ 3,805,256	\$ 4,288,871	\$ 4,856,652

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2022, the City reported OPEB income of \$382,613. At December 31, 2022, the City reported deferred outflow of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,295	\$ (1,078,493)
Changes in assumptions	<u>647,183</u>	<u>(1,261,162)</u>
Total	<u><u>\$ 660,478</u></u>	<u><u>\$ (2,339,655)</u></u>

City of Springdale, Arkansas
Notes to Financial Statements
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The balances as of December 31, 2022 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

Year Ending December 31,	
2023	\$ (692,614)
2024	(264,982)
2025	(280,952)
2026	(281,289)
2027	<u>(159,340)</u>
Total	<u>\$ (1,679,177)</u>

Component Unit – Water and Sewer Commission

General Information about the OPEB Plan

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

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

Funding Policy: The contribution requirements of plan members are established by the Commission and may be amended as needed. Retiree coverage is the same as the coverage provided to active Commission employees. Retirees pay premiums ranging from \$513 per month to \$1,184 per month depending on the coverage elected. The Commission’s policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense as liabilities are incurred.

Employees covered by benefit terms: At September 30, 2022 , the following employees were covered by the benefit terms:

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

City of Springdale, Arkansas

Notes to Financial Statements

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Total OPEB Liability

The Commission’s total OPEB liability as of September 30, 2022 of \$248,615 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2021. For 2022, the liabilities are actuarially rolled forward to the September 30, 2022 measurements date on a "no loss/no gain" basis.

Actuarial assumptions: The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation	September 30, 2021
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - open group
Amortization period	7 years beginning October 1, 2021
Inflation	3.25%
Healthcare cost trend rates	Initially 7.00% decreasing in .50% increments over 7 years to 4.50% for 2022.
Salary increases	3.25% for wage inflation plus merit/productivity growth ranging from .42% to 6.60% (from 0.70% to 6.60% in 2020) depending on age of the employee. The payroll growth assumption is based on the non-state rates shown in the Arkansas Public Employee Retirement System (APERS) actuarial valuation as of June 30, 2020.
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 for retirees and Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP- 2020 for surviving spouses.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.77 percent. As an unfunded plan, this rate was determined based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The indexes used in determining this rate include the Bond Buyer G.O. 20- Year Bond Municipal Bond Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year G.O. Municipal Bond Index.

City of Springdale, Arkansas
Notes to Financial Statements
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Changes in the Total OPEB Liability

Service cost	\$ 27,924
Interest	8,148
Changes in assumptions	(46,503)
Differences between expected and actual experience	(40,956)
Benefit payments	<u>(14,647)</u>
 Net change in total OPEB liability	 (66,034)
Total OPEB liability - beginning of year	<u>314,649</u>
Total OPEB liability - end of year	<u><u>\$ 248,615</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.43% in 2021 to 4.77% in 2022.

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

	<u>1% Decrease</u> <u>'3.77%</u>	<u>Discount Rate</u> <u>'4.77%</u>	<u>1% Increase</u> <u>'5.77%</u>
Total OPEB liability	<u>\$ 267,665</u>	<u>\$ 248,615</u>	<u>\$ 230,912</u>

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

	<u>1% Decrease</u> <u>'6.50%</u>	<u>Discount Rate</u> <u>'7.50%</u>	<u>1% Increase</u> <u>'8.50%</u>
Total OPEB liability	<u>\$ 220,276</u>	<u>\$ 248,615</u>	<u>\$ 282,179</u>

City of Springdale, Arkansas
Notes to Financial Statements
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OPEB Expenses and Deferred Outflows of Resources related to OPEB

For the year ended September 30, 2022, the Commission recognized OPEB expense of \$25,514. At September 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differenced between expected and actual experience	\$ 24,902	\$ (100,363)
Change in assumptions	32,046	(45,258)
Total	\$ 56,948	\$ (145,621)

Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2022, related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows)
2023	\$ (10,558)
2024	(10,554)
2025	(17,689)
2026	(20,322)
2027	(17,055)
Thereafter	(12,495)
	\$ (88,673)

Note 10: Risk Management

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

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

City of Springdale, Arkansas
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There have been no significant reductions in insurance coverage from 2021 to 2022, nor have settlement amounts exceeded insurance coverage for each of the past three years.

Component Unit – Water and Sewer Commission

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Commission purchases commercial insurance for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The self-insurance liability related to health benefits at September 30, 2022 was \$142,761.

Note 11: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2022, property taxes receivable and related deferred inflows (unavailable revenue) of \$8,170,255 have been recorded in the governmental funds. In the government-wide statement of net position, delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20 percent to arrive at assessed value.

The City is permitted by Arkansas State Law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds, and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2022 to finance the above operations was \$0.57 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.63 per \$100 of assessed valuation on real and personal property. Approximately \$9,825,000 of additional taxes could be raised per year based on the current year's assessed value of \$1,143,578,926 for real property and \$415,959,381 for personal property before the limit is reached.

City of Springdale, Arkansas
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Note 12: Sales Taxes

In October 1981, Washington County began assessing a 1% sales and use tax on retail sales in the county. Effective December 1, 2004, the tax rate increased to 1.25%. Each city in Washington County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 25.29% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$18,696,056 for 2022 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 1992, the City began assessing a 1% sales and use tax on retail sales in the City, upon approval of the tax by the City's voters. Previously, revenues were used to fund capital improvement projects (50%) and general municipal operations and maintenance (50%). On March 31, 2020, the City issued the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2020 (see also *Note 5*). These bonds are secured by a first and prior pledge of revenues collected from the 1% sales and use tax levied by the City. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Beginning in December 2012, the tax is remitted to the bond trustee. Taxes not needed to fund debt service are then remitted to the City. Taxes for this purpose remitted to the City and bond trustee totaled \$23,396,159 for 2022, and are included in the General Fund's (\$19,431,132) and the 2020 Bonds Debt Service Fund's (\$3,965,027) tax revenues in the accompanying financial statements.

In August 1998, Benton County began assessing a 1% sales and use tax on retail sales in the county. Each city in Benton County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 2.96% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$3,399,108 for 2022 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 2006, City voters approved a 1% sales and use tax on retail sales in the City. Revenues from the tax are pledged for payment of the principal and interest on the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2013 (see also *Note 5*). This tax replaced the additional 1% sales and use tax which was pledged for payment of the principal and interest on the Series 2006 Bonds. The City began assessing the original tax in October 2003. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$23,398,660 for 2022 and are included in the 2018 Bonds Debt Service Fund's tax revenues in the accompanying financial statements. This tax will sunset upon retirement of all related debt.

In April 2009, the Arkansas General Assembly passed Act 840 of 2009 regarding the disposition of city and county sales taxes on aviation fuel. The Act stated that money collected that is derived from a tax on aviation fuel that is not dedicated to a specific purpose shall be transmitted to the publicly owned airport where the aviation fuel was sold. Therefore, beginning in July 2009, taxes collected on aviation fuel by the state are remitted to the City's Municipal Airport, net of a 3% collection fee. Taxes for this purpose remitted to the Airport for City and Washington County totaled \$50,840 and \$31,786, respectively, for 2022 and are included as non-operating revenue for the Municipal Airport Fund in the accompanying financial statements.

