

**ANNUAL COMPREHENSIVE FINANCIAL
REPORT**

**CITY OF FAYETTEVILLE,
ARKANSAS**

For the Year Ended December 31, 2023

**Prepared by
DEPARTMENT OF FINANCE**

**Paul A. Becker
Chief Financial Officer**

**Kristin Cavette
Accounting Director**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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CITY OF
FAYETTEVILLE
ARKANSAS

June 27, 2024

To Members of the City Council and Citizens of the City of Fayetteville:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America, (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Fayetteville for the fiscal year ended December 31, 2023.

This report consists of management's representations concerning the finances of the City of Fayetteville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fayetteville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fayetteville financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fayetteville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Fayetteville's financial statements have been audited by Forvis Mazars a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fayetteville for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information that collectively comprise the City of Fayetteville's basic financial statements as of and for the fiscal year ended December 31, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Fayetteville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's

internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Fayetteville's Single Audit Section included herein.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fayetteville's MD&A can be found immediately following the report of the independent accountants.

In 2011 the City of Fayetteville adopted GASB statement 54, which is reflected in the financial statements of the City. A noticeable change due to the implementation of GASB statement 54 is that the results of operations and assets and liabilities for the City's Disaster and Replacement Funds is now consolidated in the General Fund on the City's official audited financial statements because it does not meet the definition of a true stabilization fund. However, this fund is budgeted and accounted for as a separate special revenue fund on the City's internal records and internal statements. Within the audited financial statement, the activities of the Disaster and Recovery Fund have been identified to enable easy comparisons with prior years. The fund balance amounts associated with the Disaster and Recovery Fund are classified as committed on the General Fund Balance Sheet.

Profile of the Government

The City of Fayetteville was incorporated in 1870. The City is located in the northwestern part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. The City of Fayetteville currently occupies a land area of 55 square miles and serves a population of 73,580 as of the 2010 census. The City of Fayetteville is authorized to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which only occurs when deemed appropriate by the City Council.

The City of Fayetteville has operated under the Mayor-Council form of government since 1992. Policy-making and legislative authority are vested in the City Council consisting of eight aldermen. The City Council is responsible, among other things, for passing ordinances, adopting the budget and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City Council and Mayor are elected on a non-partisan basis. The Mayor is elected to serve a four-year term. The Council members serve four-year staggered terms with four council members elected every two years. All eight Council members are elected by ward and the Mayor is elected at large.

The City of Fayetteville provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water and wastewater services; trash collection and recycling; and recreational activities as well as cultural events. The City of Fayetteville also reports the financial activity of the Fayetteville Public Library and the Fayetteville Advertising & Promotion Commission on a component unit basis. Additional information on these component units can be found in Note 1.A in the notes to the financial statements.

The annual budget serves as the basis for the City of Fayetteville's financial planning and control. Traditionally, all divisions and departments of the City of Fayetteville are required to submit

requests for appropriation to the Mayor on or before the end of August. Not-for-profit agencies that provide City services submit their funding request to the Mayor and City Council each August/September. The Mayor uses these requests as the initial basis for developing a proposed budget. Usually in September, the Mayor presents the proposed General Fund budget to the Council for review. This is done because any property tax levy must be adopted prior to October 31 which is the last day the ordinance must be filed with the County. The Council conducts work sessions with staff and conducts public discussions on the proposed Citywide budget as part of regularly scheduled City Council meetings and during agenda sessions in November and December. Arkansas statutes establish the fiscal year for municipalities as the calendar year and require municipal budgets be submitted to the Council by December 1 of each year in Mayor-Council forms of government. The expenditure budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may initiate transfers of budget object categories within a division. Transfers between object categories within a division within a fund require the special approval of the Budget Director and Chief Financial Officer. Transfers between divisions or budgeted projects require Council approval. However, budget transfers between personnel categories may be made with the approval of the Chief Financial Officer and Chief of Staff. All amendments to the budget which increase the total amount of a fund must be approved by the Council unless delegated by a Bond Trustee agreement.

Factors Affecting Financial Condition

As this report is being issued the Country is beginning to recover from the effects of inflation and supply chain problems. The local economy in Northwest Arkansas, although not as hard hit as the national economy, continues to show improvement. The information presented in the financial statements and the relationship of that information to the City's long-term future is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Fayetteville operates.

Local Economy.

The financial conditions in Fayetteville showed continued strength in 2023. Revenues for all funds increased \$15.5 million. General Governmental Activities increased \$19.3 million but Business Activities decreased \$3.8 million. City sales taxes, which comprise approximately 60% of overall general fund revenue increased by \$4.2 million. Total revenue for the general fund was 3% over budget for the year.

Although expenditures and transfers in the Governmental Funds exceeded revenues by over \$10 million, \$19.2 million of those expenditures were for capital projects in the Sales Tax bond issues from their fund balances.

On an entity wide basis \$56 million was added to the Cities net position. Unrestricted net position fell in total by \$1.7 million in 2023. That was due to a reduction in Business- type activities by \$8 million. Governmental unrestricted net position increased by approximately \$6 million.

Fayetteville and the Northwestern Arkansas area continue to enjoy a relatively stable and diverse economic environment. Major industries with headquarters or divisions in the immediate area include Wal-Mart, Tyson Foods, and JB Hunt, and of course, the main campus of the University of Arkansas is located in Fayetteville.

Based on increased revenue expectations in 2024 the overall budget for city operations was increased by \$24.9 million mostly due to approved personnel service increases and increased

debt service payments based on mandatory redemption amount forecast. General Fund available reserves of over \$37 million at the close of 2023 should be more than adequate to meet any revenue losses which are likely to be experienced if revenues are under budgetary projections.

Long-term financial

As a budgeting tool, the City prepares a five-year Capital Improvement Program (CIP) to address capital needs. The current CIP was prepared for the period 2024-2028 and was adopted by the Council in July of 2023. This plan will be reviewed and adjusted again if necessary, for the 2025 budget.

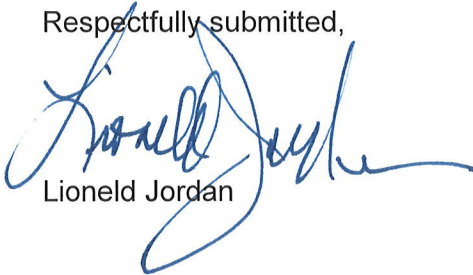
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fayetteville for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the thirty-fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized financial report. This report satisfied both GAAP and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit for the financial performance of this City also must be given to the Mayor and entire City staff as well as City Council for their continued support.

Respectfully submitted,



Lioneld Jordan



Paul A. Becker



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fayetteville
Arkansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

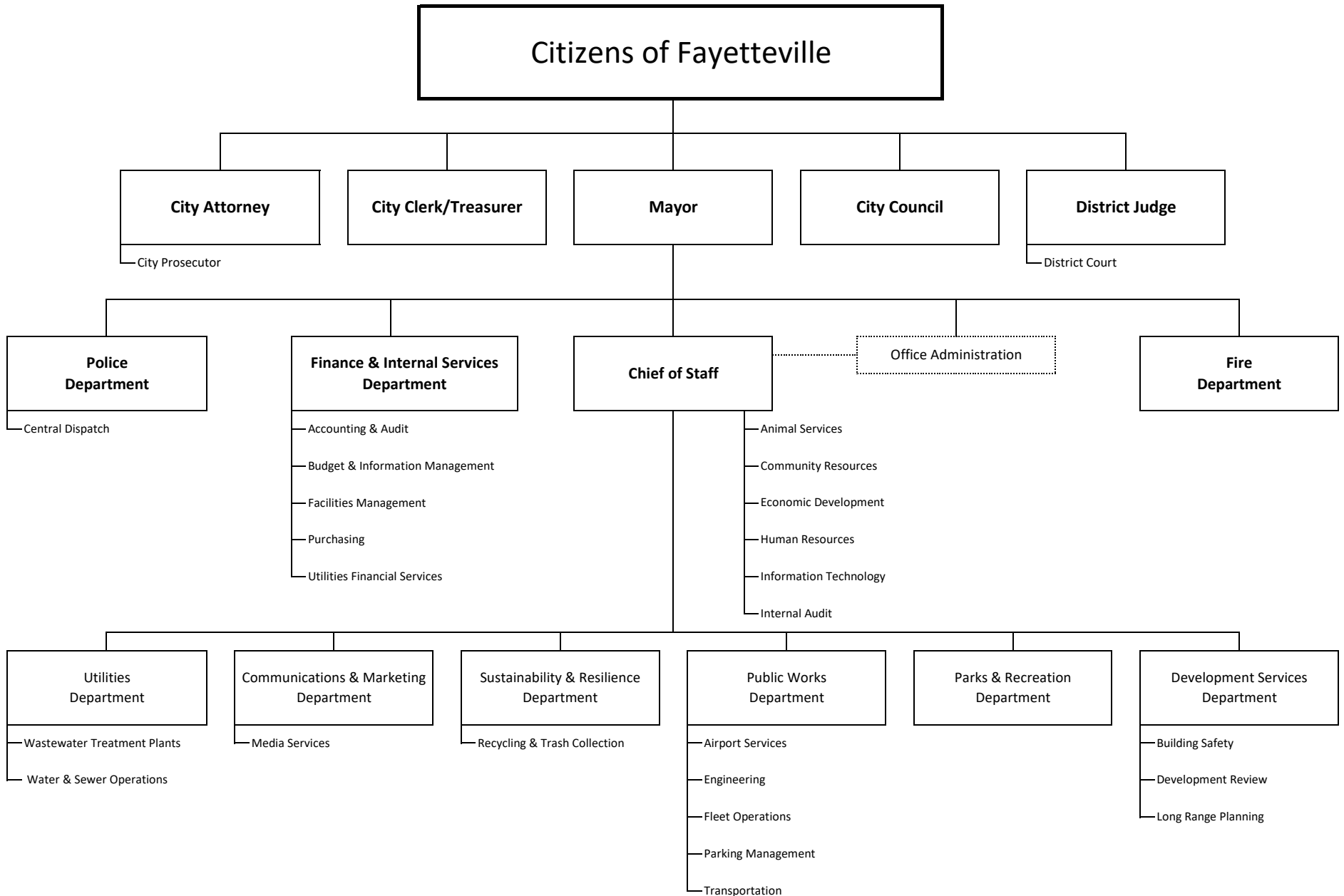
December 31, 2022

Christopher P. Morill

Executive Director/CEO

City of Fayetteville, Arkansas

Organizational Chart



Officials of the City of Fayetteville, Arkansas

Elected Officials

Mayor	Lioneld Jordan
Ward 1, Position 1	Robert Stafford
Ward 1, Position 2	D'Andre Jones
Ward 2, Position 1	Sarah Moore
Ward 2, Position 2	Mike Wiederkehr
Ward 3, Position 1	Scott Berna
Ward 3, Position 2	Sarah Bunch
Ward 4, Position 1	Teresa Turk
Ward 4, Position 2	Holly Hertzberg
City Attorney	Kit Williams
City Clerk/Treasurer	Kara Paxton
District Judge	Clinton "Casey" Jones

Executive Staff and Senior Directors

Chief of Staff	Susan Norton
Police Chief	Michael Reynolds
Fire Chief	Brad Hardin
Chief Financial Officer	Paul A. Becker
Communications & Marketing Director	Lisa Thurber
Development Services Director	Jonathan Curth
Director of Parks, Nat. Res. & Cultural Affairs	Alison Jumper
Public Works Director	Chris Brown
Utilities Director	Tim Nyander

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Fayetteville, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Arkansas (City), as of and for the year ended December 31, 2023 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, American Rescue Plan Act, and Parks Development Special Revenue funds 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, 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, 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 financial statements and schedules, 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*, and the schedule of expenditures of state 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 financial statements and schedules, schedule of expenditures of federal awards, and schedule of expenditures of state 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 comprehensive financial report. The other information comprises the introductory and statistical sections 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 June 27, 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 the 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.

Forvis Mazars, LLP

**Rogers, Arkansas
June 27, 2024**

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City of Fayetteville, Arkansas
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

As management of the City of Fayetteville (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2023. The information contained herein should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introductory Section and various historic summaries of activities and financial performance included in the Statistical Section of this report.

Financial Highlights

- The total assets and deferred outflows of resources of the primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$899,311,023 (net position). Of this amount \$94,113,142 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$55,928,312 in 2023. Net position of the governmental activities increased by \$45,938,132, which was a 5.6% decrease from the 24.7% increase in 2022. Net position of the business-type activities increased by \$9,990,180, which was a 50.7% decrease from the 2022 increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$185,207,790 a decrease of \$10,309,339 from 2022.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$37,006,091 which is equal to 52.7% of total General Fund expenditures and transfers out of \$70,208,006.
- The City's total debt including bonds, notes, capital leases, discounts and premiums decreased by \$30,525,653 or 17.5% during 2023 to a total of \$143,532,547.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 private-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 two reported as net position. Over time, increases or 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 government'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation 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 and charges (business-type activities). The governmental activities of the City include general government, finance and internal services, public safety, community planning and engineering, transportation and parking, and parks and recreation. The business-type activities of the City include the airport, recycling and trash collection, and water and sewer.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities for which the City is financially accountable (known as component units). These two component units are the Advertising & Promotion Commission and the Fayetteville Public Library. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 30 and 31 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources which 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. 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances 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 statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks Development Fund, Sales Tax Improvement Bond Fund, American Rescue Plan Act Fund, Sales Tax Capital Improvement Fund, the Sales Tax 2019 and the Sales Tax 2022 Construction Fund, all of which are considered to be major funds as defined by generally accepted accounting principles. Data from the other governmental funds are combined

into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic Governmental Fund financial statements can be found on pages 42 through 47 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, recycling and trash collection and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions for fleet operations. The services provided by the internal service fund predominantly benefit the governmental rather than the business-type functions; therefore, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Recycling and Trash Collection Fund and the Water and Sewer Fund which are considered to be major funds. The Airport Fund is presented as nonmajor enterprise fund. The Shop Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on pages 33 through 41 of this report.

Fiduciary funds. 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 own 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 48 and 49 of this report.

Notes to the 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 financial statements can be found on pages 51 through 87 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 89 through 97 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 100 through 127 of this report.

Government-wide Financial Analysis

Net position may serve over time as an indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$899,719,254 as of December 31, 2023 as shown in the table below.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 256,049,991	\$242,841,879	\$ 79,279,521	\$71,518,575	\$335,329,512	\$314,360,454
Capital assets	437,806,479	459,967,109	356,629,633	375,101,247	794,436,112	835,068,356
Total assets	693,856,470	702,808,988	435,909,154	446,619,822	1,129,765,624	1,149,428,810
Deferred outflows of resources	9,459,065	25,475,017	-	-	9,459,065	25,475,017
Total assets and deferred outflows of resources	703,315,535	728,284,005	435,909,154	446,619,822	1,139,224,689	1,174,903,827
Long-term liabilities	232,217,781	229,795,366	1,145,409	2,073,902	233,363,190	231,869,268
Other liabilities	26,264,733	28,585,832	7,053,035	6,887,106	33,317,768	35,472,938
Total liabilities	258,482,514	258,381,198	8,198,444	8,961,008	266,680,958	267,342,206
Deferred inflows of resources	26,972,603	6,104,257	2,188,417	-	29,161,020	8,250,598
Total liabilities and deferred inflows of resources	285,455,117	264,485,455	10,386,861	11,107,349	295,841,978	275,592,804
Net investment in capital assets	358,330,624	390,302,251	355,631,842	373,797,206	713,962,466	764,099,457
Restricted	32,569,564	41,098,424	-	-	32,569,564	41,098,424
Unrestricted	26,960,230	32,397,875	69,890,451	61,715,267	96,850,681	94,113,142
Total net position	\$417,860,418	\$463,798,550	\$425,522,293	\$435,512,473	\$843,382,711	\$899,311,023

The largest portion of the City's net position is net investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment), less any debt to acquire the asset. Even though these assets are reported net of related debt the liability to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate debt. Net investment in capital assets increased by \$50,136,991 in 2023. A discussion of the changes in capital assets can be found on page 23. Net position is also subject to external restrictions on how it may be used. The City has \$41,098,424 of restricted net position which is limited by state or

municipal laws or grant or contractual agreements as to the use of these funds. Unrestricted net position, which may be used to meet ongoing obligations of the City, totaled \$94,113,142. In this total, \$32,397,875 is reported in the governmental activities and \$61,715,267 in the business-type activities of the City.

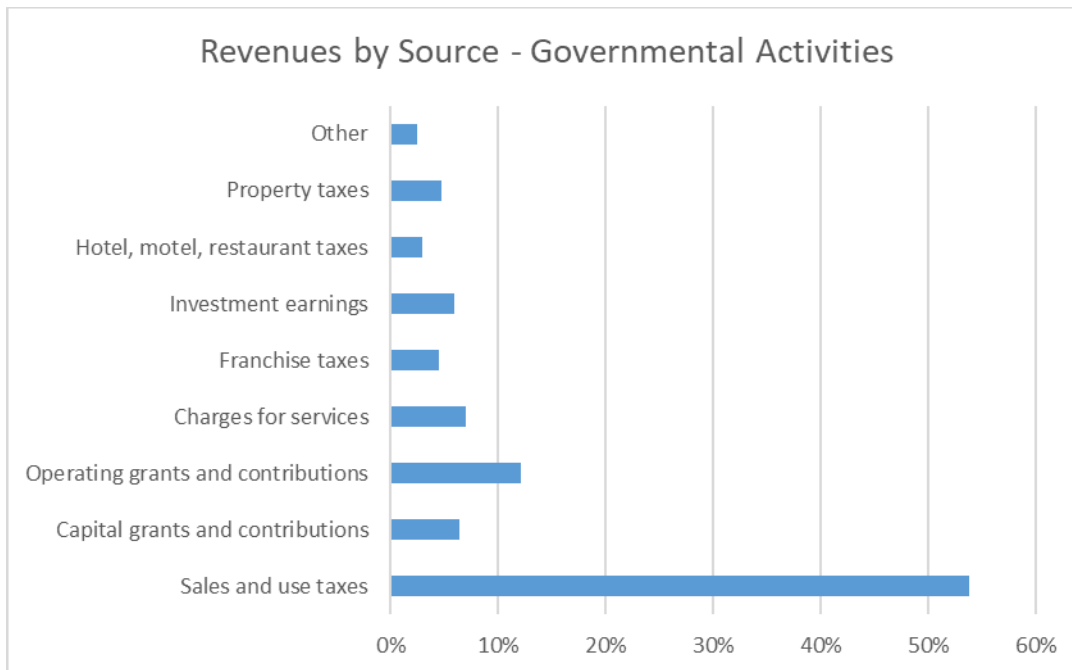
The government's net position increased by \$55,928,312 during the current year. The changes in accounts effecting net position are shown in the following schedule.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program revenues:						
Charges for services	\$ 9,888,292	\$11,770,381	\$ 68,212,803	\$67,945,890	\$ 78,101,095	\$79,716,271
Operating grants and contributions	25,100,749	20,106,806	103,807	-	25,204,556	20,106,806
Capital grants and contributions	12,367,475	10,814,101	18,582,589	11,053,006	30,950,064	21,867,107
General revenues:						
Sales and use taxes	85,316,336	89,582,182	106,752	86,408	85,423,088	89,668,590
Property taxes	6,975,311	8,004,163	-	-	6,975,311	8,004,163
Franchise taxes	7,493,022	7,483,450	348,928	435,401	7,841,950	7,918,851
Hotel, motel, restaurant taxes	4,687,799	4,995,902	-	-	4,687,799	4,995,902
Intergovernmental (ARPA)		5,193,698				5,193,698
Impact fees	2,688,076	2,866,849	-	-	2,688,076	2,866,849
Investment earnings (loss)	(2,135,702)	9,830,820	(1,989,496)	3,109,099	(4,125,198)	12,939,918
Other	115,315	1,228,976	2,105,963	1,010,527	2,221,278	2,239,503
Total revenues	152,496,673	171,877,328	87,471,346	\$83,640,331	239,968,019	255,517,659
Expenses:						
General government	13,254,537	21,550,221	-	-	13,254,537	21,550,221
Finance and internal services	7,383,374	7,155,478	-	-	7,383,374	7,155,478
Public safety	36,701,466	50,253,039	-	-	36,701,466	50,253,039
Community planning and engineering	5,963,272	6,673,183	-	-	5,963,272	6,673,183
Transportation and parking	22,656,015	24,237,495	-	-	22,656,015	24,237,495
Parks and recreation	9,989,235	11,067,086	-	-	9,989,235	11,067,086
Interest on long-term debt	4,840,026	5,175,076	-	-	4,840,026	5,175,076
Airport	-	-	5,105,544	5,034,672	5,105,544	5,034,672
Recycling and trash	-	-	14,392,658	14,565,235	14,392,658	14,565,235
Water and sewer	-	-	50,733,505	53,877,862	50,733,505	53,877,862
Total expenses	100,787,925	126,111,578	70,231,707	73,477,769	171,019,632	199,589,347
Increase in net position before transfers	51,708,748	45,765,750	17,239,639	10,162,562	68,948,387	55,928,312
Transfers	(3,045,906)	172,382	3,045,906	(172,382)	-	-
Total change in net position	48,662,842	45,938,132	20,285,545	9,990,180	68,948,387	55,928,312
Net position – beginning of year	369,197,576	417,860,418	405,236,748	425,522,293	774,434,324	843,382,711
Net position -- December 31	\$417,860,418	\$463,798,550	\$425,522,293	\$435,512,473	\$843,382,711	\$899,311,023

Governmental activities. Governmental activities net position increased by \$45,938,132. This was a \$2,724,710 decrease from the 2022 increase. Revenues increased by \$19,380,655 while expenses increased by \$25,323,653. Key elements in these changes are as follows:

- Sales and use taxes increased by \$4,265,846 due to increased sales which are related to upward trend in the economy and to population growth.
- Operating grants and contributions decreased by \$4,993,943 due to the expiration of certain COVID-19 related grants.
- Investment earnings in 2023 increased over 2022 by \$11,966,522, in large part due to market value increases at year-end.
- Expenses in the public safety activities increased by \$13,551,573 to \$50,253,039. This increase is mainly due to purchases for a new police station and salary related increases.

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

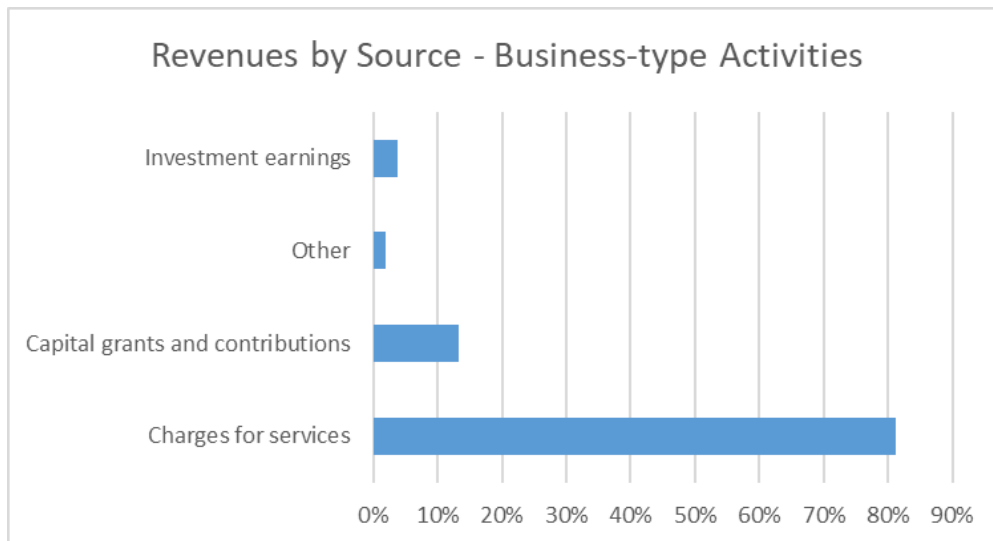


Business-type activities. The business-type activities net position increased by \$9,990,180 from 2022. Key elements in the overall increase in net position are as follows:

- The Recycling and Trash Collection Fund had an increase of net position of \$547,711. Operating revenues increased by \$498,559 and non-operating revenues increased by \$583,923. This growth in revenues can mainly be attributed to an increase in rates of 5% and growth in the customer base. Operating expenses increased by \$457,021. The majority of this increase was from personnel services cost increases of \$298,442 and increased cost of maintenance of \$99,239.

- The Water and Sewer Fund had an increase in net position of \$8,029,467 compared to an increase in 2022 of \$15,151,987. Operating revenues decreased by \$63,519. Nonoperating revenues increased by \$3,341,097 as a result of increases in the fair value of investments and interest income. Operating expenses increased by \$3,316,477, primarily from increases in contract services and charges, and increases in maintenance expense. Capital donations decreased by \$2,462,862 to a total of \$9,538,899.
- The Airport Fund had an increase in net position of \$271,847. Operating revenues decreased by \$701,952 due to decreases in fuel sale revenues. Operating expenses also decreased by \$62,402. Capital grant revenues decreased by \$3,619,005 as construction for a large runway project had been primarily completed in 2022.
- Gains allocated to the business-type funds from the City’s internal service fund for 2023 were \$1,141,155.

A chart of revenues by source for Business-type Activities is presented below.



Governmental 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 near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$185,207,790, a decrease of \$10,309,339. Of this total fund balance amount \$36,099,778 constitutes unassigned fund balance, which is available for future spending. The remainder of fund balance is shown as non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$37,006,091 while the total fund balance was \$46,871,634. The total fund balance increased by \$71,026 from the amount previously reported. As

a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 52.7% of total General Fund expenditures, while total fund balance represents 66.7% of that same amount.

The Sales Tax Improvement Bond Debt Service Fund had total fund balance of \$9,800,883 all of which is restricted for the payment of debt service charges. The increase in fund balance during the current year was \$252,131, which was due to increase in sales and use taxes dedicated to retirement of the debt.

The Parks Development Fund had a total fund balance of \$6,219,180 at year end, which represents an increase of \$1,216,981 from 2022. The fund had an increase in HMR tax revenues of \$308,103, and an increase in recognized greenspace fees of \$702,695. Capital expenditures increased by \$692,638 related to park and trails improvements.

The American Rescue Plan Act (ARPA) Fund had a total fund balance of \$103,979 at year-end. The fund accounts for the grant funds from the federal government to address the Covid-19 pandemic and the corresponding economic downturn. The City was approved for \$17,911,418 in total grant funds. The City had \$4,601,013 of the grant funds at year-end to be committed in the future.

The Sales and Use Tax Capital Improvement Fund had a total fund balance of \$18,095,344 which represents a \$2,739,495 increase from 2022. The fund had an increase in sales and use tax revenues of \$659,279 and charges for services increased by \$1,289,585. Capital expenditures decreased by \$3,207,404 in 2023.

The Sales Tax 2019 Construction Fund is used to account for bond proceeds for street, trails, drainage, parks, economic development, city facilities, an arts corridor, and police and fire projects as approved by Fayetteville voters in April 2019. Proceeds from the bonds issued were \$131,346,245. The fund balance decreased by \$12,163,098 as major projects were completed in 2023, and the fund had a year-end fund balance of \$7,302,903.

The Sales Tax 2022 Construction Fund is used to account for bond proceeds for street, trails, drainage, parks, city facilities, an arts corridor and fire projects as approved by Fayetteville voters in April 2019. Proceeds from the bonds issued were \$ 75,511,877. The fund had a total fund balance at year-end of \$66,760,239 to be used for future capital projects.

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

The Recycling and Trash Collection Fund had \$10,392,103 in net position with \$8,160,223 in unrestricted net position at year-end. This represents an increase of \$547,711 in net position from 2022. Of the \$8,160,223 in unrestricted net position, \$2,485,238 was re-appropriated in 2024 primarily for capital improvements. The fund had an increase in operating revenues of \$498,559 which is mainly due to rate increase of 5%. It had a increase in non-operating revenues of \$583,923. Operating expenses increased by \$457,021. A major component of the increase in expenses was due increased personnel services expense of \$298,442 and an increase in maintenance expense of \$99,239.

The net position of the Water and Sewer Fund increased by \$8,029,467 to a total of \$398,825,170, with \$40,434,464 in unrestricted net position at year-end. Of this \$40,434,464 unrestricted net position, \$23,430,799 was re-appropriated primarily for capital projects, in the 2024 budget. Operating revenues decreased by \$63,519. The fund had capital contributions from private

development of \$9,538,899, a decrease of \$2,462,862 from 2022. Operating expenses increased by \$3,316,477, with the majority coming from an increase in the contract services category of \$2,275,633.

Budgetary Highlights

General Fund Expenditure Budget Amendments

The original approved budget for the General Fund, which includes the Disaster Recovery and Replacement Fund, for 2023 was \$64,889,000. This amount was amended to \$78,727,550 during the year. Amendments for the year in expenses and transfers out between the original and the final amended budget were therefore \$13,838,550. Primary reasons for these budget amendments to the original budget were as follows:

- Major items that were expected to be purchased from 2022 and uncompleted projects that were re-appropriated by the City Council resulted in an increase of \$7,451,858.
- Citywide employee compensation adjustments totaling \$3,045,300; Resolution 61-23.
- Various Police Department grants totaling \$1,122,935. (\$400,000 – 2023 Community Policing Development Crisis Intervention Team Grant, Resolution 276-23; \$250,000 – 2023 Community Oriented Policing Services Hiring Program Grant, Resolution 260-23; \$200,000 – Law Enforcement Mental Health and Wellness Act Grant, Resolution 249-23; \$85,805 – 2023 Justice Assistance Grant, Resolution 228-23; \$84,326 – 2022 Justice Assistance Grant, Resolution 20-23; \$72,700 – 2023 Selective Traffic Enforcement Project Grant, Resolution 247-23; \$18,114 – Project Safe Neighborhood Grant, Resolution 195-23; \$11,990 – 2023 Bulletproof Vest Partnership Grant, Resolution 248-23)
- The purchase of nine Chevrolet Tahoes for the School Resource Officer Program in the Police Department in the amount of \$621,000; Resolution 111-23.
- Implementation of the Fire Department incentive pay program in the amount of \$404,000; Resolution 79-23.
- Transfer of the city match portion of the US Department of Housing and Urban Development Grant for the HOME Investment Partnerships Program in the amount of \$237,358 to the Community Development Fund; Resolution 91-23.
- The development of an Arts and Culture Master Plan in the amount of \$200,000; Resolution 142-23.
- A contract with Titan Lawn and Landscape to provide trash removal services from unsanctioned camp sites on city property in the amount of \$150,000; Resolution 78-23.
- The Safe Route to School Plan in the amount of \$112,500; Resolution 270-23.
- The addition of a full-time Senior Assistant City Attorney position in the City Attorney's Office totaling \$111,499; Resolution 23-146.
- Multiple donations from citizens and businesses totaling \$87,915. (\$40,957 – Various donations received for Fayetteville Animal Services, Resolution 290-23; \$22,126 - Donation received by Friends of YRCC for program activities offered by Yvonne Richardson Community Center, Resolution 71-23; \$12,054 – Various donations received by Parks and Recreation Division, Resolution 280-23; \$7,000 – Donations for the Fire Department's annual employee service awards event, Resolution 59-23; \$4,750 –

- Donations for the Police Department's Youth Citizen's Police Academy, Resolution 149-23; \$1,028 – Various donations received by the Police Department, Resolution 294-23)
- The addition of a temporary part-time position in the Finance and Internal Services Department in the amount of \$77,267; Resolution 25-23.
 - Multiple grants recognized and appropriated totaling \$59,470. (\$23,600 – Trust for Public Land Grant received by the YRCC, Resolution 104-23; \$20,370 – Arkansas Historic Preservation Program Grant, Resolution 88-23, \$15,000 – City portion of grant match for the Arkansas Historic Preservation Program Grant, Resolution 274-23; \$500 – Step into Swim Grant by the Pool and Hot Tub Alliance received by the YRCC, Resolution 210-23)
 - The purchase of a railroad general liability policy to cover current and future railroad crossing improvements totaling \$54,600; Resolution 173-23.
 - Police state and federal forfeitures in the amount of \$31,763; Resolution 295-23.
 - The General Fund portion of five Ford work trucks from Lewis Ford in the amount of \$21,500; Resolution 162-23.
 - Court Automation Fund equipment upgrades totaling \$20,000; Resolution 1-23.
 - E-scooter revenue appropriations totaling \$15,000; Resolution 122-23.
 - Hazmat services received from Washington County in the amount of \$14,585; Resolution 98-23.

General Fund Variances Revenue Budget to Actual

Major variances between budget and actual amounts for revenues and incoming transfers were more than the amended budget amounts by the net amount of \$2,136,058. Specific revenue variances are as follows:

- Sales tax revenue was greater than budget projections by \$833,957 for County shared sales tax and by \$1,125,436 for City sales tax. Alcoholic Beverage tax revenue was also greater than budget projections by \$137,182.
- Interest earnings revenue was greater than budget projections by \$1,456,650.
- Licenses and Permits revenue was greater than amended budget projections by \$311,564. This is primarily due to an increase in building permits and alcoholic beverage licenses.
- Franchise fees collected were \$293,450 greater than the amended budget. This is mainly due to electric/gas and water/sewer utility companies performing better than anticipated.
- Fines and forfeitures were greater than the amended budget by \$143,931.
- Miscellaneous revenue was greater than the amended budget by \$122,935. This is mainly due to the annual p-card rebate.
- Charges for services revenue was greater than the amended budget by \$97,637. This is primarily due to reimbursements for school resource officer salary.
- The Gain/Loss on sale of assets account was greater than the amended budget projection by \$12,035.
- Intergovernmental revenue was less than the amended budget by \$1,879,694. This was primarily due to the collection of federal and state grant revenue being less than anticipated. Timing issues where the grant period doesn't coincide with the City's fiscal year are a factor.

- Non-Operating Miscellaneous revenue was less than the amended budget by \$407,185. Repayment by the Advertising & Promotions Commission for solar panels on the Town Center roof was not collected as of year-end.
- Contributions were less than the amended budget by \$60,225.
- Property tax revenue was less than the budget projections by \$51,615.

