

2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Jacksonville, Arkansas
For the Fiscal Year Ended December 31, 2021

Jacksonville developed a Downtown Revitalization committee to transform our Main Street into a beautiful gathering place for businesses and citizens. It's funded by grants, donations and fund raisers. Their first projects have been to make the area visually appealing by adding planter boxes along the street and murals on the side of buildings. The "Together We Rise" and the garden mural in the center right were both painted by Jessica Jones of Art by Jessica Jones. The gorgeous sunflower is on the side of one of our local establishments. And the vivid mural dedicated to our military was painted by Jason White of White's Artworks.

Annual Comprehensive Financial Report

**City of Jacksonville,
Arkansas**

Fiscal Year Ended

December 31, 2021

Prepared by:

FINANCE DEPARTMENT

Cheryl Erkel, CGFM
DIRECTOR OF FINANCE



CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021

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CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2021

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City of Jacksonville, Arkansas

#1 Municipal Drive
Jacksonville, AR 72076



August 31, 2022

Honorable Mayor, Members of the City Council, and Citizens of the City of Jacksonville, Arkansas:

The Annual Comprehensive Financial Report (ACFR) of the City of Jacksonville, Arkansas (the “City”) for the year ended December 31, 2021, is submitted in accordance with State statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

This report consists of management’s representations concerning the finances of the City of Jacksonville. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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’s financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not out weigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable 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 Jacksonville’s financial statements have been audited by Forvis, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jacksonville for the fiscal year ended December 31, 2021, are free from 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 utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Jacksonville’s financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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 Jacksonville’s MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

Situated approximately 17 miles north of Little Rock and the Arkansas River, Jacksonville registered as a town on June 29, 1870. The coming of the railroad brought more people and the rural community of about two hundred built homes, raised cotton and established new businesses. The City of Jacksonville was incorporated on September 6, 1941 as a political subdivision of the State of Arkansas. Today Jacksonville occupies a land area of 29 square miles and serves a population of 29,477.

The City is empowered by state statute to extend its corporate limits by annexation when deemed appropriate by the governing council and to levy a property tax, by a vote of the public, on both real and personal properties located within its boundaries to a limit of 5 mills for general operations. In 1993, the voters approved a permanent one-cent sales and use tax and in return, the City rescinded its 5 mills property tax. In 2003, the voters approved an additional one-cent sales and use tax for capital improvements and operations. In 2019, the Jacksonville City Council voted to reallocate the 1.0 mill property tax levied to pay off the 2006 Library Construction and Improvement Bonds. The tax was reallocated as 0.5 mill for City general operations and 0.5 mil for capital equipment effective for the 2019 assessed taxes collectible in 2020.

The City of Jacksonville operates under the Mayor-Council form of government. The Mayor is elected by the citizens of Jacksonville for a term of four years. The Mayor serves as the chief executive of the City, presides over City Council meetings and has the ability to vote on City Council items in the event of a tie. The City Council is made up of two members from each ward (ten total members) within the City. Each member serves a four year staggered term with four council members elected every two years. The City Council has the ability to enact laws (ordinances) for the health, safety and welfare of the City not in conflict with the United States Constitution or the constitution of the State of Arkansas. The legal level of budgetary control is maintained at the fund level for all funds. However, management control is maintained at the department level.

The City of Jacksonville provides a full range of services including police and fire protection, emergency ambulance service, animal control, library, community development (planning and zoning), construction and maintenance of streets, roads and infrastructure, sanitation and recycling, parks and recreation, district court, and general administrative services. In addition, water and sewer services are provided through legally separate authorities, the Jacksonville Municipal Water Works and the Jacksonville Wastewater Utility. These two entities have been included in the comprehensive annual financial report as discretely presented component units. Another discretely presented component unit is the Jacksonville Advertising and Promotion Commission, which was created for the development, establishment, improvement, maintenance, and operation of recreational and tourist facilities



within the City. Discretely presented component units are legally separate entities and are not part of the primary government's operations.



The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being reported when the services or goods are received and the liabilities are incurred. Accounting records for the City's sanitation services, emergency medical services, and the operations of the

shooting complex are maintained on an accrual basis.

The annual operating budget serves as the foundation for the City's financial planning and control. Control over spending and allocation of resources are the main focus of the budget. The annual budget process begins in August of each year. Appropriation requests by fund, function, and department are submitted to the Mayor and resources are allocated based on priorities established by the City Council. The Mayor submits a proposed budget to the City Council. The City Council approves and adopts a final budget before January 1. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The Mayor is authorized to transfer budgeted amounts within departments. Any revisions that alter the total expenditures must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These comparisons are part of the required supplementary information located in the financial section.

ECONOMIC CONDITION

Like other cities across America, the City has seen some relief from the various impacts of the COVID-19 pandemic during 2021. The information presented in the financial statements may be understood better when considered from the broader perspective of the specific environment within which the City of Jacksonville operates.

The City of Jacksonville historically benefits from low unemployment rates. However, the impact of the COVID 19 pandemic caused lots of fluctuation. The City's unemployment rate decreased from 6.7% in December 2020 to 3.9% in December 2021.

Jacksonville is home to the Little Rock Air Force Base (LRAFB), which opened in October 1955. The base encompasses 6,100 acres and includes one runway and one assault landing strip. The base has more than 6,600 active-duty military and civilian members, and roughly 5,500 family members live and work on and around the base with an estimated 25,500 retirees in the local area. The impact on the regional economy totaled \$1.134 billion according to their Economic Impact Statement for Fiscal Year 2020. Additionally, the base was the 5th largest employer in the State of Arkansas in fiscal year 2021 with 6,629 jobs on base. LRAFB is a major training facility for the United States Air Force and is the home of C-130 Combat Airlift.

Other principal employers that make their home in Jacksonville include:

- Pathfinders, Inc.
- Jacksonville North Pulaski School District
- Wal-Mart
- Sig Sauer Inc.
- Lomanco, Inc.

To help with the workforce, Jacksonville has a Welding College and an Adult Learning Center that provides free computer and GED training. In addition, the LRAFB University Center has five universities offering both undergraduate and graduate programs. The Jacksonville North Pulaski School District is providing educational instructions for skilled labor as well as preparing their students for college. The Jacksonville North Pulaski High School has recently added cybersecurity to their curriculum that will allow their students to go straight to work after graduation or go to college to increase their knowledge.

Jacksonville is part of the Little Rock-North Little Rock-Conway metropolitan statistical area (MSA), a six-county area of more than 740,602 people. The unemployment rate for the metropolitan area has decreased from 5.1% in December 2020 to 2.7% in December 2021.

The City of Jacksonville has an increasing property tax base which includes appreciation and improvements on property, new subdivisions, new businesses, and annexations. Over the past five years, Jacksonville's levy has increased an average of 1.7% with the 2020 levy collectible in 2021 increasing by .7%.

Sales tax revenue is derived from the City's two-cent sales and use tax and the City's portion (8.3%) of the Pulaski County sales and use tax. Our sales tax revenue has been growing at an average rate of 5.9% over the past five years which includes an increase of 9.2 % for 2020 and an increase of 14.3% for 2021. Some of this increase is due to internet sales, which has become more popular since the COVID 19 pandemic began. On average, sales tax revenue supports approximately 70% of the City's General Fund budget.

The City of Jacksonville receives intergovernmental revenues based on population. According to the 2020 U. S. Census, the population for the City increased 4.0% while Pulaski County's population increased 2.2% compared to the 2010 Census data.

LONG-TERM FINANCIAL PLANNING

The City of Jacksonville's long-term Capital Improvement Plan is based on a comprehensive development plan established by citizen input and requests. The Capital Improvement Plan provides for the orderly replacement of capital facilities and equipment, including buildings and other improvements. Funding for these infrastructure improvements comes primarily from county and local sales and use tax revenue with some citizen donations dedicated to specific projects. The Capital Improvement Plan is updated annually to remove completed projects and to add new projects.

In July 2005, the citizens of Jacksonville voted to levy an annual ad valorem tax levy at the rate of one (1.0) mill for the acquisition, construction, and equipping of land and capital improvements for the City's public library. The ad valorem tax is pledged to a bond issue in the amount of \$2,500,000 used to finance the project. The tax was due to expire upon payment in full of the bonds in May 2020; however, in 2019 the City Council voted to keep the 1.0 millage with 0.5 going to the General Fund and 0.5 going to the Capital Equipment Fund. This tax went into effect in 2020.

In 2015, the City pledged revenues from utility franchise taxes to a bond issue in the amount of \$8,815,000. The bonds were issued for the refunding of short-term financing notes, rehabilitation of the City's Central Fire Station, purchase of a Fire Department ladder truck and two pumper trucks, replacement of playground equipment within the Parks and Recreation Department, rehabilitation of Splash Zone water park, replacement of exercise equipment at the City's Community Center, and the construction of a roundabout at Harris and General Samuels roads. These bonds were refunded by the 2020 Capital Improvement and Refunding Revenue Bonds.

In December 2020, the City pledged revenues from utility franchise taxes to a bond issue in the amount of \$7,935,000. The bonds were issued for the refunding of the 2015 Capital Improvement Bonds, rehabilitation of the City's Court Facility, constructing a new City Mechanic Shop with a wash bay, Public Safety Building repairs, and other betterments and improvements.

In 2017, the City entered into a 60-month equipment lease agreement with AT&T for \$10,629 per month for 9-1-1 equipment upgrade and maintenance. The equipment will be owned by the City at the end of this lease. Another lease agreement was entered into in 2018 with Dell Financial Services for computer servers. The lease has a five-year term with annual payments of \$37,048.

MAJOR INITIATIVES

Jacksonville is continuously looking for ways to improve the city to ensure the safety of its citizens. A major initiative is to have sidewalks throughout the City for safe foot traffic. Every year, our public works department searches for grants to help fund the installation of sidewalks. The City has been awarded a State Grant to help fund Phase II of the Military Road Sidewalk project. In 2021, the City incurred cost for the engineering services related to that project.

Another major initiative is a rail grade separation on J.P. Wright Loop Road. It has been in the planning stages for 20 years. This project will produce an overpass over the railroad crossing. The City has received a State Grant that will fund 80% of the costs. In 2021, the City purchased properties for easements and right of ways so that utilities can be relocated.

The next street project on the horizon, is the straightening of West Main Street. It involves removing an "S" curve and installing a round-a-bout or a traffic signal. In 2022, the plans for the design and construction were started.

ENVIRONMENTAL CONSCIOUSNESS

The City of Jacksonville is striving to educate the public on environmental awareness. Educational materials regarding recycling initiatives are on display at the Ron Newport Recycling Park located in front of the recycling center. The City of Jacksonville currently does not offer curbside service for recycling due to the COVID 19 pandemic. However, drop off service is available at the Recycling Center located at 1300 Marshall Road for its residents. They accept paper and cardboard, aluminum and tin cans, and most #1 and #2 plastics Tuesday through Saturday. The Recycling Center also accepts scrap metal, used tires, electronics, and household chemicals on Wednesday and Saturdays.

Jacksonville is also doing its part to help the environment. Jacksonville requires new commercial properties to have a 20' buffer area that is to be maintained in a natural state with dense undergrowth or have a perimeter planting strip six-foot wide that contains one tree and four shrubs for every forty feet. These properties are also required to have interior planting areas of 100 - 200 feet with one tree for every 15 parking spaces. This increases the oxygen in the atmosphere as well as beautifying the city.

The City of Jacksonville is also looking into energy savings. The City has begun to convert all lights inside City buildings to LED lights and replace outdated HVAC equipment. In addition, the City is considering the installation of a solar panel array for renewable energy.

AWARDS AND ACKNOWLEDGEMENTS

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This was the 24th consecutive year that the City of Jacksonville has achieved this prestigious award. We believe that the current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive financial report is a team effort by the entire City of Jacksonville's Finance Department. We would like to express our sincere appreciation to each and every staff member with a big "Thank You" for a job well done. Special thanks go to Assistant Finance Director Laura Collie, and Accountant Linda Dupree. Their tenacious attention to detail makes this report an excellent communication tool.

We would like to acknowledge the thorough and professional manner in which Forvis conducted the annual audit. Their technical proficiencies add measurably to the quality of the entire report.

Finally, we would like to acknowledge the contributions of the Mayor and City Council who have consistently and actively supported the City's goal of excellence in all aspects of financial management. Their interest, encouragement, and support are sincerely appreciated.

Respectfully submitted,

Cheryl Erkel

Cheryl Erkel, CGFM
Finance Director



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**City of Jacksonville
Arkansas**

For its Comprehensive Annual Financial Report

for the Fiscal Year Ended

December 31, 2020

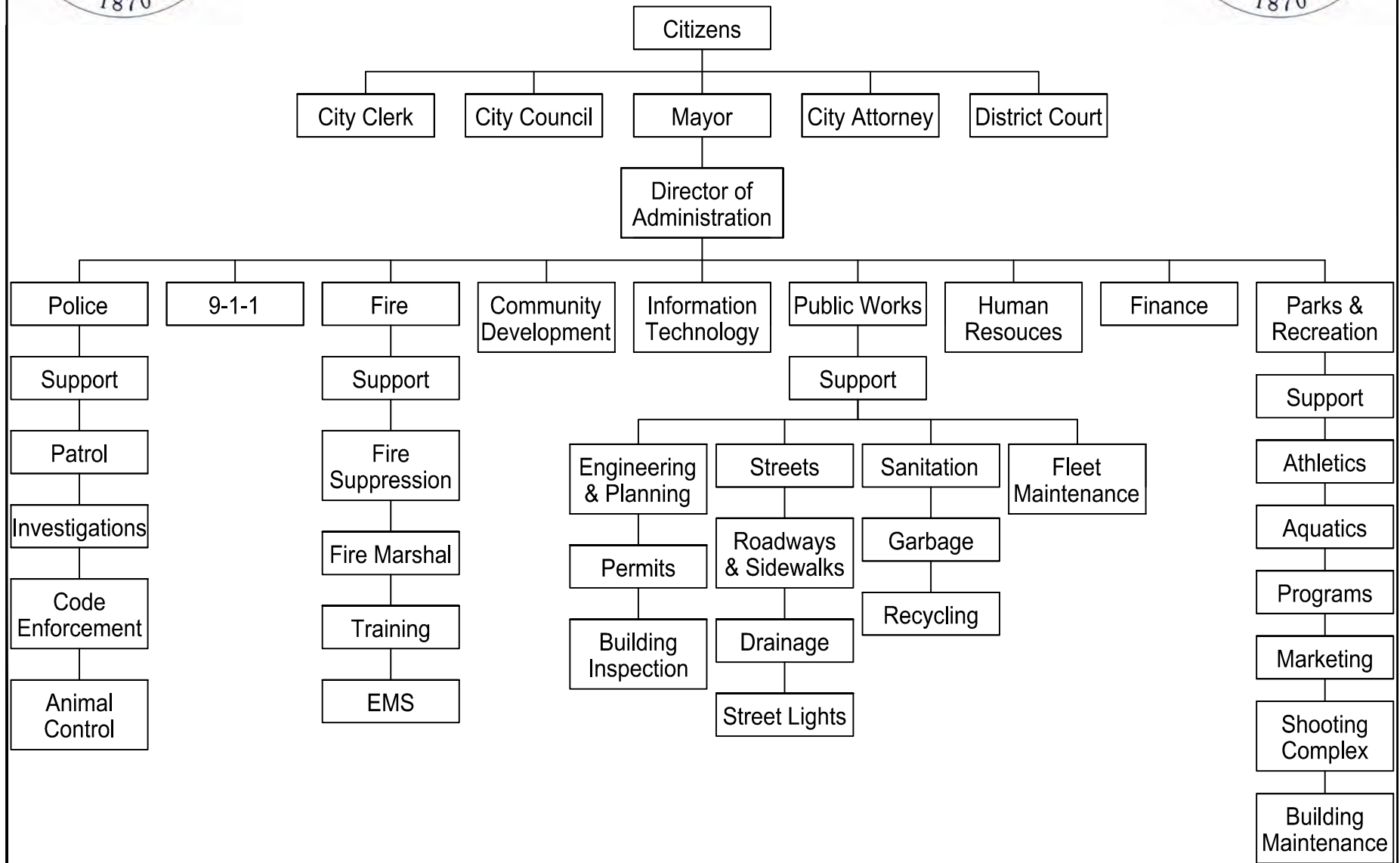
Christopher P. Morill

Executive Director/CEO



City of Jacksonville

Organizational Structure



**City of Jacksonville, Arkansas
List of Elected and Appointed Officials
December 31, 2021**

Elected Officials

	Bob Johnson		Mayor
Mike Deitz	Ward 1, Position 1	James Bolden III	Ward 1, Position 2
Brian Blevins	Ward 2, Position 1	Terry Sansing	Ward 2, Position 2
Reedie Ray	Ward 3, Position 1	Barbara Mashburn	Ward 3, Position 2
Mike Traylor	Ward 4, Position 1	Mary Twitty	Ward 4, Position 2
Tara Smith	Ward 5, Position 1	Rose Rains	Ward 5, Position 2
	Stephanie Friedman		City Attorney
	Susan Davitt		City Clerk/Treasurer
	Rita Bailey		District Court Judge

Appointed Officials

Director of Public Works	Jimmy Oakley
Community Development Director	Theresa Watson
Director of Finance	Cheryl Erkel
Fire Chief	Alan Laughy
Parks & Recreation Director	Kevin House
Human Resource Director	Charlette Nelson
Police Chief	Brett Hibbs
Sanitation Superintendent	Randy Watkins
Street Superintendent	Hal Toney
Superintendent of Emergency Services	Tabitha Hughes



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forvis.com

Independent Auditor's Report

Honorable Bob Johnson, Mayor
and Members of the City Council
City of Jacksonville, Arkansas
Jacksonville, 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 Jacksonville, Arkansas, as of and for the year ended December 31, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Jacksonville Municipal Water Works and Jacksonville Wastewater Utility, which represent 99%, 98%, and 91%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units as of December 31, 2021, and the respective changes in financial position, and where applicable, cashflows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matters

The 2020 financial statements, before they were restated for the matters discussed in Note 15 to the financial statements, were audited by other auditors, and their report thereon, dated November 30, 2021, expressed unmodified opinions. Our opinions are not modified with respect to these matters.