City of Springdale, Arkansas
Notes to Financial Statements
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Note 13: Contingencies

Litigation

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

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

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

Contingencies

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

Component Unit – Water and Sewer Commission

At various times, the Commission may be involved in litigation incidental to its operations. At September 30, 2022, the only outstanding legal proceedings pertain to the valuation of easements acquired by the Commission. Based upon management's assessment, any impact to the Commission's financial statements is not expected to be material.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Note 14: Endowment

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

The management of the City has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Arkansas in 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the City classifies as nonexpendable restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonexpendable restricted net position is classified as unrestricted net position until those amounts are appropriated for expenditure by the City in a manner consistent with the standard of prudence prescribed by the UPMIFA.

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

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

Endowment fund balance and activity for 2022 is as follows:

	Assigned	Nonspendable
Endowment fund balance - beginning of year	\$ 385,007	\$ 1,942,868
Contributions	-	773,501
Distributions	(101,000)	
Available for distribution	76,289	(76,289)
Investment income (loss), net	-	(271,161)
	\$ 360,296	\$ 2,368,919
Endowment fund balance - end of year		

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the City to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net position. There were no such deficiencies as of December 31, 2022.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 15: New GASB Standards

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

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2022

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangement (APAs). This statement is effective for periods beginning after June 15, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022.

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

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

Note 16: Subsequent Events

Subsequent to year-end, the City issued \$168,745,000 in City of Springdale, Arkansas Sales and Use Tax Refunding and Improvement Bond, Taxable Series 2023A to refund the City's Sales and Use Tax Refunding and Improvement Bonds, Series 2018 and Sales and Use Tax Refunding Bonds, Taxable Series 2020 and accomplishing street improvements. The City also issued \$146,160,000 in City of Springdale, Arkansas Sales and Use Tax Refunding and Improvement Bond, Series 2023B to accomplish street improvements, park and recreational improvement, fire department improvements and senior center improvements.

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Required Supplementary Information

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

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

Notes to Schedule:

Changes in assumptions:

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

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

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

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

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

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the Commission will only present available information. No amounts are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

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

Discount rates:

2022	4.77%
2021	2.43%
2020	2.41%
2019	3.58%
2018	4.18%

Healthcare cost trend rates:

Initially 7.0% decreasing in .50% increments over 7 years to 4.5% for 2022 (8.0% decreasing in .50% increments for 7 years to 4.50% for 2021).

Salary increases:

3.25% for wage inflation plus merit/productivity growth ranging from 0.42% to 6.60% depending on age of the employee. the payroll growth assumption is based on the non-state rates shown in the Arkansas Public Employee Retirement System (APERS) actuarial valuation as of June 30, 2020 for all years presented.

Amortization Period:

2022	7 years beginning October 1, 2021
2021	7 years beginning October 1, 2020
2020	7 years beginning October 1, 2020
2019	8 years beginning October 1, 2018
2018	8 years beginning October 1, 2017
2017	30 years beginning October 1, 2016

City of Springdale, Arkansas

Defined Benefit Pension Plans - Schedule of Changes in the City's Net Pension Liability and Related Ratios - Firemen's Pension and Relief Fund

Fiscal Year Ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	684,812	603,362	623,122	644,516	670,414	694,232	737,430	818,743	832,851	853,931
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience *	(85,340)	230,710	185,710	81,287	(29,079)	(1,191)	(420,129)	(1,250,687)	95,678	241,918
Assumption changes	-	-	-	-	-	-	-	-	-	-
Benefit payments	(1,289,871)	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Refunds	-	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(690,399)	(420,318)	(344,857)	(427,886)	(523,546)	(480,878)	(871,321)	(1,631,930)	(292,885)	(717,615)
Total Pension Liability - Beginning	14,341,199	12,694,426	13,039,283	13,467,169	13,990,715	14,471,593	15,342,914	16,974,844	17,267,729	17,985,344
Total Pension Liability - Ending (a)	<u>\$ 13,650,800</u>	<u>\$ 12,274,108</u>	<u>\$ 12,694,426</u>	<u>\$ 13,039,283</u>	<u>\$ 13,467,169</u>	<u>\$ 13,990,715</u>	<u>\$ 14,471,593</u>	<u>\$ 15,342,914</u>	<u>\$ 16,974,844</u>	<u>\$ 17,267,729</u>
Plan Fiduciary Net Position										
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,712
Contributions - employer	752,799	693,767	638,319	570,675	593,753	597,239	593,335	595,428	564,558	606,540
Net investment income (loss)	(2,422,157)	1,689,869	1,920,229	1,993,174	(255,686)	1,497,844	489,275	45,094	539,443	1,532,421
Benefit payments	(1,289,871)	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Administrative expense	-	(3,250)	-	(250)	(300)	(296)	-	-	(25)	(292)
Other / reconciliation	(14,293)	(4,519)	250	-	1,295	1,540	-	-	-	-
Net Change in Plan Fiduciary Net Position	(2,973,522)	1,121,477	1,405,109	1,409,910	(825,819)	922,408	(106,012)	(559,464)	(117,438)	327,917
Plan Fiduciary Net Position - Beginning	12,492,468	11,370,991	9,965,882	8,555,972	9,381,791	8,459,383	8,565,395	9,124,859	9,242,297	8,914,380
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,518,946</u>	<u>\$ 12,492,468</u>	<u>\$ 11,370,991</u>	<u>\$ 9,965,882</u>	<u>\$ 8,555,972</u>	<u>\$ 9,381,791</u>	<u>\$ 8,459,383</u>	<u>\$ 8,565,395</u>	<u>\$ 9,124,859</u>	<u>\$ 9,242,297</u>
Net Pension Liability (a) - (b)	<u>\$ 4,131,854</u>	<u>\$ (218,360)</u>	<u>\$ 1,323,435</u>	<u>\$ 3,073,401</u>	<u>\$ 4,911,197</u>	<u>\$ 4,608,924</u>	<u>\$ 6,012,210</u>	<u>\$ 6,777,519</u>	<u>\$ 7,849,985</u>	<u>\$ 8,025,432</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.73%	101.78%	89.57%	76.43%	63.53%	67.06%	58.46%	55.83%	53.76%	53.52%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A									

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

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

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

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 2,045,279	\$ 606,539	\$ 1,438,740		N/A
2014	1,809,537	564,311	1,245,226	-	N/A
2015	1,769,978	580,317	1,189,661	-	N/A
2016	1,531,255	593,256	937,999	-	N/A
2017	1,358,714	595,955	762,759	-	N/A
2018	1,042,598	593,337	449,261	-	N/A
2019	1,110,846	570,032	540,814	-	N/A
2020	696,613	638,319	58,294	-	N/A
2021	302,095	693,767	(391,672)	-	N/A
2022	419,517	752,799	(333,282)	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	1983 Group Annuity Mortality

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

City of Springdale, Arkansas

Defined Benefit Pension Plans - Schedule of Changes in the City's Net Pension Liability and Related Ratios - Policemen's Pension and Relief Fund