General Fund Expenditure Budget to Actual

Actual amounts for expenditures and outgoing transfers were less than budgeted by \$8,519,539. Primary reasons for this were as follows:

- \$4,944,305 was budgeted in 2024 for ongoing project expenses.
- The citywide personnel service expense category had a remaining budgeted balance of \$2,108,449 due to open positions and attrition during the year.
- The materials and supplies expense category had a remaining budgeted balance of \$284,292. (\$102,672 – fuel, \$87,946 – minor equipment, \$55,856 – office and other supplies, \$15,000 – Contingency, \$10,102 – chemicals & cleaning, \$8,552 – software, \$4,164 – signs)
- The services and charges expense category had a remaining budgeted balance of \$861,014. (\$358,214 – contract/professional services, \$104,677 – utilities/telephone, \$112,397 – travel/training, \$93,012 – insurance, \$55,512 – rental/lease, \$40,000 – contingency, \$30,005 – publications/dues, \$22,706 – public notification, \$7,717 – bank charges, \$6,001 – bad debt, \$5,624 – business meals, \$4,567 – recognition, \$20,582 – other services & charges)
- The maintenance expense category had a remaining budgeted balance of \$210,367. (\$136,809 – office machine maintenance, \$25,142 – building & grounds maintenance, \$19,977 – software maintenance, \$11,881 tower maintenance, \$7,923 – vehicle & machine maintenance, \$4,729 – small equipment maintenance, \$1,932 – radio maintenance, \$1,842 – turf maintenance, \$132 – other maintenance)
- Other expense categories had a remaining budgeted balance of \$111,112. (\$74,168 – operating transfers out, \$28,646 – motor pool, \$7,173 – capital, \$1,103 – transfers to outside entities, \$22 - other)

Capital Asset and Debt Administration

Capital assets. As of December 31, 2023, the City’s capital assets for its governmental activities and business-type activities amounted to \$835,068,356, including accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery, vehicles, equipment and infrastructure. The City’s capital assets increased by \$40,632,244 including depreciation.

Major capital asset events during the current fiscal year include the following:

- Total additions to infrastructure assets of the general government, such as streets, sidewalks, trails, and storm drains, in 2023 were \$29,039,673, including \$8,966,480 donated by private developers.
- The City's Sales Tax 2019 Construction Fund had capital expenses of \$12,499,106 in 2023. The major project expenses included in this fund were \$7,064,944 for street projects, \$1,804,496 for arts corridor projects, \$1,813,006 for drainage projects and \$1,278,904 for police projects.
- Total Water and Sewer fund capital asset additions for 2023 were \$30,610,158 which included \$9,538,899 of water and sewer lines donated by private developers.
- Depreciation expense totaled \$45,932,742 for 2023.

Additional information on the City's capital assets can be found in note 4.B starting on page 61 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding including premiums and discounts of \$143,525,206. This is a decrease of \$30,532,994 from 2022. The City also had \$755,976 in capital leases at year end. The majority of the City's debt represents bonds secured solely by specified revenue sources (i.e., sales and use tax bonds, revenue bonds). Debt secured by sales and use taxes totaled \$101,550,000. The City's bond, notes and lease payments were \$30,522,003 and premium and discount amortizations of \$605,701.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20% of its total assessed valuation for long-term debt and 5% for short-term debt. The City's current debt limit for both is \$618,262,122, with short-term debt limited to \$123,652,424 of the total allowed. The City had \$677,893 in short term general obligation debt at year end. The City also had \$1,971,160 in long-term debt payable with a pledge of the incremental property tax increases of the Highway 71 East Square Redevelopment District #1 at the end of 2023.

Additional information on the City's long-term debt can be found in note 4.F starting on page 69 of this report.

Economic Factors and Next Year's Budgets and Rates

Economic conditions for the City of Fayetteville continued to show improvement compared to 2023. Revenues for all funds increased by over \$15.5 million while expenditures had an increase of approximately \$28.1 million. General Governmental Activities increased \$19.3 million dollars for the year. Business-type Activities decreased by \$3.8 million.

City wide revenue collections were led by strong sales tax collections which exceeded 2023 collections by approximately \$4.2 million. This increase was primarily due to increased spending

in the retail sales sector, the increased collection of internet sales taxes, as well as restaurant, motel and beverage sales, all of which displayed solid increases in activity.

The General Fund adopted operating budget for 2024 was increased to \$73.3 million which was a \$8.5 million increase from the 2023 budget. A total of 18.2 new positions were added to the overall budget as needs increased due to an increased demand for City wide programs as well as infrastructure expansions achieved through the use of sales tax bond programs.

A new compensation plan based on a salary survey was implemented to maintain a competitive recruitment and retention program for non-uniformed employees has been added to the 2024 budget in April of 2024. This program will not only keep the City competitive in the marketplace but will also ensure the City Operating Funds will retain its current high-level of quality of personnel. The total budgetary impact of this plan in 2024 is \$1.4 million to the General Fund and \$863,000 to all other funds. General Fund salary projections included in the approved operating budget were sufficient to cover these increases in the General Fund as well as all other funds.

The total City-Wide operating budget approved in December 2023 was approximately \$241.7 million. This was an increase of 11.5% or \$24.9 million over the 2023 budget. Approximately \$10.7 million of this increase was due to an increase in personnel expenditure budgets. Service and contractual charge budgets were increased in the operating budget by \$ 2.2 million or 13.4 %. In addition to those increases, Debt Service expenditures were also increased significantly (\$5 million) because of the increased sales tax projections for 2024, which will cause a higher number of bonds called due to the City mandatory redemption clause in the bond ordinance. This will result in a quicker payoff of the 2019 and 2022 Sales Tax Bond Issues. As is customary in February of 2024 a total of \$ 151 million was added to the 2024 budget to appropriate ongoing capital programs, grant programs and contractual obligations incurred in the 2023 budget that were not completed at year end .This increases to 2024 expenditure to a total of \$278.8 million .

The City of Fayetteville's Mayor and City Council have a long established a practice of making annual budgetary decisions for the General Fund in the context of a multi-year forecast that considers revenue growth, staffing needs and unrestricted reserve levels, as well as reviewing the performance of the local economy to determine if continued economic expansion can be expected. This process provides the Mayor and City Council a comfort level that current needs are being addressed. Public safety issues are traditionally the first priority, and this remained the same for the 2024 budget. The Mayor continues to formulate proposed budgets in the framework of his two overriding objectives which are to protect necessary jobs and to maintain or increase the same level of services to the citizens wherever possible. Estimated salary increases for City employees for 2024 were incorporated in the General Fund budget as well as all other operating budgets as were sufficient to cover the approved 2024 pay plan.

Although the lingering effects of the coronavirus pandemic continue to create uncertainty for the national economy in 2024, City management believes that Fayetteville is in an excellent financial position to either maintain, expand or contract financial operations based on economic conditions because of the following factors:

- Unemployment for Fayetteville was 2.3% at year end and it remains relatively low compared to the percentages of Arkansas and the U. S. which were 2.5 % and 3.4% respectively
- The population, as evidenced by the census completed in 2020, showed the city had grown by 20,369 or 27 % over the period between 2010 and 2020 and has continued to grow since the census numbers were released.
- Even though the growth of Sales Tax Revenue through March 2024 is 4 % under budget which was based on the average growth of the past five years, it is still 1% over last years collections and administration expects that it will show improved growth during the remainder of the year. The overall growth in 2023 was 5.6% over 2022.
- Building permit revenues continued to remain strong recording a small increase of \$15,174 over 2022. This continues the trend for 2022 which was over 20% of the prior year. Thus far in 2024 building permit requests and activity has been very strong.
- Assessed value for total property within the City has shown stable growth through the years and continued to increase by 13.0% throughout the City in 2023.

One of the primary goals of the City is to maintain a minimum unassigned fund balance in the General Fund of 16.4% of operating expenditures. The \$37 million unassigned fund balance at the end of 2023 is estimated to provide approximately 52.7% of the adjusted operating expenditures. This should be more than sufficient to provide a high level of financial security in the near term in view of a potential revenue loss.

At the end of the first quarter of fiscal 2024, total revenues were below estimates while expenditures were in line with projections. Sales and use tax revenues were approximately 4% underbudget for the quarter. Overall fund revenue source collections were also less than budgeted estimates. However, the City has maintained a solid reserve position that should be adequate for 2024.

The City continues to face uncertain economic conditions in 2024. However, even though future economic conditions remain unclear at this time, the administration of the City feels confident that the economic future of Fayetteville remains very bright in the long run.

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 Office of the Accounting Director, City of Fayetteville, 113 West Mountain Street, Fayetteville, Arkansas, 72701.

City of Fayetteville, Arkansas
Statement of Net Position
December 31, 2023

			Component Units		
	Governmental Activities	Business-type Activities	Total	Library	Advertising & Promotion
Assets and Deferred Outflows of Resources					
Assets:					
Cash	\$ 14,062,949	\$ 4,617,414	\$ 18,680,363	\$ 5,255,468	\$ 3,867,134
Investments	119,688,786	41,975,836	161,664,622	3,471,226	1,614,533
Accounts receivable	3,387,646	8,108,806	11,496,452	11,813,248	253,749
Accounts receivable - leases	1,182,787	2,255,830	3,438,617		
Accrued interest	571,712	219,929	791,641	33,600	
Internal balances	(11,702,021)	11,702,021	0		
Due from other governments	19,193,037	644,858	19,837,895		
Inventories	286,063	1,958,097	2,244,160		23,587
Prepays and other assets	496,103	35,784	531,887	127,082	55,498
Restricted Assets:					
Cash and cash equivalents	225		225	1,774,705	
Investments	88,811,291		88,811,291	4,938,981	
Accrued interest	378,495		378,495	10,122	
Due from other governments	6,484,806		6,484,806		
Capital assets					
Land	74,137,835	16,781,534	90,919,369	2,029,755	198,621
Buildings	148,953,374	127,834,148	276,787,522	33,039,099	3,565,796
Improvements other than buildings	58,804,611	500,057,976	558,862,587		
Machinery, equipment and vehicles	86,780,257	41,666,815	128,447,072	18,750,192	1,048,117
Construction in progress	5,856,933		5,856,933	182,701	19,205
Infrastructure	434,893,253		434,893,253		
Right to use leased & subscription assets	889,702	368,400	1,258,102		
Accumulated depreciation	(350,348,856)	(311,607,626)	(661,956,482)	(20,875,599)	(1,690,934)
Total assets	702,808,988	446,619,822	1,149,428,810	60,550,580	8,955,306
Deferred outflows of resources:					
Pensions	25,398,143		25,398,143		
OPEB	69,533		69,533		
Deferred loss on debt refunding	7,341		7,341		
Total deferred outflows of resources	25,475,017		25,475,017		
Total assets and deferred outflows of resources	728,284,005	446,619,822	1,174,903,827	60,550,580	8,955,306
Liabilities and Deferred Inflows of Resources					
Liabilities:					
Accounts payable	8,350,692	5,514,565	13,865,257	490,812	264,409
Accrued expenses	1,102,462	5,918	1,108,380	568,127	35,232
Accrued interest	5,504,509	239,563	5,744,072		
Due to fiduciary funds	8,178		8,178		
Customer deposits		1,126,493	1,126,493		
Unearned revenue	13,619,991	567	13,620,558	416,840	68,021
Noncurrent liabilities					
Due within one year:					
Bonds/notes payable	13,315,000		13,315,000		
Lease/ subscriptions payable	89,323	54,107	143,430		
Compensated absences	4,321,776	852,582	5,174,358		
Due beyond one year:					
Bonds/notes payable	129,461,571		129,461,571	5,453,187	
Lease/ subscriptions payable	666,653	261,509	928,162		
Compensated absences	7,691,474	905,704	8,597,178		
Net pension liability	72,358,918		72,358,918		
Other post employment benefits	1,890,651		1,890,651		
Total liabilities	258,381,198	8,961,008	267,342,206	6,928,966	367,662
Deferred inflows of resources:					
Leases	1,150,247	2,146,341	3,296,588		
Pensions	4,907,346		4,907,346		
OPEB	46,664		46,664		
Total deferred inflow of resources	6,104,257	2,146,341	8,250,598		
Total liabilities and deferred inflows of resources	264,485,455	11,107,349	275,592,804	6,928,966	367,662
Net Position					
Net investment in capital assets	390,302,251	373,797,206	764,099,457	27,596,672	3,140,805
Restricted for:					
Debt service	6,532,394		6,532,394		
Transportation and parking	12,039,423		12,039,423		
Public safety	2,905,601		2,905,601		
Parks and recreation	6,749,275		6,749,275		
Water and wastewater	10,987,344		10,987,344		
Other					
Expendable	1,547,634		1,547,634	6,360,078	45,557
Nonexpendable	336,753		336,753	1,250,000	
Unrestricted	32,397,875	61,715,267	94,113,142	18,414,864	5,401,282
Total net position	\$ 463,798,550	\$ 435,512,473	\$ 899,311,023	\$ 53,621,614	\$ 8,587,644

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Library	Advertising & Promotion
Primary government:									
Governmental activities:									
General government	\$ 21,550,221	\$ 739,083	\$ 4,840,204	\$ 1,347,457	\$ (14,623,477)	\$	\$ (14,623,477)	\$	\$
Finance and internal services	7,155,478	565,753			(6,589,725)		(6,589,725)		
Public safety	50,253,039	2,703,474	3,747,695	55,840	(43,746,030)		(43,746,030)		
Community planning and engineering	6,673,183	2,683,032	1,494,034	44,900	(2,451,217)		(2,451,217)		
Transportation and parking	24,237,495	3,381,918	9,743,607	9,260,059	(1,851,911)		(1,851,911)		
Parks and recreation	11,067,086	1,697,121	281,266	105,845	(8,982,854)		(8,982,854)		
Interest on debt	5,175,076				(5,175,076)		(5,175,076)		
Total governmental activities	<u>126,111,578</u>	<u>11,770,381</u>	<u>20,106,806</u>	<u>10,814,101</u>	<u>(83,420,290)</u>		<u>(83,420,290)</u>		
Business-type activities:									
Airport	5,034,672	3,646,012		1,514,107		125,447	125,447		
Recycling and trash	14,565,235	15,040,664				475,429	475,429		
Water and sewer	53,877,862	49,259,214		9,538,899		4,920,251	4,920,251		
Total business-type activities	<u>73,477,769</u>	<u>67,945,890</u>	<u>0</u>	<u>11,053,006</u>		<u>5,521,127</u>	<u>5,521,127</u>		
Total primary government	<u>\$ 199,589,347</u>	<u>\$ 79,716,271</u>	<u>\$ 20,106,806</u>	<u>\$ 21,867,107</u>	<u>(83,420,290)</u>	<u>5,521,127</u>	<u>(77,899,163)</u>		
Component Units:									
Library	\$ 14,504,758	\$ 863,060	\$ 3,612,563	\$ 1,965,682				(8,063,453)	
Advertising and Promotion	5,431,741	840,974	16,800						(4,573,967)
Total component units	<u>\$ 19,936,499</u>	<u>\$ 1,704,034</u>	<u>\$ 3,629,363</u>	<u>\$ 1,965,682</u>				<u>(8,063,453)</u>	<u>(4,573,967)</u>
General revenues:									
Taxes & fees									
					89,582,182	86,408	89,668,590		
					8,004,163		8,004,163	9,223,129	
					7,483,450	435,401	7,918,851		
					4,995,902		4,995,902		4,995,902
					2,866,849		2,866,849		
					5,193,698		5,193,698		
					9,830,820	3,109,099	12,939,919	796,829	81,500
					1,228,976	1,010,527	2,239,503	20,193	
					172,382	(172,382)	0		
					<u>129,358,422</u>	<u>4,469,053</u>	<u>133,827,475</u>	<u>10,040,151</u>	<u>5,077,402</u>
					<u>45,938,132</u>	<u>9,990,180</u>	<u>55,928,312</u>	<u>1,976,698</u>	<u>503,435</u>
					<u>417,860,418</u>	<u>425,522,293</u>	<u>843,382,711</u>	<u>51,644,916</u>	<u>8,084,209</u>
					<u>\$ 463,798,550</u>	<u>\$ 435,512,473</u>	<u>\$ 899,311,023</u>	<u>\$ 53,621,614</u>	<u>\$ 8,587,644</u>

The notes to the financial statements are an integral part of this statement.

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City of Fayetteville, Arkansas
Balance Sheet
Governmental Funds
December 31, 2023

	<u>General</u>	<u>Debt Service Sales Tax Improvement Bonds</u>	<u>Special Revenue Parks Development</u>
Assets			
Assets			
Cash	\$ 7,395,620	\$	\$ 220,379
Investments	39,563,834		10,909,588
Accounts receivable	1,627,099		397,925
Accounts receivable - leases	278,928		
Accrued interest	188,679		51,819
Due from other funds	695,652		
Due from other governments	13,318,942		
Prepaid expenditures	298,729		
Restricted assets:			
Cash			
Investments		7,091,526	
Accrued interest		29,466	
Due from other funds			
Due from other governments		5,623,850	229,979
Total assets	\$ 63,367,483	\$ 12,744,842	\$ 11,809,690
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 1,792,571	\$	\$ 406,635
Accrued expenditures	936,636		41,703
Accrued interest - leases and subscriptions	21,008		
Compensated absences	606,358		31,235
Due to other funds	24,325		35
Due to fiduciary funds	8,178		
Unearned revenue	3,858,101		4,880,923
Total liabilities	7,247,177		5,360,531
Deferred inflows of resources			
Unavailable revenue - grants and accounts receivable	15,685		229,979
Unavailable revenue - taxes	8,961,792	2,943,959	
Unavailable revenue - leases	271,195		
Total deferred inflows of resources	9,248,672	2,943,959	229,979
Total liabilities and deferred inflows of resources	16,495,849	2,943,959	5,590,510
Fund balances			
Nonspendable			
Prepaid expenditures	298,729		
Long term loans	32,334		
Restricted for:			
General government			
Finance and internal services			
Transportation and parking			
Public safety	443,437		
Community planning and engineering	130,133		
Parks and recreation	62,493		6,219,180
Water and wastewater			
Debt service		9,800,883	
Committed to:			
General government	12,689		
Transportation and parking			
Community planning and engineering	256,387		
Disaster recovery	3,000,000		
Assigned to:			
General government	5,095,114		
Finance and internal services	268,831		
Transportation and parking			
Public safety	249,254		
Community planning and engineering	16,142		
Capital outlay			
Unassigned	37,006,091		
Total fund balances	46,871,634	9,800,883	6,219,180
Total liabilities, deferred inflows of resources and fund balances	\$ 63,367,483	\$ 12,744,842	\$ 11,809,690

The notes to the financial statements are an integral part of this statement.

Special Revenue American Rescue Plan Act	Sales Tax Capital Improvement	Capital Project Sales Tax 2019 Construction	Sales Tax 2022 Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,717,658	\$ 1,244,144	\$	\$	\$ 485,148	\$ 14,062,949
	15,549,141			26,311,787	92,334,350
	1,303,384			59,238	3,387,646
	73,857			903,859	1,182,787
	2,279			127,426	441,781
72	2,293,540			87,788	785,719
				3,548,788	19,161,342
				5,690	304,419
		(454)	679		225
		9,675,644	68,212,009	3,832,112	88,811,291
		40,204	283,426	25,399	378,495
			1,506		1,506
				630,977	6,484,806
<u>\$ 4,717,730</u>	<u>\$ 20,466,345</u>	<u>\$ 9,715,394</u>	<u>\$ 68,497,620</u>	<u>\$ 36,018,212</u>	<u>\$ 227,337,316</u>
\$ 12,738	\$ 950,967	\$ 2,367,311	\$ 1,671,637	\$ 869,876	\$ 8,071,735
				101,225	1,079,564
					21,008
	68,248	45,180	65,744	70,015	707,608
				561,871	765,403
					8,178
<u>4,601,013</u>	<u>130,202</u>			<u>97,547</u>	<u>13,567,786</u>
<u>4,613,751</u>	<u>1,149,417</u>	<u>2,412,491</u>	<u>1,737,381</u>	<u>1,700,534</u>	<u>24,221,282</u>
	44,000			887,155	1,176,819
	1,177,584			2,497,843	15,581,178
				879,052	1,150,247
	1,221,584			4,264,050	17,908,244
<u>4,613,751</u>	<u>2,371,001</u>	<u>2,412,491</u>	<u>1,737,381</u>	<u>5,964,584</u>	<u>42,129,526</u>
				5,690	304,419
					32,334
103,979		2,912,550	9,008,637		12,025,166
		34,306	2,872,251		2,906,557
		2,620,384	29,821,877	11,391,798	43,834,059
		879,535	5,211,852	2,425,898	8,960,722
		675,806	7,029,941	65,745	7,901,625
		180,322	12,815,681	0	19,277,676
				10,987,344	10,987,344
				3,857,511	13,658,394
					12,689
	2,687,278				2,687,278
					256,387
					3,000,000
					5,095,114
					268,831
				2,225,955	2,225,955
					249,254
					16,142
	15,408,066				15,408,066
				(906,313)	36,099,778
<u>103,979</u>	<u>18,095,344</u>	<u>7,302,903</u>	<u>66,760,239</u>	<u>30,053,628</u>	<u>185,207,790</u>
<u>\$ 4,717,730</u>	<u>\$ 20,466,345</u>	<u>\$ 9,715,394</u>	<u>\$ 68,497,620</u>	<u>\$ 36,018,212</u>	<u>\$ 227,337,316</u>

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City of Fayetteville, Arkansas
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 December 31, 2023

Total fund balances - governmental funds \$ 185,207,790

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

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

Land	\$	74,121,579	
Buildings		146,751,931	
Improvements other than buildings		58,804,611	
Machinery, equipment and vehicles		37,245,245	
Construction in progress		5,856,933	
Infrastructure		434,893,253	
Right to use lease asset		788,175	
Accumulated depreciation and amortization		<u>(318,137,440)</u>	
Total	\$	<u>440,324,287</u>	440,324,287

Some revenues in the governmental funds are not collected within the prescribed time period after year end and therefore, are considered unavailable. These revenues are recognized on the full accrual basis in the government-wide financial statements. 16,757,997

Internal service funds are used by management to charge the costs of the City's fleet management to the individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 35,281,370

Long-term liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, are not reported in the funds.

Bonds, notes, leases payable, net	\$	143,532,547	
Interest payable		5,498,962	
Net pension liability		72,358,918	
Other post employment benefits		1,890,651	
Compensated absences		11,211,908	
Deferred loss on refunding debt		(7,341)	
Deferred inflows - pensions		4,708,261	
Deferred inflows - OPEB		46,664	
Deferred outflows - pensions		(25,398,143)	
Deferred outflows - OPEB		<u>(69,533)</u>	
Total	\$	<u>213,772,894</u>	<u>(213,772,894)</u>

Governmental activities net position \$ 463,798,550

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service Sales Tax Imp Bonds</u>	<u>Special Revenue Parks Development</u>	<u>Special Revenue American Rescue Plan Act</u>
Revenues:				
Sales and alcoholic beverage tax	\$ 44,918,575	\$ 31,790,727	\$ 4,995,902	\$
Hotel, motel, restaurant tax				
Property tax	4,828,384			
Franchise fee	7,483,450			
Impact fee				
Licenses and permits	2,755,564			
Intergovernmental	4,027,186		217,658	5,388,698
Charges for services	3,410,363		978,558	
Fines and forfeitures	963,741			
Investment earnings	698,873	550,185	93,764	89,740
Net increase(decrease) in the fair value of investments	789,245		275,304	
Contributions	109,790		(111,513)	
Other	293,861		1,871	
Total revenues	<u>70,279,032</u>	<u>32,340,912</u>	<u>6,451,544</u>	<u>5,478,438</u>
Expenditures:				
Current:				
General government	8,528,664			3,834,549
Finance and internal services	6,019,663			
Public safety	42,366,544			
Community planning and engineering	5,217,790			
Transportation and parking				
Parks and recreation	3,815,480		3,507,402	
Debt service	423,204	32,088,781		
Capital outlay	2,835,135		1,680,310	1,554,148
Total expenditures	<u>69,206,480</u>	<u>32,088,781</u>	<u>5,187,712</u>	<u>5,388,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,072,552</u>	<u>252,131</u>	<u>1,263,832</u>	<u>89,741</u>
Other financing sources (uses):				
Transfers in				
Transfers out	<u>(1,001,526)</u>		<u>(46,851)</u>	
Total other financing sources (uses)	<u>(1,001,526)</u>	<u>0</u>	<u>(46,851)</u>	
Net change in fund balances	<u>71,026</u>	<u>252,131</u>	<u>1,216,981</u>	<u>89,741</u>
Fund balances, beginning of year	<u>46,800,608</u>	<u>9,548,752</u>	<u>5,002,199</u>	<u>14,238</u>
Fund balances, end of year	<u>\$ 46,871,634</u>	<u>\$ 9,800,883</u>	<u>\$ 6,219,180</u>	<u>\$ 103,979</u>

The notes to the financial statements are an integral part of this statement.

<u>Sales Tax Capital Improvement</u>	<u>Capital Project</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Sales Tax 2019 Construction</u>	<u>Sales Tax 2022 Construction</u>		
12,716,291	\$	\$	\$	\$
				89,425,593
				4,995,902
			2,262,176	7,090,560
				7,483,450
			2,866,849	2,866,849
				2,755,564
1,072,298			13,215,673	23,921,513
1,356,033			1,673,332	7,418,286
			241,349	1,205,090
253,590	772,104	3,340,622	529,231	6,328,109
593,469			708,731	2,366,749
			3,395,070	3,393,347
1,261,621			99,941	1,657,294
<u>17,253,302</u>	<u>772,104</u>	<u>3,340,622</u>	<u>24,992,352</u>	<u>160,908,306</u>
1,708,388	1,400		1,373	14,074,374
779,034				6,798,697
1,771,347	102,717		3,043,741	47,284,349
73,354	600		1,440,084	6,731,828
1,723,265	329,979	233,625	9,071,535	11,358,404
321,681	1,400			7,645,963
			3,945,471	36,457,456
7,256,540	12,499,106	10,280,718	2,664,722	38,770,679
<u>13,633,609</u>	<u>12,935,202</u>	<u>10,514,343</u>	<u>20,166,926</u>	<u>169,121,750</u>
3,619,693	(12,163,098)	(7,173,721)	4,825,426	(8,213,444)
(880,198)			611,316	611,316
			(778,636)	(2,707,211)
(880,198)		0	(167,320)	(2,095,895)
2,739,495	(12,163,098)	(7,173,721)	4,658,106	(10,309,339)
15,355,849	19,466,001	73,933,960	25,395,522	195,517,129
<u>18,095,344</u>	<u>\$ 7,302,903</u>	<u>\$ 66,760,239</u>	<u>\$ 30,053,628</u>	<u>\$ 185,207,790</u>

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City of Fayetteville, Arkansas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ (10,309,339)

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

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 11,982,827

The net effect of various miscellaneous transactions involving capital assets, such as sales, capital donations, trade in value, and transfers is to increase (decrease) net position. 8,937,646

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 863,719

The issuance of long-term debt such as bonds and leases provide current financial resources to the governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is issued: however these amounts are deferred and amortized in the statement of activities This amount is the net effect of these differences in the treatment of long-term debt and related items. 31,282,380

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absence expense increased for 2023. (134,604)

Increase/ decrease in expenses in the statement of activities for net pension liability and other postemployment benefits. (1,083,166)

Internal service funds are used by management to charge the costs of the fleet (Shop Fund) to the individual funds. The net revenue of certain activities of the Shop Fund is reported with governmental activities. 4,398,669

Change in net position of governmental activities \$ 45,938,132

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 42,822,000	\$ 42,822,000	\$ 44,918,575	\$ 2,096,575
Property tax	4,880,000	4,880,000	4,828,384	(51,616)
Franchise tax	7,190,000	7,190,000	7,483,450	293,450
Licenses and permits	2,429,000	2,444,000	2,755,564	311,564
Intergovernmental	3,202,000	5,894,381	4,027,186	(1,867,195)
Charges for services	3,247,000	3,261,585	3,373,664	112,079
Fines and forfeitures	813,500	819,810	963,741	143,931
Investment earnings	50,000	50,000	642,108	592,108
Net decrease in the fair value of investments	-	-	754,416	754,416
Contributions	58,000	170,015	109,790	(60,225)
Other	132,500	566,076	293,861	(272,215)
	<u>64,824,000</u>	<u>68,097,867</u>	<u>70,150,739</u>	<u>2,052,872</u>
Total revenues				
Expenditures				
General Government				
Mayor	346,813	354,332	332,338	21,994
City Council	213,169	209,393	189,812	19,581
City Attorney	417,921	537,552	463,227	74,325
City Prosecutor	813,172	850,704	823,940	26,764
District Judge	113,514	139,978	124,630	15,348
Chief of Staff	253,911	246,604	199,069	47,535
Communications & Marketing	421,468	442,574	426,214	16,360
Economic Development	632,695	644,076	576,674	67,402
Government Media Services	321,549	373,764	333,705	40,059
Internal Audit	115,526	115,526	50,387	65,139
City Clerk	556,022	562,596	495,116	67,480
District Court Criminal	468,572	485,240	352,181	133,059
District Court Probations	32,615	33,818	31,833	1,985
District Court Small Claims	377,623	404,212	355,844	48,368
Library	1,841,178	1,841,178	1,812,401	28,777
Miscellaneous	1,834,507	3,069,437	2,486,290	583,147
Cost allocation	(540,363)	(540,363)	(540,362)	
Total General Government	<u>8,219,892</u>	<u>9,770,621</u>	<u>8,513,299</u>	<u>1,257,323</u>
Finance and Internal Services				
Finance Director	384,228	391,241	362,976	28,265
Human Resources	709,257	729,638	664,613	65,025
Employee Development	858,545	858,545	664,937	193,608
Accounting and Audit	1,126,251	1,245,724	1,163,248	82,476
Budget and Research	398,727	416,048	349,267	66,781
General Maintenance	727,738	742,031	706,383	35,648
Janitorial	413,223	437,861	431,050	6,811
Purchasing	425,668	448,222	444,443	3,779
Information Technology	2,381,930	2,429,169	2,311,875	117,294
GIS	479,609	492,711	468,862	23,849
Cost allocation	(1,547,991)	(1,547,991)	(1,547,991)	
Total Finance and Internal Services	<u>6,357,185</u>	<u>6,643,199</u>	<u>6,019,663</u>	<u>623,536</u>
Public Safety				
Central Dispatch	2,382,897	2,434,763	2,215,055	219,708
Police Support Services	3,864,783	4,432,196	4,271,011	161,185
Police Projects	0	3,535,406	904,114	2,631,292
Police Patrol	14,964,346	17,262,484	16,684,115	578,369
Fire Prevention	902,531	1,144,508	1,135,279	9,229
Fire Operations	14,669,591	16,696,945	16,518,843	178,102
Fire Training	526,715	633,346	625,894	7,452
Fire Hazmat	41,210	49,225	44,132	5,093
Cost allocation	(31,899)	(31,899)	(31,899)	
Total Public Safety	<u>37,320,174</u>	<u>46,156,974</u>	<u>42,366,544</u>	<u>3,790,430</u>

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual cont'd
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Planning and Engineering				
Public Works Director	\$ 189,361	\$ 196,809	\$ 192,990	\$ 3,819
Development Services Director	340,684	350,469	337,574	12,895
Engineering Operations and Administration	1,127,946	1,182,506	922,223	260,283
Engineering Land Acquisition	106,877	81,149	53,207	27,942
Engineering Public Construction	408,692	461,298	435,226	26,072
Development Review	671,763	692,853	622,310	70,543
Sustainability and Resilience	478,490	521,246	394,338	126,908
Long Range Planning	203,223	210,861	205,844	5,017
Planning Commission	45,994	47,338	45,100	2,238
Building Safety	1,122,582	1,167,034	1,061,355	105,679
Community Resource Administration	237,179	248,829	226,539	22,290
Animal Patrol	540,689	553,640	522,345	31,295
Animal Shelter	501,177	509,303	482,097	27,206
Animal Services Projects	-	165,927	38,328	127,599
Veterinarian Management	254,076	266,437	253,603	12,834
Cost allocation	(575,289)	(575,289)	(575,289)	
Total Community Planning and Engineering	<u>5,653,444</u>	<u>6,080,410</u>	<u>5,217,790</u>	<u>862,620</u>
Parks and Recreation				
Swimming Pool	185,578	200,295	167,215	33,080
Administration/Recreation Programs	1,217,258	1,295,205	1,206,407	88,798
Arts and Culture	287,416	286,891	261,632	25,259
Yvonne Richardson Community Center	438,637	492,789	386,232	106,557
Lake Recreation	89,403	90,152	79,469	10,683
Park Maintenance	1,887,702	2,118,541	1,714,525	404,016
Total Parks and Recreation	<u>4,105,994</u>	<u>4,483,873</u>	<u>3,815,480</u>	<u>668,393</u>
Debt service		423,206	423,204	2
Capital Outlay	<u>68,569</u>	<u>3,152,345</u>	<u>2,826,696</u>	<u>325,649</u>
Total General Fund expenditures	<u>61,725,258</u>	<u>76,710,628</u>	<u>69,182,676</u>	<u>7,527,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,098,742</u>	<u>(8,612,761)</u>	<u>968,063</u>	<u>9,580,825</u>
Other financing sources (uses)				
Transfers out	<u>(470,500)</u>	<u>(1,509,493)</u>	<u>(1,001,526)</u>	<u>507,967</u>
Total other financing sources (uses)	<u>(470,500)</u>	<u>(1,509,493)</u>	<u>(1,001,526)</u>	<u>507,967</u>
Net change in General Fund balances before Disaster Recovery and Replacement	<u>2,628,242</u>	<u>(10,122,254)</u>	<u>(33,463)</u>	<u>10,088,792</u>
Revenues Disaster Recovery and Replacement				
Charges for services	33,000	33,000	36,699	3,699
Investment earnings	12,000	12,000	56,765	44,765
Net decrease in the fair value of investments	-	-	34,829	34,829
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>128,293</u>	<u>83,293</u>
Expenditures Disaster Recovery and Replacement				
General Government	2,200	315,877	15,365	300,512
Total Expenditures	<u>2,200</u>	<u>315,877</u>	<u>15,365</u>	<u>300,512</u>
Capital Outlay	<u>42,800</u>	<u>191,551</u>	<u>8,439</u>	<u>183,112</u>
Total Capital Outlay	<u>42,800</u>	<u>191,551</u>	<u>8,439</u>	<u>183,112</u>
Total Disaster and Recovery Fund Expenditures	<u>45,000</u>	<u>507,428</u>	<u>23,804</u>	<u>483,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(462,428)</u>	<u>104,489</u>	<u>566,917</u>
Net change in General Fund and Disaster Recovery and Replacement combined	<u>2,628,242</u>	<u>(10,584,682)</u>	<u>71,026</u>	<u>10,655,709</u>
General Fund balances, beginning of year	<u>46,800,608</u>	<u>46,800,608</u>	<u>46,800,608</u>	
General Fund balances, end of year	<u>\$ 49,428,850</u>	<u>\$ 36,215,926</u>	<u>\$ 46,871,634</u>	<u>\$ 10,655,709</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
American Rescue Plan Act
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$	\$ 8,996,052	\$ 5,388,698	\$ (3,607,354)
Investment earnings			89,740	89,740
Total revenues		8,996,052	5,478,438	(3,517,614)
Expenditures:				
General government		7,402,764	3,834,549	3,568,215
Capital outlay		1,593,288	1,554,148	39,140
Total expenditures		8,996,052	5,388,697	3,607,355
Excess of revenues over expenditures		-	89,741	89,741
Net change in fund balances			89,741	89,741
Fund balances, beginning of year		14,238	14,238	
Fund balances, end of year	\$	\$ 14,238	\$ 103,979	\$ 89,741