Honorable Bob Johnson, Mayor
and Members of the City Council
City of Jacksonville, Arkansas

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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.

Honorable Bob Johnson, Mayor
and Members of the City Council
City of Jacksonville, Arkansas

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, 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 auditing standards generally accepted in the United States of America, 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 statement and schedules 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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, and the schedule of expenditures of state awards 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.

FORVIS, LLP

Little Rock, Arkansas
September 15, 2022





Management’s Discussion and Analysis

For the Year Ended December 31, 2021

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#1 Municipal Drive, Jacksonville, AR 72076
Phone: (501) 982-4502 Fax: (501) 985-9768
E-mail: cerkel@cityofjacksonville.net

As management of the City of Jacksonville (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, 2021. The information contained in this MD&A should be considered in conjunction with our letter of transmittal at the front of this report and the information contained in the Independent Auditor’s Reports, Financial Statements and Supplementary Information.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$41,108,127.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$21,196,935 of which \$12,106,353 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,032,333, which is 46% of total general fund expenditures.
- The City had general revenues of \$20,578,991, grants and contribution revenues of \$7,698,973, charges for services of \$6,261,972, and program expenses of \$27,146,103 for the year ended December 31, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Figure A demonstrates how required parts of this annual report are arranged and shows how they relate to one another. Figure B summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the type of information they contain. The remainder of this overview section of the management’s discussion and analysis explains each of the statements.

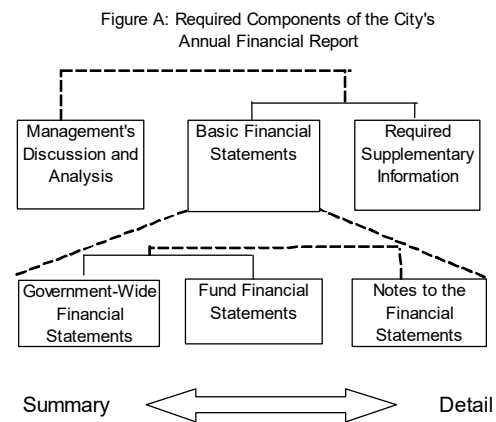


Figure B. Major features of the City's Government-wide and Fund Financial Statements

<i>Types of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire City (except fiduciary funds) including component units	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business.	Instances in which the City acts as fiduciary for someone else's resources
<i>Required Financial Statements</i>	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses & changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, although they can.
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

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 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, as applicable, with the difference 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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future 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, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitation services and emergency medical services.

The government-wide financial statements include not only the City itself (known as the primary government), but also the financial statements of the following discretely presented component units:

- Jacksonville Municipal Water Works
- Jacksonville Wastewater Utility
- Jacksonville Advertising and Promotion Commission

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on page 48 of this report.

The government-wide financial statements can be found on pages 28 through 31 of this report.

Fund Financial Statements

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

Governmental Funds - *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 the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, Special Projects Fund, and 2015 Capital Improvement Construction Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combined statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 32 through 34 of this report.

Proprietary Funds - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for sanitation services activities, shooting sports activities, and for emergency medical (ambulance) services provided by the City. The proprietary fund financial statements provide

information for the Sanitation Services Enterprise Fund, the Shooting Sports Complex Fund, and the Emergency Medical Services Enterprise Fund, which are major funds for the City.

Proprietary funds in general, charge customers for services provided. Like the government-wide financial statements, proprietary fund financial statements are presented using a long-term financial accounting approach and the full accrual basis of accounting. Additional information is provided in the proprietary funds' statement of cash flows.

The basic proprietary fund financial statements can be found on pages 36 through 38 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 40 through 41 of this report.

Notes to the Basic Financial Statements - The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 47 through 85 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 and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found beginning on page 88 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 and schedules can be found on pages 104 through 105 of this report.

Government-wide Financial Analysis

The City is presenting current and prior year comparative information in the Management's Discussion and Analysis to provide a means of analyzing its financial condition and position as of December 31, 2021. The following table reflects the condensed Statement of Net Position. Prior year comparative information has been restated for the prior period adjustment to capital assets discussed in Note 15 to the financial statements.

City of Jacksonville Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 22,148,074	\$ 15,676,625	\$ 3,045,105	\$ 2,463,167	\$ 25,193,179	\$ 18,139,792
Noncurrent assets	1,580,837	7,698,009	-	-	1,580,837	7,698,009
Capital assets	38,967,347	40,830,778	5,209,383	5,627,241	44,176,730	46,458,019
Other assets	751,898	659,012	-	-	751,898	659,012
Total assets	<u>63,448,156</u>	<u>64,864,424</u>	<u>8,254,488</u>	<u>8,090,408</u>	<u>71,702,645</u>	<u>72,954,832</u>
Total deferred outflows of resources	<u>2,552,946</u>	<u>3,449,795</u>	<u>211,896</u>	<u>443,514</u>	<u>2,764,842</u>	<u>3,893,309</u>
Total Assets and Deferred Outflows	<u>66,001,102</u>	<u>68,314,219</u>	<u>8,466,384</u>	<u>8,533,922</u>	<u>74,467,486</u>	<u>76,848,142</u>
Current Liabilities	2,215,816	3,045,108	141,053	144,844	2,356,869	3,189,952
Long-term liabilities	20,109,016	32,287,299	1,032,595	2,508,939	21,141,611	34,796,238
Total liabilities	<u>22,324,832</u>	<u>35,332,408</u>	<u>1,173,648</u>	<u>2,653,783</u>	<u>23,498,481</u>	<u>37,986,190</u>
Total deferred inflows of resources	<u>8,902,134</u>	<u>4,779,140</u>	<u>958,744</u>	<u>368,516</u>	<u>9,860,878</u>	<u>5,147,656</u>
Total Liabilities and Deferred Inflows	<u>31,226,965</u>	<u>40,111,547</u>	<u>2,132,392</u>	<u>3,022,299</u>	<u>33,359,358</u>	<u>43,133,846</u>
Net Position:						
Net investment in capital assets	32,470,428	28,662,671	5,209,383	5,627,241	37,679,811	34,289,912
Restricted	8,981,135	13,674,803	-	-	8,981,135	13,674,803
Unrestricted (Deficit)	(6,677,429)	(14,134,802)	1,124,610	(115,618)	(5,552,819)	(14,250,420)
Total Net Position	<u>\$ 34,774,135</u>	<u>\$ 28,202,672</u>	<u>\$ 6,333,993</u>	<u>\$ 5,511,623</u>	<u>\$ 41,108,127</u>	<u>\$ 33,714,295</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,108,127 at the close of the most recent fiscal year.

The largest portion of the City's net position, 92%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure, and improvements other than buildings), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, 22%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position (deficit) of (\$5,552,819) represents -14% of the City's net position.

The following table provides a summary of the City's operations for the fiscal year ended December 31, 2021, with unadjusted comparative totals for the fiscal year ended December 31, 2020. Governmental activities for 2020 have not been restated for the prior period adjustment to capital assets discussed in Note 15 to the financial statements because such amounts are not readily determinable.

City of Jacksonville						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 1,871,259	\$ 1,870,330	\$ 4,390,713	\$ 4,218,721	\$ 6,261,972	\$ 6,089,051
Operating grants and contributions	4,620,971	3,031,255	38,363	74,465	4,659,334	3,105,720
Capital grants and contributions	3,039,639	2,846,079	-	-	3,039,639	2,846,079
<i>General revenues:</i>						
Property taxes	979,374	888,874	-	-	979,374	888,874
Sales taxes	18,255,204	15,937,121	-	-	18,255,204	15,937,121
Franchise taxes	1,167,611	1,109,300	-	-	1,167,611	1,109,300
Investment income	44,099	69,101	6,160	11,257	50,259	80,358
Intergovernmental revenues	437,453	415,333	-	-	437,453	415,333
Gain/(loss) on sales of capital assets	(388,766)	-	77,857	(19,356)	(310,909)	(19,356)
Total revenues	<u>30,026,844</u>	<u>26,167,393</u>	<u>4,513,093</u>	<u>4,285,087</u>	<u>34,539,937</u>	<u>30,452,480</u>
Expenses						
General government	2,594,127	3,191,208	-	-	2,594,127	3,191,208
Public works	2,563,369	2,781,187	-	-	2,563,369	2,781,187
Parks and recreation services	3,160,003	3,117,949	-	-	3,160,003	3,117,949
Public safety	13,931,905	13,301,539	-	-	13,931,905	13,301,539
Housing and neighborhood programs	418,147	586,642	-	-	418,147	586,642
Agent fees on long-term debt	1,000	1,912	-	-	1,000	1,912
Interest on long-term debt	166,827	184,860	-	-	166,827	184,860
Sanitation services	-	-	1,339,894	1,761,166	1,339,894	1,761,166
AGFF Shooting Sports Complex	-	-	503,605	440,421	503,605	440,421
Emergency medical services	-	-	2,467,226	2,866,716	2,467,226	2,866,716
Total expenses	<u>22,835,378</u>	<u>23,165,297</u>	<u>4,310,725</u>	<u>5,068,303</u>	<u>27,146,103</u>	<u>28,233,600</u>
Change in net position before transfers	7,191,466	3,002,096	202,368	(783,216)	7,393,834	2,218,880
Transfers	(620,000)	(897,556)	620,000	897,556	-	-
Change in net position	<u>6,571,465</u>	<u>2,104,541</u>	<u>822,368</u>	<u>114,340</u>	<u>7,393,834</u>	<u>2,218,880</u>
Net Position, Beginning of Year, as previously reported	27,077,476	24,972,931	5,511,623	5,397,282	32,589,098	30,370,213
Adjustment applicable to prior years	1,125,196	-	-	-	1,125,196	-
Net Position, Beginning of Year, as restated	<u>28,202,672</u>	<u>24,972,931</u>	<u>5,511,623</u>	<u>5,397,282</u>	<u>33,714,296</u>	<u>30,370,213</u>
Net Position - End of Year	<u>\$ 34,774,135</u>	<u>\$ 27,077,476</u>	<u>\$ 6,333,993</u>	<u>\$ 5,511,623</u>	<u>\$ 41,108,134</u>	<u>\$ 32,589,096</u>

Governmental Activities - Governmental activities increased the City's net position in the current year by \$6,571,465. A decrease in total assets of \$1,416,268 along with a decrease in total liabilities of \$13,007,576 increased net position by \$11,591,308. The decrease in deferred outflows of \$896,849 along with an increase in deferred inflows of resources of \$4,122,994, decreased net position by \$5,019,843. The majority of the change in net position was the reduction of long-term liabilities and increase in current assets.

Sales taxes represent 61% or \$18,255,204 of the City's governmental revenue in 2021. Sales tax revenues increased 15% from \$15,937,121 in 2020. Part of this growth is attributed to Act 822 – *To reform the Tax Laws Concerning the Levy and Collection of Sales and Use Tax, the Apportionment and allocation of Income for Tax Purposes, Corporate Income Tax Rates, and Net Operating Losses; and to Declare an Emergency*, enacted during the 2019 regular session of the Arkansas General Assembly, and effective beginning July 2019. The provisions of Act 822 were consistent with the favorable Supreme Court ruling on *South Dakota v. Wayfair, Inc.* in which the court held that states may charge tax on purchases made from out-of-state sellers, even

if the seller does not have a physical presence in the taxing state. Grants and contributions added \$7,660,610 or 26% to total revenues as compared to \$5,877,334 received in 2020. The increase was mainly a result from the additional funding that we received through the American Recovery Plan. Charges for services increased \$929 to \$1,871,259 or 6% of total revenues compared to \$1,870,330 received in 2020. The decrease was primarily attributable to the reduction of programs offered through Parks and Recreation due to the Coronavirus.

Current year expenses were 76% of current year revenues, excluding transfers in.

Business-type Activities - Business-type activities increased the City's net position by \$822,368. Key elements of this increase are as follows:

- Net transfers increased net position by \$620,000. Operating gain of \$202,368 increased net position.
- Sanitation Services activities contribute 44% of the operating revenue to the business-type activities. Sanitation service fees are billed through Jacksonville Municipal Water Works (a component unit of the City), net of a billing fee. Operating revenues were \$1,941,895 in 2021 compared to \$1,911,169 in 2020. Operating expenses in 2021 were \$1,339,894 compared to \$1,761,166 in 2020. Revenues increased due to increases in housing development. Expenses decreased due to reduction in personnel.
- AGFF Shooting Sports Complex activities contributed 7% of the operating revenue to the business-type activities. The charges for services are the fees charged to the patrons of the sports complex. In 2021, those fees were \$301,451 compared to \$197,871 in 2020. The increase in revenues was due to a increase in events as people recover from the COVID 19 pandemic. Operating expenses in 2021 were \$503,605 compared to \$440,421 in 2020. The increase was due to increase in utility bills.
- Emergency Medical Services activities contributed 49% of the operating revenue to the business-type activities. Ambulance service fees are billed through the City's fire department. Charges for services were \$2,147,367 in 2021 compared to \$2,109,681 in 2020. Operating expenses in 2021 were \$2,467,226 compared to \$2,866,716 in 2020. Revenues increased as a result of increased ambulance run volume. Expenses decreased as a result of decrease in personnel costs.

Current year operating expenses for business-type activities were 98% of current year operating revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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 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 December 31, 2021, the City’s governmental funds reported combined ending fund balances of \$21,196,935, an increase of \$6,760,829 in comparison with the prior year. Approximately \$8,981,135 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$2,355 of the governmental fund balance is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$10,895 and \$96,196, respectively. Approximately \$12,106,353 constitutes *unassigned fund balance* and is available for spending at the government’s discretion.

The General Fund is the chief operating fund for the City. As of December 31, 2021, the total fund balance of the General Fund was \$9,045,583 of which \$9,032,333 was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balances and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 46% of total General Fund expenditures while total fund balances represents 46% of the same amount. The fund balances of the General Fund increased by \$3,932,652 during 2021. The key factors in this increase were increases from sales tax revenues and additional funding from the American Recovery Plan.

The Street Fund had a total fund balance of \$6,418,019, which was an increase of \$1,183,492 from 2020. The total amount of the fund balance is classified as restricted. The increase was attributable to additional funding received from the American Recovery Plan.