Fiscal year ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	651,148	655,705	671,832	706,880	725,816	741,399	758,914	809,001	822,232	834,870
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience *	(93,258)	(89,811)	129,234	(277,035)	34,465	91,404	35,255	(666,271)	57,613	56,839
Assumption changes	-	455,828	-	-	-	-	-	-	-	-
Benefit payments	(1,106,597)	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Refunds	-	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(548,707)	(97,404)	(327,008)	(703,693)	(384,185)	(311,663)	(350,297)	(1,001,736)	(264,621)	(252,757)
Total Pension Liability - Beginning	13,576,266	13,673,670	14,000,678	14,704,371	15,088,556	15,400,219	15,750,516	16,752,252	17,016,873	17,269,630
Total Pension Liability - Ending (a)	\$ 13,027,559	\$ 13,576,266	\$ 13,673,670	\$ 14,000,678	\$ 14,704,371	\$ 15,088,556	\$ 15,400,219	\$ 15,750,516	\$ 16,752,252	\$ 17,016,873
Plan Fiduciary Net Position										
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	868,168	810,121	770,964	684,052	690,283	696,132	665,893	679,786	633,760	684,637
Net investment income (loss)	(1,317,912)	1,161,413	565,374	1,291,587	(484,326)	880,932	543,877	(176,004)	563,969	935,424
Benefit payments	(1,106,597)	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Funeral benefit	-	-	-	-	(6,500)	-	-	(6,500)	-	-
Other/Reconciliation	(23,655)	(10,754)	1,663	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	(258)	-	-	-
Net Change in Plan Fiduciary Net Position	(1,579,996)	841,654	209,927	842,101	(945,009)	432,598	65,046	(647,184)	53,263	475,595
Plan Fiduciary Net Position - Beginning	9,702,444	8,860,790	8,650,863	7,808,762	8,753,771	8,321,173	8,256,127	8,903,311	8,850,048	8,374,453
Plan Fiduciary Net Position - Ending (b)	\$ 8,122,448	\$ 9,702,444	\$ 8,860,790	\$ 8,650,863	\$ 7,808,762	\$ 8,753,771	\$ 8,321,173	\$ 8,256,127	\$ 8,903,311	\$ 8,850,048
Net Pension Liability (a) - (b)	\$ 4,905,111	\$ 3,873,822	\$ 4,812,880	\$ 5,349,815	\$ 6,895,609	\$ 6,334,785	\$ 7,079,046	\$ 7,494,389	\$ 7,848,941	\$ 8,166,825
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.35%	71.47%	64.80%	61.79%	53.11%	58.02%	54.03%	52.42%	53.15%	52.01%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A									

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Contributions -
Policemen's Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 2,005,643	\$ 684,637	\$ 1,321,006	\$ -	N/A
2014	1,841,418	626,132	1,215,286	-	N/A
2015	1,761,283	679,765	1,081,518	-	N/A
2016	1,692,892	665,814	1,027,078	-	N/A
2017	1,599,260	694,848	904,412	-	N/A
2018	1,431,737	689,867	741,870	-	N/A
2019	1,558,282	680,769	877,513	-	N/A
2020	1,209,889	770,964	438,925	-	N/A
2021	1,089,198	810,121	279,077	-	N/A
2022	877,914	868,168	9,746	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	1983 Group Annuity Mortality

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

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

Plan	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2022	-19.83%
	2021	15.26%
	2020	19.81%
	2019	24.16%
	2018	-2.82%
	2017	18.36%
	2016	5.94%
	2015	0.53%
	2014	6.05%
	2013	18.44%
Policemen's Pension and Relief Fund	2022	-13.78%
	2021	13.38%
	2020	6.69%
	2019	17.07%
	2018	-5.69%
	2017	10.90%
	2016	6.80%
	2015	-2.61%
	2014	7.09%
	2013	11.49%

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

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

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

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

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

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

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

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

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

<u>City fiscal year ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportionate share of the net pension liability	0.3599%	0.3602%	0.3610%	0.3384%	0.0031%	0.0073%	0.0107%	0.0099%
City's proportionate share of the net pension liability	\$ 97,030	\$ 27,690	\$ 103,384	\$ 82,636	\$ 68,327	\$ 189,320	\$ 254,984	\$ 182,965
City's covered-employee payroll	\$ 75,220	\$ 73,289	\$ 71,784	\$ 65,913	\$ 58,017	\$ 148,688	\$ 180,014	\$ 176,262
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.99%	37.78%	144.02%	125.37%	117.77%	127.33%	141.65%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	79.59%	79.59%	75.65%	75.50%	80.39%