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Parks Development Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
HMR tax	\$ 4,705,000	\$ 4,705,000	\$ 4,995,902	\$ 290,902
Intergovernmental	-	561,220	217,658	(343,562)
Charges for services	96,000	1,965,467	978,559	(986,908)
Investment earnings	15,000	15,000	93,764	78,764
Net change in the fair value of investments	-	-	275,303	275,303
Contributions	-	1,285,775	(111,513)	(1,397,288)
Other	-	-	1,871	1,871
Total revenues	4,816,000	8,532,462	6,451,544	(2,080,918)
Expenditures:				
Parks and recreation	3,418,000	3,755,005	3,507,402	247,603
Capital outlay	700,000	6,419,518	1,680,310	4,739,208
Total expenditures	4,118,000	10,174,523	5,187,712	4,986,811
Excess (deficiency) of revenues over (under) expenditures	698,000	(1,642,061)	1,263,832	2,905,893
Other financing sources (uses):				
Transfer out	(86,000)	(157,500)	(46,851)	110,649
Total other financing sources (uses)	(86,000)	(157,500)	(46,851)	110,649
Net change in fund balances	612,000	(1,799,561)	1,216,981	3,016,542
Fund balances, beginning of year	5,002,199	5,002,199	5,002,199	
Fund balances, end of year	\$ 5,614,199	\$ 3,202,638	\$ 6,219,180	\$ 3,016,542

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	<u>Recycling and Trash Collection</u>	<u>Water and Sewer</u>	<u>Airport Fund Nonmajor Enterprise Fund</u>
Assets and Deferred Outflows of Resources			
Current assets			
Cash	\$ 154,154	\$ 4,323,176	\$ 140,084
Investments	6,589,609	34,731,080	655,147
Accounts receivable	2,216,635	5,751,148	141,023
Accounts receivable - leases		80,302	75,664
Accrued interest	31,300	169,368	19,261
Due from other funds	61,330	30,955	
Due from other governments			644,858
Inventory	27,669	1,788,118	142,310
Prepaid expenses and other assets	22,808	867	12,109
Total current assets	<u>9,103,505</u>	<u>46,875,014</u>	<u>1,830,456</u>
Noncurrent assets			
Accounts receivable - leases		1,420,268	679,596
Capital assets			
Land	25,108	13,006,293	3,750,133
Buildings	6,753,414	102,272,907	18,807,827
Improvements other than buildings	1,836,865	469,571,180	27,471,667
Machinery, equipment and vehicles	3,015,129	38,794,606	1,035,344
Subscription asset	368,400		
Less accumulated depreciation	<u>(9,081,515)</u>	<u>(264,835,341)</u>	<u>(37,690,770)</u>
Total capital assets, net	<u>2,917,401</u>	<u>360,229,913</u>	<u>14,053,797</u>
Total assets	<u>12,020,906</u>	<u>407,104,927</u>	<u>15,884,253</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities			
Accounts payable	687,224	4,383,777	443,564
Accrued interest	5,918		
Accrued expenses	92,812	133,750	13,001
Subscription leases payable	54,107		
Compensated absences	294,007	506,403	52,172
Due to other funds		69,351	52,233
Customer deposits		1,123,793	2,700
Unearned revenue		567	
Total current liabilities	<u>1,134,068</u>	<u>6,217,641</u>	<u>563,670</u>
Noncurrent liabilities			
Compensated absences	233,226	650,018	22,460
Subscription lease payable	<u>261,509</u>		
Total noncurrent liabilities	<u>494,735</u>	<u>650,018</u>	<u>22,460</u>
Total liabilities	<u>1,628,803</u>	<u>6,867,659</u>	<u>586,130</u>
Deferred inflows of resources			
Unavailable revenue - leases		<u>1,412,098</u>	<u>734,243</u>
Total deferred inflows of resources		<u>1,412,098</u>	<u>734,243</u>
Total liabilities and deferred inflows of resources	<u>1,628,803</u>	<u>8,279,757</u>	<u>1,320,373</u>
Net investment in capital assets			
Unrestricted	<u>2,231,880</u>	<u>358,390,706</u>	<u>13,174,620</u>
	<u>8,160,223</u>	<u>40,434,464</u>	<u>1,389,260</u>
Total net position	<u>\$ 10,392,103</u>	<u>\$ 398,825,170</u>	<u>\$ 14,563,880</u>

The notes to the financial statements are an integral part of this statement.

	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
\$	4,617,414	\$
	41,975,836	27,354,436
	8,108,806	
	155,966	
	219,929	129,931
	92,285	7,477
	644,858	
	1,958,097	286,063
	35,784	191,684
	<u>57,808,975</u>	<u>27,969,591</u>
	2,099,864	
	16,781,534	16,256
	127,834,148	2,201,443
	498,879,712	
	42,845,079	49,535,012
	368,400	101,527
	<u>(311,607,626)</u>	<u>(32,211,416)</u>
	<u>377,201,111</u>	<u>19,642,822</u>
	435,010,086	47,612,413
	5,514,565	278,959
	5,918	5,547
	239,563	22,898
	54,107	17,392
	852,582	76,124
	121,584	
	1,126,493	
	567	52,203
	<u>7,915,379</u>	<u>453,123</u>
	905,704	85,909
	<u>261,509</u>	<u>60,691</u>
	<u>1,167,213</u>	<u>146,600</u>
	9,082,592	599,723
	2,146,341	
	2,146,341	
	<u>11,228,933</u>	<u>599,723</u>
	373,797,206	19,265,866
	<u>49,983,947</u>	<u>27,746,824</u>
	423,781,153	\$ <u>47,012,690</u>
Adjustment to reflect internal service fund activities related to enterprise funds net postion	<u>11,731,320</u>	
Total net position	<u>435,512,473</u>	

City of Fayetteville, Arkansas
Proprietary Funds
Statement of Revenues, Expenses, and
Changes in Fund Net Position
For the Year Ended December 31, 2023

	<u>Recycling and Trash Collection</u>	<u>Water and Sewer</u>	<u>Airport Fund Nonmajor Enterprise Fund</u>
Operating revenues:			
Solid waste fees	\$ 15,040,664	\$	\$
Water services		23,277,023	
Sewer services		24,745,488	
Airport services			3,560,060
Shop charges			
Other		1,236,704	85,952
Total operating revenues	<u>15,040,664</u>	<u>49,259,215</u>	<u>3,646,012</u>
Operating expenses:			
Personnel services	4,860,172	7,294,491	758,913
Materials and supplies	1,069,338	1,977,658	2,434,124
Contract services and charges	8,474,627	30,880,443	460,628
Maintenance	166,330	1,137,660	104,797
Depreciation	669,888	13,009,579	1,293,808
Total operating expenses	<u>15,240,355</u>	<u>54,299,831</u>	<u>5,052,270</u>
Operating income (loss)	<u>(199,691)</u>	<u>(5,040,616)</u>	<u>(1,406,258)</u>
Nonoperating revenues (expenses):			
Taxes and franchise fees	435,401		86,408
Interest expense and fees	(25,071)		(1,398)
Interest income	105,090	789,262	49,421
Net increase in fair value of investments	229,420	1,906,339	29,567
Other revenues	106,807	903,720	
Total nonoperating income	<u>851,647</u>	<u>3,599,321</u>	<u>163,998</u>
Income (loss) before contributions and transfers	651,956	(1,441,295)	(1,242,260)
Capital grants		-	1,514,107
Capital donations		9,538,899	
Transfers in			
Transfers out	<u>(104,245)</u>	<u>(68,137)</u>	
Change in net position	547,711	8,029,467	271,847
Net position, beginning of year	<u>9,844,392</u>	<u>390,795,703</u>	<u>14,292,033</u>
Total net position, end of year	<u>\$ 10,392,103</u>	<u>\$ 398,825,170</u>	<u>\$ 14,563,880</u>

The notes to the financial statements are an integral part of this statement.

	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
\$	15,040,664	\$
	23,277,023	
	24,745,488	
	3,560,060	
		11,424,842
	<u>1,322,656</u>	
	<u>67,945,891</u>	<u>11,424,842</u>
	12,913,576	1,355,220
	5,481,120	3,333,477
	39,815,698	1,335,261
	1,408,787	42,706
	<u>14,973,275</u>	<u>4,233,015</u>
	<u>74,592,456</u>	<u>10,299,679</u>
	<u>(6,646,565)</u>	<u>1,125,163</u>
	521,809	
	(26,469)	(5,547)
	943,773	386,997
	2,165,326	748,965
	<u>1,010,527</u>	<u>1,015,968</u>
	<u>4,614,966</u>	<u>2,146,383</u>
	(2,031,599)	3,271,546
	1,514,107	
	9,538,899	
	-	2,268,277
	<u>(172,382)</u>	
	8,849,025	5,539,823
		<u>41,472,867</u>
		<u>\$ 47,012,690</u>
Adjustment to reflect internal fund activities related to enterprise funds	<u>1,141,155</u>	
Change in net position	<u>\$ 9,990,180</u>	

City of Fayetteville, Arkansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	<u>Recycling and Trash Collection</u>	<u>Water and Sewer</u>	<u>Airport Fund Nonmajor Enterprise Fund</u>
Cash flows from operating activities:			
Cash received from customers	\$ 14,894,626	\$ 51,413,230	\$ 2,881,553
Cash received from internal customers			
Cash paid to suppliers	(4,926,465)	(33,694,684)	(748,107)
Cash paid to employees	(9,859,489)	(7,411,666)	(2,809,715)
Net cash provided by (used for) operating activities	<u>108,672</u>	<u>10,306,880</u>	<u>(676,269)</u>
Cash flows from noncapital financing activities:			
Taxes/Franchise fees	435,401		86,408
Transfers in			
Transfers out	(104,245)	(68,137)	
Net cash provided by (used for) noncapital financing activities	<u>331,156</u>	<u>(68,137)</u>	<u>86,408</u>
Cash flows from capital and related financing activities:			
Capital grants			1,514,107
Lease and subscription principal payments	(52,784)		
Interest paid on bonds/interfund loans	(19,152)		(1,398)
Acquisition and construction of capital assets	(859,288)	(21,071,259)	(1,607,046)
Proceeds from sale of capital assets	24,555	436	
Net cash provided by (used for) capital and related financing activities	<u>(906,669)</u>	<u>(21,070,823)</u>	<u>(94,337)</u>
Cash flows from investing activities:			
Purchase of investment securities	(11,109)		
Proceeds from sale of investment securities, net		13,512,751	130,440
Interest and dividends on investments	87,706	726,102	46,878
Net cash provided by (used for) investing activities	<u>76,597</u>	<u>14,238,853</u>	<u>177,318</u>
Net increase (decrease) in cash	<u>(390,244)</u>	<u>3,406,773</u>	<u>(506,880)</u>
Cash, beginning of year	<u>544,398</u>	<u>916,403</u>	<u>646,964</u>
Cash, end of year	<u>\$ 154,154</u>	<u>\$ 4,323,176</u>	<u>\$ 140,084</u>
Reconciliation of operating income (loss) to cash flows from operating activities			
Operating income (loss)	(199,691)	(5,040,616)	(1,406,258)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	669,888	13,009,579	1,293,808
(Increase) decrease in customer accounts receivable	(301,577)	(6,202)	(137,379)
(Increase) decrease in due from other funds	63,432	169,518	
(Increase) decrease in due from other governments	9,856	1,087,415	(627,080)
(Increase) decrease in inventory	9,890	(128,703)	6,602
(Increase) decrease in prepaid expenses	(20,182)		(3,923)
Increase (decrease) in accounts payable	(81,034)	636,193	110,146
Increase (decrease) in other accrued expenses	(66,293)	(117,175)	10,806
Increase (decrease) in due to other funds	(57,868)	(13,618)	(22,100)
Increase (decrease) in unearned revenue and deposits		(192,795)	99,109
Other revenue	82,251	903,284	
Net cash provided by (used for) operating activities	<u>\$ 108,672</u>	<u>\$ 10,306,880</u>	<u>\$ (676,269)</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$	\$ 9,538,899	\$
Accounts payable related to capital assets	1,505	368,940	199,582
Net increase/(decrease) in fair value of investments	229,420	1,906,339	29,567

The notes to the financial statements are an integral part of this statement.

<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
\$ 69,189,409	\$
(39,369,256)	11,485,660
(20,080,870)	(5,043,772)
<u>9,739,283</u>	<u>(1,365,141)</u>
	<u>5,076,747</u>
521,809	
-	2,268,277
(172,382)	
<u>349,427</u>	<u>2,268,277</u>
1,514,107	
	(23,444)
(20,550)	
(23,537,593)	(4,639,291)
	<u>1,016,532</u>
<u>(22,044,036)</u>	<u>(3,646,203)</u>
(11,109)	(4,005,421)
860,686	306,600
<u>849,577</u>	<u>(3,698,821)</u>
<u>2,509,649</u>	
<u>2,107,765</u>	
\$ <u><u>4,617,414</u></u>	\$ <u><u> </u></u>
(6,646,565)	1,125,163
14,973,275	4,233,015
(445,158)	
232,950	17,219
470,191	
(112,211)	(22,475)
(24,105)	(32,683)
665,305	(288,582)
(172,662)	(9,921)
(93,586)	
(93,686)	11,412
<u>985,535</u>	<u>43,599</u>
\$ <u><u>9,739,283</u></u>	\$ <u><u>5,076,747</u></u>
\$ 9,538,899	\$
570,027	197,346
2,165,326	748,965

City of Fayetteville, Arkansas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Pension Trust Funds	Private Purpose Trust Fund
	<u> </u>	<u> </u>
Assets		
Cash	\$ 217,108	\$ 101,410
Investments, at fair value:		
Investment cash equivalents	281,889	
Governmental securities	845,271	
Corporate bonds	759,984	
Corporate stock	3,948,440	
Receivables:		
Accrued interest	11,762	
Due from primary government	8,177	
Due from other government	53,629	
	<u> </u>	<u> </u>
Total assets	<u>6,126,260</u>	<u>101,410</u>
Liabilities		
Accounts payable at year end	702	
Unearned revenue	10,900	
	<u> </u>	<u> </u>
Total liabilities	<u>11,602</u>	<u> </u>
Net Position		
Net position restricted for climate change		101,410
Net position restricted for pensions	6,114,658	
	<u> </u>	<u> </u>
Total	<u>\$ 6,114,658</u>	<u>\$ 101,410</u>

The notes to the financial statements are an integral part of this statement.

City of Fayetteville, Arkansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
Additions		
Contributions:		
City contributions	\$ 103,278	
Property taxes contributed from police and fire pension revenue fund	1,681,975	
State insurance taxes contributed from police and fire pension revenue fund	742,043	
Total contributions	<u>2,527,296</u>	
Investment earnings:		
Interest	176,618	1,388
Net increase in fair value of investments	484,446	
Gain on sale of investments	60,708	
Investment fees	(29,268)	
Other	2,931	
Net investment earnings	<u>695,435</u>	<u>1,388</u>
Total additions	<u>3,222,731</u>	<u>1,388</u>
Deductions		
Contractual services	8,166	
Benefit payments	2,754,824	
Special item - transfer assets to LOPFI	1,730,922	
Total deductions	<u>4,493,912</u>	
Change in net position	<u>(1,271,181)</u>	<u>1,388</u>
Net position, beginning of year	<u>7,385,839</u>	<u>100,022</u>
Net position, end of year	<u>\$ 6,114,658</u>	<u>101,410</u>

The notes to the financial statements are an integral part of this statement.

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1. Nature of Operations and Summary of Significant Accounting Policies

The City of Fayetteville, Arkansas (the "City") is a municipal corporation operating under the authority of Arkansas state statute. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. A description of the more significant accounting and financial reporting policies and practices of the City follows.

A. Reporting Entity

The City is a municipality governed by an elected mayor and an eight-member council. As required by accounting principles generally accepted in the United States (GAAP), these financial statements present the City (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Those entities in which the nature and significance of their relationship with the City is such that exclusion from the City's financial reporting entity would render the City's financial statements incomplete or misleading are included as part of the City's reporting entity.

Those commissions and boards which have been included within the City's financial statements are as follows:

Discretely presented component units

Advertising and Promotion Commission - The Commission is governed by seven members appointed by the City Council. Two City Council members serve on the Commission. The City levies and collects taxes to fund the Commission. The Commission's purpose is to promote and develop tourism for the City of Fayetteville.

The Commission is discretely presented as a separate column in the City's government-wide financial statements. Financial statements of the Advertising and Promotion Commission can be obtained from the administrative offices located at 21 South Block, Fayetteville, Arkansas 72701.

Fayetteville Public Library (Library) - The Mayor of the City appoints all five members of the Library's Board of Trustees and the City controls a significant portion of the Library's budget. The Library serves the residents of the City and Washington County. The Fayetteville Public Library Foundation (Foundation) provides fundraising for the Library and is governed by a board comprised of members appointed by the Board of Trustees of the Library. The Foundation is a special revenue fund of the Library.

The Library is discretely presented as a separate column in the City's government-wide financial statements. Financial statements of the Fayetteville Public Library can be obtained from the administrative offices located at 401 W. Mountain, Fayetteville, Arkansas 72701.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements. The statements have been segregated into two categories, governmental activities and business-type activities of the City. Governmental activities are generally supported through taxes and intergovernmental revenues. Business-type activities are financed in whole or part by user fees and charges to external parties. The primary government is reported separately from component units of the City. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by revenues generated by the program. Direct expenses are those that can be clearly associated with a specific function. Program revenues include 1) charges to customers or applicants who use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions for operational or capital requirements of a particular function or program. The effect of interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated in the consolidation process. Taxes and other items not identifiable with a program are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements as the assets are not available to finance City operations. Major governmental funds and major enterprise funds are reported in separate columns in the fund financial statements. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. The City considers sales and use taxes available if they are collected within thirty days after year-end. All other revenues including property taxes are considered available if they are collected within sixty days after year-end. Major revenue sources susceptible to accrual are sales taxes, property taxes, franchise fees, intergovernmental revenue and interest earnings. Expenditures are recorded when a related fund liability is incurred with the exception of principal and interest on long-term debt, compensated absences and claims and judgments which are recorded when the payments are due.

The government reports the following major governmental funds:

General Fund - The General Fund is the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Sales Tax Improvement Bond Fund - This debt service fund is used to account for the accumulation of resources for and the payment of principal and interest associated with the bond issues for wastewater improvements, streets and trails.

American Rescue Plan Act Fund – This special revenue fund accounts for grant funds from the federal government to address the Covid-19 pandemic and the corresponding economic crisis.

Parks Development Fund – This special revenue fund is designated to be used for the acquisition and development of City parks. Revenue is received from a hotel/motel/restaurant tax.

Sales Tax Capital Improvement Fund – This capital project fund accounts for a portion of the City's sales and use tax to acquire, construct and equip capital additions and improvements in the City's five year capital plan.

Sales Tax 2019 Construction Fund – This capital projects fund accounts for the bond proceeds from a bond issue for multiple City projects including streets, trails, police, fire, drainage, parks and a cultural arts corridor.

Sales Tax 2022 Construction Fund – This capital projects fund accounts for the bond proceeds from a bond issue for multiple City projects including streets, trails, fire, drainage, parks and a cultural arts corridor.

The government reports the following major enterprise funds:

Recycling and Trash Collection Fund – This fund accounts for the operation of the City's recycling program and trash collection system.

Water and Sewer Fund – This fund accounts for the operation and maintenance of the City's water and sewer system.

Additionally, the City reports the following fund types:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. The Shop Fund is the only internal service fund of the City and is responsible for the management of the City's fleet.

Pension Trust Fund – Pension trust fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The City has one pension trust fund, the Policemen’s Pension and Relief Fund.

Private Purpose Trust Fund – The private purpose trust fund is used to account for the donations of funds to be used to address a long-term potential rise in migration and refugee resettlement services due to climate change and war.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally generated resources are reported as general revenues. All taxes are included in general revenues. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or delivering goods in connection with a fund’s ongoing operations. The primary source of operating revenues to the City’s major enterprise funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the costs of sales and services, administrative costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets and Liabilities

Investments - 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.

Receivables - Customer Accounts – In the proprietary funds an allowance has been made for doubtful accounts based on past experience in each fund. In the governmental funds, sales and use taxes that are not received within thirty days and other revenues not received within sixty days of year-end are considered deferred inflows of resources.

Receivables – Leases – The City’s lease receivables are measured at the present value of the lease payments to be received during the term of the lease. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the lease receivable and is amortized on a straight-line basis over the term of the lease.

Due to/from Other Governments - Due from other governments consists primarily of November and December sales and use taxes, property taxes, state turnback, cost sharing, and grant reimbursement requests receivable at year-end. Due to other governments consists primarily of grant subrecipient expense reimbursements, cost sharing, and fourth quarter parking revenue distributions.

Inventories - Inventories in the governmental and proprietary funds are stated at cost and consist primarily of waterline materials, fuel and various vehicle parts. Inventory cost is determined by the first in/ first out method or average cost method. The cost is recorded as an expenditure/expense upon consumption. The Water and Sewer Fund inventory balance at year end totaled \$1,788,118.

Prepays - Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds using the consumption method.

Restricted Assets – Certain resources are classified as restricted on the statement of net position because their use is subject to external restrictions. The City’s restricted assets totaled \$95,674,817 at December 31, 2023.

Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are assets which individually cost \$5,000 or more and have a useful life of more than one year. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend their lives are not capitalized.

Donated Capital Assets – Donated capital assets are recorded at acquisition value. The value of donated infrastructure in the governmental activities was \$8,966,480 in 2023. Donated Water and Sewer lines valued at \$9,538,899 were recorded in the business-type funds.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Machinery, equipment, and vehicles	3-10
Infrastructure	20-50

Property Taxes - The City levies property taxes applicable to the following year during the month of October. Property taxes assessed during the previous year are due and payable after March 1. Taxes are delinquent after October 15th. Delinquent property taxes as of December 31, 2023, were not significant. The assessed value of taxable property upon which property taxes are levied is determined by the County Assessor. The Assessor estimates full fair value of the property and applies a statutory rate of 20% to arrive at an assessed value. Washington County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Each unit of government receives its proportionate share of tax receipts from the County Assessor, based on its individual mill levy, in the month following the collection. The amount of property taxes the City may levy for general government operations is subject to a statutory limitation of 5 mills established by the State of Arkansas. This operating tax levy limitation may not be increased except by amendment to the State Constitution. In 2023, the City Council approved a levy of 2.2 mills for general government operations, which is a decrease of .1 mill. In addition, the City has 0.4 mills each for the Policemen's and Firemen's Pension Funds and 3.7 mills for the Fayetteville Public Library. The mills for the Library and the Pension funds are apart from the statutory limitation of 5 mills for operations.

Bond Issuance Costs, Premiums and Discounts and Refunding Gains and Losses –The government-wide financial statements and proprietary funds report long-term debt and other long-term obligations as liabilities in the statement of net position. Bond premiums and discounts, as well as prepaid bond insurance costs are amortized over the life of the related debt. Premiums and discounts are shown as a direct deduction or addition to the face amount of the debt. Other issuance costs are expensed in the period incurred. Gains and losses on debt refundings are classified as deferred inflows or deferred outflows of resources and are amortized to interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In the governmental funds, bond premiums and discounts as well as bond issuance costs, are recorded in the current period. The face amount of the debt issued is reported as other financing sources. Premiums and discounts on debt are reported as other financing sources and uses. Issuance costs are reported as expenditures of the current period.

Rebatable Arbitrage - Rebatable arbitrage is treated as an expense when due.

Compensated Absences – City employees earn sick and vacation leave benefits based on length of service time. Employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. Sick and vacation leave is accrued when earned in the proprietary fund and government-wide financial statements. In the governmental funds the liability is recorded to the extent that they have matured at year-end.

Unearned Revenue – In the governmental and proprietary funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The American Rescue Plan Act grant had \$4,601,013 of unearned revenues at year-end.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and 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 those estimates.

Lease Assets - Lease assets are initially recorded at the initial measurement of a lease liability, plus lease payments made at the commencement of the lease term, plus any direct costs to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease. The City's lease policy has a \$5,000 threshold to record a lease asset.

Subscription Assets – Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement date of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. The City's subscription policy has a \$5,000 threshold to record a subscription asset.

Deferred Outflows/Inflows of Resources – The Statement of Net Position and the Balance Sheet will include a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an expense or expenditure until that time. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time. Lease related deferred inflows represent the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

E. Fund Balance – Governmental Funds

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances may be used only for the specific purposes determined by resolution of the City Council. Commitments may be changed or lifted only by issuance of a resolution by the City Council.

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balances represents 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. The assigned fund balances are reflections of City Council decisions based on the passage of an ordinance or resolution or for purchase orders issued but not executed.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications. The General Fund is the only fund that can report a positive unassigned fund balance. However, in other governmental funds, if the amounts spent is more than the resources available for a specific purpose, then it may need to report a negative amount in unassigned fund balance.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

F. Disaster Recovery and Minimum Fund Balance Policy

In 2002, the City Council committed by ordinance, \$3,000,000 in disaster recovery funds. The funds are not to be dispersed until and unless the City Council determines by Resolution that a disaster requiring use of these funds has occurred. The funds are required to be restored to \$3,000,000 as soon as feasible after any disbursements of funds. These funds are shown as committed in the General Fund.

The City Council has also established a minimum reserve of sixty days of annual regular operating expenditures for the General Fund. The minimum reserves cannot be reduced without specific City Council Resolution. These funds are shown as unassigned in the General Fund. Additionally, the Council has required a minimum reserve of at least 10% of current year operating expenditures in the Street Fund. The City will use funds in the reserve only in times of emergency or fiscal and economic hardship. These funds are shown as restricted in the Street Fund.

G. Statements

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, is effective for the City in fiscal year 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, is effective for the City in fiscal year 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The City recorded \$680,083 in subscription-based information technology arrangements as of January 1, 2023. There was no impact to beginning net position balances due to this statement being adopted in 2023.

H. Change in Accounting Principle

The Board of Trustees of the Firemen's Pension and Relief Fund elected to have its Pension Fund administered by the Arkansas Local Police and Fire Retirement System (LOPFI) during 2023. Therefore, during 2023, the City transferred administration of its Firemen's Pension and Relief Fund Pension (Firemen's Fund) to the Local Police and Fire Retirement System (LOPFI). This effectively changed the plan type from a single-employer, defined benefit pension plan to an agent multiple-employer defined benefit pension plan. As a result of this change, the Plan's measurement date changed from the City's fiscal year end (December 31, 2023) to the agent's measurement date (December 31, 2022). The majority of the Plan assets are held by and managed by the Arkansas Local Police and Fire Retirement System and are excluded from the City's financial statements. The rest are held in a fiduciary fund on the City's financials. The effect of this change to the financial statements resulted in no change in the related net pension liability recorded by the City for 2023, because the prior year also had a measurement date of December 31, 2022. Additionally, there was no deferral at December 31, 2022 for contributions subsequent to the measurement date.

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance in total governmental funds and net position in governmental activities as reported in the government-wide statement of net position. A major element of the reconciliation combines the assets and liabilities from the internal service fund with the other governmental funds. The total adjustment of \$35,281,370 is detailed as follows:

Investments	\$ 27,354,436
Accrued interest	129,931
Due from other funds	7,477
Inventories	286,063
Prepaid expenses and other assets	191,684
Capital assets less depreciation	19,642,822
Capital lease payable	78,083
Accounts payable	(278,959)
Accrued Interest	(5,547)
Accrued expenditures	(22,898)
Compensated absences	(162,033)
Gain due to business-type funds	(11,731,320)
Unearned revenue	<u>(52,203)</u>
Net adjustment to fund balance in governmental fund statement to statement of net position governmental activities	<u>\$ 35,281,370</u>

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances in total governmental funds and changes in net position of governmental activities as shown in the government-wide statement of activities. A major element of the reconciliation explains that governmental funds report capital outlays as expenditures. In the statement of activities the costs of capital assets are allocated over the estimated useful life and reported as depreciation expense. The difference of \$11,982,827 is shown as follows:

Capital outlays	\$ 38,770,679
Depreciation expense	<u>(26,787,852)</u>
Net adjustment to increase net changes of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 11,982,827</u>

Another element of that reconciliation states that “The issuance of long-term debt such as bonds and capital leases provide current financial resources to governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. Governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is issued: however, these amounts are amortized in the statement of activities.

The details of this (\$31,282,380) difference are as follows.

Amortization of premiums and discounts, loss on refunding and interest expense	\$ 760,377
Payment of debt principal	<u>30,522,003</u>
Net adjustments of net changes of total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (31,282,380)</u>

3. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The City is required by State statute to prepare and submit an annual budget to the City Council on or before December 1 of each year for the period January 1 to December 31 of the forthcoming year. Prior to February 1 of each year, the budget must be legally adopted through passage of a City resolution by the City Council.

Budgets are prepared for the General fund, special revenue funds, debt service funds and capital project funds. These budgets are prepared on the modified accrual basis for revenues and expenditures. Budgets are also prepared for enterprise funds based on an accrual basis of accounting, with the exception of depreciation.

Appropriation for budgeted funds cannot exceed the estimated revenues and existing fund balances and it is unlawful for the City to create or authorize creation of a deficit fund balance or net position in any fund. Budgetary control is maintained at the program (operating unit within a division, e.g. administration, maintenance, construction, etc. within the Street Division) level. The Finance Director is authorized to make budget adjustments within a division of a fund, between departments for personnel services within a fund, and adjustments within categories within an approved project in a fund. However, budget amendments (which increase the budget total of a given fund) must be approved by the City Council, with the exception of powers specifically delegated to a Bond Trustee in a Bond Trust agreement for administration of a bond issue.

For control purposes, an encumbrance accounting system is employed. Under this system, purchase orders, contracts, and other commitments for expenditures of funds are recorded as encumbrances in order to reserve a portion of the applicable appropriation. At the end of the year, encumbrances for which goods and/or services have not been received are reviewed and rebudgeted or canceled. Encumbrances in major funds which lapsed at December 31, 2023 and were reinstated as of January 1, 2024 totaled \$540,607 for the General Fund, \$2,907,586 for Sales Tax Capital Improvement Fund, \$5,245,865 for the Sales Tax 2019 Construction Fund, and \$28,499,053 for the Sales Tax 2022 Construction Fund. Encumbrances which lapsed and were reinstated for non-major funds totaled \$4,116,670.

Since all unexpended appropriations lapse at the end of the fiscal year, it is the City's policy to rebudget purchase commitments, uncommitted projects and unspent capital project budget amounts rather than include them in the original budget. Therefore, amended budgets are traditionally large in comparison to the original budget for the capital projects funds.

4. Detailed Notes on All Funds

A. Deposits, Investments and Investment Income

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's deposit policy for custodial credit risk requires compliance with the provisions of State law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Arkansas. Collateral for deposits is held by an agent in the City's name. At December 31, 2023, none of the City's bank balances were exposed to custodial credit risk.

The Advertising and Promotion Commission and the Fayetteville Public Library are component units of the City. At December 31, 2023, none of the component units' bank balances were exposed to custodial credit risk.

Investments

The City's investment policies are to comply with the provisions of State statutes. Permissible investments include direct obligations of the U.S. Government, obligations of agencies of the U.S. Government, collateralized certificates of deposit, obligations issued by the Arkansas State Board of Education, prerefunded municipal bonds, certificates of deposits with banks authorized by State law to receive deposits of public funds, repurchase agreements, money market funds and corporate debt obligations. The Policemen's Pension and Relief Fund assets held in trust may also invest in corporate equity securities.

At December 31, 2023, the City, including its fiduciary funds, had the following investments and maturities:

Type	Fair Value/Net Asset Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury obligations	\$ 845,271	845,271	\$ -	\$ -	\$ -
U.S. Agencies obligations	139,266,425	79,101,236	60,165,189	-	-
Corporate bonds	759,984	-	759,984	-	-
Cash equivalents (money market)	111,491,376	111,491,376	-	-	-
Corporate stocks	3,948,440	\$ 191,437,820	\$ 60,925,173	\$ -	\$ -
	\$ 256,311,496				

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used to measure the fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are derived from or corroborated by observable market data for the asset or liability. The City's Level 2 investments are valued using a matrix pricing technique, which values the securities based on the securities' relationship to benchmark quoted prices. The City uses ICE data services for asset pricing of level 2 inputs. Level 3 inputs are unobservable. The City's investments are categorized below.