The Special Projects Funds had a total fund balance of \$3,759,528, which was an increase of \$2,201,152 from 2020. The fund balance has \$96,196 classified as assigned and \$3,074,020 as unassigned. The increase in fund balance was due mainly from additional funding received from the American Recovery Plan in the General Fund allowed for funds to be set aside for additional capital improvements. These additional funds are expected to be spent within the next two years. The ending fund balances and net changes for the individual funds reported in the financial statements as the Special Projects Funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Capital Improvements	\$ 2,169,333	\$ 1,995,050
Capital Drainage	536,930	101,889
Capital Equipment	1,020,136	110,022
Downtown Revitalization	33,129	(5,809)

The City maintains eight non-major governmental funds in addition to the above mentioned major funds. These funds had a total fund balance of \$1,973,805. The net decrease in fund balances during 2021 for these funds was \$556,467. The ending fund balances and net changes for the non-major funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Grants	\$ (20,539)	\$ (24,907)
CDBG	23,320	(10,213)
HOME	49,941	(18,375)
Asset Forfeiture	21,630	(4,853)

2020 Capital Improvement Construction	1,516,462	(499,355)
2006 Library Debt Service	142	(79,214)
2015 Capital Improvements Debt Service	0	(8,206)
2020 Capital Improvement Debt Service	382,849	88,657

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

Net position for the Sanitation Services Enterprise Fund was \$2,839,190 in 2021, which was an increase of \$680,575 compared to \$2,158,614 as reported in 2020. This increase is due to an increase in housing development and home sales in our community. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Net position for the AGFF Shooting Sports Complex Fund in 2021 was \$2,826,376, which was a increase of \$60,404 compared to \$2,765,972 as reported in 2020. This increase was due to an increase in customer attendance in various tournaments. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Net position for the Emergency Medical Services Enterprise Fund in 2021 was \$668,426, which was an increase of \$81,389 compared to a net position of \$587,037 reported in 2020. This change was due to a decrease in personnel costs. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The 2021 General Fund budget appropriated \$20,993,819 as compared to the 2020 budget of \$21,934,406, a decrease of approximately 4%.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2021, amounts to \$44,176,730 (net of accumulated depreciation). The investment in capital assets includes land, buildings and building improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$2,281,289 net of depreciation, a decrease of 5%. Governmental capital assets decreased 5%, while capital assets for business-type activities decreased 7%.

City of Jacksonville
Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2021	2020 restated	2021	2020	2021	2020
Land	\$ 10,338,488	\$ 10,338,488	\$ 480,385	\$ 480,385	\$10,818,873	\$10,818,873
Land improvements	557,262	508,957	101,303	112,177	658,563	621,134
Infrastructure	8,322,328	8,901,065	-	-	8,322,328	8,901,065
Buildings	15,921,866	16,701,862	2,289,793	2,361,162	18,211,659	19,063,024
Vehicles	1,997,904	2,115,329	1,790,554	1,630,808	3,788,458	3,746,138
Equipment	1,262,236	1,790,127	547,351	1,042,711	1,809,587	2,832,838
Construction in progress	567,265	474,954	-	-	567,265	474,954
Total	\$ 38,967,347	\$ 40,830,778	\$ 5,209,382	\$ 5,627,241	\$44,176,726	\$46,458,019

Additional information on the City’s capital assets can be found in *Note 3* on pages 59-60 of this report.

Long-term Liabilities. On December 31, 2021, the City’s primary government had long-term liabilities outstanding of \$8,575,511, including obligations under capital lease agreements of \$145,005, and \$7,868,374 of bonds secured solely by specified revenue source.

Total long-term bonds and obligations under a capital lease agreement decreased \$75,270 a decrease of 1%. The decrease was attributable to debt retirements during 2021.

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding revenue bonds on December 31, 2021, of \$7,868,374 are well below the statutory limit of \$65,423,203. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. Outstanding short-term financings, including capital leases at December 31, 2021, of \$145,005 are well below the statutory limit of \$16,355,801. Voter approval is not required for short-term financing.

Additional information regarding the City’s long-term liabilities can be found in *Note 4* on pages 61-62 of this report.

Economic Factors and Next Year’s Budgets and Rates

The Federal Government has issued economic initiatives to stimulate the economy as it recovers from the negative impact of the COVID 19 pandemic. As the City receives funds, they will create a plan on how to use these “one time” monies for the most benefit without generating re-occurring costs.

The City’s elected and appointed officials have an established practice of making annual budgetary decisions for the General and Street Funds by considering revenue growth, staffing needs, unassigned reserve levels as well as reviewing the performance of the local economy to determine continued economic expansion.

The goal of the Mayor and City Council is to maintain financial stability by adopting budgets with a minimum unassigned fund balance of 16.6% of operating expenditures. With this in mind, the 2022 budgets were adopted for the General Fund at \$23,435,689 and \$2,718,500 for the Street Fund.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Director's Office, #1 Municipal Drive, Jacksonville, Arkansas 72076.

General information relating to the City of Jacksonville, Arkansas can be found on the City's website, <http://www.cityofjacksonville.net>.



BASIC FINANCIAL STATEMENTS

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DECEMBER 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 10,854,781	\$ 802,055	\$ 11,656,836	\$ 14,671,041
Restricted cash and investments, current	345,000	-	345,000	10,094,223
Investments	5,008,651	912,682	5,921,333	1,860,668
Receivables, net of allowance for uncollectible accounts				
Taxes	1,817,716	-	1,817,716	-
Sales taxes	3,222,849	-	3,222,849	-
Accounts	61,049	1,287,429	1,348,478	2,593,244
Accrued interest	1,888	375	2,263	358
Grants and other governments	302,027	-	302,027	-
Other	531,758	-	531,758	-
Internal balances	-	-	-	-
Inventories	2,355	42,564	44,919	715,210
Prepaid expenses and other	-	-	-	96,644
Total current assets	22,148,074	3,045,105	25,193,180	30,031,388
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	1,925,837	-	1,925,837	529,950
Less amount required to meet current obligations	(345,000)	-	(345,000)	-
Total restricted assets	1,580,837	-	1,580,837	529,950
Capital assets				
Nondepreciable	10,905,753	627,914	11,533,667	4,821,831
Depreciable, net	28,061,594	4,581,469	32,643,063	74,881,385
Total capital assets	38,967,347	5,209,383	44,176,730	79,703,216
Other assets				
Net pension asset	751,898	-	751,898	-
Other	-	-	-	345,124
Total other assets	751,898	-	751,898	345,124
Total noncurrent assets	41,300,082	5,209,383	46,509,465	80,578,290
Total assets	63,448,156	8,254,488	71,702,645	110,609,678
Deferred Outflows of Resources				
Deferred outflows - pensions	2,338,502	211,896	2,550,398	297,781
Deferred outflows - OPEB	214,444	-	214,444	-
Bond refunding	-	-	-	191,949
Total deferred outflows of resources	2,552,946	211,896	2,764,842	489,730
Total Assets and Deferred Outflows of Resources	\$ 66,001,102	\$ 8,466,384	\$ 74,467,486	\$ 111,099,408

See Accompanying Notes to Basic Financial Statements.

Liabilities, Deferred Inflows of Resources, and Net Position	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Current Liabilities				
Accounts payable	\$ 318,284	\$ 45,665	\$ 363,949	\$ 1,797,156
Accrued wages payable and related liabilities	447,297	26,228	473,525	-
Accrued expenses and other	131,057	-	131,057	230,322
Accrued interest payable	-	-	-	21,674
Compensated absences, current	557,749	68,200	625,949	-
Bonds payable, current	345,000	-	345,000	3,588,557
Capital lease obligations, current	120,333	-	120,333	-
Due to fiduciary funds	74,705	-	74,705	-
Unearned revenue	221,392	960	222,352	-
Total current liabilities	<u>2,215,816</u>	<u>141,053</u>	<u>2,356,869</u>	<u>5,637,709</u>
Noncurrent Liabilities				
Capital lease obligations	24,672	-	24,672	-
Bonds payable, net of unamortized premium and discount	7,523,374	-	7,523,374	38,250,068
Customer deposits	-	-	-	868,684
Compensated absences	4,383	-	4,383	-
Net pension liability	10,728,102	1,032,595	11,760,697	1,039,920
Net OPEB liability	1,803,551	-	1,803,551	-
Other long-term liabilities	24,934	-	24,934	605,414
Total noncurrent liabilities	<u>20,109,016</u>	<u>1,032,595</u>	<u>21,141,611</u>	<u>40,764,086</u>
Total liabilities	<u>22,324,832</u>	<u>1,173,648</u>	<u>23,498,480</u>	<u>46,401,795</u>
Deferred Inflows of Resources				
Deferred inflows - pensions	8,628,979	958,744	9,587,723	2,049,108
Deferred inflows - OPEB	273,155	-	273,155	-
Total deferred inflows of resources	<u>8,902,134</u>	<u>958,744</u>	<u>9,860,878</u>	<u>2,049,108</u>
Net Position				
Net investment in capital assets	32,470,428	5,209,383	37,679,811	37,851,793
Restricted - expendable				
Street maintenance	6,418,019	-	6,418,019	-
Capital projects	2,105,773	-	2,105,773	-
Debt service	382,991	-	382,991	3,162,716
Law enforcement activities	21,630	-	21,630	-
Housing and neighborhood programs	73,261	-	73,261	-
Grant funds	(20,539)	-	(20,539)	-
Total restricted - expendable	<u>8,981,135</u>	<u>-</u>	<u>8,981,135</u>	<u>3,162,716</u>
Unrestricted (deficit)	<u>(6,677,429)</u>	<u>1,124,610</u>	<u>(5,552,819)</u>	<u>21,633,996</u>
Total net position	<u>34,774,135</u>	<u>6,333,993</u>	<u>41,108,128</u>	<u>62,648,505</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 66,001,102</u>	<u>\$ 8,466,384</u>	<u>\$ 74,467,486</u>	<u>\$ 111,099,408</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 869,946	\$ 279,167	\$ 400,174	\$ -
City council	128,940	-	-	-
Office of the mayor	250,495	-	-	-
City clerk	134,299	-	-	-
City attorney	309,963	-	-	-
District court	49,467	257,752	-	-
Director of administration	15,661	-	-	-
Information technology	523,392	-	-	-
Finance	449,424	33,000	-	-
Human resources	209,005	-	-	-
Fleet services	119,686	29,156	-	-
Community programs	209,140	-	24,863	196,452
Public works	2,563,369	61,425	-	2,843,187
Parks and recreation services	3,160,003	621,264	576,438	-
Police	6,354,770	96,953	1,952,482	-
Fire	5,498,885	200	1,475,624	-
Emergency communication services	1,039,125	483,989	-	-
Animal control	317,201	8,353	364	-
Housing and neighborhood programs	418,147	-	191,027	-
Debt issuance costs	46,633	-	-	-
Agent fees on long-term debt	1,000	-	-	-
Interest expense on long-term debt	166,827	-	-	-
Total governmental activities	22,835,378	1,871,259	4,620,971	3,039,639
Business-type Activities				
Sanitation services	1,339,894	1,941,895	14,067	-
AGFF Shooting Sports Complex	503,605	301,451	2,558	-
Emergency Medical services	2,467,226	2,147,367	21,738	-
Total business-type activities	4,310,725	4,390,713	38,363	-
Total primary government	\$ 27,146,103	\$ 6,261,972	\$ 4,659,334	\$ 3,039,639
Component Units				
Municipal Water Works	\$ 9,079,660	\$ 8,529,592	\$ -	\$ 107,271
Wastewater Utility	5,176,285	4,943,924	-	413,762
Advertising and Promotion Commission	904,464	-	-	-
Total component units	\$ 15,160,409	\$ 13,473,516	\$ -	\$ 521,033

General revenues
 Property taxes
 Sales taxes
 Utility franchise taxes
 Investment income
 Grants and contributions not restricted to specific programs
 Gain (loss) on sale of capital assets

Other
 Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year, as previously reported

Prior Period Adjustment

Net Position, Beginning of Year, as restated

Net Position, End of Year

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-type Activities	Total		
\$ (190,605)	\$ -	\$ (190,605)	\$ -	-
(128,940)	-	(128,940)	-	-
(250,495)	-	(250,495)	-	-
(134,299)	-	(134,299)	-	-
(309,963)	-	(309,963)	-	-
208,285	-	208,285	-	-
(15,661)	-	(15,661)	-	-
(523,392)	-	(523,392)	-	-
(416,424)	-	(416,424)	-	-
(209,005)	-	(209,005)	-	-
(90,530)	-	(90,530)	-	-
12,175	-	12,175	-	-
341,243	-	341,243	-	-
(1,962,302)	-	(1,962,302)	-	-
(4,305,336)	-	(4,305,336)	-	-
(4,023,061)	-	(4,023,061)	-	-
(555,136)	-	(555,136)	-	-
(308,484)	-	(308,484)	-	-
(227,119)	-	(227,119)	-	-
(46,633)	-	(46,633)	-	-
(1,000)	-	(1,000)	-	-
(166,827)	-	(166,827)	-	-
(13,303,509)	-	(13,303,509)	-	-
-	616,068	616,068	-	-
-	(199,596)	(199,596)	-	-
-	(298,121)	(298,121)	-	-
-	118,351	118,351	-	-
\$ (13,303,509)	\$ 118,351	\$ (13,185,159)	\$ -	-
\$ -	\$ -	\$ -	\$ (442,797)	-
-	-	-	181,401	-
-	-	-	(904,464)	-
-	-	-	(1,165,860)	-
979,374	-	979,374	-	-
18,255,204	-	18,255,204	1,102,977	-
1,167,611	-	1,167,611	-	-
44,099	6,160	50,259	92,935	-
437,453	-	437,453	-	-
(388,766)	77,857	(310,909)	-	-
-	-	-	2,284,554	-
(620,000)	620,000	-	-	-
19,874,974	704,017	20,578,991	3,480,466	-
6,571,465	822,368	7,393,833	2,314,606	-
27,077,476	5,511,623	32,589,098	60,333,899	-
1,125,196	-	1,125,196	-	-
28,202,672	5,511,623	33,714,294	60,333,899	-
\$ 34,774,135	\$ 6,333,993	\$ 41,108,128	\$ 62,648,505	-

CITY OF JACKSONVILLE, ARKANSAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2021

	General	Street	Special Projects	Total Nonmajor Funds	Total
Assets					
Cash	\$ 5,722,402	\$ 3,267,951	\$ 1,788,900	\$ 75,527	\$ 10,854,781
Restricted cash	-	-	-	1,925,837	1,925,837
Investments	-	3,055,332	1,953,319	-	5,008,651
Accounts receivable					
Taxes	1,121,901	526,590	169,082	142	1,817,716
Sales taxes	3,222,849	-	-	-	3,222,849
Accounts	-	-	-	61,049	61,049
Accrued interest	-	1,491	397	-	1,888
Grants and other governments	891	268,266	-	32,869	302,027
Other	510,693	1,955	-	-	512,648
Due from other funds	21,046	-	-	8,643	29,689
Inventories	2,355	-	-	-	2,355
Total Assets	\$ 10,602,138	\$ 7,121,586	\$ 3,911,698	\$ 2,104,068	\$ 23,739,491
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 168,786	\$ 94,485	\$ 1,674	\$ 53,339	\$ 318,284
Due to other funds	74,705	-	-	10,580	85,285
Accrued wages payable and related liabilities	436,450	10,847	-	-	447,297
Unearned revenue	98,282	90,240	-	32,869	221,392
Other liabilities	25,936	71,646	-	33,475	131,057
Total liabilities	804,159	267,217	1,674	130,264	1,203,314
Deferred Inflows of Resources					
Unavailable revenues - property taxes	752,396	436,350	150,496	-	1,339,242
Total deferred inflows of resources	752,396	436,350	150,496	-	1,339,242
Fund Balances					
Nonspendable					
Inventories	2,355	-	-	-	2,355
Restricted					
Street maintenance	-	6,418,019	-	-	6,418,019
Capital projects	-	-	589,312	1,516,461	2,105,773
Debt service	-	-	-	382,991	382,991
Law enforcement activities	-	-	-	21,630	21,630
Housing & neighborhood programs	-	-	-	73,261	73,261
Grant funds	-	-	-	(20,539)	(20,539)
Committed					
Equipment	10,895	-	-	-	10,895
Assigned					
Capital projects	-	-	96,196	-	96,196
Unassigned	9,032,333	-	3,074,020	-	12,106,353
Total fund balances	9,045,583	6,418,019	3,759,528	1,973,805	21,196,935
Total liabilities, deferred inflows of resources and fund balances	\$ 10,602,138	\$ 7,121,586	\$ 3,911,698	\$ 2,104,068	\$ 23,739,491