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

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

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

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

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

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

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Sales	\$ 39,000,700	\$ 39,000,700	\$ 41,526,296	\$ 2,525,596
Ad valorem	6,420,000	6,420,000	6,483,182	63,182
Franchise	4,836,000	4,836,000	5,586,882	750,882
Fees and permits:				
Building permits	730,000	730,000	1,069,602	339,602
Occupation permits	184,500	184,500	184,244	(256)
Other	209,300	209,300	248,740	39,440
Intergovernmental:				
Federal and state grants	470,000	470,000	1,513,389	1,043,389
State turnback	1,125,300	1,125,300	1,333,624	208,324
State turnback - general	1,307,640	1,307,640	1,300,400	(7,240)
State turnback-insurance	1,696,800	1,696,800	1,764,390	67,590
County	17,570	17,570	19,272	1,702
Other	1,330,000	1,330,000	1,128,012	(201,988)
Other grants and contributions	749,690	749,690	6,329,977	5,580,287
Charges for goods and services:				
Ambulance fees	1,860,000	1,860,000	2,174,446	314,446
Other revenues	1,425,400	1,425,400	1,893,933	468,533
Fines and forfeitures	813,100	813,100	823,927	10,827
Investment earnings(losses)	75,800	75,800	(803,190)	(878,990)
Miscellaneous	419,900	419,900	540,458	120,558
Total revenues	<u>62,671,700</u>	<u>62,671,700</u>	<u>73,117,584</u>	<u>10,445,884</u>
Expenditures				
General Government				
Administration				
Personnel	2,233,250	2,233,250	2,111,103	122,147
Buildings and equipment	110,390	110,390	140,821	(30,431)
Supplies	88,000	88,000	59,152	28,848
Other	931,520	931,520	643,722	287,798
Economic development	405,640	405,640	411,385	(5,745)
Capital	-	-	45,248	(45,248)
Total Administration Expenditures	<u>3,768,800</u>	<u>3,768,800</u>	<u>3,411,431</u>	<u>357,369</u>
City Attorney				
Personnel	843,750	843,750	864,852	(21,102)
Buildings and equipment	15,100	15,100	12,193	2,907
Supplies	14,600	14,600	16,797	(2,197)
Other	19,550	19,550	13,853	5,697
Total City Attorney Expenditures	<u>893,000</u>	<u>893,000</u>	<u>907,695</u>	<u>(14,695)</u>
Information Technology				
Personnel	845,410	845,410	793,725	51,685
Buildings and equipment	447,550	447,550	535,843	(88,293)
Supplies	9,600	9,600	11,926	(2,326)
Other	150,000	150,000	161,662	(11,662)
Capital	-	-	6,822	(6,822)
Total Information Technology Expenditures	<u>1,452,560</u>	<u>1,452,560</u>	<u>1,509,978</u>	<u>(57,418)</u>
Total General Government Expenditures	<u>6,114,360</u>	<u>6,114,360</u>	<u>5,829,104</u>	<u>285,256</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Shiloh Museum				
Personnel	777,010	777,010	728,678	48,332
Buildings and equipment	36,500	36,500	71,239	(34,739)
Supplies	83,600	83,600	118,737	(35,137)
Other	24,700	24,700	49,688	(24,988)
Capital	70,000	95,880	87,067	8,813
Total Shiloh Museum Expenditures	<u>991,810</u>	<u>1,017,690</u>	<u>1,055,409</u>	<u>(37,719)</u>
Springdale Senior Centers				
Personnel	473,190	473,190	469,804	3,386
Buildings and equipment	44,500	44,500	54,277	(9,777)
Supplies	261,000	261,000	285,878	(24,878)
Other	53,200	53,200	62,292	(9,092)
Capital	-	-	406,788	(406,788)
Total Springdale Senior Centers Expenditures	<u>831,890</u>	<u>831,890</u>	<u>1,279,039</u>	<u>(447,149)</u>
Parks and Recreation				
Personnel	2,662,820	2,662,820	2,822,441	(159,621)
Buildings and equipment	658,000	658,000	604,041	53,959
Supplies	1,080,420	1,080,420	1,178,948	(98,528)
Other	127,770	127,770	144,018	(16,248)
Capital	253,570	253,570	4,017,828	(3,764,258)
Total Parks and Recreation Expenditures	<u>4,782,580</u>	<u>4,782,580</u>	<u>8,767,276</u>	<u>(3,984,696)</u>
Total Culture and Recreation Expenditures	<u>6,606,280</u>	<u>6,632,160</u>	<u>11,101,724</u>	<u>(4,469,564)</u>
Community Development				
Planning and Community Development				
Personnel	598,560	598,560	519,945	78,615
Buildings and equipment	7,500	7,500	6,491	1,009
Supplies	11,500	11,500	5,515	5,985
Other	83,150	83,150	186,577	(103,427)
Total Planning and Community Development Expenditures	<u>700,710</u>	<u>700,710</u>	<u>718,528</u>	<u>(17,818)</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering				
Personnel	695,540	695,540	678,802	16,738
Buildings and equipment	4,500	4,500	6,516	(2,016)
Supplies	10,100	10,100	13,515	(3,415)
Other	120,400	120,400	94,552	25,848
Total Engineering Expenditures	<u>830,540</u>	<u>830,540</u>	<u>793,385</u>	<u>37,155</u>
Total Community Development Expenditures	<u>1,531,250</u>	<u>1,531,250</u>	<u>1,511,913</u>	<u>19,337</u>
Public Safety:				
Animal Services				
Personnel	769,590	769,590	651,261	118,329
Buildings and equipment	68,200	68,200	68,082	118
Supplies	152,100	152,100	169,088	(16,988)
Other	103,400	103,400	119,261	(15,861)
Capital	109,900	109,900	45,495	64,405
Total Animal Services Expenditures	<u>1,203,190</u>	<u>1,203,190</u>	<u>1,053,187</u>	<u>150,003</u>
Building Inspection				
Personnel	675,450	675,450	672,093	3,357
Buildings and equipment	17,000	17,000	9,938	7,062
Supplies	33,850	33,850	35,321	(1,471)
Other	51,500	51,500	39,131	12,369
Total Building Inspection Expenditures	<u>777,800</u>	<u>777,800</u>	<u>756,483</u>	<u>21,317</u>
Neighborhood Services/Code Enforcement				
Personnel	399,850	399,850	402,102	(2,252)
Buildings and equipment	35,300	35,300	7,827	27,473
Supplies	34,900	34,900	39,023	(4,123)
Other	21,200	21,200	10,038	11,162
Total Neighborhood Services Expenditures	<u>491,250</u>	<u>491,250</u>	<u>458,990</u>	<u>32,260</u>
Police				
Personnel	18,864,530	19,105,116	17,693,321	1,411,795
Buildings and equipment	476,150	819,242	817,552	1,690
Supplies	724,600	724,600	789,315	(64,715)
Other	796,860	806,875	801,081	5,794
Capital	67,500	99,934	1,467,297	(1,367,363)
Total Police Expenditures	<u>20,929,640</u>	<u>21,555,767</u>	<u>21,568,566</u>	<u>(12,799)</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fire				
Personnel	15,001,610	15,001,610	10,740,183	4,261,427
Buildings and equipment	531,500	585,822	700,780	(114,958)
Supplies	908,000	908,000	1,072,036	(164,036)
Other	609,000	609,000	850,699	(241,699)
Capital	221,000	443,113	1,240,877	(797,764)
Total Fire Expenditures	<u>17,271,110</u>	<u>17,547,545</u>	<u>14,604,575</u>	<u>2,942,970</u>
Total Public Safety Expenditures	<u>40,672,990</u>	<u>41,575,552</u>	<u>38,441,801</u>	<u>3,133,751</u>
Total expenditures	<u>54,924,880</u>	<u>55,853,322</u>	<u>56,884,542</u>	<u>(1,031,220)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,746,820</u>	<u>6,818,378</u>	<u>16,233,042</u>	<u>9,414,664</u>
Other financing sources (uses)				
Transfers out	(2,223,400)	(2,223,400)	(2,094,156)	129,244
Refund of contributed capital	-	-	133,468	133,468
Proceeds from sale of capital assets	-	-	1,318,567	1,318,567
Insurance recoveries	-	-	1,648,679	1,648,679
Total other financing sources (uses)	<u>(2,223,400)</u>	<u>(2,223,400)</u>	<u>1,006,558</u>	<u>3,229,958</u>
Net Change in Fund Balances	5,523,420	4,594,978	17,239,600	12,644,622
Fund Balances - Beginning of Year	<u>32,644,404</u>	<u>32,644,404</u>	<u>32,644,404</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 38,167,824</u>	<u>\$ 37,239,382</u>	<u>\$ 49,884,004</u>	<u>\$ 12,644,622</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Street Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem	\$ 1,199,400	\$ 1,199,400	\$ 1,214,719	\$ 15,319
Other	30,100	30,100	33,410	3,310
Federal and state grants	1,250,000	1,250,000	1,000,744	(249,256)
State turnback - street	6,756,000	6,756,000	7,523,294	767,294
Other grants and contributions	1,284,600	1,284,600	2,042,873	758,273
Other revenues	-	-	420	420
Street signs	6,500	6,500	23,174	16,674
Street and curb cut repairs	21,000	21,000	18,944	(2,056)
Investment earnings(losses)	33,000	33,000	(164,587)	(197,587)
Miscellaneous	4,000	4,000	12,798	8,798
Total revenues	10,584,600	10,584,600	11,705,789	1,121,189
Expenditures				
Personnel	2,797,540	2,797,540	2,704,390	93,150
Building and equipment	294,500	294,500	772,320	(477,820)
Supplies	949,500	949,500	1,263,338	(313,838)
Regional support	414,160	430,160	430,160	-
Other	745,430	745,430	707,563	37,867
Capital	5,725,500	5,725,500	4,671,497	1,054,003
Total Public Works Expenditures	10,926,630	10,942,630	10,549,268	393,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	(342,030)	(358,030)	1,156,521	1,514,551
Other financing sources (uses)				
Transfers in	446,870	446,870	442,674	(4,196)
Insurance recoveries	-	-	43,730	43,730
Total other financing sources (uses)	446,870	446,870	486,404	39,534
Net Change in Fund Balances	104,840	88,840	1,642,925	1,554,085
Fund Balances - Beginning of Year	8,151,351	8,151,351	8,151,351	-
Fund Balances - End of Year	\$ 8,256,191	\$ 8,240,191	\$ 9,794,276	\$ 1,554,085

City of Springdale, Arkansas
Notes to Required Supplementary Information
Year Ended December 31, 2022

Stewardship, Compliance and Accountability

Budgetary Information

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

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

The original budget of the General Fund was amended during 2022. The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* for the General and Street funds present the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