City Investments	12/31/2023	Quoted prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. Agencies	139,266,425	-	139,266,425	-
Investments measured at Amortized Cost	111,209,487			
Pension Investments	12/31/2023	Quoted prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. Treasury	845,271	845,271		
Corporate bonds	759,984		759,984	
Corporate Stock	3,948,440	3,948,440	-	-
Investments measured at Amortized Cost	281,889			

Interest Rate Risk – As a means of limiting its exposure to fair value losses from rising interest rates, the City's investment policy is to attempt to match investment maturities with cash flow requirements. Money market mutual funds are used to meet the short term cash flow needs of the City. Other investments are allowed within a range of maturities of ninety days to five years.

The pension trust investment policies address interest rate risk by managing asset allocation. The Policemen's Pension and Relief Fund allows for 0% to 25% in cash and cash equivalents, 25% to 65% maximum in fixed income, 35% to 50% maximum in equities and 0% to 10% in other investments. The Firemen's Pension and Relief Fund allowed 5% to 25% in cash and cash equivalents, 15% to 75% in fixed income, 25% to 50% in equities, and 0% to 10% in other investments. The Firemen's Pension Fund had reached a level where State Statute prohibited future investment in stocks. The fund can continue to hold the stocks currently in the portfolio. The Board of Trustees of the Firemen's Pension and Relief Fund elected to have its Pension Fund administered by the Arkansas Local Police and Fire Retirement System (LOPFI) during 2023. Therefore, during 2023, the City transferred administration of its Firemen's Pension and Relief Fund Pension (Firemen's Fund) to the Local Police and Fire Retirement System (LOPFI).

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to invest no more than 20% in corporate debt and securities of a management type investment company or investment trust. The corporate bonds must be rated as Single A minus or better by both Moody's Investor Service and Standard and Poor's at the time of purchase. Investment in commercial paper will be rated A-1/P-1. Investment in management type investment companies or investment trusts is limited to companies with portfolios who are limited to U.S. Government obligations and repurchase agreements with approved collateralization.

The pension trust corporate bonds at year-end had an S & P ranking between A+ and BBB. The pension funds held \$759,984 in bonds at year-end with \$185,980 rated A+, \$102,831 rated A-, \$107,663 rated BBB+ and \$363,510 rated BBB.

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 in the possession of an outside party. While the City's investment policy doesn't directly address custodial credit risk, all investments held by the City or by an agent of the City in the City's name are insured or collateralized or limited to U.S. Treasury Money Market Funds. The majority of the City's funds are invested by an asset manager and are held by Northern Trust in the City's name. All funds held by Northern Trust are insured. In addition, the City's investment policy requires that security broker/dealers will meet or exceed the capital adequacy standards set by the Federal Reserve Bank of New York.

Concentration of Credit Risk – The City's investment policy limits investment in any one issuer to 5% of the cost basis of the City's portfolio and limits concentration in any one business sector to 15% of the cost basis of the City's portfolio excluding U.S. Government obligations and collateralized certificates of deposits. The City had no concentration of credit risk as of December 31, 2023.

Foreign Currency Risk – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investment policy doesn't directly address foreign currency risk. The City's investment manager only buys U.S. dollar pay securities. The City had no investments that were denominated in foreign currency at December 31, 2023.

B. Capital Assets

Primary Government

Capital asset activity in the governmental activities for the year ended December 31, 2023 was as follows:

	Beginning Balance *	Increases and Reclass	Decreases and Reclass	Ending Balance
Governmental activities				
Capital assets not depreciated:				
Land	\$ 71,779,575	\$ 2,446,116	\$ (87,856)	\$ 74,137,835
Construction in progress	<u>64,537,611</u>	<u>11,102,936</u>	<u>(69,783,614)</u>	<u>5,856,933</u>
Total	<u>136,317,186</u>	<u>13,549,052</u>	<u>(69,871,470)</u>	<u>79,994,768</u>
Capital assets, being depreciated:				
Buildings	87,145,192	61,808,182	-	148,953,374
Improvements other than buildings	46,475,736	12,328,875	-	58,804,611
Machinery, equipment, and vehicles	85,188,502	5,510,783	(3,919,028)	86,780,257
Infrastructure	405,853,580	29,039,673	-	434,893,253
Leases	291,480	185,012	-	476,492
Subscriptions	<u>311,683</u>	<u>101,527</u>	<u>-</u>	<u>413,210</u>
Total	<u>625,266,173</u>	<u>108,974,052</u>	<u>(3,919,028)</u>	<u>730,321,197</u>
Less accumulated depreciation for:				
Buildings	(38,652,028)	(8,303,781)	-	(46,955,809)
Improvements other than buildings	(25,183,926)	(2,837,345)	-	(28,021,271)
Machinery, equipment, and vehicles	(57,639,040)	(5,910,400)	3,857,387	(59,692,053)
Infrastructure	(201,698,723)	(13,854,293)	-	(215,553,016)
Leases	(11,659)	(30,504)	-	(42,163)
Subscriptions	<u>-</u>	<u>(84,544)</u>	<u>-</u>	<u>(84,544)</u>
Total	<u>(323,185,376)</u>	<u>(31,020,867)</u>	<u>3,857,387</u>	<u>(350,348,856)</u>
Total depreciable assets, net	<u>302,080,797</u>	<u>77,953,185</u>	<u>(61,641)</u>	<u>379,972,341</u>
Governmental capital assets, net	<u>\$ 438,397,983</u>	<u>\$ 91,502,237</u>	<u>\$ (69,933,111)</u>	<u>\$ 459,967,109</u>

*Fiscal year 2022 amounts have been restated for GASB 96 adoption.

Depreciation expense was charged to programs of the governmental activities as follows:

Governmental activities	
General Government	\$ 7,549,084
Finance and Internal Services	616,111
Public Safety	1,580,569
Community Planning and Engineering	832
Transportation and Parking	13,500,460
Parks and Recreation	3,540,796
Capital assets held by the government's internal service fund charged to various functions	<u>4,233,015</u>
Total Depreciation expense – governmental activities	<u>\$ 31,020,867</u>

Capital asset activity in the business-type activities for the year ended December 31, 2023 was as follows:

	Beginning		Decrease and	Ending
	Balance *	Increases and transfers	transfers	Balance
Business-type activities				
Capital assets not depreciated:				
Land	\$ 14,121,306	\$ 2,660,229	-	\$ 16,781,535
Construction in progress	-	-	-	-
Total	<u>14,121,306</u>	<u>2,660,229</u>	<u>-</u>	<u>16,781,535</u>
Capital assets, being depreciated:				
Buildings	126,629,326	1,204,822	-	127,834,148
Improvements other than buildings	471,204,573	28,853,403	-	500,057,976
Machinery, equipment, and vehicles	41,416,380	352,505	(102,070)	41,666,815
Subscriptions	368,400	-	-	368,400
Total	<u>639,618,679</u>	<u>30,410,730</u>	<u>(102,070)</u>	<u>669,927,339</u>
Less accumulated depreciation for:				
Buildings	(78,003,401)	(3,915,148)	-	(81,918,549)
Improvements other than buildings	(173,619,910)	(9,023,279)	-	(182,643,189)
Machinery, equipment, and vehicles	(45,113,109)	(1,973,448)	102,070	(46,984,487)
Subscriptions	-	(61,400)	-	(61,400)
Total	<u>(296,736,420)</u>	<u>(14,973,275)</u>	<u>102,070</u>	<u>(311,607,625)</u>
Total depreciable capital assets	<u>342,882,259</u>	<u>15,437,455</u>	<u>-</u>	<u>358,319,714</u>
Business-type capital assets, net	<u>\$ 357,003,565</u>	<u>\$ 18,097,684</u>	<u>\$ -</u>	<u>\$ 375,101,249</u>

*Fiscal year 2022 amounts have been restated for GASB 96 adoption.

Depreciation expense was charged to programs of the business-type activities as follows:

Business-type activities

Airport	\$ 1,293,808
Recycling and Trash Collection	669,888
Water and Sewer	<u>13,009,579</u>
Total depreciation expense - business type activities	<u>\$ 14,973,275</u>

Activity for the component units for the year ended December 31, 2023, were as follows:

	Beginning Balance	Increases/Reclass	Decreases/Reclass	Ending Balance
Capital assets not depreciated:				
Land	\$ 2,228,376	\$ -	\$ -	\$ 2,228,376
Art work	1,002,200	6,091	-	1,008,291
Construction in progress	<u>194,133</u>	<u>112,321</u>	<u>(104,548)</u>	<u>201,906</u>
Total	<u>3,424,709</u>	<u>118,412</u>	<u>(104,548)</u>	<u>3,438,573</u>
Capital assets, being depreciated:				
Buildings and improvements	36,261,321	279,567	64,007	36,604,895
Machinery, equipment and vehicles	<u>17,567,424</u>	<u>1,252,090</u>	<u>(29,496)</u>	<u>18,790,018</u>
Total	<u>53,828,745</u>	<u>1,531,657</u>	<u>34,511</u>	<u>55,394,913</u>
Less accumulated depreciation	<u>(20,278,938)</u>	<u>(2,326,877)</u>	<u>39,282</u>	<u>(22,566,533)</u>
Total depreciable capital assets, net	<u>33,549,807</u>	<u>(795,220)</u>	<u>73,793</u>	<u>32,828,380</u>
Component unit capital assets, net	<u>\$ 36,974,516</u>	<u>\$ (676,808)</u>	<u>\$ (30,755)</u>	<u>\$ 36,266,953</u>

C. Construction Commitments

Outstanding commitments at December 31, 2023 under authorized contracts for capital projects of governmental and proprietary funds are presented in the following table:

	Expenditures Incurred As of 12/31/2023	Remaining Commitments at 12/31/2023
Primary Government		
Governmental activities		
Parks Development		
Park improvements	\$ 3,190,010	\$ 3,922,479
Capital Projects		
Streets	7,928,687	17,048,687
Trails	1,012,968	1,634,581
Drainage	586,447	183,783
Stream restoration	222,182	134,238
Cultural Arts Corridor	8,260,919	10,569,740
Police Station	4,468,884	457,961
Fire Stations	1,569,062	6,634,677
Economic Development	1,907,316	2,665,476
Other capital construction	<u>4,590,485</u>	<u>1,718,828</u>
Total commitments for governmental activities	<u>\$ 33,736,960</u>	<u>\$ 44,970,450</u>
Business-type activities		
Water and sewer line repair/replacement	\$ 7,720,471	\$ 3,324,280
Recycling and Trash facility improvements	1,556,244	734,756
Airport Construction	<u>8,223</u>	<u>24,018</u>
Total commitments for business-type activities	<u>\$ 9,284,938</u>	<u>\$ 4,083,054</u>

Parks development projects are funded with City's hotel, motel, and restaurant taxes and federal and state grants. The Sales and Use Tax Capital Improvement Bonds, 2019 and 2022, supported by a dedicated 1% sales and use tax, are funding the capital projects for streets, trails, drainage, parks, the Cultural Arts Corridor, police and fire stations. Water and sewer line repairs and replacements are being funded with revenues from the Water and Sewer Fund and federal and state grants. The Airport projects are funded primarily with state and federal grants. Other capital projects are funded with the City's 1% sales and use tax. In management's opinion, the funding sources identified above are adequate to meet all estimated future commitments.

D. Interfund Receivables, Payables, Transfers

Transfers are used to move revenues from the fund with collection authorization to debt service, pension funds and to other funds to finance various programs that the government must account for in other funds. Transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds are as follows:

Fund	Transfers In	Transfers Out
General	\$ -	\$ (1,001,526)
Sales Tax Capital Improvement	-	(880,198)
Parks Development Fund	-	(46,851)
Nonmajor Governmental Funds	<u>611,316</u>	<u>(778,636)</u>
Total	<u>\$ 611,316</u>	<u>\$ (2,707,211)</u>

Transfers recorded in the Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds are as follows:

Fund	Transfers In	Transfers Out
Water and Sewer	\$ -	\$ (68,137)
Recycling and Trash Collection	-	(104,245)
Internal Service	<u>2,268,277</u>	<u>-</u>
	<u>\$ 2,268,277</u>	<u>\$ (172,382)</u>

A reconciliation of transfers of Governmental Funds and Proprietary Funds follows:

	Governmental Funds	Proprietary Funds	Total
Transfers in	\$ 611,316	\$ 2,268,277	\$ 2,879,593
Transfers out	(2,707,211)	(172,382)	(2,879,593)

Transfers between funds totaled \$2,879,593. General Fund transferred \$232,716 to Drug Enforcement Grant Fund for the City's cost share for the program and \$768,810 to the Internal Service Fund for fleet expansion. Sales Tax Capital Improvement Fund transferred \$880,198 to the City's Internal Service fund for fleet expansion. The Parking Fund transferred \$378,600 to the Parking Deck Bond Fund for debt payments. Other funds transferred for fleet expansion totaled \$619,269.

Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are mainly a result of clearing of liabilities from pooled investments, time lag between the dates interfund goods and services are provided and reimbursed, and when transactions are recorded in the accounting system. The Airport Fund has an interfund loan to General Fund of \$32,334 included in the interfund balances at year end. The loan was to help with construction of corporate hangars. A schedule of interfund payables and receivables is included below.

The interfund balances by fund at December 31, 2023 are shown below.

<u>Due to/from other funds:</u>	<u>Receivables</u>	<u>Payables</u>
Major governmental funds:		
General Fund	\$ 695,652	\$ 24,325
Parks Development Fund	-	35
Sales Tax Capital Improvement	2,279	68,248
Sales Tax 2019 Construction	-	45,180
Sales Tax 2022 Construction	1,506	65,744
Nonmajor governmental funds	87,788	561,871
Major enterprise funds:		
Recycling and Trash Collection	61,330	
Water and Sewer	30,955	69,351
Nonmajor enterprise fund		52,233
Internal service fund:	-	-
Shop	<u>7,477</u>	<u>-</u>
Total	<u>\$ 886,987</u>	<u>\$ 886,987</u>

E. Leasing Activities

Leases Receivable

The City of Fayetteville leases certain property to various third parties who use it to conduct their business operation. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term. Short term leases are recognized as inflows of resources based on the payment of the lease contract and are therefore not included in the lease receivable balances.

Revenue recognized for lease contracts during the year ended 2023 was \$146,224 in the governmental and \$203,769 in the proprietary funds, which includes both lease revenue and interest.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the lease receivable as of December 31, 2023.

Fiscal Years	Governmental Fund Leases		Business-Type Leases	
	Principal	Interest	Principal	Interest
2024	109,404	36,820	155,965	86,778
2025	111,602	33,222	163,988	78,110
2026	114,258	29,567	111,797	70,585
2027	118,027	25,796	98,113	67,028
2028	121,921	21,903	101,564	63,568
2029-2033	607,575	48,116	626,366	256,551
2034-2038	-	-	423,722	157,342
2039-2043	-	-	246,702	94,370
2044-2048	-	-	103,685	54,883
2049-2053	-	-	98,799	28,412
2054-2058	-	-	67,217	13,405
2059-2063	-	-	57,912	2,095
Total	\$1,182,787	\$ 195,424	\$2,255,830	\$ 973,127

Lease and Subscription Liabilities

The City of Fayetteville has a land lease with the term of 2023 through 2038. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term.

The City uses the Prime Loan Rate plus 1% or 2% at the inception of the lease to measure the lease payable. The rate used for the lease payable in 2023 was 3.25%.

The City of Fayetteville has four subscription arrangements that meet the requirements of GASB 96 – Subscription-Based Information Technology Arrangements. Two of the agreements are recorded within the General Fund. One is the software that Recycling and Trash uses for the trucks. The fourth subscription is a program used by the Fleet Division for maintaining city vehicles. These four agreements all have terms of five years or less.

The following is the future principal and interest payments for lease and subscription liabilities as of December 31, 2023.

Fiscal Years	Governmental Fund Leases		Business-Type Leases	
	Principal	Interest	Principal	Interest
2024	89,323	45,912	54,107	21,497
2025	110,374	38,475	58,281	17,271
2026	119,608	30,392	62,776	12,719
2027	108,255	23,075	67,618	7,816
2028	37,958	20,736	72,834	2,535
2029-2033	98,079	82,309	-	-
2034-2038	192,380	33,997	-	-
2039-2043	-	-	-	-
Total	<u>\$ 755,977</u>	<u>\$ 274,896</u>	<u>\$315,616</u>	<u>\$61,838</u>

The following is a summary of lease and subscription liabilities for the City for 2023.

	Beginning Balance *	Increases	Decreases	Ending Balance
Governmental Fund				
Long-term lease liability	\$ 255,740	\$ 212,287	\$ (27,275)	\$ 440,752
Subscription	311,683	78,083	(74,541)	315,225
Total	<u>\$ 567,423</u>	<u>\$ 290,370</u>	<u>\$ (101,816)</u>	<u>\$ 755,977</u>

*Fiscal year 2022 amounts have been restated for GASB 96 adoption.

The City recorded right-to-use assets for leased land and subscriptions. The initial value of the recorded land asset was \$465,319 with \$18,846 amortized in 2023 for a year-end value of \$446,473. The initial value of the recorded subscription assets were \$413,210 with \$84,544 amortized in 2023 for a year-end value of \$328,666.

	Beginning Balance *	Increases	Decreases	Ending Balance
Business-Type				
Subscription	\$ 368,400	\$ -	\$ (52,784)	\$ 315,616

*Fiscal year 2022 amounts have been restated for GASB 96 adoption.

The City recorded a right-to-use asset for subscriptions. The initial value of the recorded assets was \$368,400 with \$61,400 amortized in 2023 for a year-end value of \$307,000.

F. Long-term Debt

AMENDMENT 78 BONDS AND NOTES PAYABLE – In 2001, the State of Arkansas passed Amendment No. 78 allowing cities to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. The agreements are not to exceed five years. The City is limited in the amount of short-term financing available in any given year to 5% of the assessed valuation of property within the City. The City's general obligation total debt limit for 2023 was \$618,262,122 with \$123,652,424 in short term debt limit. The City had \$755,976 short-term debt outstanding at December 31, 2023.

The City entered into a direct borrowing zero-interest loan agreement with the Walton Family Foundation for \$1,651,125 in 2018. The loan proceeds were used for acquiring approximately 228 acres of property for permanent greenspace preservation and future natural surface trails. The loan is due in six equal payments of \$275,188 starting in March of 2018. The loan is paid in full as of December 31, 2023.

GENERAL OBLIGATION BONDS - Issuance of long-term general obligation bonds by the City is governed by Arkansas Statutes. The Statutes require voter approval for issuance of general obligation bonds. General obligation bonds pledge the full faith and credit of the government. The City currently has no authorized but unissued general obligation bonds.

SALES AND USE TAX CAPITAL IMPROVEMENT BONDS – Issuance of sales and use tax capital improvement bonds is governed by Arkansas Statutes. The Statutes require voter approval for the issuance of the bonds. The bonds are special obligations of the City secured by and payable solely from receipts of the sales and use tax. The City currently has no authorized but unissued sales and use tax capital improvement bonds.

REVENUE BONDS – Issuance of revenue bonds is governed by Arkansas Statutes. Revenue bonds are not general obligations but are special obligations of the City secured solely and payable from net revenues from a specified revenue source.

Below is a brief description of the outstanding long-term governmental activity debt.

City of Fayetteville Tax Increment Interest Accretion Bonds (Highway 71 East Square Redevelopment District No. 1 Project), Series 2005 for \$3,725,000 were issued in April 2005. The bonds are special obligations of the City secured by and payable solely by a pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City's Highway 71 East Square Redevelopment District No. 1. The bond proceeds were used for the acquisition of real property located within the district, the demolition of the majority of existing structures thereon and for site improvements for subsequent development. The land was subsequently sold to private developers for construction of a hotel, condominium, and parking facility on the site. The economic downturn impacted the development of the \$25,000,000 project and currently there is no planned project for the property. The original 2005 millage dedicated to the TIF District was 3.16 mills, but that amount has gradually increased to 7.8 mills.

The City received \$582,335 in property taxes in 2023 and \$150,000 of bonds were redeemed. The real property value of the District was \$86,782,613 in 2023. The total principal amount of outstanding bonds are due August 2029 unless redeemed earlier. The current balance of outstanding bonds is \$1,971,160 with an accreted value of \$6,543,838.

In December 2012, the City issued Parking Revenue Improvement Bonds, Series 2012 in the amount of \$6,220,000. The bonds are special obligations of the City and are secured by net parking revenues. The proceeds from the bond issue were used for the acquisition, construction and equipping of a multi-level parking deck and related roadway and other improvements.

In November 2014, the City issued \$10,980,000 Hotel, Motel and Restaurant Gross Receipts Tax and Tourism Revenue Capital Improvement and Refunding Bonds, Series 2014. The bonds were approved by the voters in 2013 for the purpose of (1) paying the costs of redeeming the outstanding Hotel, Motel and Restaurant Bonds, Series 2003, in the amount of \$650,000 (2) paying for a portion of the expansion and renovation of the Walton Arts Center, and (3) paying a portion of acquiring, constructing and equipping a regional park within the City. The bonds are secured by the revenues derived from a 1% tax levied upon the gross receipts derived from renting, leasing or

otherwise furnishing hotel or motel accommodations for profit within the City and the portion of gross receipts received by restaurants, cafes, cafeterias, delis, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store restaurants and similar businesses from the sale of prepared food and beverages.

The City issued \$26,500,000 Library Improvement Bonds, Series 2017 in July. The Series 2017 are special limited tax obligations of the City secured by and payable solely from receipts from a 1.2 mill city ad valorem tax levied on real and personal property within the City and the City's allocable portion to the library of the .5% statewide sales and use tax.

The bond proceeds are to be used for expansion of the Fayetteville Public Library. The expansion is expected to include an expansion to the youth services department, a multi-purpose auditorium, a new teen space, digital and robotics maker space, a new genealogy area and a small business center. All assets constructed or purchased with the bond proceeds will be transferred to the Library after the construction is complete.

The City issued \$124,425,000 Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2019A and \$3,170,000 Sales and Use Tax Capital Improvement Bonds Taxable Series 2019B in August of 2019. The proceeds from the bonds are to be used for multiple projects and for refunding of existing sales and use tax bonds. The Sales and Use Tax Bonds Series 2007 and Series 2009 were retired from available funds at the time of issuance of the 2019 bonds. The Taxable Series 2019B matured in 2020. The Sales and Use Tax Bonds Series 2013 and 2015 were paid with available funds and refunding funds held in escrow until November 2019. The difference in debt service of the refunded bonds of \$13,133,408 and the refunding bonds of \$12,399,795 was \$733,613. The economic loss on the refunding was \$33,702.

The Series 2019 Bonds are special obligations of the City secured by and payable from a special City-wide sales and use tax. The 1% tax was approved by qualified voters of the City in a special election in April of 2019. Total amount of bonds authorized by the election is not to exceed \$226,065,000. The 2019 Bonds are the first issue, with two more issues anticipated.

The 2019 bond proceeds are to be used for projects for streets, trails, drainage, parks, City facilities, an arts corridor, police facilities and fire facilities. The 2019B bond proceeds were used for economic development.

The City issued \$74,340,000 Sales and Use Tax Capital Improvement Bonds, Series 2022 in 2022. The Series 2022 Bonds are special obligations of the City secured by and payable from a special City-wide sales and use tax. The 1% tax was approved by qualified voters of the City in a special election in April of 2019. T. The 2022 Bonds are the second issue, with one more issue anticipated. The bonds are to be used for street, trails, drainage, parks, City facilities, the Arts Corridor and fire projects. Annual debt service requirements to maturity for bonds and notes payable of governmental activities are as follows:

Fiscal Years	Bonds	
	Principal	Interest
2024	13,315,000	4,640,023
2025	13,950,000	3,974,032
2026	14,575,000	3,353,574
2027	15,225,000	2,700,828
2028	9,440,000	2,526,023
2029-2033	51,421,160	14,976,137
2034-2038	9,245,000	2,409,406
2039-2043	6,435,000	917,356
2044-2049	1,950,000	93,635
Total	\$ 135,556,160	\$ 35,591,014

A summary of bonds and notes outstanding for governmental activities as of December 31, 2023 is as follows:

	Outstanding			Principal
	Issue year	Due Dates	Interest Rates	Amount
Tax Increment Interest Accretion Bonds	2005	2029	6.5%	\$ 1,971,160
Parking Revenue Improvement	2012	2024-2037	2.0%-3.63%	4,195,000
Hotel, Motel and Restaurant	2014	2024-2039	2.0%-5.0%	8,075,000
Library Improvement	2017	2024-2047	.9%-3.46%	19,765,000
Sales and Use Tax Capital Imp and Refunding Bonds, Series 2019	2019	2024-2035	1.6%-5.0%	33,110,000
Sales and Use Tax Capital Imp, Series 2022	2022	2024-2032	1.3%-2.875%	68,440,000

Pledged Revenues

A 1% Sales and Use Tax is 100% dedicated to the payment of the Sales and Use Tax Capital Improvement Bonds debt service. The sales and use tax will expire once the bonds mature in 2035. During 2023, \$31,790,727 was recognized in sales tax revenue and \$32,088,781 in principal and interest was paid on the bonds.

Below is a schedule of revenue bonds supported by pledged revenues as of December 31, 2023.

	Revenue Pledged	Net Revenue Available for Debt Service	Debt Portion of Pledged Revenues	Debt Percentage of Pledged Revenues	Remaining Principal and Interest	Period Revenue Will Not Be Available for Other Purposes
Parking Revenue Improvement Bonds	Parking Fund Net Revenues	\$357,991	\$379,285	105.90%	5,271,759	2037

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable, including premiums and discounts	\$ 173,527,272	-	\$(30,750,701)	\$ 142,776,571	\$ 13,315,000
Note payable, direct borrowing	275,188	-	(275,188)	-	-
Lease liabilities	255,740	602,051	(191,268)	666,523	89,323
Net pension liability (NPL)	44,527,887	32,883,543	(5,052,512)	72,358,918	-
OPEB liability	1,841,920	48,731	-	1,890,651	-
Compensated absences	<u>11,789,774</u>	<u>12,013,250</u>	<u>(11,789,774)</u>	<u>12,013,250</u>	<u>4,321,776</u>
Governmental activities					
Total long-term liabilities	\$ 232,217,781	\$ 45,469,492	\$(47,969,990)	\$ 229,717,283	\$ 17,721,171
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 1,983,831	\$ 1,758,286	\$(1,983,831)	\$ 1,758,286	\$ 852,582

The long-term liabilities of the City's internal service fund are included in the totals for governmental activities. The pension liability will be liquidated over time with property taxes, investment earnings and state turnback funds from the General Fund and the Police and Fire Revenue Fund. Compensated absences are liquidated in the fund in which the expenditures/ expenses are accrued. Compensated absences were liquidated in the following governmental funds in 2022: General, Street, Parking, Community Development, Drug Law Enforcement, and Parks Development. The other post employment benefit (OPEB) liability is funded on a pay-as-you-go basis in the General, Street, Community Development, Drug Law Enforcement, Parking and Parks Development Funds.

G. 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. The arbitrage 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. The City has no rebatable arbitrage accrued at December 31, 2023.

H. Conduit Debt Obligations

From time to time, the City has issued revenue bonds to finance residential housing, health care and related facilities to persons of low or moderate income or for the elderly. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the State nor any political subdivision thereof is obligated in any manner for the repayment of the bonds.

The City's current conduit debt consist of the Fayetteville Arkansas Public Facilities Board bonds in the amount of \$17,320,000 issued in 2016. The current outstanding balance of this bond issues is \$9,335,000.

5. Other Information

A. Retirement Plans

Each eligible employee is included in one of five defined benefit retirement plans, a defined contribution plan and/or a deferred compensation plan which the City of Fayetteville sponsors or has adopted. These are the Policemen's Pension and Relief Fund (PPRF), the Firemen's Pension and Relief Fund (FPRF), the Arkansas Local Police and Fire Retirement System (LOPFI), the General Employee Retirement Savings Plan, and the General Employee Non-Qualified Deferred Compensation Plan (Deferred Compensation Plan). Two of the plans are trust funds and are included in the City's reporting entity. The Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund are funded and administered through the Fayetteville Policemen's Relief Association and the Fayetteville Firemen's Relief Association. The other defined benefit contribution plans, the General Employee Retirement Savings Plan and Deferred Compensation Plan, are not administered by the City and are not included as a part of the City's reporting entity. The Arkansas Local Police and Fire Retirement Systems, the Arkansas Public Retirement System and the Arkansas District Judges Retirement System are administered by the State of Arkansas. The General Employee Retirement Savings Plan and the Deferred Compensation Plan assets are held in custody by a bank trustee. Aggregate amounts for the defined benefit plans are as follows.

	PPRF	FPRF	LOPFI	Total
Net pension liability	8,276,213	11,036,661	53,046,044	72,358,918
Deferred outflows of resources	34,640	326,633	17,635,055	17,996,328
Deferred outflows of resources-contributions subsequent to the measurement date	-	1,290,995	6,110,820	7,401,815
Deferred inflows of resources	-	-	4,907,346	4,907,346
Pension expense / (income)	1,320,991	-	8,272,363	9,593,354

GENERAL EMPLOYEE RETIREMENT SAVINGS PLAN

Plan Description – The General Employee Retirement Savings Plan is a defined contribution plan qualified under section 401(a) of the Internal Revenue Code. The Bank of Oklahoma Financial Services administers the Plan for the City. The initial eligibility for participation in this Plan is the first day of the month following the employee's one-year anniversary of employment. Participation in the Plan is voluntary and available to all regular full-time general employees of the City who are at least 20 years of age and who worked at least 1,000 hours in the first 12 months of employment. The Plan requires participating employees to contribute at least 3% of their base wages to the Retirement Savings Plan or the Deferred Compensation Plan. The City contribution to the Retirement Savings Plan is 12% of base wages of contributors to either the Retirement Savings Plan or the Deferred Compensation Plan. There is 100% immediate vesting in amounts contributed by the City. The City of Fayetteville Employee Retirement Plan Administrative Committee has the authority to monitor and make changes to the recommended investment portfolio of the plan and to perform other administrative duties. However, the employee has the freedom to place their vested funds in investments outside of the City's portfolio with no approval from the Committee. Any amendments to the plan contribution provisions would require City Council approval.

For the year ended December 31, 2023, total covered payroll for the General Employee Retirement Savings Plan amounted to \$24,384,742. Contributions to the Employee Retirement Savings Plan were as follows:

Covered Payroll	Employer		Employee			
	Required and Contributed		Minimum Required		Actual Contributed	
	%	Amount	%	Amount	%	Amount
\$ 24,384,742	12%	\$ 2,926,169	3%	\$ 731,542	6.75%	\$ 1,644,076

POLICEMEN'S AND FIREMEN'S PENSION AND RELIEF FUNDS

Plan Description - The Policemen's Pension and Relief Fund (PPRF) and the Firemen's Pension and Relief Fund (FPRF) are single employer defined benefit pension plans for the police and fire personnel employed by the City prior to January 1, 1983. These Plans do not prepare separate financial statements.

The Arkansas Fire and Police Pension Review Board oversees requests for benefit increases and review of the annual financial and actuarial reports. The Board is composed of nine members as follows: two fire fighters, two police officers and three persons appointed by the governor from a list submitted by the Arkansas Municipal League and one person who is not a current or former retiree and who is not a current or former member of the governing body of any political subdivision, to be appointed by the Governor.

In addition to the Arkansas Fire and Police Pension Review Board each fund has a Board of Trustees consisting of seven members. The members are comprised of the Chief Executive Officer of the City, the City Treasurer and five active or retired members of the pension fund who are elected by secret written ballot in May of each year. Both Plans became closed, by State law, to new employees effective January 1983.

Minimum benefits are determined by State statute. Annual voluntary retirement benefits for police and fire equal 90% of the member's highest year's pay. Members are eligible for these benefits after 20 years of service. Employees retiring after January 1, 1987, are entitled to additional compensation of \$240 annually for each year worked in excess of 20 years, up to a maximum additional annual compensation of \$1,200. Benefits for participants over age 59 are increased by 1.25% of final salary for each year worked in excess of 25 years up to a maximum benefit of 100% of final salary.

The board of trustees has the ability to make ad hoc cost of living adjustments (COLA) and other benefit improvements through a process that requires actuarial soundness and approval by the Pension Review Board. Therefore, in the opinion of the actuary, any increases are not substantively automatic, and no COLA is included in the determination of the total pension liability.

Method Used to Value Investments - Investments are stated at fair value in the Combining Statement of Fiduciary Net Position. The fair value of marketable investments, including U.S. Government securities and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at the statement date (fair value).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net unrealized gains or losses on investments represent the change in the difference between the cost and fair value of the investments at the beginning versus the end of the year.

Contributions – Contributions to the PPRF and FPRF are set forth in Arkansas statute. The City's contributions to the funds are partially funded by a .8 mill property tax levy which amounted to \$789,068 for each fund. In addition, the Plans are funded by a portion of a statewide 2 ½ % tax on insurance premiums of out-of-state insurance companies. Total on behalf payments from the State Insurance Commissioner of \$254,451 for the Policemen's Fund and \$401,315 for the Firemen's Fund were received by the City from the Arkansas Local Police and Fire Retirement System, a state agency. These funds were recognized as revenues and expenses for benefits in the fund financials. Part of those payments included funds authorized by Act 1452 of 1999 and Act 1373 of 2003. These distributions to the Policemen's and Firemen's Pension and Relief Funds for the year ended December 31,

2022 were \$99,404 and \$75,569 respectively. The PPRF also receives an allocation of 10% of all fines and forfeitures collected by the City for violations of ordinances or state laws.

The net pension liabilities for both Plans have been recognized in the City's statement of net position on page 27 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.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedules presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Governmental Accounting Standards Board Statement No. 67 *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25* (GASB 67) establishes the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the City's reporting of PPRF and FPRF's statement of fiduciary net position, statement of changes in fiduciary net position, certain notes to the financial statements and certain required supplementary information (RSI). GASB 68 sets forth the pension reporting requirements for the City in the statement of net position, statement of activities, certain notes to the financial statements and certain RSI. As no stand-alone financial reporting is issued for the PPRF or FPRF, all required disclosures for both GASB 67 and GASB 68 are contained in this note.