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2021

Total fund balances per statement	\$ 21,196,935
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	38,967,347
Liabilities and related inflows/outflows of resources that are not due and payable in the current period and are not reported in the funds :	
Capital leases	(145,005)
Bonds payable	(7,868,374)
Accrued interest payable	-
Accrued compensated absences	(562,132)
Net pension asset	751,898
Net pension liability	(10,728,102)
Deferred inflows and outflows of resources from pensions and OPEB	(6,349,188)
Net OPEB liability	(1,803,551)
Other long-term assets such as property taxes are not available for current period expenditures and, therefore are reported as unavailable revenue in the funds.	<u>1,314,308</u>
Net position of governmental activities	<u>\$ 34,774,135</u>
<hr/>	
Capital assets	\$ 38,967,347
Capital lease obligation	(145,005)
General obligation bonds net of premiums and discounts	(7,868,374)
Accrued interest	-
Unspent bond proceeds	<u>1,516,461</u>
Net investment in capital assets	<u>\$ 32,470,428</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2021

	General	Street	Special Projects	Total Nonmajor Funds	Total
Revenues					
Property taxes	\$ 788,412	\$ -	\$ 147,277	\$ 1,370	\$ 937,059
Sales taxes	18,255,204	-	-	-	18,255,204
Licenses and permits	273,121	-	-	-	273,121
Intergovernmental	4,740,481	2,843,187	92,469	394,757	8,070,894
Charges for services	1,109,831	-	73,119	-	1,182,950
Fines and fees	280,107	-	-	-	280,107
Utility franchise taxes	1,167,611	-	-	-	1,167,611
Investment income	16,079	19,955	7,649	416	44,099
Contributions and donations	-	-	9,740	-	9,740
Miscellaneous	142,005	7,365	18,048	-	167,419
Total revenues	26,772,851	2,870,508	348,302	396,543	30,388,204
Expenditures					
General government					
General government and administration	255,879	-	11,227	394,004	661,109
City council	120,831	-	-	-	120,831
Mayor	268,735	-	-	-	268,735
City clerk	145,759	-	-	-	145,759
City attorney	329,007	-	-	-	329,007
District court	348,793	-	-	-	348,793
Director of administration	14,850	-	-	-	14,850
Information technology	523,945	-	-	-	523,945
Finance	482,241	-	-	-	482,241
Human resources	223,877	-	-	-	223,877
Fleet services	151,825	-	-	-	151,825
Community programs	133,093	-	39,131	-	172,224
Total general government	2,998,835	-	50,358	394,004	3,443,196
Public works					
Public works coordinator	131,596	-	-	-	131,596
Engineering	210,029	-	-	-	210,029
Code enforcement	284,614	-	-	-	284,614
Streets and drainage	-	1,687,016	-	-	1,687,016
Total public works	626,240	1,687,016	-	-	2,313,256
Parks and recreation services	2,884,350	-	200	89,775	2,974,325
Police	6,628,617	-	196,592	34,077	6,859,286
Fire	5,525,282	-	-	-	5,525,282
Emergency communication services	845,571	-	-	-	845,571
Animal control	326,613	-	-	-	326,613
Housing and neighborhood programs	-	-	-	435,028	435,028
Debt Service					
Principal	-	-	-	75,000	75,000
Interest	-	-	-	162,185	162,185
Agent fees	-	-	-	1,000	1,000
Total expenditures	19,835,507	1,687,016	247,150	1,237,701	23,007,375
Excess (Deficiency) of Revenues Over Expenditures	6,937,343	1,183,492	101,152	(841,158)	7,380,829
Other Financing Sources (Uses)					
Transfers in	80,584	-	2,100,000	365,302	2,545,886
Transfers out	(3,085,276)	-	-	(80,610)	(3,165,886)
Total other financing sources (uses)	(3,004,692)	-	2,100,000	284,692	(620,000)
Net Change in Fund Balances	3,932,652	1,183,492	2,201,152	(556,467)	6,760,829
Fund Balances, Beginning of Year, as previously reported	5,112,931	5,234,527	1,558,376	8,440,276	20,346,110
Prior Period Adjustment	-	-	-	(5,910,000)	(5,910,000)
Fund Balances, Beginning of Year, as restated	5,112,931	5,234,527	1,558,376	2,530,276	14,436,110
Fund Balances, End of Year	\$ 9,045,583	\$ 6,418,019	\$ 3,759,528	\$ 1,973,805	\$ 21,196,935

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds \$ 6,760,829

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

Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	885,582
Retirements	(388,766)
Depreciation expense	(2,360,247)

Governmental funds report debt as expenditures. However, for government-wide statements, the liability must be properly reflected in the statement of net position.

Debt issued or incurred:	
Revenue bonds	-
Principal repayments:	
General obligation bonds	-
Revenue bonds	75,000
Capital lease obligations	160,342
Amortization of bond premiums and discounts	270

Revenues that do not provide current financial resources, such as property taxes, are not reported as revenues for the funds but are reported as revenues in the statement of activities. 42,315

Expenses that do not require current financial resources (such as interest and compensated absences) are not reported as expenses for the funds but are reported as expenses in the statement of activities. 72,801

Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. 1,323,341

Change in net position of governmental activities \$ 6,571,465

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 781,911	\$ 7,752	\$ 12,392	\$ 802,055
Investments	912,682	-	-	912,682
Accounts receivable, net of allowance for uncollectible accounts	266,452	15,843	1,005,134	1,287,429
Accrued interest	375	-	-	375
Due from other funds	-	-	-	-
Inventories	-	42,564	-	42,564
Total current assets	1,961,420	66,159	1,017,526	3,045,105
Noncurrent assets				
Capital assets				
Land and improvements	-	627,914	-	627,914
Buildings and improvements	-	2,854,808	-	2,854,808
Vehicles	3,393,983	13,486	1,019,034	4,426,503
Furniture and equipment	1,428,195	34,637	568,052	2,030,884
	4,822,178	3,530,845	1,587,086	9,940,109
Less accumulated depreciation	(3,374,135)	(654,929)	(701,662)	(4,730,726)
Net capital assets	1,448,043	2,875,916	885,424	5,209,383
Total noncurrent assets	1,448,043	2,875,916	885,424	5,209,383
Total assets	3,409,463	2,942,075	1,902,950	8,254,488
Deferred outflows of resources				
Deferred outflows - pensions	58,655	11,941	141,300	211,896
Total deferred outflows of resources	58,655	11,941	141,300	211,896
Total assets and deferred outflow of resources	\$ 3,468,118	\$ 2,954,016	\$ 2,044,250	\$ 8,466,384
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 33,558	\$ 3,987	\$ 8,120	\$ 45,665
Accrued wages payable	11,508	2,657	12,063	26,228
Compensated absences, current	30,287	7,270	30,643	68,200
Deferred revenue	-	-	960	960
Total current liabilities	75,353	13,914	51,786	141,053
Noncurrent liabilities				
Net pension liability	190,140	39,062	803,393	1,032,595
Total noncurrent liabilities	190,140	39,062	803,393	1,032,595
Total liabilities	265,493	52,976	855,179	1,173,648
Deferred inflows of resources				
Deferred inflows - pensions	363,435	74,663	520,646	958,744
Total deferred inflows of resources	363,435	74,663	520,646	958,744
Net Position				
Net investment in capital assets	1,448,043	2,875,916	885,424	5,209,383
Unrestricted (deficit)	1,391,147	(49,540)	(216,998)	1,124,610
Total net position	2,839,190	2,826,376	668,426	6,333,992
Total liabilities, deferred inflows of resources and net position	\$ 3,468,118	\$ 2,954,016	\$ 2,044,250	\$ 8,466,384

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Revenues				
Charges for services	\$ 1,872,773	\$ 206,138	\$ 2,146,519	\$ 4,225,430
Miscellaneous	69,122	95,313	848	165,283
Total operating revenues	1,941,895	301,451	2,147,367	4,390,713
Operating Expenses				
Salaries, wages and employee benefits	383,697	140,567	861,130	1,385,394
Supplies and materials	195,043	24,789	181,907	401,739
Services	100,134	60,088	90,586	250,808
Repairs and maintenance	110,115	10,080	20,330	140,525
Landfill fees	262,392	-	-	262,392
Other	-	182,342	1,177,346	1,359,688
Depreciation	288,513	85,739	135,927	510,179
Total operating expenses	1,339,894	503,605	2,467,226	4,310,725
Operating Income (Loss)	602,001	(202,154)	(319,859)	79,988
Nonoperating Revenues				
Interest income	6,006	-	154	6,160
Gain on sale of capital assets	58,501	-	19,356	77,857
Grant revenues	14,067	2,558	21,738	38,363
Net nonoperating revenues	78,574	2,558	41,248	122,380
Income (Loss) Before Contributions and Transfers	680,575	(199,596)	(278,611)	202,368
Transfers in	-	260,000	360,000	620,000
Changes in Net Position	680,575	60,404	81,389	822,368
Net Position, Beginning of Year	2,158,614	2,765,972	587,037	5,511,623
Net Position, End of Year	\$ 2,839,190	\$ 2,826,376	\$ 668,426	\$ 6,333,992

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Activities				
Receipts from customers	\$ 1,867,823	\$ 192,363	\$ 974,632	\$ 3,034,818
Other receipts	69,308	95,313	664	165,285
Payments to employees	(798,670)	(238,980)	(984,254)	(2,021,904)
Payments to suppliers	(201,472)	(53,194)	(183,366)	(438,033)
Payments to service providers	(95,217)	(60,644)	(90,587)	(246,448)
Other payments	(389,151)	(195,968)	(19,078)	(604,197)
Net cash provided by (used in) operating activities	452,622	(261,110)	(301,990)	(110,478)
Noncapital Financing Activities				
Operating grants	14,067	2,558	41,094	57,719
Transfers from other funds	-	260,000	360,000	620,000
Net cash provided by noncapital financing activities	14,067	262,558	401,094	677,719
Capital and Related Financing Activities				
Proceeds from sale of capital assets	58,501	-	38,305	96,806
Purchases of capital assets	(623)	-	(130,001)	(130,624)
Net cash provided by (used in) capital and related financing activities	57,878	-	(91,696)	(33,818)
Investing Activities				
Proceeds from maturities of cash investments	101,975	-	-	101,975
Purchase of cash investments	(106,708)	-	-	(106,708)
Interest income	6,006	-	154	6,160
Net cash provided (used) by investing activities	1,273	-	154	1,427
Net Increase (Decrease) in Cash	525,840	1,448	7,562	534,850
Cash, Beginning of Year	256,072	6,304	4,830	267,206
Cash, End of Year	\$ 781,911	\$ 7,752	\$ 12,392	\$ 802,055

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 602,001	\$ (202,154)	\$ (319,859)	\$ 79,988
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	288,513	85,739	135,927	510,179
Provision for uncollectible accounts	-	182,342	-	182,342
Changes in assets and liabilities				
Receivables, net	(4,950)	(13,775)	5,219	(13,506)
Inventory	-	(29,335)	-	(29,335)
Due from other funds	186	3	56	245
Deferred outflows of resources	148,699	32,451	50,468	231,618
Accounts payable	(18,156)	(3,175)	(209)	(21,540)
Accrued expenses	(878,868)	(377,261)	(384,569)	(1,640,698)
Deferred inflows of resources	315,196	64,055	210,977	590,228
Net cash provided by (used in) operating activities	<u>\$ 452,622</u>	<u>\$ (261,110)</u>	<u>\$ (301,990)</u>	<u>\$ (110,478)</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2021

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 630,597	\$ 27,515
Investments		
U.S. Government obligations	4,542,040	-
Corporate bonds	1,024,534	-
Mutual funds	7,224,472	-
Receivables		
Due from other funds	74,630	75
Accrued interest	19,248	-
	<u>19,248</u>	<u>-</u>
Total Assets	<u>\$ 13,515,521</u>	<u>\$ 27,590</u>
Liabilities		
Due to other funds	-	19,110
Other liabilities	-	8,480
	<u>-</u>	<u>27,590</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 13,515,521</u>	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds	Custodial Funds
Additions		
Contributions		
Employer	\$ 41,229	\$ -
District Court fines collected	-	379,739
Contributed from General Fund		
Property taxes	612,232	-
State insurance turnback and guarantee fund	248,852	-
Total contributions	<u>902,313</u>	<u>379,739</u>
Investment income		
Net increase in fair value of investments	(78,337)	-
Interest and dividends	232,641	-
Gain on sale of investments	723,777	-
Less investment expense	<u>138,220</u>	<u>-</u>
Net investment income	<u>739,861</u>	<u>-</u>
Total additions	<u>1,642,174</u>	<u>379,739</u>
Deductions		
Benefits paid directly to participants	1,336,687	
District Court fines distributed		379,739
Administrative expenses	<u>10,800</u>	<u>-</u>
Total deductions	<u>1,347,487</u>	<u>379,739</u>
Change in Net Position	294,687	-
Net Position Restricted for Pension Benefits, Beginning of Year	<u>13,220,834</u>	<u>-</u>
Net Position Restricted for Pension Benefits, End of Year	<u>\$ 13,515,521</u>	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2021

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 4,643,384	\$ 9,246,448	\$ 781,209	\$ 14,671,041
Investments	1,149,056	-	711,612	1,860,668
Receivables, net of allowance for uncollectible accounts				
Accounts	1,511,107	723,685	164,551	2,399,343
Revenues earned and unbilled	-	193,901	-	193,901
Accrued interest	282	-	76	358
Inventories	602,556	112,654	-	715,210
Prepaid expenses	80,800	15,844	-	96,644
Restricted Current Assets				
Cash and cash equivalents	1,961,998	8,132,225	-	10,094,223
Total current assets	9,949,183	18,424,757	1,657,448	30,031,388
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	529,950	-	529,950
Total restricted noncurrent assets	-	529,950	-	529,950
Capital assets				
Land	889,750	411,491	-	1,301,241
Buildings and improvements	2,663,393	2,437,312	-	5,100,705
Machinery and equipment	3,190,768	2,678,994	-	5,869,762
LRAFB Distribution System	17,750,941	-	-	17,750,941
Water system	56,551,579	-	-	56,551,579
Sewer system	-	62,184,934	-	62,184,934
Construction in progress	2,000,717	1,519,873	-	3,520,590
	83,047,148	69,232,604	-	152,279,752
Less accumulated depreciation	(31,915,127)	(40,661,408)	-	(72,576,535)
Net capital assets	51,132,021	28,571,196	-	79,703,216
Other assets	345,124	-	-	345,124
Total noncurrent assets	51,477,145	29,101,146	-	80,578,290
Total Assets	61,426,328	47,525,903	1,657,448	110,609,678
Deferred Outflows of Resources				
Deferred amounts on refunding	-	191,949	-	191,949
Deferred outflows from pensions	183,558	114,223	-	297,781
Total deferred outflows of resources	183,558	306,172	-	489,730
Total Assets and Deferred Outflows of Resources	\$ 61,609,886	\$ 47,832,075	\$ 1,657,448	\$ 111,099,408

See Accompanying Notes to Basic Financial Statements.

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 1,326,661	\$ 85,371	\$ 385,124	\$ 1,797,156
Accrued interest payable	8,875	12,799	-	21,674
Bonds payable-current portion	3,088,557	500,000	-	3,588,557
Accrued expenses and other	167,711	62,611	-	230,322
Total current liabilities	<u>4,591,804</u>	<u>660,781</u>	<u>385,124</u>	<u>5,637,709</u>
Noncurrent liabilities				
Bonds payable, net of unamortized discount	16,245,503	22,004,565	-	38,250,068
Customer deposits	868,684	-	-	868,684
Net pension liability	550,272	489,648	-	1,039,920
Other long-term liabilities	2,010	603,404	-	605,414
Total noncurrent liabilities	<u>17,666,469</u>	<u>23,097,617</u>	<u>-</u>	<u>40,764,086</u>
Total liabilities	<u>22,258,273</u>	<u>23,758,398</u>	<u>385,124</u>	<u>46,401,795</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	1,086,477	962,631	-	2,049,108
Net Position				
Net investment in capital assets	31,797,961	6,053,832	-	37,851,793
Restricted-expendable	1,953,123	1,209,593	-	3,162,716
Unrestricted	4,514,052	15,847,621	1,272,323	21,633,996
Total net position	<u>38,265,136</u>	<u>23,111,046</u>	<u>1,272,323</u>	<u>62,648,505</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 61,609,886</u>	<u>\$ 47,832,075</u>	<u>\$ 1,657,448</u>	<u>\$ 111,099,408</u>
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CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Advertising and Promotion Commission	\$ 904,464	\$ -	\$ -	\$ -
Total governmental activities	904,464	-	-	-
Business-type Activities				
Municipal Water Works	9,079,660	8,529,592	-	107,271
Wastewater Utility	5,176,285	4,943,924	-	413,762
Total business-type activities	14,255,945	13,473,516	-	521,033
Total component units	\$ 15,160,409	\$ 13,473,516	\$ -	\$ 521,033
General revenues				
Sales taxes				
Investment income				
Other				
Total general revenues				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

See Accompanying Notes to Basic Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Advertising and Promotion Commission	Total
\$ -	\$ -	\$ (904,464)	\$ (904,464)
-	-	(904,464)	(904,464)
(442,797)	-	-	(442,797)
-	181,401	-	181,401
(442,797)	181,401	-	(261,396)
<u>\$ (442,797)</u>	<u>\$ 181,401</u>	<u>\$ (904,464)</u>	<u>\$ (1,165,860)</u>
-	-	1,102,977	1,102,977
8,805	82,104	2,026	92,935
2,284,554	-	-	2,284,554
<u>2,293,359</u>	<u>82,104</u>	<u>1,105,003</u>	<u>3,480,466</u>
1,850,562	263,505	200,539	2,314,606
<u>36,414,574</u>	<u>22,847,541</u>	<u>1,071,784</u>	<u>60,333,899</u>
<u>\$ 38,265,136</u>	<u>\$ 23,111,046</u>	<u>\$ 1,272,323</u>	<u>\$ 62,648,505</u>



CITY OF JACKSONVILLE, ARKANSAS

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2021

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

The City of Jacksonville, Arkansas (the “City”), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under the Mayor-City Council form of government. Citizens elect the Mayor at large and ten council members by wards. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental 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:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Jacksonville and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City’s substantive appointment of the majority of the component unit’s governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City.