City of Springdale, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds					
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	Public Library Board Foundation Fund
Assets						
Cash and cash equivalents	\$ 412,290	\$ 251,976	\$ 367,958	\$ -	\$ -	\$ 130,166
Investments	-	360,296	298,780	-	460,609	489,609
Accounts receivable, net	5,300	-	34,813	8,824	-	-
Interest receivable	-	-	201	-	4,133	-
Due from other funds	390	6,438	-	40,705	-	3,513
Assets held for resale	-	-	-	-	-	-
Other assets	463	44	-	247	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	220,653	-	-
Investments	-	2,368,919	-	159,952	-	-
Interest receivable	-	-	-	1,838	-	-
Total assets	\$ 418,443	\$ 2,987,673	\$ 701,752	\$ 432,219	\$ 464,742	\$ 623,288
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 31,815	\$ 4,493	\$ 45	\$ 3,034	\$ -	\$ -
Salaries payable	55,856	2,405	-	29,227	-	-
Payable from restricted assets:						
Accounts payable	-	-	-	-	-	-
Due to other funds	7,174	-	-	50	308,354	-
Deposits	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	1,630	-	-	70,730	250
Total Liabilities	94,845	8,528	45	32,311	379,084	250
Fund Balances						
Nonspendable						
Assets held for resale	-	-	-	-	-	-
Cemetery perpetual care	-	-	-	-	-	-
Endowments	-	2,368,919	-	-	-	-
Other nonspendable	37,932	44	-	247	-	-
Restricted						
Court automation	-	-	-	399,661	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Special revenue funds	285,666	610,182	701,707	-	85,658	623,038
Capital projects funds	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	323,598	2,979,145	701,707	399,908	85,658	623,038
Total Liabilities and Fund Balances	\$ 418,443	\$ 2,987,673	\$ 701,752	\$ 432,219	\$ 464,742	\$ 623,288

Special Revenue Funds		Capital Projects				Permanent		Total Nonmajor Governmental Fund
Community Development Block Grant Fund	District Court Fund	Public Facilities Board Fund	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	Bluff Cemetery Fund		
\$ -	\$ 436,805	\$ 2,352,120	\$ -	\$ -	\$ -	\$ 53,286	\$ 4,004,601	
-	-	422,345	-	-	-	417,633	2,449,272	
28,457	-	-	-	-	-	10,785	88,179	
-	-	3,284	-	-	-	936	8,554	
-	56,408	-	-	72,466	-	-	179,920	
-	-	1,880,966	-	-	-	-	1,880,966	
121	-	-	-	-	-	-	875	
-	-	-	-	3,195	-	-	223,848	
-	-	-	7	2,992,031	-	-	5,520,909	
-	-	-	-	4,625	-	-	6,463	
<u>\$ 28,578</u>	<u>\$ 493,213</u>	<u>\$ 4,658,715</u>	<u>\$ 7</u>	<u>\$ 3,072,317</u>	<u>\$ -</u>	<u>\$ 482,640</u>	<u>\$ 14,363,587</u>	
\$ 632	\$ 58,304	\$ -	\$ -	\$ 330,872	\$ -	\$ 646	\$ 429,841	
4,619	-	-	-	-	-	-	92,107	
-	-	-	-	1,752,745	-	-	1,752,745	
96,384	167,006	-	-	30,943	22	-	609,933	
-	10,472	-	-	-	-	-	10,472	
-	302,732	-	-	-	-	-	302,732	
-	-	-	-	-	-	-	72,610	
<u>101,635</u>	<u>538,514</u>	<u>-</u>	<u>-</u>	<u>2,114,560</u>	<u>22</u>	<u>646</u>	<u>3,270,440</u>	
-	-	1,880,966	-	-	-	-	1,880,966	
-	-	-	-	-	-	32,720	32,720	
-	-	-	-	-	-	-	2,368,919	
121	-	-	-	-	-	-	38,344	
-	-	-	-	-	-	-	399,661	
-	-	-	7	957,757	-	-	957,764	
-	-	-	-	-	-	-	2,306,251	
-	-	2,777,749	-	-	-	-	2,777,749	
-	-	-	-	-	-	449,274	449,274	
-	-	-	-	-	-	-	(118,501)	
<u>(73,178)</u>	<u>(45,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>-</u>	<u>(118,501)</u>	
<u>(73,057)</u>	<u>(45,301)</u>	<u>4,658,715</u>	<u>7</u>	<u>957,757</u>	<u>(22)</u>	<u>481,994</u>	<u>11,093,147</u>	
<u>\$ 28,578</u>	<u>\$ 493,213</u>	<u>\$ 4,658,715</u>	<u>\$ 7</u>	<u>\$ 3,072,317</u>	<u>\$ -</u>	<u>\$ 482,640</u>	<u>\$ 14,363,587</u>	

City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds						
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	Public Library Board Foundation Fund	Community Development Block Grant Fund
Revenues							
Taxes	\$ 45,815	\$ -	\$ 595,490	\$ -	\$ -	\$ -	\$ -
Fees and permits	-	23,864	-	-	-	-	-
Intergovernmental	1,670,310	16,852	-	40,796	-	-	708,383
Other grants and contributions	205	883,680	-	-	-	105,318	1,029
Charges for goods and services	-	7,395	-	250,037	422,661	-	-
Fines and forfeitures	19,485	-	-	-	-	-	-
Investment earnings (loss)	1,777	(247,855)	2,531	(12,190)	(30,466)	(70,244)	-
Miscellaneous	18,401	5,050	-	1,099	-	-	76,575
Total revenues	1,755,993	688,986	598,021	279,742	392,195	35,074	785,987
Expenditures							
Current							
General government	-	-	-	1,039,189	-	-	-
Community development	-	-	-	-	-	-	811,209
Culture and recreation	2,648,441	249,448	-	-	129,462	54,197	-
Economic development	-	-	418,224	-	-	-	-
Capital expenditures	-	36,196	-	-	819,703	-	-
Debt Service	-	-	-	-	-	-	-
Total expenditures	2,648,441	285,644	418,224	1,039,189	949,165	54,197	811,209
Excess (Deficiency) of Revenues Over (Under) Expenditures	(892,448)	403,342	179,797	(759,447)	(556,970)	(19,123)	(25,222)
Other Financing Sources (Uses)							
Transfers in	887,040	-	-	764,442	-	-	-
Insurance recoveries	58,088	-	-	-	-	-	-
Total other financing sources (uses)	945,128	-	-	764,442	-	-	-
Net Change in Fund Balances	52,680	403,342	179,797	4,995	(556,970)	(19,123)	(25,222)
Fund Balances, Beginning of Year	270,918	2,575,803	521,910	394,913	642,628	642,161	(47,835)
Fund Balances, End of Year	\$ 323,598	\$ 2,979,145	\$ 701,707	\$ 399,908	\$ 85,658	\$ 623,038	\$ (73,057)