The Board of Trustees of the Firemen's Pension and Relief Fund elected to have its Pension Fund administered by the Arkansas Local Police and Fire Retirement System (LOPFI) during 2023. Therefore, during 2023, the City transferred administration of its Firemen's Pension and Relief Fund Pension (Firemen's Fund) to the Local Police and Fire Retirement System (LOPFI).

GASB 67 and 68 Disclosure

The following is the condensed financial information as of December 31, 2023 of the Policemen's and Firemen's Pension and Relief Funds.

	Policemen's Pension and Relief	Firemen's Pension and Relief	Total
Assets			
Cash	\$ 216,469	\$ 639	\$ 217,108
Investments at fair value	5,835,521	63	5,835,584
Accrued interest	11,762		11,762
Due from primary government	8,177	-	8,177
Due from other government	53,629	-	53,629
Total assets	<u>6,125,558</u>	<u>702</u>	<u>6,126,260</u>
Liabilities			
Due to primary government	-	702	702
Unearned revenue	10,900	-	10,900
Total liabilities	<u>10,900</u>	<u>702</u>	<u>11,602</u>
Net Position			
Net position restricted for pension	\$ <u>6,114,658</u>	\$ <u>-</u>	\$ <u>6,114,658</u>
Additions			
City contributions	\$ 103,278	\$ -	\$ 103,278
Property taxes contributed	867,802	814,173	1,681,975
State insurance taxes contributed	265,221	476,822	742,023
Interest earnings	140,199	36,419	176,618
Net increase/(decrease) in fair value of investments	484,446	-	484,446
Gain/loss on sale of investments	60,125	583	60,708
Other	(24,498)	(1,839)	(26,337)
Total additions	<u>1,896,573</u>	<u>1,326,158</u>	<u>3,222,731</u>
Deductions			
Contractual services	3,532	6,900	10,432
Benefit payments	1,459,499	1,354,100	2,813,599
Special item – transfer assets to LOPFI		1,669,881	1,669,881
Total deductions	<u>1,463,031</u>	<u>3,030,881</u>	<u>4,493,912</u>
Change in Net Position			
	433,542	(1,704,723)	(1,271,181)
Net position, beginning of year	<u>5,681,116</u>	<u>1,704,723</u>	<u>7,385,839</u>
Net position, end of year	\$ <u>6,114,658</u>	\$ <u>-</u>	\$ <u>6,114,658</u>

Membership Information – As of December 31, 2023 there are 39 police and 40 fire retirees and beneficiaries receiving benefits. There are no active employees in the Plans.

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. The rates were built on target allocation for all local police and fire pension funds, the target for an individual fund will vary within guidelines of Arkansas law and regulation. The target allocation and the long-term expected rates of return as of December 31, 2023 are shown in the following table

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Cash	10%	.25%
Total	100%	

Investment Concentrations – Investments concentrations, as defined by the Governmental Accounting Standards Board, is any investment in any one organization (other than those issued or explicitly guaranteed by the U.S. government) that represent 5% or more of PPRF or fiduciary net position. There were no such investment concentrations as of December 31, 2023.

Investment Rate of Return – For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.80 and (0.16)% for the PPRF and FPRF, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability – The components of the net pension liability for each plan at December 31, 2023 are as follows:

	PPRF	FPRF
Total pension liability	\$14,389,238	\$12,739,203
Plan net position	(6,113,025)	(1,702,542)
Net pension liability	\$8,276,213	\$11,036,661
Plan position as a % of total pension liability	42.48%	13.36%

Single Discount Rate – The single discount rate is used for the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be projected and compared to the obligation to make benefit payments in those years. As long as assets are projected to be sufficient in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required. The single discount rate is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The expected rate of return of 5% for the Policemen’s Pension and 5% for the Firemen’s Pension was used to measure the total pension liability as of December 31, 2023.

Sensitivity - Regarding the sensitivity of the total and net pension liability to changes in the single discount rate, the following presents the plan’s liability calculated using a single discount rate as well as what the plan’s liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher as of December 31, 2023.

	1% Decrease 4%	Current Rate Assumed 5%	1% Increase 6%
Policemen’s Pension Fund			
Net pension liability	\$ 9,497,326	\$ 8,276,213	\$ 7,216,931

	1% Decrease 4%	Current Rate Assumed 5%	1% Increase 6%
Firemen’s Pension Fund			
Net pension liability	\$12,124,550	\$11,036,661	\$10,093,347

Schedules of the components of the Policemen's Pension and Relief Fund's net pension liabilities, changes in the net pension liability, pension expense and deferred outflows are listed below.

Net Pension Liability Policemen's Pension and Relief Fund

	2023	2022	2021
Total pension liability	\$14,389,238	\$14,003,873	\$15,301,995
Plan net position	(6,113,025)	(5,679,717)	(6,560,436)
Net pension liability	\$ 8,276,213	\$ 8,324,156	\$ 8,741,559
Plan position as a % of total pension liability	42.48%	40.56%	42.87%

Changes in Net Pension Liability Policemen's Pension and Relief Fund

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances Dec. 31, 2022	\$ 14,003,873	\$ 5,679,717	\$ 8,324,156
Service Cost	-	-	-
Interest on TPL	666,241	-	666,241
Differences between Expected and Actual Experience	1,077,229	-	1,077,229
Employer Contributions	-	1,137,809	(1,137,809)
Net Investment Income	-	657,136	(657,136)
Benefits and Refunds	(1,358,105)	(1,358,105)	-
Administrative Expenses	-	(3,532)	3,532
Assumption Changes	-	-	-
Net changes	385,365	433,308	(47,943)
Balances December 31, 2023	\$14,389,238	\$6,113,025	\$ 8,276,213

Pension Expense Policemen's Pension and Relief Fund

	2023
Interest on Total Pension Liability	\$ 666,241
Projected earnings on plan assets	(278,390)
Administrative expenses	3,532
Recognition of outflow (inflow) due to liabilities	1,077,229
Recognition of outflow (inflow) due to assets	(147,621)
Total pension expense	\$ 1,320,991

At December 31, 2023, the City reported deferred inflows of resources related to the Policemen's Pension and Relief Fund from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 34,639</u>

Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending December 31	Deferred Outflows (Inflows) of Resources
2024	(18,576)
2025	23,639
2026	105,325
2027	<u>(75,749)</u>
Total	<u>34,639</u>

Schedules of the components of the Firemen's Pension and Relief Fund's net pension liabilities, changes in the net pension liability, pension expense and deferred outflows are listed below.

Net Pension Liability Firemen's Pension and Relief Fund

	2022	2021	2020
Total pension liability	\$12,739,203	\$13,853,666	\$17,991,561
Plan net position	(1,702,542)	(1,930,020)	(2,148,179)
Net pension liability	\$11,036,661	\$11,923,646	\$15,843,382
Plan position as a % of total pension liability	13.36%	13.93%	11.94%

Changes to Net Pension Liability Firemen's Pension and Relief Fund

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances December 31, 2021	\$13,853,666	\$1,930,020	\$11,923,646
Interest on TPL	662,328	-	662,328
Differences between Expected and Actual Experience	(562,580)	-	(562,580)
Employer Contributions	-	1,114,390	(1,114,390)
Net Investment Income	-	(123,357)	123,357
Benefits and Refunds	(1,214,210)	(1,214,210)	-
Administrative Expenses	-	(4,301)	4,301
Assumptions Changes	-	-	-
Other	-	-	-
Net changes	(1,114,462)	(227,478)	(886,984)
Balances December 31, 2022	\$12,739,203	\$1,702,542	\$11,036,661

Pension Expense / (Income) Firemen's Pension and Relief Fund

	2022
Interest on Total Pension Liability	\$ 662,328
Projected earnings on plan assets	(93,898)
Administrative expenses	4,301
Recognition of outflow (inflow) due to liabilities	(562,580)
Recognition of outflow (inflow) due to assets	140,615
Other changes	-
Total reduction in pension expense	\$ 150,765

For the year ended December 31, 2023, the City did not recognize pension expense, as measured in accordance with GASB Statement No. 68 due to the change in measurement date and the insignificant effect of beginning net position from the change, and reported deferred outflows of resources related to pensions from the following sources for the Firemen's Pension and Relief Fund, as determined by the City at December 31, 2023:

Firemen's Pension and Relief Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 326,633	\$ -
Contributions subsequent to the measurement date	\$ 1,290,995	\$ -
Total:	\$ 1,617,628	

At December 31, 2023 the City reported \$1,290,995 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction in the net pension liability for the year ending December 31, 2024 . Other deferred outflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31	Deferred Outflows (Inflows) of Resources
2024	79,180
2025	139,520
2026	64,483
2027	<u>43,450</u>
Total	\$ <u>326,633</u>

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 of benefit costs between the employer and the 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 the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations for both funds are performed annually and the last valuation was December 31, 2022. Actuarial assumptions used in evaluating the funds include entry age cost method, level percent open amortization method, an amortization period of 5 years for retirees, 5% investment rate of return and the 1983 Group Annuity Mortality Table for males set back 5 years for females. The actuarial value of assets was determined using the fair value of investments.

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

Plan Description – The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide retirement plan for police officers and fire fighters of a political subdivision of the State of Arkansas. It was established under the authority of Act 364 of 1981 and bears a fiduciary obligation to the participants of the system. LOPFI maintains a cost-sharing multiple employer defined benefit pension plan for participants hired by the respective local government unit after January 1, 1983. LOPFI issues separate financial statements which can be obtained by writing to LOPFI, P.O. Drawer 34164, Little Rock, AR 72203 or by calling (501) 682-1745.

LOPFI policy is established by a 7 member Board of Trustees: 2 trustees who are active members of the system, 1 police officer and 1 firefighter, nominated by their respective employee groups, and appointed by the Governor; 2 employer representatives from governing bodies of the participating political subdivisions and appointed by the Governor from a list submitted by the Arkansas Municipal League; 2 retired members, 1 police officer and 1 firefighter, appointed by the Governor from a list provided by the Joint Committee on Public Retirement and Social Security Programs; and 1 citizen who is neither an employee nor employer of the system appointed by the Governor from a list submitted by the Joint Committee on Public Retirement and Social Security Programs. An Executive Director is appointed by the Board and administers the System in a manner consistent with law and Board policy.

Membership Information – The State of Arkansas is responsible for the coordination of the actuarial valuations performed on the Arkansas Local Police and Fire Retirement System (LOPFI). As of December 31, 2022, the most recent information available from the State, City of Fayetteville employee membership data related to the Plans was as follows:

	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	<u>117</u>	<u>109</u>
Active plan participants:		
Fully vested	87	97
Nonvested	<u>26</u>	<u>14</u>
Total active plan participants	<u>113</u>	<u>111</u>

Employees terminating from the Plan before normal retirement age with at least 5, but less than 20 years of credited service, may receive future benefits provided the employee does not withdraw his/her accumulated contributions and lives to his/her annuity starting date.

Benefit Terms – The benefit terms for the cost-sharing multiple-employer plan are established in accordance with the provision of the Arkansas Code.

Contributions – The employee contribution rate depends on the type of service being rendered whether or not the service is also covered by social security. The contribution rate which applies to the City of Fayetteville members is 8.5% of gross pay beginning July 1, 2009 and 6% prior to that date.

The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to insure that the individual system employers can honor their benefit commitments to covered employees. The City's

contribution rate during 2021 was 26% for the Police Plan 26% for the Fire Plan.

Total contributions to the Pension Plans for the year ended December 31, 2022, were \$6,396,550 of which \$4,821,388 was contributed by the City and \$1,575,162 was contributed by employees. On behalf payments from a state insurance tax of \$896,038 for Policemen and \$947,848 for Firemen were received by the City from the Arkansas Local Police and Fire Retirement System.

City contributions to the retirement plan in 2023 totaled \$6,110,820 and were recorded as deferred outflows of resources in the Statement of Net Position.

Net Pension Liability – The components of the net pension liability of paid entities participating in the cost-sharing pension plan at December 31, 2022 was as follows:

Total pension liability	\$ 3,466,714,473
Plan's fiduciary net position	2,399,022,786
Net pension liability	1,067,691,687
Plan's fiduciary net position as a percentage of total pension liability	69.20%

The net pension liability for the City's portion of the total plan was \$26,045,480 for the Fire Plan and \$27,000,564 for the Police Plan and this total liability of \$53,046,044 has been recognized in the City's statement of net position on page 27.

Actuarial Assumptions - The total pension liability as of December 31, 2023, was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions:

Paid Service Assumptions-

Wage inflation	3.00%
Price inflation	2.25%
Salary increases	3.75% to 18.25%, including inflation
Investment rate of return	7.25%
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14.0 years beginning January 1, 2022
Asset valuation method	5-year smoothed fair market; 20% corridor

Retirement Age – Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2012 – 2016.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table.

Asset Class	Target Allocation	Long-Term Exp Real Rate of Ret
U.S. Stock Large Cap	21.00%	4.05%
U.S. Stock Small Cap	21.00%	4.65%
International equity	9.00%	5.27%
Emerging Markets	9.00%	7.49%
U.S. Corporate Bonds	25.00%	-0.35%
Real Estate	5.00%	3.76%
Private Equity	<u>10.00%</u>	9.10%

Total 100.00%

Single Discount Rate – A single discount rate of 7.25% 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 7.25 percent. The projection of cash flows used to determine this single discount rate assume that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the net pension liability of the plan, calculated using a single discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

	Discount Rate Assumption		
	1% Decrease 6.25%	Current Rate Assumption 7.25%	1% Increase 8.25%
Net pension liability-Fire	\$38,783,217	\$26,045,480	\$15,737,722
Net pension liability-Police	\$40,205,392	\$27,000,564	\$16,314,822

At December 31, 2023, the City reported a liability of \$53,046,044 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 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 the total employer contributions to the Plan of the group for the measurement period. At December 31, 2022, the City’s proportionate share was 4.97 percent.

For the year ended December 31, 2023, the City recognized pension expense of \$8,272,363 related to this plan. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources.

Deferred Outflows of Resources Policemen’s and Firemen’s Local Retirement Fund

Description	Policemen’s Fund	Firemen’s Fund
Actual vs. Expected experience	\$ 1,774,852	\$ 1,712,071
Net difference between projected and actual investment earnings on pension plan investments	6,572,402	6,339,918
Assumption changes	294,358	283,945
Changes in proportion and differences between employer contributions and share of contributions	563,557	93,952
Contributions subsequent to the measurement date	3,153,422	2,957,398
Total	\$12,358,591	\$ 11,387,284

Deferred Inflows of Resources Policemen's and Firemen's Local Retirement Fund

Description	Policemen's Fund	Firemen's Fund
Changes in assumptions	\$ 2,093,530	\$ 2,019,476
Changes in proportion and differences between employer contributions and share of contributions	21,180	773,160
Total	\$ 2,114,710	\$ 2,792,636

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$3,153,422 for Policemen's Fund and \$2,957,398 for the Firemen's Fund will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. Other amounts reported as deferred inflows and outflows of resources related to the Plan will be recognized as follows:

Year Ending December 31	Policemen's Fund Net Deferred Outflows (Inflows) of Resources	Firemen's Fund Net Deferred Outflows (Inflows) of Resources
2024	748,900	145,753
2025	1,337,624	816,470
2026	1,896,047	1,677,074
2027	<u>3,107,888</u>	<u>2,997,953</u>
Total	\$ <u>7,090,459</u>	\$ <u>5,637,250</u>

B. Other Post Employment Benefits

Plan Description - The City of Fayetteville sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal City official or employee vested in one of the City's retirement plans with 20 years of service and who attains 55 years of age or at any age after 28 years of service 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 this statute. No assets are accumulated in a trust that meets the criterion in paragraph 4 of GASB Statement No. 75.

Funding Policy - The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire 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 plan. The City is not required to make contributions to the Plan on behalf of the retirees and funds the Plan on a projected pay-as-you-go financing method. The Plan has 24 inactive participants who pay monthly premiums between \$437 for single high deductible coverage and \$2,493 for PPO family coverage.

OPEB Liability - The following table shows the components of the changes in City's annual OPEB liability for the year measured as of December 31, 2023.

Service cost	\$ 19,242
Interest	73,500
Difference between expected and actual experience	139,067
Changes in assumptions/inputs	(93,329)
Benefit payments	<u>(89,748)</u>
Net Change in Total OPEB Liability	48,732
Total OPEB Liability Beginning	1,841,920
Total OPEB Liability Ending	<u>\$ 1,890,651</u>

Discount Rate and Healthcare Cost Trend Rate Sensitivity – The following schedule shows the impact to the Total OPEB Liability if the discount rate and healthcare cost trend rate used were 1% less than and 1% greater than the rates used in measuring the Total OPEB Liability.

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Discount Rate	\$ 1,936,808	\$1,890,651	\$ 1,811,077
Healthcare Cost Trend Rates	\$ 1,792,813	\$1,890,651	\$ 1,958,064

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

OPEB Expense

Service cost	\$ 19,242
Interest on liabilities	73,500
Difference between actual and expected experience	72,426
Changes in assumptions/inputs	(17,630)
Total OPEB Expense	\$ 147,539

Deferred Outflows and Inflows

	<u>Outflows</u>	<u>Inflows</u>
Differences between actual and expected experience	\$ 69,533	\$ -
Changes of assumptions or other inputs	-	46,664
Total Deferred Outflows and Inflows	\$ 69,533	\$ 46,664

Amounts reported and deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year Ended Dec 31:	
2024	(\$22,869)
2025	\$0
2026	\$0
2027	\$0
2028	\$0
Thereafter	\$0

Actuarial Assumptions – The Total OPEB Liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date:	December 31, 2023
Actuarial Valuation Date:	January 1, 2023
Inflation:	2.40%
Salary Increases, including inflation:	3.25%
Discount Rate:	3.77%
Prior Year Discount Rate:	4.05%
Health Care Claim Cost Trend Rates	3.8% to 6.5%

The discount rate was based on the 12/31/2023 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (for general employees) and PubS.H-2010 (for public safety employees) Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (for general retirees) and PubS.H-2010(for public safety retirees) and Retiree Mortality Table, Generational with Projections Scale MP-2021 for males or females, as appropriate.

OPEB Plan – Number of Employees Covered

Inactive employees currently receiving benefits	24
Inactive employees entitled to but not receiving benefits	0
Active employees in health care plan	<u>672</u>
Total	<u>696</u>

C. Litigation

In the course of business, the City, its agencies, and its employees are defendants in legal proceedings including but not limited to claims against the City for property damage, personal injury, personnel and contract matters, and alleged violations of state and federal laws. It is the opinion of management that the disposition or resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in the financial position or cash flows of the City.

D. Contingent Liabilities

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The City believes that any liability for reimbursement which may arise as a result of audits of grant funds would not be material.

E. Risk Management

The City's comprehensive risk management program is administered with the assistance of a professional risk management broker. The City is exposed to the risk of various losses such as theft of, damage to, and destruction of assets; errors and omissions; and personal injury; natural disasters and employee health and accidents. The City limits losses and manages risk through the purchase of insurance policies with several different carriers. In addition, the City instituted various safety programs to reduce losses. The budgeting process includes provisions for accumulating funds to cover deductibles and any minor items which would not be covered by commercially purchased policies. There have been no significant reductions in insurance coverage from coverage in the prior year, and there were no settlements that exceeded insurance coverage in the past three fiscal years.

F. Subsequent Events

The Arkansas Department of Agriculture Natural Resources Division has approved the City's request for an \$85,000,000.00 Drinking Water State Revolving Loan Fund (DWSRF) to be used for the West Transmission Waterline project. This project will construct a new 48-inch transmission waterline, connecting the City of Fayetteville to the Beaver Water District facility. In October of 2023, the City signed a memorandum of agreement with the Arkansas Natural Resources Commission establishing funding for the project. The funding under the DWSRF is structured as a bond issue, and the City is pledging Water and Sewer revenue to secure the bond. Ordinance 6737 was adopted and approved on April 16, 2024, authorizing the issuance and sale of a not to exceed \$85,000,000 Water and Sewer system revenue bond for the purposes of constructing and equipping the waterline project. Closing documentation related to the financing of this project is expected to be finalized in June of 2024.

G. Economic Uncertainties

The City invests in various investment securities. Investment securities are exposed to various risks such as interest rate and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

H. New Accounting Pronouncements

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, is effective for the City in the fiscal year 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent and comparable information.

GASB Statement No. 101 – Compensated Absences, is effective for the City in the fiscal year 2024. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

GASB Statement No. 102, Certain Risk Disclosures, is effective for the City in the fiscal year 2025. The objective of this statement is to provide a broader disclosure of risk concentration or constraint, the City's vulnerability to that risk, and the possible impact if that risk event were to occur.

The City has not yet determined the impact of implementing the above new pronouncements.

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Firemen's Pension and Relief Fund
Required Supplementary Information
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Measurement Date ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost										
Interest on the Total Pension Liability Change of benefit terms	662,328	398,956	692,300	626,875	598,364	661,209	702,607	815,452	904,284	948,987
Differences between expected and actual experience	(562,580)	139,373	158,741	(360,363)	622,650	194,885	(1,108,633)	(411,112)	46,177	(469,723)
Assumption changes	0	(3,430,262)	3,923,432	(1,610,690)	(502,577)	740,854	(383,218)	1,294,220	761,672	
Benefit payments	(1,214,210)	(1,245,964)	(1,257,843)	(1,268,581)	(1,288,442)	(1,289,777)	(1,320,279)	(1,355,680)	(1,358,341)	(1,388,309)
Net change in total pension liability	(1,114,462)	(4,137,896)	3,516,629	(2,612,760)	(570,006)	307,171	(2,109,523)	342,880	353,792	(909,045)
Total pension liability-beginning	13,853,666	17,991,561	14,474,931	17,087,691	17,657,697	17,351,991	19,461,514	19,118,634	18,764,842	19,673,887
Total pension liability-ending	12,739,203	13,853,666	17,991,561	14,474,931	17,087,691	17,659,162	17,351,991	19,461,514	19,118,634	18,764,842
Plan fiduciary net position Contributions-employee Contributions-employer										
Net Investment Income	1,114,390	1,032,949	925,819	900,559	838,149	886,516	784,226	761,095	757,184	747,521
Benefit payments	(123,357)	(3,173)	(247,022)	426,206	(154,303)	349,178	276,495	(109,006)	357,409	586,418
Administrative expense	(1,214,210)	(1,245,964)	(1,257,843)	(1,268,581)	(1,288,442)	(1,354,457)	(1,320,279)	(1,355,680)	(1,358,341)	(1,388,309)
Other	(4,301)	(3,855)	(4,031)	(3,897)	(3,852)	(4,084)	(3,811)	(4,795)	(3,800)	(3,704)
Net change in plan fiduciary net position	0	1,884	3	900	0	(666)	3,410	280	247	0
	(227,478)	(218,159)	(583,074)	55,187	(608,448)	(123,513)	(259,959)	(708,106)	(247,300)	(58,073)
Plan fiduciary net position-beginning	1,930,020	2,148,179	2,731,253	2,676,066	3,284,515	3,409,492	3,669,451	4,377,557	4,624,857	4,682,930
Plan fiduciary net position-ending	1,702,542	1,930,020	2,148,179	2,731,253	2,676,067	3,285,979	3,409,492	3,669,451	4,377,557	4,624,857
Plan Fiduciary Net Position as a Percentage of										
Total Pension Liability	13.36%	13.93%	11.94%	18.87%	15.66%	18.60%	19.64%	18.85%	22.90%	24.65%
Net Pension Liability	11,036,661	11,923,646	15,843,382	11,743,678	14,411,624	14,373,183	13,942,499	15,792,063	14,741,077	14,139,985

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

Covered Payroll

Net Pension Liability as a Percentage of Covered Payroll

	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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A full 10 year schedule will be completed as information is available.

This information is presented as of the measurement date, which is December 31.

Presentation note: Because this plan does not issue stand alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.

Firemen's Pension and Relief Fund
Required Supplementary Information
Schedule of City's Contributions - Comparison to the Actuarially Determined Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2013	2,919,366	796,871	2,122,495		N/A
12/31/2014	3,188,219	757,184	2,431,034		N/A
12/31/2015	3,152,012	761,095	2,390,917		N/A
12/31/2016	3,048,056	784,226	2,263,830		N/A
12/31/2017	2,776,988	886,516	1,890,472		N/A
12/31/2018	2,724,329	838,149	1,886,180		N/A
12/31/2019	2,847,124	900,559	1,946,565		N/A
12/31/2020	2,647,911	925,819	1,722,092		N/A
12/31/2021	2,687,656	1,032,949	1,654,707		N/A
12/31/2022	2,688,489	1,114,390	1,574,099		N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining amortization	Five years
Asset Valuation	Market Value of Assets
Investment rate of return	5.00%
Mortality	1983 Group Annuity Mortality Table (GAM)

Firemen's Pension and Relief Fund
Required Supplementary Information
Schedule of the Annual Money-Weighted Rate of Investment Return

Fiscal Year Ending	Annual Money weighted Rate of Return
12/31/2013	6.07%
12/31/2014	8.27%
12/31/2015	-2.67%
12/31/2016	8.13%
12/31/2017	11.01%
12/31/2018	-5.05%
12/31/2019	17.11%
12/31/2020	-9.64%
12/31/2021	-0.16%
12/31/2022	-6.57%

The amounts shown are net of investment expense.

The actuary calculated these rates using the provided information; therefore, these are annual money-weighted rates. Monthly money-weighted returns were not available.

Policemen's Pension and Relief Fund
Required Supplementary Information
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Fiscal Year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability											
Service cost											
Interest on the Total Pension Liability	666,241	731,142	726,296	768,086	806,024	819,446	858,162	886,939	946,650	975,582	1,000,294
Change of benefit terms											
Differences between expected and actual experience	1,077,229	(670,959)	229,932	(227,298)	(157,062)	343,944	(179,824)	5,637	(657,782)	(39,796)	40,127
Assumption changes		0	498,892								
Benefit payments	(1,358,105)	(1,358,305)	(1,358,105)	(1,395,069)	(1,420,375)	(1,443,274)	(1,462,046)	(1,471,260)	(1,494,905)	(1,533,946)	(1,535,372)
Net change in total pension liability	385,365	(1,298,122)	97,015	(854,281)	771,413	(279,884)	(783,708)	(578,684)	(1,206,037)	(598,160)	(494,951)
Total pension liability—beginning	14,003,873	15,301,995	15,204,980	16,059,261	16,830,674	17,110,559	17,895,733	18,474,417	19,680,454	20,278,614	20,773,565
Total pension liability—ending	14,389,238	14,003,873	15,301,995	15,204,980	16,059,261	16,830,675	17,112,025	17,895,733	18,474,417	19,680,454	20,278,614
Plan fiduciary net position											
Contributions—employee											
Contributions—employer	1,137,809	1,066,125	1,014,448	941,534	960,615	944,631	1,025,138	871,161	831,117	783,051	796,871
Net Investment Income	657,136	(584,750)	709,610	506,858	918,114	(370,254)	814,500	440,255	(226,625)	351,601	452,749
Benefit payments	(1,358,105)	(1,358,305)	(1,358,105)	(1,395,069)	(1,420,375)	(1,443,274)	(1,556,766)	(1,471,260)	(1,494,905)	(1,533,946)	(1,535,372)
Administrative expense	(3,532)	(3,789)	(1,904)	(3,816)	(3,732)	(3,537)	(3,525)	(4,685)	(3,543)	(3,732)	(3,556)
Other	0	0	0	2,596	100	300	3,862	2,416	450	950	1,660
Net change in plan fiduciary net position	433,308	(880,719)	364,049	52,103	454,722	(872,134)	283,209	(162,113)	(893,506)	(402,076)	(287,648)
Plan fiduciary net position—beginning	5,679,717	6,560,436	6,196,387	6,144,284	5,689,562	6,561,696	6,080,618	6,242,731	7,136,238	7,538,314	7,825,962
Plan fiduciary net position—ending	6,113,025	5,679,717	6,560,436	6,196,387	6,144,284	5,689,562	6,363,827	6,080,618	6,242,732	7,136,238	7,538,314
Plan Fiduciary Net Position as a											
Percentage of Total Pension Liability	42.48%	40.56%	42.87%	40.75%	38.26%	33.80%	37.19%	33.97%	33.79%	36.26%	37.17%
Net Pension Liability	8,276,213	8,324,156	8,741,559	9,008,593	9,914,977	11,141,113	10,748,198	11,815,115	12,231,685	12,544,216	12,740,000
Covered Payroll											
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

A full 10 year schedule will be completed as information is available.
This information is presented as of the measurement date, which is December 31.

Presentation note: Because this plan does not issue stand alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.

Policemen's Pension and Relief Fund
Required Supplementary Information
Schedule of City's Contributions - Comparison to the Actuarially Determined Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2014	2,872,624	783,051	2,089,573		N/A
12/31/2015	2,828,412	831,117	1,997,295		N/A
12/31/2016	2,757,944	871,161	1,886,783		N/A
12/31/2017	2,664,018	1,025,138	1,638,880		N/A
12/31/2018	2,378,509	944,631	1,433,878		N/A
12/31/2019	2,512,047	960,615	1,551,432		N/A
12/31/2020	2,235,583	941,534	1,294,049		N/A
12/31/2021	2,031,216	1,014,448	1,016,768		N/A
12/31/2022	1,971,007	1,066,125	904,882		N/A
12/31/2023	2,159,488	1,137,809	1,021,679		N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining amortization	Five years
Asset Valuation	Market Value of Assets
Investment rate of return	5.00%
Mortality	1983 Group Annuity Mortality Table (GAM)

**Policemen's Pension and Relief Fund
Required Supplementary Information
Schedule of the Annual Money-Weighted Rate of Investment Return**

Fiscal Year Ending	Annual Money weighted Rate of Return
12/31/2014	4.91%
12/31/2015	-3.33%
12/31/2016	7.41%
12/31/2017	17.45%
12/31/2018	-5.87%
12/31/2019	16.82%
12/31/2020	8.57%
12/31/2021	11.78%
12/31/2022	-9.12%
12/31/2023	11.80%

The amounts shown are net of investment expense.

The actuary calculated these rates using the provided information; therefore, these are annual money-weighted rates. Monthly money-weighted returns were not available.

**Required Supplementary Information
Arkansas Local Police and Fire Retirement system (LOPFI)**

**Schedule of the City's Proportionate Share of Net Pension Liability
Fiscal Year Ended December 31, 2023**

<u>City Fiscal year ended December 31,</u>	<u>2023</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 proportion of the net pension liability									
Fire paid service	2.4394%	2.5602%	2.5273%	2.6225%	2.6804%	2.7605%	2.6277%	2.5751%	2.6842%
Police paid service	2.5289%	2.4203%	2.4147%	2.4272%	2.3793%	2.2927%	2.2570%	2.2775%	2.1913%
City's proportionate share of the net pension liability									
Fire paid service	\$26,045,480	\$12,937,105	\$17,374,622	\$20,265,291	\$24,186,958	\$19,615,883	\$14,991,928	\$13,513,511	\$9,716,902
Police paid service	\$27,000,564	\$12,229,965	\$16,600,555	\$18,756,279	\$21,470,010	\$16,291,910	\$12,876,848	\$11,951,884	\$7,932,604
City's covered-payroll									
Fire paid service	\$ 9,104,100	\$ 8,954,179	\$ 8,602,573	\$ 8,418,264	\$ 8,050,035	\$ 7,743,986	\$ 7,088,470	\$ 6,526,901	\$ 6,168,840
Police paid service	\$ 9,439,700	\$ 8,490,276	\$ 8,274,913	\$ 8,161,421	\$ 7,807,450	\$ 7,187,808	\$ 6,828,509	\$ 6,785,035	\$ 6,559,807
City's proportionate share of the net pension liability as a percentage of it's covered-payroll									
Fire paid service	286.09%	144.48%	201.97%	240.73%	300.46%	253.30%	211.50%	207.04%	157.52%
Police paid service	286.03%	144.05%	200.61%	229.82%	274.99%	226.66%	188.57%	176.15%	120.93%
Plan fiduciary net position as a percentage of the total pension liability	69.20%	84.75%	77.79%	73.21%	66.09%	71.48%	72.87%	72.92%	79.14%

Note: 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.

Note: 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 available information.