The City’s employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

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

Discretely Presented Component Units

Major Component Units:

Jacksonville Municipal Water Works (“JMWW”) – The City’s Mayor appoints, with City Council approval, a five member Water Commission which acts as the governing body of JMWW. JMWW receives no financial benefit from the City; however, the City has the power to impose its will on JMWW. Rate changes must be approved by the Mayor and City Council. JMWW provides commercial and residential water services that primarily benefit the citizens of Jacksonville.

Jacksonville Wastewater Utility (“JWWU”) – JWWU is governed by a five member commission appointed by the Mayor and approved by the City Council. The City has the power to impose its will on JWWU. Rate changes must be approved by the Mayor and City Council. JWWU provides wastewater treatment services that primarily benefit the citizens of Jacksonville.

There were no significant transactions between the major component units and the City or its other component units in 2021.

Other Component Unit:

Jacksonville Advertising and Promotion Commission (“Commission”) – The seven member governing body is appointed by the City Council. The City has the power to impose its will on the Commission. The Commission has the authority to authorize and disburse expenditures of the City’s hotel/motel tax and prepared food tax.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

Jacksonville Municipal Water Works
1900 Marshall Road
Jacksonville, Arkansas 72076

Jacksonville Wastewater Utility
248 Cloverdale Road
Jacksonville, Arkansas 72076

Jacksonville Advertising and Promotion Commission
1 Municipal Drive
Jacksonville, Arkansas 72076

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City’s own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The *Special Projects Fund* is a capital projects fund used to account for the accumulation of financial resources utilized for construction, renovation, expansion and major improvements of various City facilities, acquisition of land, and new acquisitions and replacements of capital equipment used in City operations. The fund is perpetual.

The City reports the following proprietary (enterprise) funds:

The *Sanitation Services Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of providing solid waste collection and disposal and for operations of the City's waste recycling center.

The *AGFF Shooting Sports Complex Fund*, a blended component unit of the City, is a major enterprise fund which accounts for operation of the City's public shooting range facility.

The *Emergency Medical Services Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of providing emergency medical transportation services.

Additionally, the City reports the following fund types:

Special Revenue Funds – The special revenue funds, which include federal and state grants, are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

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, interest, and related costs.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

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

Agency Funds – Accounts for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column. However, interfund services provided and used are not eliminated in the process of consolidation.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements, and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within sixty (60) days after year-end. Principal revenue sources considered susceptible to accrual include property taxes, sales taxes, franchise taxes, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are contributed to a plan or when expected to be liquidated with expendable available financial resources.

Use of 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, deferred outflows of resources, deferred inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into common bank accounts.

Investments and Investment Income

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in certificate of deposit and money market investments are carried at amortized cost, which approximates fair value.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is assigned to funds with which the related investment asset is associated.

Inventories

Inventories, consisting of merchandise, material, and supplies, are valued at cost. Cost is determined using the first-in, first-out method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value on the date of donation.

The City's capitalization policy defines capital assets as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than or equal to \$100,000. Renewal and betterments of property and equipment are capitalized, whereas normal repairs and maintenance are charged to expense as incurred.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 15 – 50 years for infrastructure, 10 – 40 years for buildings and 3 – 25 years for land improvements, vehicles and equipment.

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums and discounts are deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount.

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

Compensated Absences

The City allows nonuniformed employees to accumulate unused vacation of up to 80 hours, police to accumulate unused vacation of up to 84 hours, and firefighters to accumulate unused vacation of up to 144 hours for one year. Upon termination, any accumulated unused vacation time will be paid to the employee. Generally, City employees are allowed to accumulate unused sick leave up to a maximum of 90 days. Any accumulated unused sick leave up to 60 days is paid upon employee retirement from the City. At the end of term of service, police officers will be paid for any accumulated unused sick leave upon

retirement up to 60 days. At the end of term of service, firefighters will be paid for any accumulated unused sick leave upon retirement up to 60 days, provided that payment does not exceed three months' salary. Historically, employees have been compensated for unused sick and vacation time from the General Fund, the Street and CDBG Special Revenue Funds, the Sanitation Services Enterprise Fund, and the AGFF Shooting Sports Complex Fund, as well as the Emergency Medical Services Fund based on the assignment of the employee at termination.

The City records a liability for compensated absences as the employee earns benefits attributable to services rendered that is not contingent on a specific event that is outside the control of the City. Additionally, the City accrues benefits for earned sick leave only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured such as a result of employee resignations and retirements.

Unearned Revenue

Unearned revenue includes amounts that have been received before all eligibility requirements for revenue recognition have been met. These amounts are recorded as a liability until such requirements are met, at which point, they will be recorded as revenue.

Pensions

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded and new debt. In addition, the City has deferred outflows related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability. The remaining amounts will be amortized to pension expense over future periods as shown within Note 6.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include property taxes in the governmental funds. The City also has deferred inflows related to pensions. This consists of the difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense as shown within Note 6.

Net Position/Fund Balance

Net position of the government-wide financial statements and proprietary funds of the City are classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the City, including

amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The fund balances of the City's governmental funds are classified 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 specific purposes determined by ordinance of the City Council. Commitments may be changed or lifted only by issuance of an ordinance by the City Council.

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by the Mayor or City Council. In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications.

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 the expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end.

Pension Plan Descriptions

The City participates in four defined benefit pension plans; which are comprised of two single employer defined benefit pension plans and two cost sharing multiple employer defined pension plans, each of which are described and illustrated in detail in Note 6.

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2021:

Statement No.	Adoption Required in Fiscal Year
87 <i>Leases</i>	2022
91 <i>Conduit Debt Obligations</i>	2022
92 <i>Omnibus 2020</i>	2022
94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangement</i>	2023
96 <i>Subscription-Based Information Technology Arrangements</i>	2023
97 <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32</i>	Various

The impact of these standards on the City's net position has not been determined.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of the failure of a financial institution, 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.

City statute requires that deposits in financial institutions be collateralized with federal depository insurance or other interest bearing securities of the United States, the State of Arkansas, Arkansas political subdivisions or agencies or instrumentalities of these entities at 102%. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

State statutes require all time and demand deposits to be fully insured or collateralized. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements. At December 31, 2021, none of the City's primary government bank balances were exposed to custodial credit risk.

Investments

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 102 percent collateralization; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

Arkansas statutes authorize the City to invest in direct obligations of the U.S. Government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. Government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue such securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. Government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. State or any political subdivision thereof; securities of or other interest in, any open-end type investment company or investment trust registered

under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit.

Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issue of any state, municipality or political subdivisions; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds and other appropriate securities.

The investments of the City as shown on the Statement of Net Position consist of non-negotiable certificates of deposit with an average maturity of 1 year. The pension trust funds' investments, carried at fair value, and maturities as of December 31, 2021 were as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury obligations	\$ 1,120,493	\$ -	\$ -	\$ 12,603	\$ 1,107,890
U.S. Agencies obligations	3,421,546	812,398	2,584,287	24,862	-
Corporate bonds	1,024,534	95,846	638,489	290,199	-
Bond mutual funds	39,682	39,682	-	-	-
Mutual funds	7,184,790	7,184,790	-	-	-
	<u>12,791,046</u>	<u>\$ 8,132,716</u>	<u>\$ 3,222,776</u>	<u>\$ 327,663</u>	<u>\$ 1,107,890</u>
Money Market Fund	226,246				
	<u>\$ 13,017,292</u>				

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized costs.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures evenly over time as needed to provide the cash flow and liquidity necessary for operations. The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of five years, unless the investment funds are defined for use after five years.

The pension trust funds investment policies address interest rate risk by managing asset allocation. The Policemen's Pension and Relief Fund allows for 2% to 30% in cash and cash equivalents, 35% to 75% in fixed income investments and 20% to 50% in equities. The Firemen's Pension and Relief Fund allows 5% to 15% in cash and cash equivalents, 25% to 40% in fixed income investments and 40% to 70% in equities.

Credit Risk – Credit risk of investments is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City's policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies, and FDIC insured certificates of deposit. As of December 31, 2021, the City's investments, exclusive of the pension trust funds, consisted of FDIC insured certificates of deposit.

The investment policy of the Firemen's Pension and Relief Fund states that plan assets may be invested in investment grade bonds rated by Standard and Poor's of BBB+ or better and in commercial paper rated A1 or better. The Policemen's Pension and Relief Fund investment policy requires a credit analysis of each debt instrument prior to inclusion in the portfolio.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the City’s name. Exclusive of the pension trust funds, on December 31, 2021, investments held by the City were limited to certificates of deposit which were FDIC insured or collateralized at 102% of the deposits fair value and U.S. Treasury Fund money market accounts. The City’s collateral is held by third party financial institutions. Monthly and quarterly collateral reports are sent to the City’s finance department.

Concentration of Credit Risk – The City’s investment policy limits investments in securities from any one issuer to 5% of the cost basis of the City’s portfolio at the time of purchase, and limits concentration in any one business sector to 15% of the cost basis of the portfolio excluding U.S. Government obligations and collateralized certificates of deposit. The City had no concentration of credit risk as of December 31, 2021.

The Policemen’s Pension and Relief Fund limits investments in any one equity issuer to 7% of the fair value of the total portfolio. No single industry may exceed 20% of the portfolio. The Firemen’s Pension and Relief Fund limits investments in the securities of any one company or government agency to 5% of the portfolio, and allows no more than 10% of the portfolio to be invested in any one industry.

Foreign Currency Risk – This risk relates to the 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 had no investments that were denominated in foreign currency on December 31, 2021.

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table represents the fair value measurements of assets recognized in the accompanying fiduciary funds financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at December 31, 2021:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2021				
U.S. Treasury obligations	\$ 1,120,493	\$ -	\$ 1,120,493	\$ -
U.S. Agencies obligations	3,421,546	-	3,421,546	-
Corporate bonds	1,024,534	-	1,024,534	-
Bond mutual funds	39,682	39,682	-	-
Mutual funds	7,184,790	7,184,790	-	-
Total investments by fair value level	<u>\$ 12,791,046</u>	<u>\$ 7,224,472</u>	<u>\$ 5,566,574</u>	<u>\$ -</u>

Investments Measured at the Net Asset Value (NAV)

Money Market Fund	\$ 226,246
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Investments – Where quoted market prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are

estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Summary of Carrying Values – The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	Primary Government
Carrying value	
Deposits	\$ 19,935,871
Investments	<u>13,017,292</u>
	<u>\$ 32,953,163</u>
Included in the following statements of net position captions	
Current Assets	
Cash and cash equivalents	\$ 11,656,836
Short-term investments	5,921,333
Noncurrent Assets	
Restricted cash and investments	1,925,837
Cash and investments - fiduciary funds	<u>13,449,158</u>
	<u>\$ 32,953,163</u>

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2021 is presented as follows:

Governmental Activities	Balance January 1, 2021, as previously reported	Prior Period Adjustments (See Note 15)	Balance January 1, 2021, as restated	Increases	Decreases	Transfers	Balance December 31, 2021
Capital Assets, non-depreciable							
Land	\$ 10,348,488	\$ (10,000)	\$ 10,338,488	\$ -	\$ -	\$ -	\$ 10,338,488
Construction in progress	1,089,376	(614,422)	474,954	421,817	(329,506)	-	567,265
Total capital assets, non-depreciable	<u>11,437,864</u>	<u>(624,422)</u>	<u>10,813,442</u>	<u>421,817</u>	<u>(329,506)</u>	<u>-</u>	<u>10,905,753</u>
Capital Assets, depreciable							
Land improvements	1,496,253	-	1,496,253	103,032	-	-	1,599,285
Infrastructure	34,338,777	1,114,142	35,452,919	-	-	-	35,452,919
Buildings	28,504,113	23,260	28,527,373	-	-	-	28,527,373
Vehicles	6,361,136	799,324	7,160,460	222,652	-	-	7,383,112
Equipment	10,557,227	98,054	10,655,281	138,081	(66,776)	-	10,726,586
Total capital assets, depreciable	<u>81,257,506</u>	<u>2,034,780</u>	<u>83,292,286</u>	<u>463,765</u>	<u>(66,776)</u>	<u>-</u>	<u>83,689,275</u>
Less accumulated depreciation							
Land improvements	987,295	-	987,295	54,726	-	-	1,042,021
Infrastructure	26,419,173	132,681	26,551,854	578,737	-	-	27,130,591
Buildings	11,825,511	-	11,825,511	779,997	-	-	12,605,508
Vehicles	4,985,851	59,281	5,045,132	340,075	-	-	5,385,207
Equipment	8,771,954	93,200	8,865,154	599,196	-	-	9,464,350
Total accumulated depreciation	<u>52,989,784</u>	<u>285,162</u>	<u>53,274,946</u>	<u>2,352,731</u>	<u>-</u>	<u>-</u>	<u>55,627,677</u>
Total capital assets, depreciable, net	<u>28,267,718</u>	<u>1,749,618</u>	<u>30,017,336</u>	<u>(1,888,966)</u>	<u>(66,776)</u>	<u>-</u>	<u>28,061,594</u>
Total governmental activities, net	<u>\$ 39,705,582</u>	<u>\$ 1,125,196</u>	<u>\$ 40,830,778</u>	<u>\$ (1,467,149)</u>	<u>\$ (396,282)</u>	<u>\$ -</u>	<u>\$ 38,967,347</u>

Total Business-Type Activities	Balance	Increases	Decreases	Transfers	Balance
	January 1, 2021				December 31, 2021
Capital Assets, non-depreciable					
Land	\$ 480,385	\$ -	\$ -	\$ -	\$ 480,385
Construction in Progress	-	-	-	-	-
Total capital assets, non-depreciable	480,385	-	-	-	480,385
Capital Assets, depreciable					
Buildings	2,854,808	-	-	-	2,854,808
Land Improvements	147,529	-	-	-	147,529
Vehicles	4,442,938	-	(16,435)	-	4,426,503
Equipment	1,922,129	134,214	(25,458)	-	2,030,885
Total capital assets, depreciable	9,367,404	134,214	(41,893)	-	9,459,723
Less accumulated depreciation					
Buildings	493,646	71,370	-	-	565,016
Land Improvements	35,352	10,874	-	-	46,226
Vehicles	2,375,931	260,019	-	-	2,635,950
Equipment	1,315,619	167,915	-	-	1,483,534
Total accumulated depreciation	4,220,548	510,178	-	-	4,730,726
Total Business-type activities	\$ 5,627,241	\$ (375,964)	\$ (41,893)	\$ -	\$ 5,209,382

Construction in progress is composed of the following:

Primary Government	Expended to December 31, 2021	Estimated Amount To Complete
General Government		
Military Road sidewalk	\$ 17,200	\$ 212,800
Loop Road rail grade	258,248	8,741,752
Street Dept Equipment Building	5,600	114,400
Court Building Renovation	263,122	536,878
City Mechanic Shop	23,095	626,905
	<u>\$ 567,265</u>	<u>\$ 10,232,735</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	
General administration	\$ 202,998
Information technology	55,303
Community programs	36,916
Total general government	295,218
Public works	
Streets and drainage	643,032
Total public works	643,032
Parks and recreation services	380,102
Police	326,974
Fire	297,214
Emergency services	397,348
Animal control	12,843
Total depreciation expense - governmental activities	2,352,731
Business-type Activities	
Sanitation services	288,514
AGFF Shooting Sports Complex	85,738
Emergency medical services	135,927
Total depreciation expense - business-type activities	510,179
Total depreciation expense - primary government	\$ 2,862,910