Special Revenue Funds		Capital Projects			Permanent		
District Court Fund	Public Facilities Board Fund	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	Bluff Cemetery Fund	Total Nonmajor Governmental Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,305	
-	-	-	-	-	-	23,864	
-	-	-	-	-	-	2,436,341	
-	-	-	-	-	-	990,232	
149,765	1,156,350	-	-	-	7,125	1,993,333	
2,708,255	-	-	-	-	-	2,727,740	
551	16,417	311	26,522	-	(19,223)	(331,869)	
-	1,811	-	-	-	-	102,936	
<u>2,858,571</u>	<u>1,174,578</u>	<u>311</u>	<u>26,522</u>	<u>-</u>	<u>(12,098)</u>	<u>8,583,882</u>	
2,268,982	-	-	-	-	64,548	3,372,719	
-	-	-	-	-	-	811,209	
-	-	-	-	-	-	3,081,548	
-	-	-	-	-	-	418,224	
625,115	405,642	21,538	4,429,820	-	-	6,338,014	
<u>2,894,097</u>	<u>405,642</u>	<u>21,538</u>	<u>4,429,820</u>	<u>-</u>	<u>64,548</u>	<u>14,021,714</u>	
(35,526)	768,936	(21,227)	(4,403,298)	-	(76,646)	(5,437,832)	
-	-	-	-	-	-	1,651,482	
-	-	-	-	-	175	58,263	
-	-	-	-	-	175	1,709,745	
(35,526)	768,936	(21,227)	(4,403,298)	-	(76,471)	(3,728,087)	
(9,775)	3,889,779	21,234	5,361,055	(22)	558,465	14,821,234	
<u>\$ (45,301)</u>	<u>\$ 4,658,715</u>	<u>\$ 7</u>	<u>\$ 957,757</u>	<u>\$ (22)</u>	<u>\$ 481,994</u>	<u>\$ 11,093,147</u>	

City of Springdale, Arkansas
Combining Statement of Net Position -
Nonmajor Enterprise Funds
December 31, 2022

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 28,991	\$ 328,013	\$ 357,004
Investments	-	80,889	80,889
Accounts receivable, net	-	45,276	45,276
Accrued interest	-	242	242
Other assets	-	85	85
Total current assets	<u>28,991</u>	<u>454,505</u>	<u>483,496</u>
Capital assets			
Machinery and equipment	-	280,774	280,774
Less accumulated depreciation	-	(175,213)	(175,213)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>105,561</u>	<u>105,561</u>
Total assets	<u>28,991</u>	<u>560,066</u>	<u>589,057</u>
Deferred Outflows of Resources			
Other postemployment benefits	-	1,593	1,593
Total Deferred Outflows of Resources	<u>-</u>	<u>1,593</u>	<u>1,593</u>
Liabilities			
Current Liabilities			
Accounts payable	-	4,252	4,252
Salaries payable	-	4,141	4,141
Total current liabilities	<u>-</u>	<u>8,393</u>	<u>8,393</u>
Noncurrent liabilities			
Due within one year	-	141	141
Due in more than one year	-	14,075	14,075
Total noncurrent liabilities	<u>-</u>	<u>14,216</u>	<u>14,216</u>
Total liabilities	<u>-</u>	<u>22,609</u>	<u>22,609</u>
Deferred Inflows of Resources			
Other postemployment benefits	-	5,642	5,642
Total Deferred Inflows of Resources	<u>-</u>	<u>5,642</u>	<u>5,642</u>
Net Position			
Net investment in capital assets	-	105,561	105,561
Unrestricted	<u>28,991</u>	<u>427,847</u>	<u>456,838</u>
Total net position	<u>\$ 28,991</u>	<u>\$ 533,408</u>	<u>\$ 562,399</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenses and Changes in Net Position -
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Operating Revenues			
Charges for services			
Other service fees	\$ 2,283	\$ 176,933	\$ 179,216
Other revenue	7,278	-	7,278
Total operating revenues	<u>9,561</u>	<u>176,933</u>	<u>186,494</u>
Operating Expenses			
Personnel	-	109,144	109,144
Supplies	57	28,679	28,736
Other operating expenses	7,278	1,759	9,037
Depreciation	-	22,159	22,159
Total operating expenses	<u>7,335</u>	<u>161,741</u>	<u>169,076</u>
Operating Income	<u>2,226</u>	<u>15,192</u>	<u>17,418</u>
Nonoperating Revenues (Expenses)			
Investment earnings (loss)	-	(11,362)	(11,362)
Total Nonoperating Revenues	<u>-</u>	<u>(11,362)</u>	<u>(11,362)</u>
Change in Net Position	2,226	3,830	6,056
Net Position - Beginning of Year	<u>26,765</u>	<u>529,578</u>	<u>556,343</u>
Net Position - End of Year	<u>\$ 28,991</u>	<u>\$ 533,408</u>	<u>\$ 562,399</u>

City of Springdale, Arkansas
Combining Statement of Cash Flows –
Nonmajor Enterprise Funds
Year Ended December 31, 2022

	<u>Enterprise Funds</u>		
	<u>City Attorney Restitution Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 2,283	182,581	184,864
Payments to suppliers	(57)	(37,747)	(37,804)
Payments to employees	-	(99,229)	(99,229)
Net cash provided by operating activities	<u>2,226</u>	<u>45,605</u>	<u>47,831</u>
Cash Flows From Investing Activities			
Interest received	-	2,087	2,087
Net cash provided by investing activities	<u>-</u>	<u>2,087</u>	<u>2,087</u>
Net Increase in Cash and Cash Equivalents	2,226	47,692	49,918
Cash and Cash Equivalents, January 1	<u>26,765</u>	<u>280,321</u>	<u>307,086</u>
Cash and Cash Equivalents, December 31	<u>\$ 28,991</u>	<u>\$ 328,013</u>	<u>\$ 357,004</u>
Reconciliation of Operating Income to Net Cash provided by operating activities			
Operating income	<u>\$ 2,226</u>	<u>\$ 15,192</u>	<u>\$ 17,418</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	-	22,159	22,159
Increase in accounts receivable	-	(1,630)	(1,630)
Decrease in other assets	-	368	368
Increase in deferred outflows of resources	-	(482)	(482)
Decrease in accounts payable	-	(399)	(399)
Increase in salaries payable	-	2,430	2,430
Increase in compensated absences	-	1,137	1,137
Increase in deferred inflows of resources	-	2,762	2,762
Increase in OPEB liability	-	4,068	4,068
	<u>-</u>	<u>30,413</u>	<u>30,413</u>
Net Cash Provided By Operating Activities	<u>\$ 2,226</u>	<u>\$ 45,605</u>	<u>\$ 47,831</u>
Noncash Activities			
Change in fair value of investments	-	(13,449)	(13,449)