Assumption changes for 2020 include a price inflation of 2.50 percent; a wage inflation of 3.25 percent;

Required Supplementary Information
Arkansas Local Police and Fire Retirement system (LOPFI)

Schedule of City's Contributions
Fiscal Year Ended December 31, 2023

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution										
Fire paid service	\$2,957,398	\$2,367,066	\$2,328,086	\$2,236,669	\$2,188,749	\$2,093,009	\$1,975,005	\$1,736,675	\$1,599,091	\$1,587,860
Police paid service	\$3,153,422	\$2,454,322	\$2,207,472	\$2,138,238	\$2,027,297	\$1,861,296	\$1,641,695	\$1,491,346	\$1,414,299	\$1,300,359
Contributions in relation to the contractually required contribution										
Fire paid service	\$2,957,398	\$2,367,066	\$2,328,086	\$2,236,669	\$2,188,749	\$2,093,009	\$1,975,005	\$1,736,675	\$1,599,091	\$1,587,860
Police paid service	\$3,153,422	\$2,454,322	\$2,207,472	\$2,138,238	\$2,027,298	\$1,861,296	\$1,641,695	\$1,491,346	\$1,414,299	\$1,300,359
Contribution deficiency (excess)										
Fire paid service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police paid service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's covered-payroll										
Fire paid service	\$ 11,159,992	\$ 9,104,100	\$ 8,954,179	\$ 8,602,573	\$ 8,418,264	\$ 8,050,035	\$ 7,743,986	\$ 7,088,470	\$ 6,526,901	\$ 6,168,840
Police paid service	\$ 11,899,706	\$ 9,439,700	\$ 8,490,276	\$ 8,274,913	\$ 8,161,421	\$ 7,807,450	\$ 7,187,808	\$ 6,828,509	\$ 6,785,035	\$ 6,559,807
Contributions as a percentage of covered-payroll										
Fire paid service	26.50%	26.00%	26.00%	26.00%	26.00%	26.00%	25.50%	24.50%	24.50%	25.74%
Police paid service	26.50%	26.00%	26.00%	25.84%	24.84%	23.84%	22.84%	21.84%	20.84%	19.84%

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

Note: 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 available information.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years beginning January 1, 2022
Asset Valuation Method	5-Year smoothed market, 20% corridor
Wage Inflation	3.25%
Price Inflation	2.50%
Salary Increases	3.75% to 18.25%, including inflation
Investment Rate of Return	7.50%, as adopted by the Board
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2012-2016.
Mortality	The morality assumption is based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

Required Supplemental Information
Other Postemployment Benefits Plan*
Schedule of Funding Progress

Schedule of Changes in the Total OPEB Liability and Related Ratios					
	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	\$19,242	\$23,842	\$25,755	\$23,078	\$14,176
Interest	\$73,500	\$32,616	\$35,950	\$49,546	\$44,608
Changes of benefit terms	\$0	\$0	\$0	(\$115,259)	\$0
Differences btwn expected and actual experience	\$139,067	\$5,787	\$272,773	\$8,133	\$163,157
Changes in assumptions or other inputs	(\$93,329)	\$58,069	(\$315,817)	\$79,116	\$439,374
Benefit payments	(\$89,748)	(\$62,244)	(\$20,519)	(\$77,616)	(\$61,584)
Net Change in Total OPEB Liability	\$48,732	\$58,070	(\$1,859)	(\$33,002)	\$599,731
Total OPEB Liability - beginning	\$1,841,920	\$1,783,850	\$1,785,709	\$1,818,712	\$1,218,982
Total OPEB Liability - end	\$1,890,651	\$1,841,920	\$1,783,850	\$1,785,709	\$1,818,713
Covered Employee Payroll	\$37,837,773	\$35,788,303	\$34,661,795	\$33,646,658	\$32,587,562
Total OPEB Liability as a percentage of covered employee payroll	5.0%	5.1%	5.1%	5.3%	5.6%
Notes to Schedule:					
Change of Benefit Terms:	None				
Changes of Assumptions:	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:				
		2019	2.75%		
		2020	2.00%		
		2021	1.84%		
		2022	4.05%		
		2023	3.77%		

*Health Insurance Plan

No assets are accumulated in a trust. Any changes are assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds account for resources which are designated by law or contractual agreement for particular funds or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes and federal grant and entitlement monies.

STREET - This fund accounts for State and County taxes which are to be spent on street and sidewalk construction, maintenance and repair.

PARKING - This fund accounts for funds received from parking meter revenues, parking lot rentals and parking fines. These monies are expended for maintenance and capital improvements of parking lots.

RESIDENTIAL DISTRICT PARKING FUND - This fund accounts for the revenues and expenses of the Wilson Park South Neighborhood Parking District.

COMMUNITY DEVELOPMENT - This fund accounts for the community development grant funds received from the Federal Department of Housing and Urban Development.

IMPACT FEE - This fund accounts for the fees paid by new developments to be used to construct water and wastewater facilities that serve such developments and for Police and Fire fees used for capital acquisitions.

DRUG LAW ENFORCEMENT - This fund accounts for drug law enforcement grant funds received from the U.S. Department of Justice, passed through the State of Arkansas, in association with Washington County; the University of Arkansas; the Cities of Springdale, Prairie Grove, Lincoln, Elm Springs, Goshen, Farmington, Greenland, Johnson, Elkins, and West Fork and the Fourth Judicial Prosecuting Attorney.

SPECIAL GRANTS - This fund accounts for a grant from the National Endowment of the Arts for an art project in the Entertainment District of Fayetteville.

POLICE AND FIRE PENSION REVENUE - This fund accounts for the property taxes and state contributions made to the Police and Fire Relief and Pension Funds.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

TAX INCREMENT FINANCING (TIF) BOND FUND - This fund accounts for the accumulation of resources for the payment of bonded debt for the economic development of the Highway 71 East Square Redevelopment District No. 1 Project.

PARKING DECK BOND FUND - This fund accounts for the accumulation of net parking revenues for the payment of bonded debt for the construction of a parking deck in the City's Entertainment District.

HMR BOND FUND - This fund accounts for the accumulation of resources for the payment of bonded debt for the City's Regional Park Project, the Walton Arts Center Expansion Project and a refunding of the Town Center 2003 debt.

LIBRARY BOND 2017 FUND - This fund accounts for the accumulation of resources for the payment of bonded debt for the construction of the expansion of the Fayetteville City Library.

Capital Project Fund

Capital project funds are used to account for financial resources that are restricted, committed or assigned for expenditures for capital outlays.

BOND PROGRAM GRANT MATCHING FUND - This fund accounts for the grants and contributions and matching City funds for projects associated with bond construction funds.

City of Fayetteville, Arkansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds						
	Street	Parking	Residential District Parking	Community Development	Impact Fee	Drug Law Enforcement	Police & Fire Pension Revenue
Assets and Deferred Outflows of Resources							
Cash	\$	\$	\$	\$	\$	\$	\$
Investments	11,028,466	142,598	2,997	88,584	13,071,012	250,969	
Accounts receivable	7,254	2,157,754	54,555			39,266	
Accounts receivable - leases		12,718					
Accrued interest	52,384	903,859					
Due from other funds	73,763	12,697	259		62,086		
Due from other governments	767,723	279		6,600	41	7,105	1,879,517
Prepaid expenditures and other assets	67	403				5,220	
Restricted Assets:							
Investments							
Accrued interest							
Due from other government				12,651			
Total assets and deferred outflows of resources	\$ 11,929,657	\$ 3,230,308	\$ 57,811	\$ 107,835	\$ 13,133,139	\$ 316,953	\$ 1,879,517
Liabilities, Deferred Inflows of Resources and Fund Balances							
Accounts payable	\$ 414,487	\$ 102,040	\$ 120	\$ 7,071	\$	\$ 8,388	\$
Accrued expenditures	70,433	10,643		11,324		8,825	
Compensated absences	52,646	6,828		7,024		3,517	
Due to other funds	226	7,521	279	5,856		1,068	
Unearned revenue		55,278		10,815		9,832	
Total liabilities	537,792	182,310	399	42,090	0	31,630	
Deferred inflows of resources:							
Unavailable revenue - grants and accounts receivable							1,879,517
Unavailable revenue - taxes							
Unavailable revenue leases		879,052					
Total deferred inflows of resources	0	879,052		0			1,879,517
Total liabilities and deferred inflows of resources	537,792	1,061,362	399	42,090	0	31,630	1,879,517
Fund Balances							
Nonspendable							
Prepays	67	403				5,220	
Restricted for:							
Transportation and parking	11,391,798						
Public safety					2,145,795	280,103	
Community planning and engineering				65,745			
Parks and recreation							
Water and wastewater					10,987,344		
Debt service							
Assigned to:							
Transportation and parking		2,168,543	57,412				
Unassigned (deficit) fund balance							
Total fund balances	11,391,865	2,168,946	57,412	65,745	13,133,139	285,323	
Total liabilities, deferred inflows of resources and fund balances	\$ 11,929,657	\$ 3,230,308	\$ 57,811	\$ 107,835	\$ 13,133,139	\$ 316,953	\$ 1,879,517

City of Fayetteville, Arkansas
Combining Balance Sheet
Nonmajor Governmental Funds (con't)
December 31, 2023

	Debt Service Funds				Capital Project Fund	Nonmajor
	TIF Bond	Parking Deck Bond	HMR Bond	Library Bond 2017	Bond Program Grant Matching	Governmental Funds
Assets and Deferred Outflows of Resources						
Cash	\$	\$	\$	\$	\$	\$ 485,148
Investments						26,311,787
Accounts receivable						59,238
Accounts receivable - leases						903,859
Accrued interest						127,426
Due from other funds						87,788
Due from other governments					887,155	3,548,788
Prepaid expenditures and other assets						5,690
Restricted Assets:						
Investments	556,916	358,271	130,570	2,786,355		3,832,112
Accrued interest	2,358	1,489	543	21,009		25,399
Due from other government	618,326					630,977
Total assets and deferred outflows of resources	\$ 1,177,600	\$ 359,760	\$ 131,113	\$ 2,807,364	\$ 887,155	\$ 36,018,212
Liabilities, Deferred Inflows of Resources and Fund Balances						
Accounts payable	\$	\$	\$	\$	\$ 337,770	\$ 869,876
Accrued expenditures						101,225
Compensated absences						70,015
Due to other funds					546,921	561,871
Unearned revenue					21,622	97,547
Total liabilities					906,313	1,700,534
Deferred inflows of resources:						
Unavailable revenue - grants and accounts receivable					887,155	887,155
Unavailable revenue - taxes	618,326					2,497,843
Unavailable revenue - property taxes						879,052
Total deferred inflows of resources	618,326				887,155	4,264,050
Total liabilities and deferred inflows of resources	618,326				1,793,468	5,964,584
Fund Balances						
Nonspendable						
Prepays						5,690
Restricted for:						
Transportation and parking						11,391,798
Public safety						2,425,898
Community planning and engineering						65,745
Parks and recreation						0
Water and wastewater						10,987,344
Debt service	559,274	359,760	131,113	2,807,364		3,857,511
Assigned to:						
Transportation and parking						2,225,955
Unassigned fund balances					(906,313)	(906,313)
Total fund balances	559,274	359,760	131,113	2,807,364	(906,313)	30,053,628
Total liabilities, deferred inflows of resources and fund balances	\$ 1,177,600	\$ 359,760	\$ 131,113	\$ 2,807,364	\$ 887,155	\$ 36,018,212

City of Fayetteville, Arkansas
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds						
	Street	Parking	Residential District Parking	Community Development	Impact Fee	Drug Law Enforcement	Police & Fire Pension Revenue
Revenues:							
Property tax	\$	\$	\$	\$	\$	\$	\$ 1,679,841
Impact Fees					2,866,849		
Intergovernmental	9,743,608			1,414,347		445,555	742,043
Charges for services	18,536	1,632,253	22,543				
Fines and forfeitures		219,573	10,405			11,371	
Investment earnings	162,952	66,603	835		186,511		
Net increase (decrease) in the fair value of investments	310,318	74,155	1,364		322,894		
Contributions				36,232			
Other	91,904	4,729		2,439		869	
Total revenues	10,327,318	1,997,313	35,147	1,453,018	3,376,254	457,795	2,421,884
Expenditures:							
General Government							
Public safety					35,296	586,561	2,421,884
Community planning and engineering				1,440,084			
Transportation and parking	7,456,013	1,610,542	4,980				
Parks and recreation							
Debt service							
Capital outlay	926,924	25,001			284,651	16,630	
Total expenditures	8,382,937	1,635,543	4,980	1,440,084	319,947	603,191	2,421,884
Excess (deficiency) of revenues over (under) expenditures	1,944,381	361,770	30,167	12,934	3,056,307	(145,396)	0
Other financing sources (uses):							
Transfers in						232,716	
Transfers out	(400,036)	(378,600)					
Total other financing sources (uses)	(400,036)	(378,600)			0	232,716	
Net change in fund balances	1,544,345	(16,830)	30,167	12,934	3,056,307	87,320	
Fund balances, beginning of year	9,847,520	2,185,776	27,245	52,811	10,076,832	198,003	
Fund balances, end of year	<u>11,391,865</u>	<u>2,168,946</u>	<u>57,412</u>	<u>65,745</u>	<u>13,133,139</u>	<u>285,323</u>	

City of Fayetteville, Arkansas
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds (con't)
For the Year Ended December 31, 2023

	Debt Service Funds				Capital Project Fund	Total Nonmajor
	TIF Bond	Parking Deck Bond	HMR Bond	Library Bond 2017	Bond Program Grant Matching	Governmental Funds
Revenues:						
Property tax	\$ 582,335	\$	\$	\$	\$	2,262,176
Impact Fees						2,866,849
Intergovernmental					870,120	13,215,673
Charges for services						1,673,332
Fines and forfeitures						241,349
Investment earnings	10,879	16,486	13,022	71,943		529,231
Net increase (decrease) in the fair value of investments						708,731
Contributions			697,800	2,658,269	2,769	3,395,070
Other						99,941
Total revenues	593,214	16,486	710,822	2,730,212	872,889	24,992,352
Expenditures:						
General Government	1,373					1,373
Public safety						3,043,741
Community planning and engineering						1,440,084
Transportation and parking						9,071,535
Parks and recreation						0
Debt service	473,807	381,885	701,137	2,388,642		3,945,471
Capital outlay					1,411,516	2,664,722
Total expenditures	475,180	381,885	701,137	2,388,642	1,411,516	20,166,926
Excess (deficiency) of revenues over (under) expenditures	118,034	(365,399)	9,685	341,570	(538,627)	4,825,426
Other financing sources (uses):						
Transfers in		378,600				611,316
Transfers out						(778,636)
Total other financing sources (uses)		378,600		0		(167,320)
Net change in fund balances	118,034	13,201	9,685	341,570	(538,627)	4,658,106
Fund balances, beginning of year	441,240	346,559	121,428	2,465,794	(367,686)	25,395,522
Fund balances, end of year	\$ <u>559,274</u>	\$ <u>359,760</u>	\$ <u>131,113</u>	\$ <u>2,807,364</u>	\$ <u>(906,313)</u>	\$ <u>30,053,628</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Street Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,626,000	\$ 9,626,000	\$ 9,743,608	\$ 117,608
Charges for services	72,000	72,000	18,536	(53,464)
Investment earnings	28,000	28,000	162,952	134,952
Net change in the fair value of investments			310,318	310,318
Other	35,000	35,000	91,904	56,904
	<u>9,761,000</u>	<u>9,761,000</u>	<u>10,327,318</u>	<u>566,318</u>
Total revenues				
Expenditures:				
Transportation and parking	9,577,000	9,967,549	7,456,013	2,511,536
Capital outlay	109,000	2,999,715	926,924	2,072,791
	<u>9,686,000</u>	<u>12,967,264</u>	<u>8,382,937</u>	<u>4,584,327</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>75,000</u>	<u>(3,206,264)</u>	<u>1,944,381</u>	<u>5,150,645</u>
Other financing sources (uses):				
Transfer out	<u>(75,000)</u>	<u>(518,626)</u>	<u>(400,036)</u>	<u>118,590</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>(518,626)</u>	<u>(400,036)</u>	<u>118,590</u>
Net change in fund balance	<u>0</u>	<u>(3,724,890)</u>	<u>1,544,345</u>	<u>5,269,235</u>
Fund balances, beginning of year	<u>9,847,520</u>	<u>9,847,520</u>	<u>9,847,520</u>	
Fund balances, end of year	<u>\$ 9,847,520</u>	<u>\$ 6,122,630</u>	<u>\$ 11,391,865</u>	<u>\$ 5,269,235</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Parking Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,711,000	\$ 1,797,000	\$ 1,632,253	\$ (164,747)
Fines and forfeitures	263,000	263,000	219,573	(43,427)
Investment earnings	12,000	12,000	66,603	54,603
Net change in the fair value of investments	-	-	74,155	74,155
Other			4,729	4,729
Total revenues	1,986,000	2,072,000	1,997,313	(74,687)
Expenditures:				
Transportation and parking	1,663,000	1,963,192	1,610,542	352,650
Capital outlay	50,000	348,141	25,001	323,140
Total expenditures	1,713,000	2,311,333	1,635,543	675,790
Excess (deficiency) of revenues over (under) expenditures	273,000	(239,333)	361,770	601,103
Other financing sources (uses):				
Transfer out	(384,000)	(384,000)	(378,600)	5,400
Total other financing sources (uses)	(384,000)	(384,000)	(378,600)	5,400
Net change in fund balances	(111,000)	(623,333)	(16,830)	606,503
Fund balances, beginning of year	2,185,776	2,185,776	2,185,776	
Fund balances, end of year	\$ 2,074,776	\$ 1,562,443	\$ 2,168,946	\$ 606,503

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Residential District Parking Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 12,500	\$ 13,000	\$ 22,543	\$ 9,543
Fines and forfeitures	4,500	4,500	10,405	5,905
Investment earnings			835	835
Net change in the fair value of investments			1,364	1,364
	<u>17,000</u>	<u>17,500</u>	<u>35,147</u>	<u>17,647</u>
Total revenues				
Expenditures:				
Transportation and parking	<u>11,000</u>	<u>11,500</u>	<u>4,980</u>	<u>6,520</u>
	<u>11,000</u>	<u>11,500</u>	<u>4,980</u>	<u>6,520</u>
Total expenditures				
Net change in fund balances			<u>30,167</u>	<u>24,167</u>
Fund balances, beginning of year	<u>27,245</u>	<u>27,245</u>	<u>27,245</u>	
Fund balances, end of year	<u>\$ 27,245</u>	<u>\$ 27,245</u>	<u>\$ 57,412</u>	<u>\$ 24,167</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Community Development Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,081,000	\$ 4,013,637	\$ 1,414,347	\$ (2,599,290)
Contributions		33,987	36,232	2,245
Other			2,439	2,439
	<u>1,081,000</u>	<u>4,047,624</u>	<u>1,453,018</u>	<u>(2,594,606)</u>
Total revenues				
	<u>1,081,000</u>	<u>4,047,624</u>	<u>1,453,018</u>	<u>(2,594,606)</u>
Expenditures:				
Community Planning and engineering	1,081,000	4,311,049	1,440,084	2,870,965
	<u>1,081,000</u>	<u>4,311,049</u>	<u>1,440,084</u>	<u>2,870,965</u>
Total expenditures				
	<u>1,081,000</u>	<u>4,311,049</u>	<u>1,440,084</u>	<u>2,870,965</u>
Excess (deficiency) of revenues over (under) expenditures		(263,425)	12,934	276,359
		<u>(263,425)</u>	<u>12,934</u>	<u>276,359</u>
Other financing uses:				
Transfer in		237,358		(237,358)
		<u>237,358</u>		<u>(237,358)</u>
Total other financing uses				
		<u>237,358</u>		<u>(237,358)</u>
Net change in fund balance		(26,067)	12,934	39,001
		<u>(26,067)</u>	<u>12,934</u>	<u>39,001</u>
Fund balances, beginning of year	52,811	52,811	52,811	
	<u>52,811</u>	<u>52,811</u>	<u>52,811</u>	
Fund balances, end of year	\$ 52,811	\$ (210,614)	\$ 65,745	\$ 276,359
	<u>\$ 52,811</u>	<u>\$ (210,614)</u>	<u>\$ 65,745</u>	<u>\$ 276,359</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Impact Fee Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 2,686,000	\$ 2,686,000	\$ 2,866,849	\$ 180,849
Investment earnings	42,000	42,000	186,511	144,511
Net change in the fair value of investments			322,894	322,894
Total revenues	2,728,000	2,728,000	3,376,254	648,254
Expenditures:				
Public safety		35,297	35,296	1
Capital outlay	967,000	3,435,422	284,651	3,150,771
Total expenditures	967,000	3,470,719	319,947	3,150,772
Excess (deficiency) of revenues over (under) expenditures	1,761,000	(742,719)	3,056,307	3,799,026
Other financing sources (uses):				
Transfer out		(4,999,254)	-	4,999,254
Total other financing sources (uses)		(4,999,254)	-	4,999,254
Net changes in fund balances	1,761,000	(5,741,973)	3,056,307	8,798,280
Fund balances, beginning of year	10,076,832	10,076,832	10,076,832	
Fund balances, end of year	\$ 11,837,832	\$ 4,334,859	\$ 13,133,139	\$ 8,798,280

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Drug Law Enforcement Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 261,000	\$ 458,838	\$ 445,555	\$ (13,283)
Fines and forfeitures	-	121,049	11,371	(109,678)
Other	-	-	869	869
Total revenues	<u>261,000</u>	<u>579,887</u>	<u>457,795</u>	<u>(122,092)</u>
Expenditures:				
Public safety	494,000	744,741	586,561	158,180
Capital Outlay	-	123,749	16,630	107,119
Total expenditures	<u>494,000</u>	<u>868,490</u>	<u>603,191</u>	<u>265,299</u>
Deficiency of revenues under expenditures	<u>(233,000)</u>	<u>(288,603)</u>	<u>(145,396)</u>	<u>143,207</u>
Other financing sources (uses):				
Transfer in	<u>233,000</u>	<u>233,000</u>	<u>232,716</u>	<u>(284)</u>
Total other financing sources (uses)	<u>233,000</u>	<u>233,000</u>	<u>232,716</u>	<u>(284)</u>
Net change in fund balances	<u>-</u>	<u>(55,603)</u>	<u>87,320</u>	<u>142,923</u>
Fund balances, beginning of year	<u>198,003</u>	<u>198,003</u>	<u>198,003</u>	
Fund balances, end of year	<u>\$ 198,003</u>	<u>\$ 142,400</u>	<u>\$ 285,323</u>	<u>\$ 142,923</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Police and Fire Pension Revenue Special Revenue Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax	\$	\$	\$ 1,679,841	\$ 1,679,841
Intergovernmental			742,043	742,043
Total revenues			<u>2,421,884</u>	<u>2,421,884</u>
Expenditures:				
Public safety			<u>2,421,884</u>	<u>2,421,884</u>
Total expenditures			<u>2,421,884</u>	<u>2,421,884</u>
Net change in fund balances				
Fund balances, beginning of year				
Fund balances, end of year	\$	\$	\$	\$

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Sales Tax Improvement Bond Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 29,915,000	\$ 29,915,000	\$ 31,790,727	\$ 1,875,727
Investment earnings	-	-	550,185	550,185
Total revenues	<u>29,915,000</u>	<u>29,915,000</u>	<u>32,340,912</u>	<u>2,425,912</u>
Expenditures:				
General government	5,000	5,000	-	5,000
Debt service	<u>29,910,000</u>	<u>32,310,000</u>	<u>32,088,781</u>	<u>221,219</u>
Total expenditures	<u>29,915,000</u>	<u>32,315,000</u>	<u>32,088,781</u>	<u>226,219</u>
Net changes in fund balances	<u>-</u>	<u>(2,400,000)</u>	<u>252,131</u>	<u>2,652,131</u>
Fund balances, beginning of year	<u>9,548,752</u>	<u>9,548,752</u>	<u>9,548,752</u>	
Fund balances, end of year	<u>\$ 9,548,752</u>	<u>\$ 7,148,752</u>	<u>\$ 9,800,883</u>	<u>\$ 2,652,131</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
TIF Bond Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax	\$ 460,000	\$ 460,000	\$ 582,335	\$ 122,335
Investment earnings	-	-	10,879	10,879
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>593,214</u>	<u>133,214</u>
Expenditures:				
General government	7,000	7,000	1,373	5,627
Debt service	<u>453,000</u>	<u>526,917</u>	<u>473,807</u>	<u>53,110</u>
Total expenditures	<u>460,000</u>	<u>533,917</u>	<u>475,180</u>	<u>58,737</u>
Net change in fund balances	<u>-</u>	<u>(73,917)</u>	<u>118,034</u>	<u>191,951</u>
Fund balances, beginning of year	<u>441,240</u>	<u>441,240</u>	<u>441,240</u>	
Fund balances, end of year	<u>\$ 441,240</u>	<u>\$ 367,323</u>	<u>\$ 559,274</u>	<u>\$ 191,951</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Parking Deck Bond Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 16,486	\$ 16,486
Total revenues	-	-	16,486	16,486
Expenditures:				
Debt service	384,000	384,000	381,885	2,115
Total expenditures	384,000	384,000	381,885	2,115
Excess (deficiency) of revenues over (under) expenditures	(384,000)	(384,000)	(365,399)	18,601
Other financing sources (uses):				
Transfer in	384,000	384,000	378,600	(5,400)
Total other financing sources (uses)	384,000	384,000	378,600	(5,400)
Net change in fund balances	-	-	13,201	13,201
Fund balances, beginning of year	346,559	346,559	346,559	
Fund balances, end of year	\$ 346,559	\$ 346,559	\$ 359,760	\$ 13,201

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
HMR Bond Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 13,022	\$ 13,022
Contributions	<u>702,000</u>	<u>702,000</u>	<u>697,800</u>	<u>(4,200)</u>
Total revenues	<u>702,000</u>	<u>702,000</u>	<u>710,822</u>	<u>8,822</u>
Expenditures:				
Debt service	<u>702,000</u>	<u>702,000</u>	<u>701,137</u>	<u>863</u>
Total expenditures	<u>702,000</u>	<u>702,000</u>	<u>701,137</u>	<u>863</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>9,685</u>	<u>9,685</u>
Fund balances, beginning of year	<u>121,428</u>	<u>121,428</u>	<u>121,428</u>	
Fund balances, end of year	<u>\$ 121,428</u>	<u>\$ 121,428</u>	<u>\$ 131,113</u>	<u>\$ 9,685</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Library Bond 2017 Debt Service Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 71,943	\$ 71,943
Contributions	<u>2,424,000</u>	<u>2,424,000</u>	<u>2,658,269</u>	<u>234,269</u>
Total revenues	<u>2,424,000</u>	<u>2,424,000</u>	<u>2,730,212</u>	<u>306,212</u>
Expenditures:				
Debt service	<u>2,424,000</u>	<u>2,424,000</u>	<u>2,388,642</u>	<u>35,358</u>
Total expenditures	<u>2,424,000</u>	<u>2,424,000</u>	<u>2,388,642</u>	<u>35,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>341,570</u>	<u>341,570</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>341,570</u>	<u>341,570</u>
Fund balances, beginning of year	<u>2,465,794</u>	<u>2,465,794</u>	<u>2,465,794</u>	
Fund balances, end of year	<u>\$ 2,465,794</u>	<u>\$ 2,465,794</u>	<u>\$ 2,807,364</u>	<u>\$ 341,570</u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Sales Tax Improvement Capital Projects Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 11,966,000	\$ 11,966,000	\$ 12,716,291	\$ 750,291
Intergovernmental	-	2,741,487	1,072,298	(1,669,189)
Charges for services	-	1,918,199	1,356,033	(562,166)
Investment earnings	42,000	42,000	253,590	211,590
Net change in the fair value of investments	-	-	593,469	593,469
Other	10,000	10,000	1,261,621	1,251,621
Total revenues	12,018,000	16,677,686	17,253,302	575,616
Expenditures:				
Capital outlay	11,721,000	29,526,106	13,633,609	15,892,497
Total expenditures	11,721,000	29,526,106	13,633,609	15,892,497
Excess (deficiency) of revenues over (under) expenditures	297,000	(12,848,420)	3,619,693	16,468,113
Other financing sources (uses):				
Transfer out	(797,000)	(931,618)	(880,198)	51,420
Total other financing sources (uses)	(797,000)	(931,618)	(880,198)	51,420
Net changes in fund balances	(500,000)	(13,780,038)	2,739,495	16,519,533
Fund balances, beginning of year	15,355,849	15,355,849	15,355,849	
Fund balances, end of year	\$ 14,855,849	\$ 1,575,811	\$ 18,095,344	\$ 16,519,533

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Bond Program Grant Matching
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Contributions	\$ -	\$ 5,261,333	\$ 870,120	\$ (4,391,213)
	-	24,392	2,769	(21,623)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	5,285,725	872,889	(4,412,836)
Expenditures:				
Capital outlay	-	4,918,039	1,411,516	3,506,523
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	4,918,039	1,411,516	3,506,523
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	-	367,686	(538,627)	(906,313)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	(367,686)	(367,686)	(367,686)	
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u><u>\$ (367,686)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (906,313)</u></u>	<u><u>\$ (906,313)</u></u>

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Sales Tax 2019 Construction Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	669,130	\$ 772,104	\$ 102,974
Total revenues	-	669,130	772,104	102,974
Expenditures:				
General government	-	31,400	1,400	30,000
Transportation and parking	-	380,499	329,979	50,520
Public safety	-	281,749	102,717	179,032
Community planning and engineering	-	600	600	-
Parks and recreation	-	1,400	1,400	-
Capital outlay	-	19,160,769	12,499,106	6,661,663
Total expenditures	-	19,856,417	12,935,202	6,921,215
Net changes in fund balances		(19,187,287)	(12,163,098)	7,024,189
Fund balances, beginning of year	19,466,001	19,466,001	19,466,001	-
Fund balances, end of year	\$ 19,466,001	\$ 278,714	\$ 7,302,903	\$ 7,024,189

City of Fayetteville, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
Sales Tax 2022 Construction Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ 419,100	\$ 3,340,622	\$ 2,921,522
Total revenues	-	419,100	3,340,622	2,921,522
Expenditures:				
General government	-	3,000	-	3,000
Transportation and parking	-	2,033,560	-	2,033,560
Public safety	-	2,350	233,625	(231,275)
Community planning and engineering	-	2,802	-	2,802
Parks and recreation	-	4,916	-	4,916
Bond issue costs	-	1,988	-	1,988
Capital outlay	-	71,346,703	10,280,718	61,065,985
Total expenditures	-	73,395,319	10,514,343	62,880,976
Net changes in fund balances	-	(72,976,219)	(7,173,721)	(59,959,454)
Fund balances, beginning of year	73,933,960	73,933,960	73,933,960	
Fund balances, end of year	\$ 73,933,960	\$ 957,741	\$ 66,760,239	\$ 65,802,498

City of Fayetteville, Arkansas
Combining Balance Sheet
SalesTax 2019 Construction Fund
December 31, 2023

	<u>Streets</u>	<u>Trails</u>	<u>Drainage</u>	<u>Parks</u>	<u>Economic Development</u>	<u>City Facilities</u>	<u>Arts Corridor</u>
Assets and Deferred Outflows of Resources							
Restricted Assets:							
Cash	\$	\$	\$	\$ (454)	\$	\$	\$
Investments	3,847,523	11,631	1,033,741	169,868	2,839,100	34,164	646,828
Accrued interest	15,987	48	4,295	706	11,797	142	2,688
Total assets	<u>\$ 3,863,510</u>	<u>\$ 11,679</u>	<u>\$ 1,038,036</u>	<u>\$ 170,120</u>	<u>\$ 2,850,897</u>	<u>\$ 34,306</u>	<u>\$ 649,516</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Accounts payable	\$ 1,202,743	\$	\$ 359,515	\$	\$ 91,578	\$	\$ 496,020
Due to other funds	40,383		2,715	1,477	265		
Total liabilities	<u>1,243,126</u>	<u>-</u>	<u>362,230</u>	<u>1,477</u>	<u>91,843</u>	<u>-</u>	<u>496,020</u>
Fund Balances							
Restricted for:							
General government					2,759,054		153,496
Finance and internal services						34,306	
Transportation and parking	2,620,384						
Public safety							
Parks and recreation		11,679		168,643			
Community planning and engineering			675,806				
Total fund balances	<u>2,620,384</u>	<u>11,679</u>	<u>675,806</u>	<u>168,643</u>	<u>2,759,054</u>	<u>34,306</u>	<u>153,496</u>
Total liabilities and fund balances	<u>\$ 3,863,510</u>	<u>\$ 11,679</u>	<u>\$ 1,038,036</u>	<u>\$ 170,120</u>	<u>\$ 2,850,897</u>	<u>\$ 34,306</u>	<u>\$ 649,516</u>

City of Fayetteville, Arkansas
Combining Balance Sheet
SalesTax 2019 Construction Fund
December 31, 2023

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Restricted Assets:			
Cash	\$	\$	\$ (454)
Investments	271,986	820,803	9,675,644
Accrued interest	<u>1,130</u>	<u>3,411</u>	<u>40,204</u>
Total assets	<u>\$ 273,116</u>	<u>\$ 824,214</u>	<u>\$ 9,715,394</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Accounts payable	\$ 217,455	\$	\$ 2,367,311
Due to other funds	<u>340</u>	<u></u>	<u>45,180</u>
Total liabilities	<u>217,795</u>	<u>-</u>	<u>2,412,491</u>
Fund Balances			
Restricted for:			
General government			2,912,550
Finance and internal services			34,306
Transportation and parking			2,620,384
Public safety	55,321	824,214	879,535
Parks and recreation			180,322
Community planning and engineering	<u></u>	<u></u>	<u>675,806</u>
Total fund balances	<u>55,321</u>	<u>824,214</u>	<u>7,302,903</u>
Total liabilities and fund balances	<u>\$ 273,116</u>	<u>\$ 824,214</u>	<u>\$ 9,715,394</u>

City of Fayetteville, Arkansas
Combining Schedules of Revenues,
Expenditures, and Changes in Fund Balance
Sales Tax 2019 Construction Fund
For the Year Ended December 31, 2023

	<u>Street</u>	<u>Trails</u>	<u>Drainage</u>	<u>Parks</u>	<u>Economic Development</u>	<u>City Facilities</u>	<u>Arts Corridor</u>
Revenues:							
Investment earnings	\$ 326,799	\$ 2,748	\$ 87,783	\$ 7,907	\$ 138,782	\$ 1,552	\$ 91,581
Total revenues	<u>326,799</u>	<u>2,748</u>	<u>87,783</u>	<u>7,907</u>	<u>138,782</u>	<u>1,552</u>	<u>91,581</u>
Expenditures:							
General government					300		1,100
Transportation	329,979						
Public safety							
Community planning and engineering			600				
Parks and recreation		400		1,000			
Capital outlay	<u>7,064,944</u>	<u>61,984</u>	<u>1,813,006</u>	<u>8,554</u>	<u>455,582</u>	<u>173</u>	<u>1,804,496</u>
Total expenditures	<u>7,394,923</u>	<u>62,384</u>	<u>1,813,606</u>	<u>9,554</u>	<u>455,882</u>	<u>173</u>	<u>1,805,596</u>
Net change in fund balances	(7,068,124)	(59,636)	(1,725,823)	(1,647)	(317,100)	1,379	(1,714,015)
Fund balances, beginning of year	<u>9,688,508</u>	<u>71,314</u>	<u>2,401,629</u>	<u>170,290</u>	<u>3,076,155</u>	<u>32,928</u>	<u>1,867,511</u>
Fund balances, end of year	<u>\$ 2,620,384</u>	<u>\$ 11,678</u>	<u>\$ 675,806</u>	<u>\$ 168,643</u>	<u>\$ 2,759,055</u>	<u>\$ 34,307</u>	<u>\$ 153,496</u>