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2021 were as follows:

	Balance January 1, 2021, as previously reported	Prior Period Adjustments (See Note 15)	Balance January 1, 2021 (as restated)	Increases	Decreases	Balance December 31, 2021	Amounts Due In One Year
Governmental Activities							
Bonds payable-							
2015 Capital Improvement and Refunding	\$ 5,910,000	\$ (5,910,000)	\$ -	\$ -	\$ -	\$ -	\$ -
2020 Capital Improvement and Refunding	7,935,000		7,935,000	-	75,000	7,860,000	345,000
Add: issuance premium	25,411	(16,768)	8,643	-	270	8,374	-
Bonds payable, net	13,870,411	(5,926,768)	7,943,643	-	75,270	7,868,374	345,000
Capital lease obligations	305,346		305,346	-	160,341	145,005	35,505
Compensated absences	634,933		634,933	36,234	109,035	562,132	557,749
Governmental activities long-term liabilities	\$ 14,810,690	\$ (5,926,768)	\$ 8,883,922	\$ 36,234	\$ 344,645	\$ 8,575,511	\$ 938,253

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Amounts Due In One Year
Business-type Activities					
Compensated absences	\$ 68,227	\$ 618	\$ 646	\$ 68,200	\$ 68,200
Total business-type activities long-term liabilities	\$ 68,228	\$ 618	\$ 646	\$ 68,201	\$ 68,200

Governmental Activities

2015 Capital Improvement and Refunding Revenue Bonds – Bonds in the amount of \$8,815,000 were issued to finance the cost of (1) financing various capital improvements, including the rehabilitation of the Central Fire Station, the purchase of a new ladder truck and two additional fire trucks; replacement of playground equipment for City Parks and Recreation; roundabout construction at General Samuels and Harris Road; rehabilitation of “Splash Zone”(city water activity park); replacement of exercise equipment at the Community Center; and for related purposes (together, the “Capital Improvements”), (2) refunding outstanding obligations including the 2012 short-term financing note to First Arkansas Bank and Trust, the 2013 short-term financing note to BancorpSouth Bank, and a promissory note to Motorola Solutions, Inc., (3) funding a debt service reserve, and (4) paying the costs associated with the issuance of the bonds. These bonds are limited obligations of the City, payable solely from the revenues received by the City

from all franchise fees collected from public utilities for the privilege of using the City's streets, rights-of-way and other public places in the City. Principal payments are due annually beginning June 1, 2016. Interest payments are due semiannually on June 1 and December 1, beginning December 1, 2015. The bonds are subject to extraordinary, optional and special redemption, in whole or in part, on any interest payment date from bond proceeds not needed, additional monies received from Arkansas Game and Fish Foundation, or additional monies from franchise fees, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. Bond interest rates range from 2.00% to 3.50% and final maturity was scheduled to be June 1, 2030. The bonds were legally defeased in December 2020 with proceeds from the 2020 Capital Improvement and Refunding Revenue Bonds.

2020 Capital Improvement and Refunding Revenue Bonds - Bonds in the amount of \$7,935,000 were issued to finance the cost of (1) acquiring, constructing, equipping, renovating, expanding, and refurbishing various capital improvements, including the court facility renovations, Public Safety Building roof repair, new City Mechanic shop with car wash, and for related purposes (together, the "Capital Improvements"), (2) refunding the City's Capital Improvement and Refunding Revenue Bonds, Series 2015, (3) funding a debt service reserve, and (4) paying the costs associated with the issuance of the bonds. These bonds are limited obligations of the City, payable solely from the revenues received by the City from all franchise fees collected from public utilities for the privilege of using the City's streets, rights-of-way and other public places in the City. Principal payments are due annually beginning June 1, 2021. Interest payments are due semiannually on June 1 and December 1, beginning June 1, 2021. The bonds are subject to extraordinary, optional and special redemption, in whole or in part, on any interest payment date from bond proceeds not needed, or additional monies from franchise fees, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. Bond interest rates range from 1.625% to 2.375% and final maturity is scheduled to be June 1, 2040.

Annual Debt Service Requirements

The following schedule shows the annual debt-service requirements to pay principal and interest on the general obligation bonds and revenue bonds outstanding at December 31, 2021.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 345,000	\$ 162,856	\$ 507,856
2023	350,000	155,906	505,906
2024	360,000	148,806	508,806
2025	365,000	141,556	506,556
2026	370,000	134,206	504,206
2027-2031	1,970,000	560,478	2,530,478
2032-2036	2,175,000	351,384	2,526,384
2037-2040	1,925,000	92,803	2,017,803
Total	<u>\$ 7,860,000</u>	<u>\$ 1,747,997</u>	<u>\$ 9,607,997</u>

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2021:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage	Remaining Principle and Interest	Period Revenue Will Not Be Available For Other Purposes
				Pledged Revenue Stream		
2020 Capital Improvement and Refunding Revenue Bonds	Franchise fees for public utilities	\$ 1,105,000	\$ 229,005	21%	\$ 9,607,997	Until 2040

Lease Obligations

The City entered into a capital lease agreement with AT&T Capital Services Inc. on September 1, 2017 for the purpose of upgrading and installing 9-1-1 call handling equipment. As of December 31, 2021 the principal balance outstanding was \$84,828. The equipment has a five (5) year estimated life. The lease

agreement was for \$627,430 to be repaid in sixty (60) monthly installments of \$10,629. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The City entered into a capital lease agreement with Dell Financial Services on September 28, 2018 for the purpose of upgrading computer servers city wide. As of December 31, 2021, the principal balance outstanding was \$60,177. The equipment has a five (5) year estimated life. The lease agreement was for \$167,218 to be repaid in sixty (60) monthly installments of \$3,142. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

Year Ending December 31,	Governmental Activities
2022	\$ 122,737
2023	25,136
Total minimum lease payments	147,873
Less: amount representing interest	(2,869)
Present value of minimum lease payments	<u>\$ 145,005</u>

The cost of the leased assets capitalized on the December 31, 2021 Statement of Net Position in the governmental activities is as follows:

	AT&T Lease	Dell Lease	Total
Equipment	\$ 84,828	\$ 60,177	\$ 145,005
Accumulated depreciation	(84,828)	(30,736)	(115,564)
Total	<u>\$ (0)</u>	<u>\$ 29,441</u>	<u>\$ 29,441</u>

Note 5: Interfund Balances and Transfers

Interfund receivables and payables result from transactions between various funds within the City. The balances by fund on December 31, 2021 are as follows:

Fund	Receivables	Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General	\$ 21,046	\$ -
Grants	-	1,936
2020 Capital Improvements Construction	8,643	-
2020 Capital Improvements Debt Service	-	8,643
Governmental Funds to/from Fiduciary Funds		
General Fund	-	74,705
Total governmental funds	<u>29,689</u>	<u>85,284</u>
Fiduciary Funds		
Policemen's Pension	37,315	-
Firemen's Pension	37,315	-
Custodial	75	19,110
Total fiduciary funds	<u>74,705</u>	<u>19,110</u>
Total	<u>\$ 104,394</u>	<u>\$ 104,394</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Policemen's and Firemen's Pension Plans.

Interfund transfers in and transfers out for the year ended December 31, 2021, are as follows:

Fund	Interfund Transfers	
	In	Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 80,584	\$ 3,085,276
Capital Projects-		
Special Projects	2,100,000	-
Nonmajor Funds	365,302	80,610
Total governmental funds	2,545,886	3,165,886
Proprietary Funds:		
AGFF Shooting Sports Complex	260,000	-
Emergency Medical Services	360,000	-
Total proprietary funds	620,000	-
Total	\$ 3,165,886	\$ 3,165,886

The transfers out of \$3,085,276 from the General Fund are transfers out to supplement the Emergency Medical Services Fund for operational expenses in the amount of \$360,000, to supplement the AGFF Shooting Sports Complex Fund for operational expenses in the amount of \$260,000, to supplement the special project funds \$2,100,000 for future capital improvements, and to meet debt service requirements in the 2020 Capital Improvements Debt Service Fund in the amount of \$365,276.

Note 6: Pension Plans

Pension Trust Funds

Substantially all of the City's employees receive retirement benefits. The City sponsors two single employer defined benefit plans, the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. The City also contributes to the Arkansas Public Employees Retirement System (APERS) and to the Arkansas Local Police and Fire Retirement System (LOPFI), which are statewide cost sharing multiple employer defined benefit pension plans. The City typically contributes to these funds through the Governmental Funds: General and Street and the Enterprise Funds: Sanitation, AGFF Shooting Sports Complex, and Emergency Services based upon employees and their retirement plans. The assets of the Plans are maintained in legally separate trusts and each Plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the Plan.

A summary of the net pension liability, deferred outflows, deferred inflows and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

Governmental Activities	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
Policemen's Pension and Relief Fund	\$ 751,898	\$ -	\$ -	\$ 182,910	\$ 327,366
Firemen's Pension and Relief Fund	-	1,249,337	-	264,470	341,213
Arkansas Public Employee Retirement System	-	1,509,205	528,329	2,884,714	(135,436)
Arkansas Local Police and Fire Retirement System - Fire	-	3,977,583	688,946	2,482,630	445,877
Arkansas Local Police and Fire Retirement System - Police	-	3,991,977	895,992	2,589,020	145,899
	<u>\$ 751,898</u>	<u>\$ 10,728,102</u>	<u>\$ 2,113,267</u>	<u>\$ 8,403,744</u>	<u>\$ 1,124,919</u>
Business-Type Activities	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Arkansas Public Employee Retirement System	\$ -	\$ 244,120	\$ 75,326	\$ 466,613	\$ (11,774)
Arkansas Local Police and Fire Retirement System	-	788,475	136,570	492,131	88,386
	<u>\$ -</u>	<u>\$ 1,032,595</u>	<u>\$ 211,896</u>	<u>\$ 958,744</u>	<u>\$ 76,612</u>
Total Primary Government	<u>\$ 751,898</u>	<u>\$ 11,760,697</u>	<u>\$ 2,325,163</u>	<u>\$ 9,362,488</u>	<u>\$ 1,201,531</u>
Discretely Presented Component Units	<u>\$ -</u>	<u>\$ 3,493,999</u>	<u>\$ 691,535</u>	<u>\$ 228,304</u>	<u>\$ 729,141</u>

Policemen's Pension and Relief Fund and Firemen's Pension and Relief Fund

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Jacksonville's financial statements for its single-employer defined benefit plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Method Used to Determine Fair Value of Investments

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

B. Covered Employees Information

As of the December 31, 2021 measurement date, there were 15 police and 33 fire retirees and beneficiaries covered by benefit terms of the plans. There are no active employees in the plans.

C. Financial Information

The statement of fiduciary net position and the statement of changes in fiduciary net position as of and for the year ended December 31, 2021 for the Policemen's and Firemen's Pension and Relief Funds are below:

Statement of Fiduciary Net Position		
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Assets		
Cash and cash equivalents	\$ 262,777	\$ 367,820
Investments	6,394,169	6,396,877
Receivables	48,248	45,630
Total assets	<u>6,705,194</u>	<u>6,810,327</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 6,705,194</u>	<u>\$ 6,810,327</u>
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Additions		
Contributions	\$ 397,553	\$ 504,760
Net investment income	429,900	309,962
Total additions	<u>827,453</u>	<u>814,721</u>
Deductions		
Benefits paid directly to participants	544,632	792,055
Administrative expenses	9,100	1,700
Total deductions	<u>553,732</u>	<u>793,755</u>
Change in Net Position	273,721	20,966
Net Position Restricted For Pension Benefits, Beginning of Year	<u>6,431,473</u>	<u>6,789,361</u>
Net Position Restricted For Pension Benefits, End of Year	<u>\$ 6,705,194</u>	<u>\$ 6,810,327</u>

D. Plan Descriptions and Funding Information

The **Policemen's Pension and Relief Fund (Policemen's Fund)** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen's Fund assets are administered by a Board of Trustees.

The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the police department. The Policemen's Fund also provides benefits for surviving spouses and dependent children of deceased policemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan ("DROP") for up to 5 years. All policemen hired after January 1, 1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Policemen's Fund is effectively closed to new members.

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2021 to the Policemen's Fund

were \$397,553. The City's share of contributions was \$397,553 and included \$306,115 in property taxes and \$50,208 in state insurance premium taxes and other supplements received from the state.

The ***Firemen's Pension and Relief Fund (Firemen's Fund)*** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #14, as amended. Fund assets are administered by a Board of Trustees.

The Firemen's Fund provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the fire department. The Firemen's Fund also provides benefits for surviving spouses and dependent children of deceased firemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to 5 years. All firemen hired after January 1, 1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2021 to the Firemen's Fund were \$504,760. The City's share of contributions was \$504,760 and included \$306,116 in property taxes and \$198,644 in state insurance premium taxes.

E. Actuarial Methods and Assumptions

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.

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 includes 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 evaluations are performed annually and the last evaluation was as of December 31, 2021.

For the December 31, 2021 actuarial valuations of each plan, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), projected salary increases of 4.2% - 8.0%, which includes an inflation rate of 2.5% and no cost of living increases. The remaining amortization period on December 31, 2021 was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the 1983 Group Annuity Table for males, set back five years for females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

The actuarial assumptions used in the December 31, 2021 actuarial valuations were based on the results of an actuarial experience study for the period 2007 through 2012.

F. Net Pension Liability and Changes in Net Pension Liability

The components of the net pension liability were as follows as of December 31, 2021:

	<u>Policemen's Fund</u>	<u>Firemen's Fund</u>
Total pension liability	\$ 5,965,719	\$ 8,063,772
Plan's fiduciary net position	<u>6,717,617</u>	<u>6,814,435</u>
City's net pension (asset) liability	<u>\$ (751,898)</u>	<u>\$ 1,249,337</u>
 Plan's fiduciary net position as a percentage of total pension liability	 112.60%	 84.51%

Changes in the total pension liability, plan fiduciary net position, and the net pension liability for the year ended December 31, 2021 were as follows:

	<u>Policemen's Pension and Relief Fund</u>			<u>Firemen's Pension and Relief Fund</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset)Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of Beginning of Year	\$5,766,031	\$6,425,043	(659,012)	\$8,023,673	\$6,764,948	1,258,725
Changes for the year:						
Interest on total pension liability	275,867	-	275,867	382,936	-	382,936
Differences between expected and actual experience	(310,704)	-	(310,704)	101,022	-	101,022
Changes in assumptions	155,297	-	155,297	286,026	-	286,026
Employee contributions	-	-	-	-	-	-
Employer contributions	-	370,790	(370,790)	-	465,720	(465,720)
Net investment income	-	425,307	(425,307)	-	321,461	(321,461)
Benefit payments and refunds	(497,377)	(497,377)	-	(729,885)	(729,885)	-
Administrative expenses	-	(3,100)	3,100	-	(8,125)	8,125
Benefit changes	576,604	-	576,604	-	-	-
Other	-	(3,046)	3,046	-	316	(316)
Net changes	<u>199,687</u>	<u>292,574</u>	<u>(92,888)</u>	<u>40,100</u>	<u>49,487</u>	<u>(9,388)</u>
Balances as of End of Year	<u>\$5,965,719</u>	<u>\$6,717,617</u>	<u>(751,898)</u>	<u>\$8,063,772</u>	<u>\$6,814,435</u>	<u>\$1,249,337</u>

G. Pension Income and Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized pension expense of \$327,366 for the Policemen's Pension and Relief Fund and pension expense of \$341,213 for the Firemen's Pension and Relief Fund, as measured in accordance with GASB Statement No. 68. On December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Policemen's Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual earnings on pension plan investments	\$ -	\$ 182,910
Subtotal	-	182,910
Contributions subsequent to measurement date	-	-
Totals	<u>\$ -</u>	<u>\$ 182,910</u>
	<u>Firemen's Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual earnings on pension plan investments	\$ -	\$ 264,470
	-	264,470
	-	-
	<u>\$ -</u>	<u>\$ 264,470</u>

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

Year Ending December 31,	Policemen's Fund	Firemen's Fund
2022	\$ (16,665)	\$ (35,834)
2023	(114,877)	(154,874)
2024	(29,909)	(75,758)
2025	(21,459)	1,996
	\$ (182,910)	\$ (264,470)

H. Long-Term Expected Rate of Return

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 a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
		Policemen's Fund	Firemen's Fund
		Domestic fixed income	80.00%
Domestic equity	10.00%	4.75%	4.75%
Foreign equity	0.00%	6.25%	6.25%
Cash & equivalents	10.00%	0.25%	0.25%
Total	100.00%		

I. Discount Rate

A single discount rate of 5.0% was used to measure the total pension liability for both the Policemen's and Firemen's Pension and Relief Funds. This single discount rate was based on the expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

J. Sensitivity to Discount Rate Changes

The following presents the net pension liability calculated using the discount rate of 5% for the Policemen's and Firemen's Pension and Relief Funds as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.0%) or one percentage point higher (6.0%) than the current rate:

		1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Policemen's Pension and Relief Fund	Net pension liability (asset)	\$ (234,329)	\$ (751,898)	\$ (1,201,146)
Firemen's Pension and Relief Fund	Net pension liability	\$ 1,944,629	\$ 1,249,337	\$ 646,072

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

Arkansas Public Employees Retirement System

Plan Description and Funding Information

The **Arkansas Public Employees Retirement System (“APERS”)** is a statewide cost-sharing, multiple employer pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957 to provide retirement, disability, and survivor benefits for eligible employees and elected officials of state and local governmental entities in Arkansas. The plan covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under the system, college and university employees and certain non-teaching school employees and other public entities specifically defined by law. The costs of administering the plan are paid out of investment earnings. At December 31, 2021, the City of Jacksonville had 116 employees enrolled in this plan.