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Public Library Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 55,000	\$ 55,000	\$ 45,815	\$ (9,185)
Intergovernmental				
Federal and state grants	3,600	3,600	25,650	22,050
County	1,644,660	1,644,660	1,644,660	-
Other grants and contributions	-	-	205	205
Fines	10,000	10,000	19,485	9,485
Investment earnings	-	-	1,777	1,777
Miscellaneous	15,000	15,000	18,401	3,401
Total revenues	<u>1,728,260</u>	<u>1,728,260</u>	<u>1,755,993</u>	<u>27,733</u>
Expenditures				
Culture and recreation				
Public Library				
Personnel	1,687,440	1,687,440	1,603,115	84,325
Maintenance	244,100	244,100	250,479	(6,379)
Supplies	553,300	553,300	619,385	(66,085)
Other	211,100	211,100	175,462	35,638
Total Public Library expenditures	<u>2,695,940</u>	<u>2,695,940</u>	<u>2,648,441</u>	<u>47,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(967,680)</u>	<u>(967,680)</u>	<u>(892,448)</u>	<u>75,232</u>
Other Financing Sources (Uses)				
Transfers in	967,680	967,680	887,040	(80,640)
Insurance recoveries	-	-	58,088	58,088
Total other financing sources (uses)	<u>967,680</u>	<u>967,680</u>	<u>945,128</u>	<u>(22,552)</u>
Net Change in Fund Balances	-	-	52,680	52,680
Fund Balances - Beginning of Year	<u>270,918</u>	<u>270,918</u>	<u>270,918</u>	<u>-</u>
Fund Balances - End of Year	<u><u>\$ 270,918</u></u>	<u><u>\$ 270,918</u></u>	<u><u>\$ 323,598</u></u>	<u><u>\$ 52,680</u></u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - District Court Costs Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal and state grants	\$ -	\$ -	\$ 863	\$ 863
Intergovernmental				
County	42,050	42,050	39,933	(2,117)
Fees and permit				
Installment plan fees	105,000	105,000	89,549	(15,451)
Other revenues	155,000	155,000	160,488	5,488
Investment earnings	5,000	5,000	(12,190)	(17,190)
Miscellaneous	-	-	1,099	1,099
Total revenues	307,050	307,050	279,742	(27,308)
Expenditures				
General government				
Court Costs				
Personnel	934,750	934,750	907,584	27,166
Maintenance	68,500	68,500	51,041	17,459
Supplies	25,000	25,000	47,344	(22,344)
Other	87,300	87,300	33,220	54,080
Total Court Costs expenditures	1,115,550	1,115,550	1,039,189	76,361
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(808,500)	(808,500)	(759,447)	49,053
Other Financing Sources (Uses)				
Transfers in	808,850	808,850	764,442	(44,408)
Total other financing sources (uses)	808,850	808,850	764,442	(44,408)
Special Items				
Total special items	-	-	-	-
Net Change in Fund Balances	350	350	4,995	4,645
Fund Balances - Beginning of Year	394,913	394,913	394,913	-
Fund Balances - End of Year	\$ 395,263	\$ 395,263	\$ 399,908	\$ 4,645

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Arvest Ballpark Fund
Year Ended December 31, 2022

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rent	\$ 345,000	\$ 345,000	\$ 422,661	\$ 77,661
Investment earnings	11,100	11,100	(30,466)	(41,566)
Total revenues	<u>356,100</u>	<u>356,100</u>	<u>392,195</u>	<u>36,095</u>
Expenditures				
Culture and recreation				
Maintenance	125,000	125,000	43,833	81,167
Other	100,250	100,250	85,629	14,621
Capital	-	-	819,703	(819,703)
Total Arvest Ball Park expenditures	<u>225,250</u>	<u>225,250</u>	<u>949,165</u>	<u>(723,915)</u>
Other Financing Sources (Uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	130,850	130,850	(556,970)	(687,820)
Fund Balances - Beginning of Year	<u>642,628</u>	<u>642,628</u>	<u>642,628</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 773,478</u>	<u>\$ 773,478</u>	<u>\$ 85,658</u>	<u>\$ (687,820)</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Bluff Cemetery Fund
Year Ended December 31, 2022

	Budgets		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for goods				
Cemetery lots	\$ 1,500	\$ 1,500	\$ 7,125	\$ 5,625
Investment earnings(losses)	53,000	53,000	(19,223)	(72,223)
Total revenues	54,500	54,500	(12,098)	(66,598)
Expenditures				
General government				
Cemetery				
Maintenance	50,060	50,060	61,268	(11,208)
Other	3,600	3,600	3,280	320
Total Bluff Cemetery expenditures	53,660	53,660	64,548	(10,888)
Excess (Deficiency) of Revenues Over (Under) Expenditures	840	840	(76,646)	(77,486)
Other Financing Sources (Uses)				
Insurance recoveries	-	-	175	175
Total other financing sources (uses)	-	-	175	175
Net Change in Fund Balances	840	840	(76,471)	(77,311)
Fund Balances - Beginning of Year	558,465	558,465	558,465	-
Fund Balances - End of Year	<u>\$ 559,305</u>	<u>\$ 559,305</u>	<u>\$ 481,994</u>	<u>\$ (77,311)</u>

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City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position -
Budget and Actual - Municipal Airport Fund
Year Ended December 31, 2022

	Budgets	
	Original	Final
Operating Revenues		
Fuel flowage fees	\$ 52,700	\$ 52,700
Other service fees	17,170	17,170
Rental fees	354,070	354,070
Other revenue	-	-
Total operating revenues	<u>423,940</u>	<u>423,940</u>
Operating Expenses		
Personnel	108,520	108,520
Maintenance	110,000	110,000
Supplies	48,300	48,300
Other operating expenses	170,350	170,350
Depreciation	-	-
Total operating expenses	<u>437,170</u>	<u>437,170</u>
Operating Income (Loss)	<u>(13,230)</u>	<u>(13,230)</u>
Nonoperating Revenues (Expenses)		
Sales taxes	55,400	55,400
Investment earnings (loss)	1,000	1,000
Insurance recoveries	-	-
Total nonoperating revenues (expenses)	<u>56,400</u>	<u>56,400</u>
Income (Loss) before Capital Contributions and Special Items	43,170	43,170
Capital grants and contributions	-	-
Change in Net Position	43,170	43,170
Net Position - Beginning of Year	<u>8,638,160</u>	<u>8,638,160</u>
Net Position - End of Year	<u>\$ 8,681,330</u>	<u>\$ 8,681,330</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 67,790	\$ -	\$ 67,790	\$ 15,090
18,530	-	18,530	1,360
373,504	-	373,504	19,434
14	-	14	14
<u>459,838</u>	<u>-</u>	<u>459,838</u>	<u>35,898</u>
93,135	-	93,135	15,385
85,328	-	85,328	24,672
61,198	-	61,198	(12,898)
198,895	-	198,895	(28,545)
451,827	(451,827)	-	-
<u>890,383</u>	<u>(451,827)</u>	<u>438,556</u>	<u>(1,386)</u>
<u>(430,545)</u>	<u>451,827</u>	<u>21,282</u>	<u>34,512</u>
82,626	-	82,626	27,226
1,662	-	1,662	662
<u>529,986</u>	<u>-</u>	<u>529,986</u>	<u>529,986</u>
<u>614,274</u>	<u>-</u>	<u>614,274</u>	<u>557,874</u>
183,729	451,827	635,556	592,386
<u>2,808,701</u>	<u>-</u>	<u>2,808,701</u>	<u>2,808,701</u>
2,992,430	451,827	3,444,257	3,401,087
<u>8,638,160</u>	<u>-</u>	<u>8,638,160</u>	<u>-</u>
<u>\$ 11,630,590</u>	<u>\$ 451,827</u>	<u>\$ 12,082,417</u>	<u>\$ 3,401,087</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position -
Budget and Actual - Sanitation Fund
Year Ended December 31, 2022

	Budgets	
	Original	Final
Operating Revenues		
Charges for services		
Other service fees	\$ 174,000	\$ 174,000
Total operating revenues	174,000	174,000
Operating Expenses		
Personnel	98,400	98,400
Maintenance	2,000	2,000
Supplies	26,500	26,500
Other operating expenses	4,000	4,000
Depreciation	-	-
Total operating expenses	130,900	130,900
Operating Income (Loss)	43,100	43,100
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	1,000	1,000
Total nonoperating revenues (expenses)	1,000	1,000
Change in Net Position	44,100	44,100
Net Position - Beginning of Year	529,578	529,578
Net Position - End of Year	\$ 573,678	\$ 573,678

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 176,933	\$ -	\$ 176,933	\$ 2,933
<u>176,933</u>	<u>-</u>	<u>176,933</u>	<u>2,933</u>
109,144	-	109,144	(10,744)
-	-	-	2,000
28,679	-	28,679	(2,179)
1,759	-	1,759	2,241
22,159	(22,159)	-	-
<u>161,741</u>	<u>(22,159)</u>	<u>139,582</u>	<u>(8,682)</u>
<u>15,192</u>	<u>22,159</u>	<u>37,351</u>	<u>(5,749)</u>
(11,362)	-	(11,362)	(12,362)
<u>(11,362)</u>	<u>-</u>	<u>(11,362)</u>	<u>(12,362)</u>
3,830	22,159	25,989	(18,111)
<u>529,578</u>	<u>-</u>	<u>529,578</u>	<u>-</u>
<u>\$ 533,408</u>	<u>\$ 22,159</u>	<u>\$ 555,567</u>	<u>\$ (18,111)</u>

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Other Required Reports



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Independent Accountant's Report on Compliance With Certain State Acts

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

We have examined management's assertions that the City of Springdale, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2022.