City of Fayetteville, Arkansas
Combining Schedule of Revenues,
Expenditures, and Changes in Fund Balance
Sales Tax 2019 Construction Fund
For the Year Ended December 31, 2023

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Investment earnings	\$ 76,029	\$ 38,923	\$ 772,104
Total revenues	<u>76,029</u>	<u>38,923</u>	<u>772,104</u>
Expenditures:			
General government			1,400
Transportation			329,979
Public safety	2,200	100,517	102,717
Community planning and engineering			600
Parks and recreation			1,400
Capital outlay	<u>1,278,904</u>	<u>11,463</u>	<u>12,499,106</u>
Total expenditures	<u>1,281,104</u>	<u>111,980</u>	<u>12,935,202</u>
Net change in fund balances	(1,205,075)	(73,057)	(12,163,098)
Fund balances, beginning of year	<u>1,260,396</u>	<u>897,270</u>	<u>19,466,001</u>
Fund balances, end of year	<u>\$ 55,321</u>	<u>\$ 824,213</u>	<u>\$ 7,302,903</u>

City of Fayetteville, Arkansas
Combining Balance Sheet
SalesTax 2022 Construction Fund
December 31, 2023

	<u>Streets</u>	<u>Trails</u>	<u>Drainage</u>	<u>Parks</u>	<u>City Facilities</u>	<u>Arts Corridor</u>
Assets and Deferred Outflows of Resources						
Restricted Assets:						
Cash	\$	\$	\$	\$	\$	\$
Investments	30,237,597	3,663,599	7,065,042	9,599,350	2,861,302	9,272,732
Accrued interest	125,640	15,223	29,356	39,885	11,888	38,529
Due from other funds	<u>1,030</u>	<u>476</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total assets	<u>\$ 30,364,267</u>	<u>\$ 3,679,523</u>	<u>\$ 7,094,398</u>	<u>\$ 9,639,689</u>	<u>\$ 2,873,190</u>	<u>\$ 9,311,261</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Accounts payable	\$ 508,917	\$ 138,758	\$ 58,580	\$ 342,542	\$ 455	\$ 299,945
Due to other funds	<u>33,473</u>	<u>20,637</u>	<u>5,877</u>	<u>1,594</u>	<u>484</u>	<u>2,679</u>
Total liabilities	<u>542,390</u>	<u>159,395</u>	<u>64,457</u>	<u>344,136</u>	<u>939</u>	<u>302,624</u>
Fund Balances						
Restricted for:						
General government						9,008,637
Finance and internal services					2,872,251	
Transportation and parking	29,821,877					
Public safety						
Parks and recreation		3,520,128		9,295,553		
Community planning and engineering			<u>7,029,941</u>			
Total fund balances	<u>29,821,877</u>	<u>3,520,128</u>	<u>7,029,941</u>	<u>9,295,553</u>	<u>2,872,251</u>	<u>9,008,637</u>
Total liabilities and fund balances	<u>\$ 30,364,267</u>	<u>\$ 3,679,523</u>	<u>\$ 7,094,398</u>	<u>\$ 9,639,689</u>	<u>\$ 2,873,190</u>	<u>\$ 9,311,261</u>

City of Fayetteville, Arkansas
Combining Balance Sheet
SalesTax 2022 Construction Fund
December 31, 2023

	<u>Fire</u>	<u>Total</u>
Assets and Deferred Outflows of Resources		
Restricted Assets:		
Cash	\$	\$ 679
Investments	5,512,387	68,212,009
Accrued interest	22,905	283,426
Due from other funds		<u>1,506</u>
 Total assets	 <u>\$ 5,535,292</u>	 <u>\$ 68,497,620</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances		
Accounts payable	\$ 322,440	\$ 1,671,637
Due to other funds	<u>1,000</u>	<u>65,744</u>
 Total liabilities	 <u>323,440</u>	 <u>1,737,381</u>
 Fund Balances		
Restricted for:		
General government		9,008,637
Finance and internal services		2,872,251
Transportation and parking		29,821,877
Public safety	5,211,852	5,211,852
Parks and recreation		12,815,681
Community planning and engineering		<u>7,029,941</u>
 Total fund balances	 <u>5,211,852</u>	 <u>66,760,239</u>
 Total liabilities and fund balances	 <u>\$ 5,535,292</u>	 <u>\$ 68,497,620</u>

City of Fayetteville, Arkansas
Combining Schedule of Revenues,
Expenditures, and Changes in Fund Balance
Sales Tax 2022 Construction Fund
For the Year Ended December 31, 2023

	<u>Street</u>	<u>Trails</u>	<u>Drainage</u>	<u>Parks</u>	<u>City Facilities</u>	<u>Arts Corridor</u>
Revenues:						
Investment earnings	\$ 1,413,562	\$ 201,189	\$ 326,396	\$ 486,328	\$ 129,910	\$ 509,997
Total revenues	<u>1,413,562</u>	<u>201,189</u>	<u>326,396</u>	<u>486,328</u>	<u>129,910</u>	<u>509,997</u>
Expenditures:						
Transportation	233,625					
Capital outlay	<u>1,497,245</u>	<u>1,329,931</u>	<u>255,669</u>	<u>2,242,892</u>	<u>6,771</u>	<u>3,984,339</u>
Total expenditures	<u>1,730,870</u>	<u>1,329,931</u>	<u>255,669</u>	<u>2,242,892</u>	<u>6,771</u>	<u>3,984,339</u>
Net change in fund balances	(317,308)	(1,128,742)	70,727	(1,756,564)	123,139	(3,474,342)
Fund balances, beginning of year	<u>30,139,185</u>	<u>4,648,870</u>	<u>6,959,214</u>	<u>11,052,117</u>	<u>2,749,112</u>	<u>12,482,979</u>
Fund balances, end of year	<u>\$ 29,821,877</u>	<u>\$ 3,520,128</u>	<u>\$ 7,029,941</u>	<u>\$ 9,295,553</u>	<u>\$ 2,872,251</u>	<u>\$ 9,008,637</u>

City of Fayetteville, Arkansas
Combining Schedule of Revenues,
Expenditures, and Changes in Fund Balance
Sales Tax 2022 Construction Fund
For the Year Ended December 31, 2023

	<u>Fire</u>	<u>Total</u>
Revenues:		
Investment earnings	\$ <u>273,240</u>	\$ <u>3,340,622</u>
Total revenues	<u>273,240</u>	<u>3,340,622</u>
Expenditures:		
Transportation		233,625
Capital outlay	<u>963,871</u>	<u>10,280,718</u>
Total expenditures	<u>963,871</u>	<u>10,514,343</u>
over (under) expenditures	(690,631)	(7,173,721)
Fund balances, beginning of year	<u>5,902,483</u>	<u>73,933,960</u>
Fund balances, end of year	<u>\$ 5,211,852</u>	<u>\$ 66,760,239</u>

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FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others, and therefore cannot be used to support the government's own programs.

POLICEMEN'S PENSION AND RELIEF FUND - This fund is used to account for the accumulation of resources for the pension benefit payments to qualified police personnel.

FIREMEN'S PENSION AND RELIEF FUND - This fund is used to account for the accumulation of resources for the pension benefit payments to qualified fire personnel. As of 12/31/2023, this fund consolidated with the Arkansas Local Police and Fire Retirement System.

CLIMATE RELOCATION TRUST FUND - This fund is used to account for the donations of funds to be used to address a long-term potential rise in migration and refugee resettlement services due to climate change and war.

City of Fayetteville, Arkansas
Combining Schedule of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Pension Trust Funds		Private Purpose Trust Fund	Total
	Policemen's Pension and Relief	Firemen's Pension and Relief	Climate Relocation Fund	
Assets				
Cash	\$ 216,469	\$ 639	\$ 101,410	\$ 318,518
Investments at fair value:				
Investment cash equivalents	281,826	63		281,889
Government securities	845,271			845,271
Corporate bonds	759,984			759,984
Corporate stock	3,948,440			3,948,440
Receivables:				
Accrued interest	11,762			11,762
Due from primary government	8,177			8,177
Due from other government	53,629			53,629
Total assets	<u>6,125,558</u>	<u>702</u>	<u>101,410</u>	<u>6,227,670</u>
Liabilities				
Accounts payable at year end		702		702
Unearned revenue	<u>10,900</u>			<u>10,900</u>
Total liabilities	<u>10,900</u>	<u>702</u>		<u>11,602</u>
Net Position				
Restricted net position, climate change			101,410	101,410
Restricted net position, pensions	<u>6,114,658</u>			<u>6,114,658</u>
Total	<u>\$ 6,114,658</u>	<u>\$ -</u>	<u>\$ 101,410</u>	<u>\$ 6,216,068</u>

City of Fayetteville, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Pension Trust Funds		Private Purpose Trust Fund	Total
	Policemen's Pension and Relief	Firemen's Pension and Relief	Climate Relocation Fund	
Additions				
Contributions:				
City contributions	\$ 103,278	\$ -	\$ -	\$ 103,278
Property taxes contributed from police and fire pension revenue fund	867,802	814,173	-	1,681,975
State insurance taxes contributed from police and fire pension revenue fund	265,221	476,822	-	742,043
Total contributions	1,236,301	1,290,995	-	2,527,296
Investment earnings:				
Interest	140,199	36,419	1,388	178,006
Net increase/(decrease) in fair value of investments	484,446	-	-	484,446
Gain/(loss) on sale of investments	60,125	583	-	60,708
Investment fees	(27,429)	(1,839)	-	(29,268)
Other	2,931	-	-	2,931
Net investment earnings	660,272	35,163	1,388	696,823
Total additions	1,896,573	1,326,158	1,388	3,224,119
Deductions				
Contractual services	3,532	4,634	-	8,166
Benefit payments	1,459,499	1,295,325	-	2,754,824
Special item - transfer assets to LOPFI	-	1,730,922	-	1,730,922
Total deductions	1,463,031	3,030,881	-	4,493,912
Change in net position	433,542	(1,704,723)	1,388	(1,269,793)
Net position, beginning of year	5,681,116	1,704,723	100,022	7,485,861
Net position, end of year	\$ 6,114,658	\$ -	\$ 101,410	\$ 6,216,068

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STATISTICAL SECTION

This part of the City of Fayetteville's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents	Page
Financial Trends	134
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	140
These schedules contain information to help the reader assess the government's most significant local revenue sources, sales taxes and property taxes.	
Debt Capacity	145
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	149
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	151
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

**City of Fayetteville, Arkansas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2023</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>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 390,302,251	\$ 358,330,624	\$ 325,278,714	\$ 304,325,789	\$ 276,326,757	\$ 249,277,073	\$ 224,757,141	\$ 202,704,580	\$ 178,573,420	\$ 157,318,960
Restricted	41,098,424	32,569,564	30,399,178	31,099,091	42,841,266	28,861,495	30,551,318	24,162,156	27,536,290	23,784,826
Unrestricted	<u>32,397,875</u>	<u>26,960,230</u>	<u>13,519,714</u>	<u>(5,238,168)</u>	<u>(9,696,249)</u>	<u>(566,754)</u>	<u>(3,570,422)</u>	<u>(6,720,035)</u>	<u>(10,153,256)</u>	<u>10,020,944</u>
Total governmental activities net position	<u>\$ 463,798,550</u>	<u>\$ 417,860,418</u>	<u>\$ 369,197,606</u>	<u>\$ 330,186,712</u>	<u>\$ 309,471,774</u>	<u>\$ 277,571,814</u>	<u>\$ 251,738,037</u>	<u>\$ 220,146,701</u>	<u>\$ 195,956,454</u>	<u>\$ 191,124,730</u>
Business-type activities										
Net investment in capital assets	\$ 373,797,206	\$ 355,631,842	\$ 337,069,403	\$ 332,026,189	\$ 326,135,992	\$ 321,093,446	\$ 322,568,479	\$ 319,482,273	\$ 314,261,925	\$ 314,446,757
Restricted	0	0	0	0	0	1,495,737	1,464,504	1,279,817	1,415,735	1,406,950
Unrestricted	<u>61,715,267</u>	<u>69,890,451</u>	<u>68,167,345</u>	<u>64,529,995</u>	<u>66,765,729</u>	<u>62,824,044</u>	<u>56,992,480</u>	<u>48,899,930</u>	<u>49,657,066</u>	<u>48,100,710</u>
Total business-type activities net position	<u>\$ 435,512,473</u>	<u>\$ 425,522,293</u>	<u>\$ 405,236,748</u>	<u>\$ 396,556,184</u>	<u>\$ 392,901,721</u>	<u>\$ 385,413,227</u>	<u>\$ 381,025,463</u>	<u>\$ 369,662,020</u>	<u>\$ 365,334,726</u>	<u>\$ 363,954,417</u>
Primary government										
Net investment in capital assets	\$ 764,099,457	\$ 713,962,466	\$ 662,348,117	\$ 636,351,978	\$ 602,462,749	\$ 570,370,519	\$ 547,325,620	\$ 522,186,853	\$ 492,835,345	\$ 471,765,717
Restricted	41,098,424	32,569,564	30,399,178	31,099,091	42,841,266	30,357,232	32,015,822	25,441,973	28,952,025	25,191,776
Unrestricted	<u>94,113,142</u>	<u>96,850,681</u>	<u>81,687,059</u>	<u>59,291,827</u>	<u>57,069,480</u>	<u>62,257,290</u>	<u>53,422,058</u>	<u>42,179,895</u>	<u>39,503,810</u>	<u>58,121,654</u>
Total primary government net position	<u>\$ 899,311,023</u>	<u>\$ 843,382,711</u>	<u>\$ 774,434,354</u>	<u>\$ 726,742,896</u>	<u>\$ 702,373,495</u>	<u>\$ 662,985,041</u>	<u>\$ 632,763,500</u>	<u>\$ 589,808,721</u>	<u>\$ 561,291,180</u>	<u>\$ 555,079,147</u>

City of Fayetteville, Arkansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2023</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>	<u>2014</u>
Expenses										
Governmental activities										
General government	\$ 21,550,221	\$ 13,254,537	\$ 11,721,883	\$ 12,937,966	\$ 11,179,163	\$ 12,147,370	\$ 9,033,657	\$ 8,612,988	\$ 7,197,057	\$ 7,385,429
Finance and internal services	7,155,478	7,383,374	5,885,591	5,858,160	5,342,612	5,804,326	4,920,484	4,599,782	4,227,780	4,159,837
Library	0	0	0	0	0	0	359,615			
Public safety (Police and Fire)	50,253,039	36,701,466	34,246,906	42,996,295	37,341,682	36,994,053	31,357,096	29,798,032	28,665,638	28,313,610
Community planning and engineering	6,673,183	5,963,272	5,460,484	5,387,566	5,256,896	5,287,559	5,032,617	4,489,769	4,160,474	3,902,090
Transportation and parking	24,237,495	22,656,015	20,571,035	18,028,580	19,364,914	19,258,528	18,288,066	18,072,982	17,079,801	17,523,912
Parks and recreation	11,067,086	9,989,235	7,258,998	6,403,460	6,552,715	6,467,241	5,652,753	4,702,279	4,637,338	4,449,030
Interest on debt	5,175,076	4,840,026	4,254,184	5,434,695	3,692,700	3,051,150	2,969,246	3,604,116	4,314,569	4,384,316
Total governmental activities expenses	<u>126,111,578</u>	<u>100,787,925</u>	<u>89,399,081</u>	<u>97,046,722</u>	<u>88,730,682</u>	<u>89,010,227</u>	<u>77,613,534</u>	<u>73,879,948</u>	<u>70,282,657</u>	<u>70,118,224</u>
Business-type activities										
Airport	5,034,672	5,105,544	4,000,185	2,965,312	3,176,583	3,643,457	3,154,149	2,746,971	2,853,968	3,604,077
Town center	0	0	0	0	0	0	0	0	0	366,518
Recycling and trash	14,565,235	14,392,658	13,686,896	12,875,856	12,454,484	11,892,135	11,451,442	10,807,791	10,856,209	9,985,615
Water and sewer	53,877,862	50,733,505	48,000,862	45,602,469	43,071,616	41,415,751	39,004,863	38,421,850	36,992,190	36,370,813
Total business-type activities expenses	<u>73,477,769</u>	<u>70,231,707</u>	<u>65,687,943</u>	<u>61,443,637</u>	<u>58,702,683</u>	<u>56,951,343</u>	<u>53,610,454</u>	<u>51,976,612</u>	<u>50,702,367</u>	<u>50,327,023</u>
Total primary government expenses	<u>\$ 199,589,347</u>	<u>\$ 171,019,632</u>	<u>\$ 155,087,024</u>	<u>\$ 158,490,359</u>	<u>\$ 147,433,365</u>	<u>\$ 145,961,570</u>	<u>\$ 131,223,988</u>	<u>\$ 125,856,560</u>	<u>\$ 120,985,024</u>	<u>\$ 120,445,247</u>
Program revenues										
Governmental activities:										
General government	\$ 739,083	\$ 741,749	\$ 639,849	\$ 1,996,446	\$ 949,270	\$ 957,038	\$ 1,068,204	\$ 1,076,402	\$ 1,912,417	\$ 2,684,843
Finance and internal services	565,753	522,780	471,344	371,095	455,293	422,489	422,690	393,691	354,751	343,626
Public safety (Police and Fire)	2,703,474	2,626,379	2,251,592	1,138,166	1,681,443	1,816,856	1,690,395	1,665,508	1,688,431	1,566,490
Community planning and engineering	2,683,032	2,661,081	2,227,418	2,697,845	1,958,282	2,194,041	1,545,585	1,965,945	1,416,470	1,317,984
Transportation and parking	3,381,918	2,365,984	1,804,203	1,930,254	2,140,703	2,063,229	2,215,965	2,020,933	2,039,122	2,043,408
Parks and recreation	1,697,121	970,319	953,606	292,400	1,456,801	787,321	665,436	843,499	918,533	1,045,425
Operating grants and contributions	20,106,806	19,255,385	18,756,813	18,074,555	14,291,010	14,172,817	12,221,814	11,592,880	11,348,934	10,516,762
Capital grants and contributions	10,814,101	12,367,475	9,340,539	7,207,868	14,144,554	11,336,471	13,770,212	6,296,123	6,129,861	8,264,672
Total governmental activities	<u>42,691,288</u>	<u>41,511,152</u>	<u>36,445,364</u>	<u>33,708,629</u>	<u>37,077,356</u>	<u>33,750,262</u>	<u>33,600,301</u>	<u>25,854,981</u>	<u>25,808,519</u>	<u>27,783,210</u>
Business-type activities										
Airport	3,646,012	4,347,964	3,272,476	1,796,500	2,415,273	2,631,239	2,149,242	1,856,926	1,849,957	2,346,228
Recycling and trash	15,040,664	14,542,105	13,605,496	12,777,732	12,754,415	11,911,377	11,729,340	11,129,671	10,632,679	9,862,792
Water and sewer	49,259,214	49,322,734	45,888,717	41,209,056	41,153,964	40,256,855	38,775,739	36,625,148	35,011,749	33,858,219
Operating grants and contributions	0	103,807	43,096	78,967	3,750	2,750	13,271	12	19,576	11,014
Capital grants and contributions	11,053,006	18,582,589	7,075,026	4,323,280	8,036,158	4,844,839	10,861,278	5,159,770	3,934,479	4,016,376
Total business-type activities	<u>78,998,896</u>	<u>86,899,199</u>	<u>69,884,811</u>	<u>60,185,535</u>	<u>64,363,560</u>	<u>59,647,060</u>	<u>63,528,870</u>	<u>54,771,527</u>	<u>51,448,440</u>	<u>50,094,629</u>
Total primary government program revenues	<u>\$ 121,690,184</u>	<u>\$ 128,410,351</u>	<u>\$ 106,330,175</u>	<u>\$ 93,894,164</u>	<u>\$ 101,440,916</u>	<u>\$ 93,397,322</u>	<u>\$ 97,129,171</u>	<u>\$ 80,626,508</u>	<u>\$ 77,256,959</u>	<u>\$ 77,877,839</u>
Net (expenses)/ revenues										
Governmental activities	\$ (83,420,290)	\$ (59,276,773)	\$ (52,953,717)	\$ (63,338,093)	\$ (51,653,326)	\$ (55,259,965)	\$ (44,013,233)	\$ (48,024,967)	\$ (44,474,138)	\$ (42,335,014)
Business-type activities	5,521,127	16,667,492	4,196,868	(1,258,102)	5,660,877	2,695,717	9,918,416	2,794,915	746,073	(232,394)
Total primary government net expense	<u>\$ (77,899,163)</u>	<u>\$ (42,609,281)</u>	<u>\$ (48,756,849)</u>	<u>\$ (64,596,195)</u>	<u>\$ (45,992,449)</u>	<u>\$ (52,564,248)</u>	<u>\$ (34,094,817)</u>	<u>\$ (45,230,052)</u>	<u>\$ (43,728,065)</u>	<u>\$ (42,567,408)</u>

City of Fayetteville, Arkansas
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	<u>2023</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>	<u>2014</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 89,582,182	\$ 85,316,336	\$ 76,889,594	\$ 65,472,931	\$ 62,316,760	\$ 60,528,040	\$ 58,066,452	\$ 55,784,760	\$ 53,672,843	\$ 50,058,697
Franchise taxes	7,483,450	7,493,022	6,652,371	6,238,326	6,061,762	6,278,306	5,961,428	5,729,195	5,875,497	5,819,517
Hotel, motel, restaurant taxes	4,995,902	4,687,799	4,088,645	2,978,986	3,719,543	3,545,209	3,421,123	3,302,526	3,080,487	2,792,133
Impact fees	2,866,849	2,688,076	2,678,257	2,216,422	2,337,747	1,946,849	2,277,402	2,273,690	1,676,255	1,411,144
Property taxes	8,004,163	6,975,311	6,304,577	5,960,830	5,297,996	5,632,429	4,855,763	4,608,902	4,401,892	2,951,675
Intergovernmental	5,193,698	5,845,364								
Investment earnings	9,830,820	(2,135,702)	(688,123)	1,289,633	3,102,384	1,836,643	759,941	359,499	186,546	376,717
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Other	1,228,976	115,315	54,445	2,826,063	36,127	76,812	142,126	33,642	331,874	1,109,621
Transfers	172,382	(3,045,906)	(4,015,155)	(2,930,160)	680,967	120,336	120,334	123,000	241,985	2,209,252
Capital contributions										
Total governmental activities	<u>129,358,422</u>	<u>107,939,615</u>	<u>91,964,611</u>	<u>84,053,031</u>	<u>83,553,286</u>	<u>79,964,624</u>	<u>75,604,569</u>	<u>72,215,214</u>	<u>69,467,379</u>	<u>66,728,756</u>
Business-type activities:										
Sales and use taxes	86,408	106,752	63,400	32,908	47,798	55,433	43,507	31,061	29,237	22,639
Franchise fees	435,401	348,928	296,720	302,657	240,671	208,009	217,375	247,077	182,026	209,389
Investment earnings	3,109,099	(1,989,496)	(437,691)	646,219	1,336,879	817,000	381,468	264,070	148,755	325,707
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Other	1,010,527	2,105,963	546,112	1,000,621	883,236	731,941	923,011	1,113,171	516,203	1,222,518
Transfers	(172,382)	3,045,906	4,015,155	2,930,160	(680,967)	(120,336)	(120,334)	(123,000)	(241,985)	(2,209,252)
Total business-type activities	<u>4,469,053</u>	<u>3,618,053</u>	<u>4,483,696</u>	<u>4,912,565</u>	<u>1,827,617</u>	<u>1,692,047</u>	<u>1,445,027</u>	<u>1,532,379</u>	<u>634,236</u>	<u>(428,999)</u>
Total primary government	<u>\$ 133,827,475</u>	<u>\$ 111,557,668</u>	<u>\$ 96,448,307</u>	<u>\$ 88,965,596</u>	<u>\$ 85,380,903</u>	<u>\$ 81,656,671</u>	<u>\$ 77,049,596</u>	<u>\$ 73,747,593</u>	<u>\$ 70,101,615</u>	<u>\$ 66,299,757</u>
Change in net position										
Governmental activities	\$ 45,938,132	\$ 48,662,842	\$ 39,010,894	\$ 20,714,938	\$ 31,899,960	\$ 24,704,659	\$ 31,591,336	\$ 24,190,247	\$ 24,993,241	\$ 24,393,742
Business-type activities	<u>9,990,180</u>	<u>20,285,545</u>	<u>8,680,564</u>	<u>3,654,463</u>	<u>7,488,494</u>	<u>4,387,764</u>	<u>11,363,443</u>	<u>4,327,294</u>	<u>1,380,309</u>	<u>(661,393)</u>
Total primary government change in net position	<u>\$ 55,928,312</u>	<u>\$ 68,948,387</u>	<u>\$ 47,691,458</u>	<u>\$ 24,369,401</u>	<u>\$ 39,388,454</u>	<u>\$ 29,092,423</u>	<u>\$ 42,954,779</u>	<u>\$ 28,517,541</u>	<u>\$ 26,373,550</u>	<u>\$ 23,732,349</u>

City of Fayetteville, Arkansas
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2023</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>	<u>2014</u>
General fund										
Nonspendable										
Prepays	\$ 298,729	\$ 195,594	\$ 173,764	\$ 209,837	\$ 203,375	\$ 205,250	\$ 197,126	\$ 173,542	\$ 140,124	\$ 158,387
Long term loans	32,334	67,864	83,393	138,923	134,453	109,983	125,512	141,042	156,572	269,535
Restricted for:										
Public safety	443,437	474,460	672,094	693,149	550,429	567,999	518,728	564,439	647,233	616,819
Community planning and engineering	130,133	127,942	117,007	79,741	56,598	91,594	83,237	126,753	69,784	133,351
Debt service	-	-	-	-	-	1,651,125				
Park and recreation	62,493	59,807	59,805	24,433	55,440	48,865	55,739	60,621	34,556	68,431
Committed to:										
Transportation and parking	-	-	-	-				18		
Economic development	-	-	-	-			202,500		66,970	135,491
Public safety		153,533	-	-				-	-	-
Community planning and engineering	256,387	19,656	-	-	-	31,828				
General government	12,689	2,912,595	3,133,941	909,463	1,175,474	936,452	3,055,598	678,996	190,528	283,408
Park and recreation	-	-	-	-	-	469,064				
Disaster recovery	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Finance and internal services	-	-	-	11,540				-	-	52,000
Assigned to:										
General government	5,095,114	5,131,312	8,779	129,762	518,525	505,621	6,118	131,576	96,975	1,073
Finance and internal services	268,831	232,539	192,501	255,066	179,767	126,120	95,811	29,044	153,901	169,335
Public safety	249,254	262,459	130,631	23,802	71,819	55,777	24,533	51,488	-	53,996
Community planning and engineering	16,142	7,200	149,613	18,558	6,095	34,763	13,890	-	-	-
Park and recreation	-	-	-	-	900	2,354		-	-	-
Unassigned	37,006,091	34,155,647	27,705,878	23,644,712	18,655,673	17,279,988	18,718,265	19,281,268	16,514,219	14,392,804
Total general fund	\$ 46,871,634	\$ 46,800,608	\$ 35,427,406	\$ 29,138,986	\$ 24,608,548	\$ 25,116,783	\$ 26,097,057	\$ 24,238,787	\$ 21,070,862	\$ 19,334,630

City of Fayetteville, Arkansas
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

All other governmental funds																				
Nonspendable																				
Prepays	\$	5,690	\$	3,809	\$	67	\$	14,674	\$	10,741	\$	10,493	\$	12,769	\$	9,258	\$	4,297	\$	4,929
Restricted for:																				
General government		12,025,166		17,440,883		15,071,402		21,468,465		23,290,179		-		20,920		85,447		1,601,637		7,170,411
Transportation and parking		43,834,059		54,324,016		28,368,481		34,378,576		41,134,729		8,330,691		14,882,883		18,544,172		28,043,973		29,347,869
Public safety		8,517,285		10,146,517		31,905,636		47,249,239		51,537,683		1,923,931		1,677,959		1,756,621		2,985,538		2,511,108
Sustainability		-		-		219,915		197,442		174,969		152,495		130,022		107,549		85,066		62,602
Community planning and engineering		7,771,492		9,413,654		5,278,469		6,522,470		7,963,727		17,995		50,262		228,749		210,279		189,642
Finance and internal services		2,906,557		2,782,040		32,839		486,265		507,242		-		382,022		435,140		472,651		90,012
Library		-		-		60,047		153,807		14,073,914		24,901,604		26,768,486		-		-		-
Park and recreation		19,215,183		16,295,920		6,560,744		13,819,465		17,217,901		3,171,732		3,457,384		2,243,021		7,768,469		9,608,411
Water and wastewater		10,987,344		8,184,725		9,386,465		10,963,529		13,257,369		11,112,214		9,496,491		7,542,543		5,905,896		4,797,885
Debt service		13,658,394		12,923,773		12,103,624		10,609,670		14,538,460		9,301,616		8,466,389		6,561,413		6,427,135		6,055,698
Committed to:																				
Transportation and parking		2,687,278		318,098		2,357,342		4,741,257		530,246		2,555,470		-		-		-		-
Public safety		-		327,407		132,902		-		116,759		116,759		-		-		-		-
General government		-		222,296		140,620		35,435		281,356		191,962		-		-		-		-
Parks and recreation		-		15,066		310,131		185,739		2,500		413,449		-		-		-		-
Finance and internal services		-		219,068		70,450		62,683		363,849		104,351		-		-		-		-
Community planning and engineering		-		3,546,675		-		139,899		392,762		-		-		-		-		-
Assigned to:																				
Transportation and parking		2,225,955		2,213,021		1,689,678		1,646,707		1,102,090		1,124,513		845,160		848,286		483,195		2,853,398
Reserved		-		-		-		-		-		-		-		-		-		-
Unreserved, designated		-		-		-		-		-		-		-		-		-		-
Unreserved reported in:		-		-		-		-		-		-		-		-		-		-
Special revenue		-		-		-		-		-		-		-		-		-		-
Capital outlay		15,408,066		10,707,239		13,177,128		7,624,921		9,418,803		7,013,427		4,170,725		5,940,772		6,819,012		6,808,269
Unassigned		(906,313)		(367,686)		(109,411)		(161,340)		-		-		-		-		-		-
Total all other governmental funds		<u>138,336,156</u>		<u>148,716,521</u>		<u>126,756,529</u>		<u>160,138,903</u>		<u>195,915,279</u>		<u>70,442,702</u>		<u>70,361,472</u>		<u>44,302,971</u>		<u>60,807,148</u>		<u>69,500,234</u>
Total governmental funds	\$	<u>185,207,790</u>	\$	<u>195,517,129</u>	\$	<u>162,183,935</u>	\$	<u>189,277,889</u>	\$	<u>220,523,827</u>	\$	<u>95,559,485</u>	\$	<u>96,458,529</u>	\$	<u>68,541,758</u>	\$	<u>81,878,010</u>	\$	<u>88,834,864</u>

City of Fayetteville, Arkansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Revenues	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sales tax	\$ 89,425,593	\$ 84,765,006	\$ 75,951,014	\$ 65,043,039	\$ 61,903,228	\$ 60,618,946	\$ 57,767,275	\$ 55,684,409	\$ 53,284,827	\$ 49,629,988
Hotel, motel, restaurant tax	4,995,902	4,687,799	4,088,645	2,978,986	3,719,543	3,545,209	3,421,123	3,302,526	3,080,487	2,792,133
Property tax	7,090,560	6,423,294	5,855,385	5,327,027	5,189,523	5,151,518	4,744,232	4,390,779	2,962,307	2,867,510
Franchise tax	7,483,450	7,493,022	6,652,371	6,238,326	6,061,762	6,278,306	5,961,428	5,729,195	5,875,497	5,819,517
Impact fee	2,866,849	2,688,076	2,678,257	2,216,422	2,337,747	1,946,849	2,277,402	2,273,690	1,676,255	1,411,144
Licenses and permits	2,755,564	2,664,768	2,227,479	1,738,387	1,963,144	2,134,764	1,491,309	1,888,094	1,572,950	1,319,832
Intergovernmental	23,921,513	25,351,098	17,117,348	16,350,216	17,946,106	16,154,994	11,977,121	12,346,839	12,719,222	16,207,308
Charges for services	7,418,286	5,533,416	4,649,482	4,407,567	4,603,278	3,841,736	3,867,406	3,754,403	4,490,866	4,022,754
Fines and forfeitures	1,205,090	1,350,821	1,187,620	1,286,062	1,665,720	1,733,446	1,880,658	1,968,240	1,884,717	1,697,665
Investment earnings	6,328,109	2,073,973	198,599	1,196,314	2,243,206	1,318,559	694,002	422,918	348,218	307,817
Net increase(decrease) in the fair value of investments	2,366,749	(3,338,306)	(698,577)	(142,330)	391,852	237,230	(46,360)	(108,069)	(198,715)	9,735
Contributions	3,393,347	3,162,850	4,294,485	3,164,075	4,659,243	3,132,711	5,536,512	1,012,444	2,971,091	216,888
Other	1,657,294	760,045	266,586	4,087,635	432,233	613,546	609,685	344,627	712,405	3,511,112
Total revenues	160,908,306	143,615,862	124,468,694	113,891,726	113,116,585	106,707,814	100,181,793	93,010,095	91,380,127	89,813,403
Expenditures										
General government	14,074,374	10,207,036	8,616,004	8,734,908	8,567,732	10,044,959	7,406,234	7,436,817	6,492,110	6,371,241
Finance and internal services	6,798,697	6,485,681	5,390,407	5,391,572	4,911,068	5,367,567	4,447,141	4,127,975	3,786,053	3,809,527
Library							359,615			
Public safety (Police and Fire)	47,284,349	39,494,052	35,509,805	33,136,622	33,741,104	31,694,225	29,910,226	27,843,796	26,891,219	26,072,599
Community planning and engineering	6,731,828	5,685,618	5,428,000	5,412,179	5,283,905	5,211,527	4,990,210	4,531,019	4,140,740	3,944,403
Transportation, parking and utilities	11,358,404	10,689,653	9,634,873	7,602,640	9,216,295	9,411,391	8,120,087	8,294,495	7,711,811	8,646,215
Parks and recreation	7,645,963	6,113,742	5,360,171	4,529,849	5,008,205	4,911,372	4,640,428	4,070,079	4,033,338	3,863,143
Debt service										
Interest and trustee fees	5,935,453	5,025,640	4,704,651	5,995,810	2,133,810	2,961,292	2,858,982	3,527,699	3,991,904	3,979,283
Principal	30,522,003	28,619,928	25,370,027	25,290,187	22,255,187	22,145,188	19,545,000	18,215,000	16,650,000	17,423,055
Bond issue cost	0	506,994	0	0	837,594	0	0	0	162,623	219,803
Capital outlay	38,770,679	68,606,237	46,823,216	44,790,584	30,741,086	17,457,391	17,166,446	28,020,060	33,543,409	19,104,517
Total expenditures	169,121,750	181,434,581	146,837,154	140,884,351	122,695,986	109,204,912	99,444,369	106,066,940	107,403,207	93,433,786
Excess of revenues over (under) expenditures	(8,213,444)	(37,818,719)	(22,368,460)	(26,992,625)	(9,579,401)	(2,497,098)	737,424	(13,056,845)	(16,023,080)	(3,620,383)
Other financing sources (uses)										
Transfers in	611,316	4,074,919	3,778,670	3,463,940	704,110	923,842	1,147,114	642,422	870,355	7,138,262
Transfers out	(2,707,211)	(8,436,872)	(8,504,164)	(7,717,253)	(748,989)	(976,913)	(1,236,414)	(921,829)	(884,355)	(8,762,169)
Bonds issued	0	75,513,866	0	0	134,588,622	1,651,125	27,268,647	0	9,080,226	11,642,791
Bond issue costs										
Total other financing sources/(uses)	(2,095,895)	71,151,913	(4,725,494)	(4,253,313)	134,543,743	1,598,054	27,179,347	(279,407)	9,066,226	10,018,884
Net changes in fund balances	\$ (10,309,339)	\$ 33,333,194	\$ (27,093,954)	\$ (31,245,938)	\$ 124,964,342	\$ (899,044)	\$ 27,916,771	\$ (13,336,252)	\$ (6,956,854)	\$ 6,398,501
Debt service as a percentage of noncapital expenditures	27.97%	29.82%	30.07%	32.56%	26.52%	27.36%	27.23%	27.86%	27.95%	28.79%

City of Fayetteville, Arkansas
Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Sales Tax	Sales & Use Tax For Bonded Debt 1.00%	Sales & Use Tax For Bonded Debt 0.75%	Sales & Use Tax For Bonded Debt 0.25% (3)	Franchise Fees	HMR Tax (1%)	Alcoholic Beverage Tax	City Property Tax	TIF Property Tax	Total
2014	30,604,136		13,812,257	4,604,085	5,819,517	2,792,133	609,510	2,738,129	129,381	61,109,148
2015	32,841,750		14,850,464	4,950,155	5,875,497	3,080,487	642,457	2,809,419	152,888	65,203,118
2016	34,337,665		15,483,143	5,161,048	5,729,195	3,302,526	702,554	4,230,960 (1)	159,819	69,106,910
2017	35,733,648		15,972,843	5,324,281	5,961,428	3,421,123	736,503	4,518,054	226,177	71,894,058
2018	37,560,022		16,729,104	5,576,368	6,278,306	3,545,209	753,452	4,752,414	399,104	75,593,980
2019	38,404,005	22,668,600	-	-	6,061,762	3,719,543	830,622	4,831,167	339,645	76,855,345
2020	40,760,786	23,759,681	-	-	6,238,326	2,978,986 (2)	522,572 (2)	4,983,567	343,460	79,587,379
2021	47,459,952	27,530,298	-	-	6,652,371	4,088,645	960,764	5,420,738	438,161	92,550,930
2022	53,377,417	30,142,529	-	-	7,493,022	4,687,799	1,245,060	5,973,667	449,627	103,369,122
2023	56,340,684	31,790,727	-	-	7,483,450	4,995,902	1,294,182	6,508,225	582,335	108,995,506

Notes: (1) Milleage increase in 2016 for City.