The general administration and responsibility for the proper operation of APERS is vested in a nine-member board of trustees, which includes the State Auditor, State Treasurer, Director of the State Department of Finance and Administration, and three state and three non-state employees appointed by the Governor of Arkansas.

APERS was originally established as a contributory plan. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone joining the System subsequent to January 1, 1978, and had not previously been a member, was automatically enrolled as a non-contributory member. Act 2084 of 2005 provided for a new contributory program mandatory for APERS members first hired on or after July 1, 2005 and those non-contributory members who elected to become contributory. Members participating in the contributory program contribute 5% of their annual compensation. Active APERS members employed before July 1, 2005 were given until December 31, 2005 to elect coverage under the contributory program, or remain in the non-contributory program.

Benefit provisions are established by state law and may be amended by the Arkansas General Assembly. Members are eligible for full retirement benefits (1) at age sixty-five with five years of actual service, (2) at any age with twenty-eight years of actual service, or (3) under the old contributory plan (prior to 7/1/05), at age sixty with twenty years of actual service, or at age fifty-five with thirty-five years of credited service. The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and the number of years of service. A member may retire with a reduced benefit at age fifty-five with at least five years of actual service or at any age with twenty-five years of actual service. Members are eligible for disability benefits with five years of service. Disability benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the cost of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A.,24-2-701) (a). Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees, and are based on the actuary's determination of the rate required to fund the plan. Contributory member contribution rates were 5% for most covered employees and 7.5% for two elected officials for fiscal year 2021.

Detailed information about APERS's fiduciary net position is available in a separately issued APERS financial report, which may be obtained at www.apers.org/publications.

The City was required to contribute at an actuarially determined rate which was 15.32% of covered payroll for employees and 17.82% for two newly elected officials for the year ended December 31, 2021.

For 2021, participating members' contributions were \$177,148 and the City's contributions were \$720,204.

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

As of December 31, 2021, the City reported a liability of \$1,753,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability is based on actual City's contributions to the Plan relative to the actual contributions of all participating APERS members for the year ended June 30, 2021. At June 30, 2021, the City's proportion was 0.22805020%, compared to 0.2342207% for the prior year.

Pension related items are allocated between governmental and business activities on the basis of total contributions made during the year. The allocation for June 30, 2021 related pension items was 80% for governmental activities and 20% for business activities (Sanitation Services and AGFF Shooting Sports Complex Funds), which was an increase from the prior year. A deferred outflow and inflow have been recorded for each as shown below.

For the year ended December 31, 2021, the City recognized pension income of \$147,210. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,128	\$ 112,447
Net differences between expected and actual earnings on pension plan investments	-	3,077,678
Changes of assumptions	-	12,282
Changes in proportion	99,575	148,920
Contributions subsequent to the measurement date	463,952	-
	<u>\$ 603,655</u>	<u>\$ 3,351,327</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$463,952 will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2021, related to the Plan will be recognized in pension expense as follows:

Year Ending December 31,	
2022	\$ (784,664)
2023	(700,570)
2024	(777,834)
2025	(948,556)
	<u>\$ (3,211,624)</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>APERS</u>
Valuation	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percent-of-
Amortization Method	Payroll
Remaining Amortization	26 year closed
Asset Valuation Method	4-Year Smoothed Market with 25% Corridor
Investment rate of return	7.15%
Projected salary increase	3.25% - 9.85%
Inflation	3.25%
Cost of living adjustments	3.0% Annual Compounded

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 (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the table below:

<u>APERS</u> <u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Broad domestic equity	37.00%	6.22%
International equity	24.00%	6.69%
Real assets	16.00%	4.81%
Absolute return	5.00%	3.05%
Domestic fixed	18.00%	57.00%
Total	<u>100.00%</u>	

Discount Rate

In the June 30, 2021 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member 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.

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

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

	1% Decrease (6.15%)	Current Single Rate Assumption (7.15%)	1% Increase (8.15%)
Net pension liability	\$ 5,244,882	\$ 1,753,325	\$ (1,130,201)

Arkansas Local Police and Fire Retirement System

Plan Description and Funding Information

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

Arkansas Local Police and Fire Retirement System
 P.O. Drawer 34164
 Little Rock, Arkansas 72203
 501.682.1745

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 2.5% for participating policemen and 8.5% for participating firemen of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 23.5% for participating policemen and participating firemen. City contributions for 2021 to the Plan were \$1,579,814.

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

At December 31, 2021, the LOPFI Police and LOPFI Fire reported a liability of \$3,991,977 and \$3,977,583, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The City's proportion of the net pension liability was based on actual City contributions to the Plan during the measurement period to total employer contributions of the group for the fiscal year ended December 31, 2021. The City's proportionate share was 0.79000% and 0.94319% respectively, for LOPFI Police and LOPFI Fire compared to 0.73942% and 0.94795% respectively, for the prior year. The contributions used excluded contributions made for prior service, excess benefits and irregular payments.

For LOPFI Fire, pension related items are allocated between governmental and business activities on the basis of total contributions made during the year. The allocation for December 31, 2021 LOPFI Fire related pension items was 83% for governmental activities and 17% for business activities (Emergency Medical Services Fund), which was unchanged from the prior year. Deferred outflows and inflows of resources have been recorded for each as shown below.

For the year ended December 31, 2021, the LOPFI Police and LOPFI Fire recognized pension expense of \$145,899 and \$534,263, respectively. On December 31, 2021, the LOPFI Police and LOPFI Fire reported deferred outflows and inflows of resources related to pensions from the following sources:

<u>LOPFI - Police</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 472,870	\$ -
Net difference between expected and actual earnings on plan investments	-	2,447,047
Changes in assumptions	154,149	-
Changes in proportion	268,973	141,973
Total	<u>\$ 895,992</u>	<u>\$ 2,589,020</u>

<u>LOPFI - Fire</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 564,564	\$ -
Net difference between expected and actual earnings on plan investments	-	2,921,552
Changes in assumptions	184,040	-
Changes in proportion	76,912	53,209
Total	<u>\$ 825,516</u>	<u>\$ 2,974,761</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2021 related to the Plans will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>LOPFI Police</u>	<u>LOPFI Fire</u>
2022	\$ (243,341)	\$ (308,913)
2023	(637,867)	(809,752)
2024	(472,478)	(599,795)
2025	(339,343)	(430,785)
	<u>\$ (1,693,028)</u>	<u>\$ (2,149,245)</u>

Actuarial Assumptions

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

	<u>LOPFI - Police</u>	<u>LOPFI - Fire</u>
Wage inflation	3.25%	3.25%
Price inflation	2.50%	2.50%
Salary increases	3.25% - 18.75%, including inflation	3.25% - 18.75%, including inflation
Investment rate of return	7.5%	7.5
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-year smoothed market; 20% corridor	5-year smoothed market; 20% corridor

Mortality rates were based on the RP-2000 Combined Health Mortality Table Projected to 2019 Table, set forward two years for men.

The actuarial assumptions used for the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

Long-term Expected Rate of Return

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. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

LOPFI Police and Fire Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	4.77%
U.S. Stock - Small Cap	21%	5.47%
International Equity	9%	5.97%
Emerging Markets	9%	8.33%
U.S. Corporate Bonds	25%	0.66%
Real Estate	5%	4.34%
Private Equity	10%	9.05%
Total	100%	

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member 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. Plan assets are expected to be invested using a strategy to achieve the expected rate of return. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using a single discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Local Police and Fire Retirement System (LOPFI)				
LOPFI - Police	Net pension liability	\$ 7,549,758	\$ 3,991,977	\$ 687,402
LOPFI - Fire	Net pension liability	\$ 9,416,835	\$ 4,766,058	\$ 857,399

Note 7: Deferred Compensation Plan

The City offers its employees the option to participate in a deferred compensation plan. The purpose of the plan is to provide retirement income and other deferred benefits to City of Jacksonville employees in accordance with provisions of Section 457 of the Internal Revenue Code, as amended. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or

unforeseeable emergency. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributed to those amounts, property, or rights are held in trust by a third party for the participants. Accordingly, the City has not presented the assets and liabilities from the plan in these basic financial statements.

Note 8: Other Postemployment Benefits

General Information about the OPEB Plan

The City of Jacksonville participates in the Municipal Health Benefit Fund (MHBF), a statewide cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the Arkansas Municipal League. MHBF provides medical benefits to retired employees of participating municipalities. Arkansas statute provides that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of this statute. The City does not issue stand alone financial statements of the plan. However, all required information is presented in this report.

The contribution requirements of plan members are established by terms and conditions as set forth in the MHBF Funding Booklet. 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 MHBF 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 three active participants who pay monthly premiums ranging from \$445 for single coverage to \$992 for family coverage. Total contributions for the year ending December 31, 2021 was \$14,324.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability of the City at December 31, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at January 1, 2021	\$1,706,619	\$0	1,706,619
Changes for the year:			
Service cost	130,094	-	130,094
Interest	35,310	-	35,310
Differences between expected and actual experience	-	-	-
Employer contributions	-	14,324	(14,324)
Employee contributions	-	-	-
Benefit payments	(14,324)	(14,324)	-
Change in discount rate	(54,148)	-	(54,148)
Net changes	96,932	-	96,932
Balances at December 31, 2021	\$1,803,551	\$0	\$1,803,551

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$158,663. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 177,934
Changes of assumptions	214,444	95,221
	<u>\$ 214,444</u>	<u>\$ 273,155</u>

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

Year Ending December 31,	
2022	\$ (6,741)
2023	(6,741)
2024	(6,741)
2025	(6,741)
2026	(6,741)
Thereafter	(25,006)
Total	<u>\$ (58,711)</u>

Actuarial Assumptions

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

Inflation	3.00%
Investment rate of return	3.26%
Health care cost trend rates	8% in year 1, graded downward 0.5% per year, to 5% in year 7 and later
Pre and post-retirement mortality	RP 2014 Mortality Table
Base claim costs	Retiree (no Medicare) \$1,179.73, Retiree (with Medicare) \$495.61 Premium assumed at \$495.61 per month for net subsidy of \$648.12
Administrative Costs	None assumed
Family Coverage	Sponsor provide single coverage only
Selection of coverage	85% of eligible retirees would select plan upon retirement, 15% would continue past age 65
Voluntary terminations	Same as assumptions used by APERS

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation and the long-term expected rates of return are shown in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	0.00%	0.00%
International fixed income	0.00%	0.00%
Domestic equity	0.00%	0.00%
Foreign equity	0.00%	0.00%
Cash	100.00%	0.75%
Subtotal	100.00%	0.75%
Inflation		1.50%
Total	100.00%	2.25%

Discount Rate

A discount rate of 2.25% was used to measure the total OPEB 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 on hand 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.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and to Changes in the Healthcare Cost Trend Rates

Sensitivity of the net OPEB liability to changes in the discount rate: The following table presents the net OPEB liability of the City calculated using the single discount rate of 2.25%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Net OPEB liability	\$ 1,981,219	\$ 1,803,551	\$ 1,637,224

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

	<u>1% Decrease in HCCTR</u>	<u>Current Discount Rate in HCCTR</u>	<u>1% Increase in HCCTR</u>
Net OPEB liability	\$ 1,521,022	\$ 1,803,551	\$ 2,156,503

Note 9: Interlocal Agreement: Central Arkansas Library System

The cities of Little Rock, Jacksonville, Maumelle, Sherwood, and Pulaski and Perry Counties entered into an agreement on January 28, 1998, to establish the public library system for the Central Arkansas area which will offer library services to the public within the communities of each of the participating entities. The agreement states that the funding will be derived from tax millage assessed by the participating entities, state formula distribution, fees and fines, and endowment fund earnings and gifts. The Board of Directors shall consist of seven directors for the City of Little Rock, one each for the Cities of Jacksonville, Maumelle and Sherwood, two directors from Pulaski County and one director representing Perry County.

The City provided a building and paid \$55,205 for operating expenses in 2021. Separate financial statements of the Central Arkansas Library System are available at 100 Rock Street, Little Rock, Arkansas 72201.

Note 10: Risk Management

The City and its component units have various insurance policies to cover their potential liability risk areas (i.e., automobile, personal property, contents and outside structures, and worker's compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses. 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 2020 to 2021 and there were no settlements that exceeded insurance coverage in the past three fiscal years.

Note 11: Property Taxes

City property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes which remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Pulaski County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, on December 31, 2021 property taxes receivable and related deferred inflows of resources of \$752,743.57 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20% to arrive at assessed value.

Millages available to finance City operations and for other purposes are as follows:

Description	Millage Limit	Levied 2020 for 2021 Collections
General government	5.00	0.50
General government-capital improvements	-	0.50
Library capital improvement bonds	5.00	-
Firemen's Pension and Relief Fund	1.00	1.00
Policemen's Pension and Relief Fund	1.00	1.00
Roads	1.45	1.45
	13.45	4.45

Note 12: Sales Taxes

In April 1982, Pulaski County began assessing a 1% sales and use tax on retail sales in the county. Each city within Pulaski County receives a portion of the tax based upon population of the city. Currently the City receives approximately 8.276% of the county tax. The tax is collected by the state and remitted to the City, net of a collection fee. County sales taxes remitted to the City or in control of the collecting agent totaled \$7,804,993.11 for 2021. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

In March 1993, the City began assessing a 1% sales and use tax on retail sales in the City. Upon approval of the tax by the City's voters, the City rescinded its five (5) mill general property tax assessment. Revenues from the tax are used to fund capital improvements and general municipal services within the City. In November 2003, City voters approved an additional 1% sales and use tax. The City began assessing the tax in January 2004. Revenues from the additional 1% tax are to be used to construct, develop, maintain, and operate a joint education center, an outdoor family aquatics center, a training facility for the Jacksonville Police and Fire Departments, other City capital improvements and for the general operation and improvement of City facilities and services. The tax is collected by the state and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City or in control of the collecting agent totaled \$10,337,375.95 for 2021. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

Note 13: Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

The City, its agencies, and its employees are defendants in legal proceedings, many of which normally occur in governmental operations. Most of these matters are subject to the legal representation and coverage of the Arkansas Municipal League Legal Defense Program ("Program").

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

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

In the opinion of the City's management and legal counsel, the amount of potential financial exposure as a result of these matters would not have a material adverse impact on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and future changes caused by the current economic environment and the ultimate financial effects cannot be reasonably estimated at this time but could be significant.