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

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

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

In our opinion, the City of Springdale, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2022.

FORVIS,LLP

Rogers, Arkansas
April 5, 2024

Single Audit Section

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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

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

We have audited, in accordance with 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Springdale, Arkansas, (the 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 basic financial statements, and have issued our report thereon dated April 5, 2024.

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 City'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, regulations, 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Rogers, Arkansas
April 5, 2024

Report on Compliance for Each Major Federal Program Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Springdale (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Rogers, Arkansas
April 5, 2024

City of Springdale, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>					
<i>CDBG - Entitlement Grants Cluster</i>					
Community Development Block Grant/Entitlement Grant	14.218		B-20-MC-05-0002	\$ -	\$ 152,368
Community Development Block Grant/Entitlement Grant	14.218		B-21-MC-05-0002	-	255,553
Community Development Block Grant/ Entitlement Grant	14.218		B-22-MC-05-0002		121,830
COVID-19 Community Development Block Grant/Entitlement Grant	14.218		B-20-MW-05-0002	178,632	178,632
Total CDBG - Entitlement Grants Cluster				178,632	529,751
Total U.S. Department of Housing and Urban Development				178,632	708,383
<u>U.S. Department of Transportation</u>					
Airport Improvement Program	20.106		3-05-0059-024-2021	-	2,749,701
COVID-19 Airport Improvement Program	20.106		3-05-0059-024-2022	-	59,000
Total U.S. Department of Transportation				-	2,808,701
<i>Highway Safety Cluster</i>					
Federal Highway Administration					
<i>Passed through Arkansas State Police</i>					
Selective Traffic Enforcement Project					
State & Community Highway Safety	20.600	OP-2022-01-01-26		-	11,611
State & Community Highway Safety	20.600	SE-2022-02-02-26		-	11,717
State & Community Highway Safety	20.600	M5X-2022-06-06-26		-	3,474
State & Community Highway Safety	20.600	M8DDLE-2022-02-02-26		-	137
State & Community Highway Safety	20.600	SE-2022-01-01-26		-	4,344
State & Community Highway Safety	20.600	OP-2023-02-02-26		-	6,170
State & Community Highway Safety	20.600	SE-2023-02-02-26		-	1,460
				-	38,913
<i>Passed through Arkansas State Police</i>					
National Priority Safety Program	20.616	N/A		-	22,400
National Priority Safety Program	20.616	N/A		-	4,125
				-	26,525
Total Highway Safety Cluster				-	65,438
<i>Highway Planning and Construction Cluster</i>					
<i>Passed through Arkansas Department of Transportation</i>					
Highway Planning and Construction	20.205	FAP-STPU-9399(23)		-	5,127
Highway Planning and Construction	20.205	FAP-TAPF-9399(25)		-	1,000,000
Highway Planning and Construction	20.205	FAP-STPU-9399(19)		-	1,653,352
Total Highway Planning and Construction Cluster				-	2,658,479
Total U.S. Department of Transportation				-	5,532,618

City of Springdale, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice					
Public Safety Partnership and Community Policing Grants	16.710		2020UMWX0041	\$ -	\$ 154,266
Office of Justice Programs					
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034		2020-VD-BX-0053	-	27,139
Edward Byrne Memorial Justice Assistance Grant Program	16.738		15PBJA-21-GG-01152-JAGX	-	21,282
Bulletproof Vest Partnership Program	16.607		2021BUBX21026090	-	15,600
Bulletproof Vest Partnership Program	16.607		2022BUBX22030083	-	6,236
				-	70,257
<i>Passed Through City of Fayetteville, AR</i>					
Project Safe Neighborhood	16.609	PW-22-04-P19	2019-GP-BX-0007	-	5,217
				-	5,217
Total U.S. Department of Justice					
				-	229,740
US Department of Treasury					
Coronavirus State and Local Fiscal recovery Funds	21.027		ARPA	87,176	5,937,548
Total U.S. Department of Justice					
				87,176	5,937,548
National Endowment for the Arts					
<i>Institute of Museum and Library Services</i>					
Museums for America	45.301			-	13,852
Arkansas Humanities Council					
COVID-19 Promotion of the Humanities Federal/State Partnership	45.129	ARPA		-	2,421
Total National Endowment for the Arts					
				-	16,273
Executive Office of the President					
<i>Office of National Drug Control Policy</i>					
<i>Washington County, AR</i>					
High-Intensity Drug Trafficking Area Program	95.001	G20GC0004A		-	28,934
High-Intensity Drug Trafficking Area Program	95.001	G21GC0004A		-	30,199
Total Executive Office of the President					
				-	59,133
U.S. Department of Homeland Security					
Federal Emergency Management Agency/Staffing for SAFER Grant	97.083		EMW-2018-FH-00223	-	120,707
Total U.S. Department of Homeland Security					
				-	120,707
Total Expenditures of Federal Awards				\$ 265,808	\$ 12,604,402

The accompanying notes are an integral part of this schedule.

City of Springdale, Arkansas
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Springdale, Arkansas (the City) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Springdale, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2022

State Awards	Grantor Number	Expenditures
Arkansas Department of Health - Trama Section		
Trauma EMS Sustaining Grant	460004898	\$ 23,026
University of Arkansas - Arkansas Humanities Center		
Digital Buffalo Project	N/A	3,000
Arkansas State Library		
State Aid to Public Library		
Scholarships for Qualified Education Expenses		25,650
Arkansas State Police		
Law Enforcement Officer Stipend		742,785
Child Passenger Protection Fund		3,330
Arkansas Department of Finance and Administration		
<i>Passed through City of Fayetteville</i>		
Drug Law Enforcement Program 1/1/22 to 6/30/22	J22-004-DF	6,671
Drug Law Enforcement Program 7/1/22 to 12/31/22	J22-004-DF	13,687
		<u>\$ 818,149</u>
Other Assistance		Other Expenditures
<hr/>		
Passed through Area Agency on Aging		
Elderly Taxi Program - Cigarette Tax		<u>\$ 3,836</u>

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

5. Type of auditor's report issued on compliance for major federal award programs:

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

Yes No

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

7. Identification of major federal programs:

Airport Improvement Program – 20.106

Highway Planning and Construction Cluster – 20.205

Coronavirus State and Local Fiscal Recovery Funds – 21.027

8. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as a low-risk auditee?

Yes

No

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable	

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2022

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Springdale, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
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No matters are reportable.