(2) Decrease in taxes due to COVID 19

City of Fayetteville, Arkansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property		Personal Property		Utilities		Total		Ratio of Total Assessed to Total Estimated Actual	Total Direct Tax Rate
	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value		
2014	1,115,992,871	5,579,964,355	226,841,704	1,134,208,520			1,342,834,575	6,714,172,875	20.00%	2.10
2015	1,171,158,618	5,855,793,090	232,141,573	1,160,707,865			1,403,300,191	7,016,500,955	20.00%	3.10
2016	1,213,852,296	6,069,261,480	252,836,149	1,264,180,745			1,466,688,445	7,333,442,225	20.00%	3.10
2017	1,257,361,951	6,286,809,755	246,656,011	1,233,280,055			1,504,017,962	7,520,089,810	20.00%	3.10
2018	1,309,055,168	6,545,275,840	261,728,096	1,308,640,480	66,624,046	333,120,230	1,637,407,310	8,187,036,550	20.00%	3.10
2019	1,352,620,084	6,763,100,420	247,101,970	1,235,509,850	71,292,487	356,462,435	1,671,014,541	8,355,072,705	20.00%	3.10
2020	1,529,519,526	7,647,597,630	262,267,946	1,311,339,730	77,429,003	387,145,015	1,869,216,475	9,346,082,375	20.00%	3.10
2021	1,647,091,410	8,235,457,050	282,921,776	1,414,608,880	79,099,402	395,497,010	2,009,112,588	10,045,562,940	20.00%	3.10
2022	1,774,725,982	8,873,629,910	310,717,662	1,553,588,310	96,466,092	482,330,460	2,181,909,736	10,909,548,680	20.00%	3.10
2023	2,030,990,539	10,154,952,695	340,274,044	1,701,370,220	101,783,905	508,919,525	2,473,048,488	12,365,242,440	20.00%	3.00

Note: Utilities added in 2018

Source: Washington County Assessor

**City of Fayetteville, Arkansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Tax rates (millages)

<u>City of Fayetteville</u>								
<u>Year</u>	<u>Police's Pension & Relief Fund</u>	<u>Firemen's Pension & Relief Fund</u>	<u>General Fund</u>	<u>Total Fayetteville</u>	<u>Fayetteville Library</u>	<u>Washington County</u>	<u>Fayetteville Public Schools</u>	<u>Total Direct & Overlapping Rates</u>
2014	0.4	0.4	1.3	2.10	1.00	5.00	45.65	53.75
2015	0.4	0.4	2.3	3.10	1.00	5.00	45.65	54.75
2016	0.4	0.4	2.3	3.10	3.70	5.00	45.65	57.45
2017	0.4	0.4	2.3	3.10	3.70	5.00	45.65	57.45
2018	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2019	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2020	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2021	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2022	0.4	0.4	2.3	3.10	3.70	5.50	45.65	57.95
2023	0.4	0.4	2.2	3.00	3.70	5.30	45.00	57.00

Source: Washington County Assessor

**City of Fayetteville, Arkansas
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Year</u>	<u>Total Tax Levy (1,2,3)</u>	<u>Current Tax Collections (4)</u>	<u>Percentage of Levy Collected</u>	<u>Prior Years' Collections (5)</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Tax Levy</u>
2014	2,952,207	2,452,658	83.08%	119,244	2,571,902	87.12%
2015	2,952,207	2,622,060	88.82%	104,823	2,726,884	92.37%
2016	4,467,559	3,734,669	83.60%	254,466	3,989,135	89.29%
2017	4,814,563	4,103,383	85.23%	146,759	4,250,142	88.28%
2018	5,248,919	4,479,655	85.34%	188,940	4,668,595	88.94%
2019	5,434,968	4,463,177	82.12%	178,060	4,641,237	85.40%
2020	6,102,128	4,561,309	74.75%	196,735	4,758,044	77.97%
2021	6,574,962	5,073,607	77.17%	186,820	5,260,427	80.01%
2022	7,156,034	5,510,034	77.00%	228,446	5,738,480	80.19%
2023	7,879,094	6,077,814	77.14%	249,222	6,327,036	80.30%

- Note:
- (1) Tax levies and collections do not include taxes paid on city utilities.
 - (2) The highway 71 east square redevelopment district No. 1 was created in 2005.
 - (3) The City levied 1.3 mill property tax in 2006.
 - (4) Court Orders are excluded out of the Current Year Collections.
 - (5) Land Sales are excluded out of the Prior Year Collections

Source: Washington County Assessor

Property assessments are made; tax rates are established; and taxes are levied in one year for payment by the taxpayer and collection by local government the following year. The tax levy for this schedule includes the city's levy for its general fund, sales tax construction fund, police pension plan, and fire pension plan.

**City of Fayetteville, Arkansas
Principal Property Taxpayers
December 31, 2023**

Taxpayer	2023		Percentage of		2014		Percentage of	
	Assessed Valuation (1)	Rank	Total Assessed Valuation		Assessed Valuation (1)	Rank	Total Assessed Valuation	
Ozark Go (C/O Ozark Electric Co)	25,589,781	1	1.03%					
Southwestern Electric Power Co.	17,819,863	2	0.72%					
Ozark Electric Cooperative Corporation	16,196,497	3	0.65%					
Black Hills Energy Arkansas	16,038,607	4	0.65%					
Mathias Shopping Centers Inc	13,884,571	5	0.56%		8,875,647	5	0.66%	
Wal-Mart Stores Inc	13,826,666	6	0.56%					
Fayetteville Student Housing Dst	12,876,434	7	0.52%					
Tyson Foods Inc 6th St	11,425,318	8	0.46%		8,494,045	6	0.63%	
Aptitude Arkansas LLC	11,000,106	9	0.44%					
Platform I QOZB Property-Fayetteville LLC	9,803,508	10	0.40%					
Macerich Fayetteville 4201 Shiloh (Mall)					14,566,484	1	1.08%	
Sam's Real Estate Business Trust					14,359,244	2	1.07%	
Superior Industries Int'l INC					9,636,515	3	0.72%	
Pinnacle Foods Group LLC					9,178,838	4	0.68%	
The Links at Fayetteville					5,795,550	7	0.43%	
Cliffs III Limited Partnership					5,381,070	8	0.40%	
Lowe's Home Centers INC \$432					4,995,205	9	0.37%	
Sweetser Family Limited (Sharon Trust)					4,698,627	10	0.35%	
Totals	\$ 148,461,350		5.99%		\$ 85,981,225		6.40%	

(1) Washington County Assessor

**City of Fayetteville, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bond	Special Obligation Bonds	Sales Tax Bonds	Leases/Notes	Revenue Bonds	Leases/Notes			
2014	\$ -	\$ 106,316,444	\$ -	\$ -	\$ 8,928,151	\$ -	115,244,595	3.43%	1,566
2015	-	98,599,892	-	-	7,295,877	-	105,895,769	3.00%	1,439
2016	-	80,255,846	-	-	5,638,604	-	85,894,450	2.32%	1,167
2017	-	87,839,772	-	-	3,960,524	-	91,800,296	2.36%	1,248
2018	-	64,165,000	-	1,375,938	2,195,314	-	67,736,252	1.66%	921
2019	-	169,780,000	-	1,100,750	0	-	170,880,750	3.99%	2,322
2020	-	144,765,000	-	825,564	0	-	145,590,564	3.23%	1,979
2021	-	119,670,160	-	550,376	0	-	120,220,536	1.99%	1,280 (2)
2022	-	173,527,272	-	530,928 (3)	0	-	174,058,200	2.75%	1,853
2023	-	35,017,288 (5)	107,759,281 (5)	755,977 (4)	0	315,616 (4)	143,848,162	2.16%	1,531

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics.

(2) 2020 Census Population increase

(3) GASB 87-Leases added

(4) GASB 96-SBITAs added

(5) Separated Sales and Use Tax Bonds from Special Obligation Bonds Column

General obligation bond is net of the premium and discount

Source: General ledger files

City of Fayetteville, Arkansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2023

	<u>Total Bonded Debt Outstanding</u>	<u>Percentage Applicable to the City</u>	<u>Estimated Share of Direct Overlapping Debt</u>
Direct:			
City of Fayetteville (1)	\$ <u>142,776,569</u>	100%	\$ <u>142,776,569</u>
Overlapping:			
Fayetteville Public School District (2)	271,765,000	100%	271,765,000
Washington County (3)	<u>-</u>		<u>-</u>
Total overlapping	<u>271,765,000</u>		<u>271,765,000</u>
Total direct and estimated overlapping bonded debt	\$ <u><u>414,541,569</u></u>		\$ <u><u>414,541,569</u></u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

(2) Stephens, Inc.

(3) Washington County Comptroller

**City of Fayetteville, Arkansas
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2023</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>	<u>2014</u>
Debt limit	\$ 618,262,122	\$ 545,477,434	\$ 502,278,147	\$ 467,304,119	\$ 417,753,635	\$ 409,351,828	\$ 376,004,491	\$ 366,672,111	\$ 350,825,048	\$ 335,708,644
Total net debt applicable to limit	<u>755,977</u>	<u>530,927</u>	<u>550,376</u>	<u>825,564</u>	<u>1,100,750</u>	<u>1,375,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 617,506,145</u>	<u>\$ 544,946,507</u>	<u>\$ 501,727,771</u>	<u>\$ 466,478,555</u>	<u>\$ 416,652,885</u>	<u>\$ 407,975,890</u>	<u>\$ 376,004,491</u>	<u>\$ 366,672,111</u>	<u>\$ 350,825,048</u>	<u>\$ 335,708,644</u>
Total net debt applicable to limit as a percentage of debt limit	0.12%	0.10%	0.11%	0.18%	0.26%	0.34%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 2,473,048,488
Debt limit-25% of assessed value	618,262,122
Debt applicable to limit	
General obligation bonds	
Leases/Notes	<u>755,977</u>
Less: debt service reserve	<u> </u>
Total net debt applicable to debt limit	<u>755,977</u>
Legal debt margin	<u>\$ 617,506,145</u>

Note: Under state finance law the City of Fayetteville's outstanding general obligation debt should not exceed 25 percent of total assessed property value. Act 1808 of 2001 increased the debt limit by allowing an additional 5 percent for short term financing. Prior to 2001 the debt limit was 20 percent of assessed property value.

Source: Washington County Assessor

**City of Fayetteville, Arkansas
Parking Fund
Revenue Bond Coverage
Last Ten Fiscal Years**

<u>Year</u>	<u>Pledged Operating Revenue (1)</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2014	1,535,201	784,771	750,430	230,000	150,633	380,633	1.97
2015	1,528,143	794,894	733,249	230,000	150,633	380,633	1.93
2016	1,720,630	741,155	979,475	230,000	150,633	380,633	2.57
2017	2,099,452	834,018	1,265,434	230,000	150,633	380,633	3.32
2018	1,870,816	912,149	958,667	230,000	150,633	380,633	2.52
2019	1,924,621	946,624	977,997	230,000	150,633	380,633	2.57
2020	1,762,166	868,177	893,989	230,000	150,633	380,633	2.35
2021	1,553,460	814,996	738,464	230,000	150,633	380,633	1.94
2022	1,874,882	1,331,783	543,100	235,000	145,225	380,225	1.43
2023	1,843,783	1,473,275 (2)	370,507	240,000	139,285	379,285	0.98

(1) As defined by each respective bond ordinance

(2) City incurred one-time costs during 2023 and expects the required coverage will be achieved in fiscal year 2024

**City of Fayetteville, Arkansas
Demographic & Economic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>City of Fayetteville Population(1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(1)</u>	<u>Education Level in Years of Formal Schooling(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment Percentage Rate(5) (6)</u>
2014	73,580	3,359,393	45,656	26.7	14.0	9,503	4.6
2015	73,580	3,527,362	47,939	26.7	14.0	9,614	3.9
2016	73,580	3,703,712	50,336	26.7	14.0	9,684	2.8
2017	73,580	3,888,897	52,853	26.7	14.0	10,039	2.8
2018	73,580	4,083,342	55,495	26.7	14.0	10,265	2.8
2019	73,580	4,287,509	58,270	26.7	14.0	10,334	2.5
2020	73,580	4,501,885	61,184	26.7	14.0	10,151	3.5
2021	93,949	6,035,539	64,243	27.3	14.0	10,349	1.9
2022	93,949	6,337,316	67,455	27.7	14.0	10,426	2.2
2023	93,949	6,654,182	70,828	29.0	14.0	10,164	2.3

- Sources:
- (1) U.S. Census Bureau
 - (2) Income of previous year x 5%
 - (3) Previous U.S. Census Bureau report
 - (4) Fayetteville Public School Administrator
 - (5) Discover Arkansas Unemployment Rates
 - (6) www.deptofnumbers.com

**City of Fayetteville
Principal Employers
Current Year and Nine Years Ago**

Employer	2023			2014		
	Employees	Rank	Percentage of Population 93,949	Employees	Rank	Percentage of Population 73,580
University of Arkansas	6,948	1	7.40%	12,810	1	17.41%
Washington Regional Medical Center	3,548	2	3.78%	2,092	2	2.84%
Veteran's Admin. Medical	1,737	3	1.85%	1,217	3	1.65%
Fayetteville School District	1,550	4	1.65%	1,340	5	1.82%
City of Fayetteville	849	5	0.90%	735	7	1.00%
Tyson Mexican Original	768	6	0.82%	631	9	0.86%
Washington Co. Government	662	7	0.70%	1,522	3	2.07%
Walmart#359	468	8	0.50%	0	0	0.00%
Walmart#144	423	9	0.45%	530	10	0.72%
Wal-mart #9149 (optical lab)	359	10	0.38%	663	8	0.90%
	17,312		18.43%	21,540		29.27%

Source: HR Departments from above listed employers

**City of Fayetteville, Arkansas
Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	49.65	47.65	46.65	46.65	45.75	43.75	43.75	42.75	40.75	42.7
Finance	65.85	60.35	58.35	58.35	57.25	55.75	54.25	52.25	53.25	53.25
Police										
Officers/Uniformed	154	143	131	131	131	129	129	127	121	121
Civilians	53	51	48	48	50	51	51	48.5	49	49
Fire										
Officers/Uniformed	134	122	119	120	119	119	119	119	110	110
Civilians	4	4	3	2	3	3	3	3	4	4
Community planning and engineering	82.3	78.3	76.3	76.3	73.3	73.3	71.3	69.3	69.8	69.8
Transportation, parking, utilities	107.5	107.5	104.5	104.5	104	102	80.5	80.5	81.5	77.3
Parks and recreation	72.7	64.5	59.2	59.2	59.2	58.1	58.1	56.65	55.65	54.65
Water and sewer	84	82	80	80	75	73	94.5	93.5	93.5	93.5
Solid waste	68	67	66	66	64	59	59	57	57	57
Airport	13	13	11.6	11.6	11.6	11.6	11.6	11.6	12.6	12.6
Fleet operations	19.5	19.5	19.5	19	19.5	18.5	18.5	18.5	18.5	18.5
Total	907.5	859.8	823.1	822.6	812.6	797	793.5	779.55	766.55	763.3

Source: City of Fayetteville Budget Office

**City of Fayetteville
Capital Assets by Function
Last Ten Fiscal Years**

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Stations	1	2	2	2	2	2	4	4	3	3
Police units	99	87	88	72	68	67	66	65	62	62
Fire										
Fire stations	9	9	7	7	7	7	7	8	8	8
Fire trucks	19	19	19	18	17	17	17	16	16	16
Transportation										
Paved streets (miles)	443	438	435	430	426	423	420	414	411	409
Traffic signals	137	132	128	128	127	127	126	121	122	117
Parks and recreation										
Parks acreage	4,068	4,071	4,068	3,793	3,802	3,807	3,710	3,705	3,700	3,699
Parks	75	74	71	65	72	70	69	69	68	67
Baseball/softball fields	22	22	22	22	22	22	22	22	18	18
Water and sewer										
Water meters active	47,432	46,584	45,526	44,552	42,747	41,966	41,785	40,756	40,038	39,238
Water mains (miles)	846	834	824	819	813	798	788	782	810	808
Sewer mains (miles)	581	572	566	562	558	547	540	537	675	580
Solid waste										
Sanitation trucks	42	40	41	42	36	36	39	37	37	37

Source: City of Fayetteville divisions

**City of Fayetteville, Arkansas
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Calls for service	46,265	49,067	53,262	51,690	48,629	47,079	49,428	47,646	45,944	42,359
Physical arrests (1)	3,423	2,681	617	241	4,810	4,744	4,351	4,341	3,738	3,778
9-1-1 calls	45,659	42,949	46,176	41,493	41,100	39,509	39,527	42,634	42,372	40,327
Fire										
Calls for service	13,134	13,167	13,448	10,516	12,644	12,324	11,624	10,368	9,624	9,163
Inspections (hours)	979	912	892	709	1,397	1,079	1,079	813	1,243	1,564
Community planning & engineering										
Building inspections	24,566	23,004	18,576	19,007	28,509	25,110	24,999	25,732	16,823	19,084
Building permits issued	1,442	1,828	1,480	1,019	595	706	411	590	409	523
Transportation										
Streets overlaid (miles)	10	9	17	14	10	9	11	15	9	8
Parks and recreation										
Softball/Baseball participants	4,452	4,326	4,205	2,257 (2)	3,215	3,255	4,030	4,565	3,689	4,406
Soccer participants	2,619	2,645	2,030	212 (2)	2,677	2,927	3,041	3,100	3,024	2,941
Water and sewer										
Active accounts	48,291	47,310	46,155	45,173	43,185	42,514	42,352	41,166	40,387	39,724
Meters read	566,267	564,580	558,593	539,140	526,106	518,128	507,214	497,813	491,256	481,133
Water leaks repaired	1,666	1,384	1,304	945	741	841	624	622	583	681
Solid waste										
Recycling (tons)	6,157	6,364	6,566	6,394	6,765	7,021	6,545	6,567	6,074	5,893

Source: City of Fayetteville divisions

Notes: (1) Per Calea standards the Police data has changed to Custodial Arrest starting in 2013
(2) Fayetteville Parks and Recreation suspended many games due to COVID in 2020

**City of Fayetteville, Arkansas
Miscellaneous Statistical Data
December 31, 2023**

Municipal water system:

Beaver Water District pumping capacity	140 mgd
Pumping capacity to Fayetteville	41 mgd
Average daily water use	21.120 mgd
Maximum day's water use	32.225 mgd
Water rates charged by Beaver Water District (per million gallons)	
January 2023 - September 2023	1.46 per 1000 gallons
October 2023 - December 2023	1.54 per 1000 gallons
Water users consuming more than 5% of water output:	
University of Arkansas	7.12%

Sewage treatment plant:

Nominal plant capacity for two plants	22.6 mgd
Average daily sewage flow	14.61 mgd

City's water rate structure
effective 1/1/2023

	<u>Inside City</u>	<u>Outside City</u>
First 2,000 gallons	\$ 3.51	\$ 4.04
2,001 to 15,000 gallons	4.65	5.35
15,001 gallons and over	6.59	7.54

City's sewer rate structure
effective 1/1/2023

	<u>Usage per 1,000 Gallons</u>
First 2,000 gallons	\$ 4.35
Greater than 2,000	5.80
Non-residential-all usage	4.40
Major industrial-all usage	4.71
All usage:	
Farmington	7.52
Greenland	8.18
Outside city	8.18

Water and sewer system:

2023 operating revenues	\$ 49,259,215
2023 bad debt expense	\$ 283,457
2023 bad debt percentage	0.58%
Cost of projected capital improvements for 2023	\$ 44,384,299

**City of Fayetteville, Arkansas
TIF Statistical Data**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Property Tax Increment Receipts	582,335	449,627	438,161	343,460	339,645	399,104	226,177	159,819	152,888	129,381
Total Principal Amount of Bonds Redeemed	150,000	154,000	179,840	205,000	150,000	100,000	75,000	75,000	70,000	65,000
Total Principal Amount of Bonds Outstanding	1,971,160	2,121,160	2,275,160	2,455,000	2,660,000	2,810,000	2,910,000	2,985,000	3,060,000	3,130,000
Total Taxable Value of Real Property Incremental	86,782,613	71,293,291	63,038,740	55,919,456	46,331,262	44,513,140	30,421,528	30,085,591	29,332,215	26,450,722
Total Accreted Value of Bonds Outstanding	6,482,457	6,543,838	6,587,592	6,667,883	6,777,008	6,715,565	6,523,628	6,277,121	6,036,111	5,791,621
Total Accreted Value of Bonds Redeemed	467,917	423,662	354,724	362,476	276,557	226,557	159,389	149,513	130,899	114,017
Bonds Outstanding	394	424	455	491	532	562	582	597	612	626
Trustee Fees	5,890	3,690	8,690 (1)	3,690	4,160	3,850	3,970	3,850	3,850	3,850

(1) Additional \$5,000 tender fee assessed in 2021

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Independent Accountants' Report on Compliance With Arkansas State Requirements

The Honorable Mayor and
Members of City Council
City of Fayetteville, Arkansas
Fayetteville, Arkansas

We have examined management's assertions that the City of Fayetteville, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2023:

- (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 assertion. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based upon 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 management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the City of Fayetteville, Arkansas complied with the aforementioned requirements during the year ended December 31, 2023, is fairly stated, in all material respects.

Forvis Mazars, LLP

**Rogers, Arkansas
June 27, 2024**

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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 Fayetteville, Arkansas
Fayetteville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining information of the City of Fayetteville, Arkansas (City), which comprise the City's statement of financial position as of December 31, 2023 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
June 27, 2024**

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Fayetteville (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 ended December 31, 2023. 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, 2023.

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.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Fayetteville Public Library (Library), a discretely presented component unit, which expended \$852,744 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2023. Our compliance audit, described in the "Opinion on Each Major Federal Program" section above, does not include the operations of the Library because an audit in accordance with the Uniform Guidance was issued separately by the Library.

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 Mazars, LLP

**Rogers, Arkansas
June 27, 2024**

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City of Fayetteville, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307		\$ -	\$ 1,134,672
<i>Program and Cluster Total</i>			-	1,134,672
Total U.S. Department of Commerce			-	1,134,672
U.S. Department of Housing and Urban Development				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants - 2017	14.218		-	1,106
Community Development Block Grants/Entitlement Grants - 2018	14.218		-	1,151
Community Development Block Grants/Entitlement Grants - 2019	14.218		-	1,190
Community Development Block Grants/Entitlement Grants - 2020	14.218		-	31,160
COVID-19 Community Development Block Grants/Entitlement Grants - CV/CV3				
	14.218		-	483,430
Community Development Block Grants/Entitlement Grants - 2021	14.218		-	100,799
Community Development Block Grants/Entitlement Grants - 2022	14.218		-	502,332
Community Development Block Grants/Entitlement Grants - 2023	14.218		-	89,475
<i>Program and Cluster Total</i>			-	1,210,643
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251		-	126,218
Continuum of Care Program aka Special Needs Assistance Program-AR0043	14.267		-	146,129
Continuum of Care Program aka Special Needs Assistance Program-AR0039	14.267		-	16,488
Continuum of Care Program aka Special Needs Assistance Program-AR0071	14.267		-	33,603
Continuum of Care Program aka Special Needs Assistance Program-AR0044	14.267		-	19,188
<i>Program Total</i>			-	215,408
Total U.S. Department of Housing and Urban Development			-	1,552,269
U.S. Department of the Interior				
Historic Preservation Fund Grants-In-Aid - 2022	15.904		-	40,459
Historic Preservation Fund Grants-In-Aid - 2023	15.904		-	9,868
<i>Program Total</i>			-	50,327
Total U.S. Department of the Interior			-	50,327

The accompanying notes are an integral part of this Schedule.

City of Fayetteville, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Bulletproof Vest Partnership Program - 2021	16.607		\$ -	\$ 8,186
Bulletproof Vest Partnership Program - 2022	16.607		-	11,443
	<i>Program Total</i>		-	19,629
Passed through from State of Arkansas				
Project Safe Neighborhood (PSN) - Fayetteville PD	16.609	15PBJA-21-GG-03001-GUNP	-	1,683
Project Safe Neighborhood (PSN) - Fayetteville PD	16.609	2020-FP-BX-0016	-	9,349
	<i>Program Total</i>		-	11,032
Public Safety Partnership and Community Policing Grants - 2021	16.710	15COPS-21GG-02327-SPPS	-	153,600
Public Safety Partnership and Community Policing Grants - 2022	16.710	15JCOPS-22-GG-04114-LEMH	-	60,573
	<i>Program Total</i>		-	214,173
Passed through Arkansas Department of Finance & Administration				
Edward Byrne Memorial Justice Assistance Grant - 2020	16.738	2020-DJ-BX-0440	-	3,647
Edward Byrne Memorial Justice Assistance Grant - 2021	16.738	15PBJA-21-GG-01143-JAGX, 15PBJA-21-GG-00264-JAGX	-	102,088
Edward Byrne Memorial Justice Assistance Grant - 2022	16.738	15PBJA-21-GG-00264-JAGX	-	44,587
Edward Byrne Memorial Justice Assistance Grant - 2023	16.738	15PBJA-23-GG-03064-JAGX	-	18,400
	<i>Program Total</i>		-	168,722
Equitable Sharing Program	16.922		-	30,594
	Total U.S. Department of Justice		-	444,150
U.S. Department of Transportation				
Recreational Trails Program - Kessler Mountain Natural Surface Trails	20.219	AHTD Job 040876	-	82,843
Recreational Trails Program - Hwy 112 Poplar to Drake	20.219	AHTD Job 040720	-	44,000
Recreational Trails Program - Sain Street Extension	20.219	AHTD Job 040688	-	390,658
Recreational Trails Program - Wilson Park Improvements	20.219	AHTD Job 040811	-	351,247
	<i>Program Total</i>		-	868,748
Airport Improvement Program - Design and Construction of Runway Pavement and Lighting Rehab at Drake Field	20.106		-	697,662
Airport Improvement Program - ARFF Cart	20.106		-	33,300
Airport Improvement Program - Environmental Assessment	20.106		-	126,380
Airport Improvement Program - Master Plan Update	20.106		-	201,949
Airport Improvement Program - Wildlife Fence Rehab	20.106		-	506,500
	<i>Program Total</i>		-	1,565,791
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2023-02-02-08	-	39,819
State and Community Highway Safety	20.600	OP-2024-02-02-08	-	13,232
	<i>Program and Cluster Total</i>		-	53,051
	Total U.S. Department of Transportation		-	2,487,590

The accompanying notes are an integral part of this Schedule.

City of Fayetteville, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 4,408,959	\$ 5,388,698
	<i>Program Total</i>		<u>4,408,959</u>	<u>5,388,698</u>
	Total U.S. Department of the Treasury		<u>4,408,959</u>	<u>5,388,698</u>
Environmental Protection Agency				
Regional Wetland Program Development Grants	66.461	CD-0181601-0	-	44,900
	<i>Program Total</i>		<u>-</u>	<u>44,900</u>
	Total Environmental Protection Agency		<u>-</u>	<u>44,900</u>
U.S. Department of Energy				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		-	244,200
	<i>Program Total</i>		<u>-</u>	<u>244,200</u>
	Total U.S. Department of Energy		<u>-</u>	<u>244,200</u>
Office of National Drug Control Policy				
Gulf Coast High Intensity Drug Trafficking Areas Program - 2021	95.011		-	11,363
Gulf Coast High Intensity Drug Trafficking Areas Program - 2022	95.011		-	83,754
Gulf Coast High Intensity Drug Trafficking Areas Program - 2023	95.011		-	14,393
	<i>Program Total</i>		<u>-</u>	<u>109,510</u>
	Total Office of National Drug Control Policy		<u>-</u>	<u>109,510</u>
	Total Expenditures of Federal Awards		<u>\$ 4,408,959</u>	<u>\$ 11,456,316</u>

The accompanying notes are an integral part of this Schedule.

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City of Fayetteville, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2023

State Grantor/Pass-through Grantor/Program or Cluster Title	Grant or Identifying Number	Total State Expenditures
Arkansas Department of Environmental Quality		
Public Space Recycling Containers	FY22-01	\$ 10,000
Total Arkansas Department of Environmental Quality		10,000
Arkansas Department of Aeronautics		
Farm Fuel Rehab	4014-21	30,452
Total Arkansas Department of Aeronautics		30,452
Arkansas Department of Parks, Heritage, Tourism		
Gulley Park Improvements Grant	A10773-19-WA	211,434
Total Arkansas Department of Parks, Heritage, Tourism		211,434
Arkansas Department of Emergency Management		
Act 833 (Turnback of Fire Insurance Premiums)		154,439
Total Arkansas Department of Emergency Management		154,439
Arkansas Department of Finance & Administration		
Act 224 of 2022 AR Full Time Law Enforcement Officer Salary Stipend		40,653
Arkansas State Drug Crime Enforcement	235041-22JL, J24-005-22/23	156,715
Total Arkansas Department of Finance & Administration		197,368
Arkansas State Police		
Selective Traffic Enforcement Project (2022-2023)	STEP FY 22-23	10,000
Total Arkansas State Police		10,000
Arkansas Department of Public Safety		
Public Safety Equipment Grant	DPS - Act 786	100,000
Total State of Arkansas		100,000
Total Expenditures of State Awards		\$ 713,693

The accompanying notes are an integral part of this Schedule.

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City of Fayetteville, Arkansas
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the “Schedules”) includes the federal and state award activity of the City of Fayetteville, Arkansas (the City) under programs of the federal and state government for the year ended December 31, 2023. 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 assets or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual (governmental funds) and accrual (enterprise funds) 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.

Note 3: Indirect Cost Rate

The City has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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City of Fayetteville, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

1. 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 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 Disclaimed

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

City of Fayetteville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023

7. Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Cluster
14.218	CDBG Entitlement Grants Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

9. Auditee qualified as a low-risk auditee? Yes No

**City of Fayetteville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023**

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

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**City of Fayetteville, Arkansas
Status of Prior Audit Findings
Year Ended December 31, 2023**

Reference Number	Summary of Finding	Status
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No matters are reportable.