Note 14: Discretely Presented Component Units**Jacksonville Municipal Water Works (JMWW)****Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

Jacksonville Municipal Water Works	Balance January 1, 2021	Increases	Decreases	Transfers	Balance December 31, 2021
Capital Assets, non-depreciable					
Land	\$ 506,678	\$ 383,072	\$ -	\$ -	\$ 889,750
Construction in progress	2,700	1,998,017	-	-	2,000,717
Total capital assets, non-depreciable	<u>2,890,467</u>	<u>2,381,089</u>	<u>-</u>	<u>-</u>	<u>2,890,467</u>
Capital Assets, depreciable					
Utility system	55,492,350	1,059,229	-	-	56,551,579
LRAFB water distribution system	17,750,941	-	-	-	17,750,941
Buildings and improvements	2,658,033	5,360	-	-	2,663,393
Furniture and equipment	3,170,958	19,810	-	-	3,190,768
Total capital assets, depreciable	<u>79,072,282</u>	<u>1,084,399</u>	<u>-</u>	<u>-</u>	<u>80,156,681</u>
Less accumulated depreciation	<u>29,394,225</u>	<u>2,520,902</u>	<u>-</u>	<u>-</u>	<u>31,915,127</u>
Total capital assets, depreciable, net	<u>49,678,057</u>	<u>(1,436,503)</u>	<u>-</u>	<u>-</u>	<u>48,241,554</u>
Total capital assets, net	<u>\$ 50,187,435</u>	<u>\$ 944,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,132,021</u>

Long-Term Liabilities

Long-term debt consists of Water Capital Improvement Revenue Bonds and Little Rock Air Force Base Distribution System Contingent Liability for which the changes in the year are as follows:

Jacksonville Municipal Water Works	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Amounts Due In One Year
Water revenue bonds	\$ 22,519,569	\$ -	\$ 3,185,509	\$ 19,334,060	\$ 3,088,557

The annual requirements to amortize water bond indebtedness outstanding, and scheduled, including interest are as follows:

Year	Principal	Interest	Total
2022	\$ 3,088,557	\$ 202,295	\$ 3,290,852
2023	3,394,816	180,992	3,575,808
2024	3,437,025	138,783	3,575,808
2025	3,479,779	96,029	3,575,808
2026	3,462,007	48,915	3,510,922
Thereafter	2,471,875	17,593	2,489,468
Total	<u>\$ 19,334,060</u>	<u>\$ 684,606</u>	<u>\$ 20,018,666</u>

Net Pension Liability

JMWW participates in the Arkansas Public Employees Retirement System (APERS). The general information and actuarial assumptions related to this plan can be found in *Note 6* above. See below for information about JMWW's Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2021, JMWW reported a liability of \$550,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. JMWW's portion of the net pension liability was based on JMWW's contributions to the pension plan relative to the total contributions of all participating APERS members. At June 30, 2021, JMWW's proportion was 0.0715724% compared to its proportion measured as of June 30, 2020 of 0.07538188%.

For the year ended December 31, 2021, JMWW recognized pension expense of \$18,412. At December 31, 2021, JMWW reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,594	\$ 35,291
Net differences between expected and actual earnings on pension plan investments	-	965,914
Changes of assumptions	-	3,855
Changes in proportion	59,165	81,417
Contributions subsequent to the measurement date	111,799	-
	<u>\$ 183,558</u>	<u>\$ 1,086,477</u>

The \$768,832,303 reported as net pension liability at December 31, 2021, related to pensions resulting from JMWW's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ (219,296)
2023	(238,138)
2024	(264,158)
2025	(293,126)
	<u>\$ (1,014,718)</u>

Sensitivity of JMWW Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.15%)	Current Single Rate Assumption (7.15%)	1% Increase (8.15%)
Net pension liability	\$ 1,646,080	\$ 550,272	\$ (354,708)

Jacksonville Wastewater Utility (JWWU)

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Jacksonville Wastewater Utility	Balance January 1, 2021	Increases	Decreases	Transfers	Balance December 31, 2021
Capital Assets, non-depreciable					
Land	\$ 411,491	\$ -	\$ -	\$ -	\$ 411,491
Construction in progress	220,376	1,299,497	-	-	1,519,873
Total capital assets, non-depreciable	631,867	1,299,497	-	-	1,931,364
Capital Assets, depreciable					
Utility system	62,003,174	181,762	-	-	62,184,936
Buildings and improvements	2,436,106	1,206	-	-	2,437,312
Furniture and equipment	2,550,011	173,067	(44,084)	-	2,678,994
Total capital assets, depreciable	66,989,289	356,035	(44,084)	-	67,301,240
Less accumulated depreciation	38,630,325	2,075,095	(44,012)	-	40,661,408
Total capital assets, net	\$ 28,990,831	\$ (419,563)	\$ (72)	\$ -	\$ 28,571,196

Long-Term Liabilities

Long-term debt consists of Wastewater Refunding and Construction Revenue Bonds for which the changes in the year are as follows:

Jacksonville Wastewater Utility	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Amounts Due In One Year
Wastewater revenue bonds	\$ 14,620,000	\$ 8,150,000	\$ 135,000	\$ 22,635,000	\$ 500,000
Add issuance premium	-	62,054	-	62,054	-
Less: issuance discount	(131,580)	(73,350)	12,441	(192,489)	-
	\$ 14,488,420	\$ 8,138,704	\$ 147,441	\$ 22,504,565	\$ 500,000

The annual requirements to amortize wastewater bond indebtedness outstanding, and scheduled, including interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 500,000	\$ 474,131	\$ 974,131
2023	935,000	473,405	1,408,405
2024	955,000	453,491	1,408,491
2025	970,000	438,011	1,408,011
2026	985,000	420,679	1,405,679
2027-2031	5,210,000	1,821,783	7,031,783
2032-2036	5,775,000	1,268,375	7,043,375
Thereafter	7,305,000	553,649	7,858,649
Total	<u>\$ 22,635,000</u>	<u>\$ 5,903,524</u>	<u>\$ 28,538,524</u>

Net Pension Liability

JWWU participates in the Arkansas Public Employees Retirement System (APERS). The general information and actuarial assumptions related to this plan can be found in *Note 6* above. See below for information about JWWU's Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2021, JWWU reported a liability of \$489,648, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. JWWU's proportion of the net pension liability is based on the JWWU's contributions to the pension plan relative to the contributions of all participating APERS members. At June 30, 2021, JWWU's proportion was 0.06368725% compared to its proportion measured as of June 30, 2020 of 0.06475920%.

For the year ended December 31, 2021, JWWU recognized pension benefit of \$96,735. At December 31, 2021, JWWU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,206	\$ 31,403
Net differences between expected and actual earnings on pension plan investments	-	859,499
Changes of assumptions	-	3,430
Changes in proportion	1,752	68,299
Contributions subsequent to the measurement date	101,265	-
	<u>\$ 114,223</u>	<u>\$ 962,631</u>

The \$101,265 reported as deferred outflows of resources at December 31, 2021, related to pension resulting from JWWU's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Sensitivity of JWWU Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.15%)	Current Single Rate Assumption (7.15%)	1% Increase (8.15%)
Net pension liability	<u>\$ 1,464,731</u>	<u>\$ 489,648</u>	<u>\$ (315,629)</u>

Note 15: Prior Period Adjustment

The beginning fund balance for 2021 for the 2015 Capital Improvements Debt Service fund was restated by decreasing the fund balance in the amount of \$5,910,000 due to the 2015 Capital Improvement Bonds being recorded as active at the end of December 2020. However, the issuance of the 2020 Capital Improvement Bonds legally refunded those bonds. The bank's trust department did not finish the complete transfer of funds until June 2021. This restatement has a negative impact on the net change in fund balance for 2020 for the 2015 Capital Improvements Debt Service fund in the amount of \$5,910,000.

The beginning net position for 2021 Government Wide- Governmental Activities was restated in the amount of \$1,125,196 due to certain capital assets not being recorded that related to 2020 and prior years. This restatement's impact on the change in net position for 2020 is not readily determinable, as this restatement impacts 2020 and several previous years.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 716,500	\$ 716,500	\$ 788,412	\$ 71,912
Sales taxes	15,349,643	15,349,643	18,255,204	2,905,561
Licenses and permits	251,100	251,100	273,121	22,021
Intergovernmental	1,778,112	1,778,112	4,740,481	2,962,369
Charges for services	1,207,548	1,207,548	1,109,831	(97,717)
Fines and fees	382,616	382,616	280,107	(102,509)
Utility franchise taxes	1,097,900	1,097,900	1,167,611	69,711
Investment income	-	-	16,079	16,079
Miscellaneous	205,400	205,400	142,005	(63,395)
Total revenues	<u>20,988,819</u>	<u>20,988,819</u>	<u>26,772,851</u>	<u>5,784,032</u>
Expenditures				
General government				
General administration	211,662	211,662	255,879	(44,217)
City council	113,045	113,045	120,831	(7,786)
Mayor	277,799	277,799	268,735	9,064
City clerk	150,861	150,861	145,759	5,102
City attorney	271,513	271,513	329,007	(57,494)
District court	498,018	498,018	348,793	149,225
Director of administration	12,159	12,159	14,850	(2,691)
Director of information technology	528,836	528,836	523,945	4,891
Finance	463,919	463,919	482,241	(18,322)
Human resources	186,372	186,372	223,877	(37,505)
Fleet services	147,209	147,209	151,825	(4,616)
Community programs	385,369	385,369	133,093	252,276
Total general government	<u>3,246,762</u>	<u>3,246,762</u>	<u>2,998,835</u>	<u>247,927</u>
Public works				
Public works coordinator	170,273	170,273	131,596	38,677
Engineering	335,629	335,629	210,029	125,600
Code enforcement	264,401	264,401	284,614	(20,213)
Total public works	<u>770,303</u>	<u>770,303</u>	<u>626,240</u>	<u>144,063</u>
Parks and recreation services	2,939,739	2,939,739	2,884,350	55,389
Police	6,890,747	6,890,747	6,628,617	262,130
Fire	5,164,664	5,164,664	5,525,282	(360,618)
Emergency communication services	961,330	961,330	845,571	115,759
Animal control	321,548	321,548	326,613	(5,065)
Total expenditures	<u>20,295,093</u>	<u>20,295,093</u>	<u>19,835,507</u>	<u>459,586</u>
Excess (Deficiency) of Revenues Over Expenditures	693,726	693,726	6,937,343	6,243,617
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	80,584	75,584
Transfers out	(698,726)	(698,726)	(3,085,276)	(2,386,550)
Total other financing sources (uses)	<u>(693,726)</u>	<u>(693,726)</u>	<u>(3,004,692)</u>	<u>(2,310,966)</u>
Net Change in Fund Balances	-	-	3,932,652	3,932,652
Fund Balances, Beginning of Year	5,112,931	5,112,931	5,112,931	-
Fund Balances, End of Year	<u>\$ 5,112,931</u>	<u>\$ 5,112,931</u>	<u>\$ 9,045,583</u>	<u>\$ 3,932,652</u>

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE

STREET FUND

YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 2,640,000	\$ 2,640,000	\$ 2,843,187	\$ 203,187
Investment income	43,000	43,000	19,955	(23,045)
Miscellaneous	5,500	5,500	7,365	1,865
Total revenues	<u>2,688,500</u>	<u>2,688,500</u>	<u>2,870,508</u>	<u>182,008</u>
Expenditures				
Public works				
Streets and drainage	<u>2,688,500</u>	<u>2,688,500</u>	<u>1,687,016</u>	<u>1,001,484</u>
Total expenditures	<u>2,688,500</u>	<u>2,688,500</u>	<u>1,687,016</u>	<u>1,001,484</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,183,492	1,183,492
Fund Balances, Beginning of Year	<u>5,234,527</u>	<u>5,234,527</u>	<u>5,234,527</u>	-
Fund Balances, End of Year	<u><u>\$ 5,234,527</u></u>	<u><u>\$ 5,234,527</u></u>	<u><u>\$ 6,418,019</u></u>	<u><u>\$ 1,183,492</u></u>

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

Budgets and Budgetary Accounting

By December 1 of each year, the City's Mayor is required to submit to the City Council ("Council") a proposed budget for the fiscal year beginning on the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted prior to adoption of the budget to allow citizen input. The state statute governing adoption of annual budgets requires the Council to approve the budget prior to February 1. For practical purposes, the Council usually adopts the budget in December. Annual budgets are legally adopted for the General Fund and the Street Fund, a special revenue fund.

The Mayor is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Council.

Appropriations for special projects are made each year by the City Council to finance specific projects and capital outlays. These projects are carried forward each year until they are fully expended or repealed by the City Council.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedules* for the General Fund and for the Street Fund present the original and revised budget amounts in comparison to the actual revenues and expenditures for the current year.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019
Total OPEB Liability			
Service Cost	\$ 130,094	\$ 86,593	\$ 80,712
Interest	35,310	53,332	53,176
Differences between expected and actual experience	-	(182,270)	-
Changes of assumptions	(54,148)	206,768	56,184
Benefit payments	(14,324)	(14,324)	(27,454)
Net change in total OPEB liability	96,932	150,099	162,618
Total OPEB liability - Beginning	1,706,619	1,556,520	1,393,902
Total OPEB liability - Ending (a)	1,803,551	1,706,619	1,556,520
Plan Fiduciary Net Position			
Contributions - employer	14,324	14,324	27,454
Benefit payments	(14,324)	(14,324)	(27,454)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - Beginning	-	-	-
Plan fiduciary net position - Ending (b)	-	-	-
Net OPEB liability - Ending (a)-(b)	1,803,551	1,706,619	1,556,520
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 204,848	\$ 167,401	\$ 156,481
Contributions in relation to the actuarially determined contribution	14,324	14,324	27,454
Contribution deficiency (excess)	<u>\$ 190,524</u>	<u>\$ 153,077</u>	<u>\$ 129,027</u>
Covered employee payroll	N/A	N/A	N/A
Contributions as a percentage of employee payroll	N/A	N/A	N/A
Assumed single discount rate	1.93%	3.26%	3.64%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date

Actuarially determined contributions are calculated as of December 31 after the valuation date.

Actuarial cost method

Entry Age Normal

Amortization method

Level dollar over 30 years from January 1, 2018.

Remaining amortization period

30 years

Asset valuation method

Market value

Assumed single discount rate

Shown in table above.

Assumed inflation

3.00%

Assumed retirement age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality

RP 2014 Mortality Table

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS YEAR ENDED DECEMBER 31, 2021

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2018	0%
12/31/2019	0%
12/31/2020	0%
12/31/2021	0%

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2021

Policemen's Pension and Relief Fund

Fiscal year ending December 31,	2021	2020	2019	2018	2017	2016	2015
Total pension liability:							
Interest	\$ 275,867	\$ 275,568	\$ 280,024	\$ 278,842	\$ 286,440	\$ 307,361	\$ 330,964
Changes of benefit terms	576,604	384,292	418,451	449,142	-	-	-
Difference between expected and actual experience	(310,704)	(152,150)	(276,719)	(184,491)	77,943	(205,160)	(266,517)
Changes in assumptions	155,297	-	-	-	-	-	-
Benefit payments, including refunds of plan member contributions	(497,377)	(506,064)	(515,688)	(524,022)	(508,690)	(532,529)	(540,476)
Net change in total pension liability	199,687	1,645	(93,933)	19,471	(144,307)	(430,328)	(476,029)
Total pension liability, beginning of year	5,766,031	5,764,386	5,858,319	5,838,848	5,983,154	6,413,482	6,889,512
Total pension liability, end of year	<u>\$ 5,965,719</u>	<u>\$ 5,766,031</u>	<u>\$ 5,764,386</u>	<u>\$ 5,858,319</u>	<u>\$ 5,838,848</u>	<u>\$ 5,983,154</u>	<u>\$ 6,413,483</u>
Plan fiduciary net position:							
Employer contributions	\$ 370,790	\$ 338,600	\$ 334,222	\$ 334,484	\$ 329,627	\$ 341,668	\$ 334,472
Net investment income	425,307	350,256	706,670	(190,014)	491,440	304,119	(140,490)
Benefit payments, including refunds of plan member contributions	(497,377)	(506,064)	(515,688)	(524,022)	(508,690)	(532,529)	(540,476)
Administrative expense	(3,100)	(8,847)	(8,778)	(8,987)	(6,932)	(6,967)	(7,706)
Other	(3,046)	2,746	250	50	9,858	150	-
Net change in plan fiduciary net position	292,574	176,691	516,676	(388,489)	315,303	106,441	(354,200)
Plan fiduciary net position, beginning of year	6,425,043	6,248,352	5,731,676	6,120,165	5,804,861	5,698,420	6,052,620
Plan fiduciary net position, end of year	<u>\$ 6,717,617</u>	<u>\$ 6,425,043</u>	<u>\$ 6,248,352</u>	<u>\$ 5,731,676</u>	<u>\$ 6,120,164</u>	<u>\$ 5,804,861</u>	<u>\$ 5,698,420</u>
City's net pension liability (asset), end of year	<u>\$ (751,898)</u>	<u>\$ (659,012)</u>	<u>\$ (483,966)</u>	<u>\$ 126,643</u>	<u>\$ (281,316)</u>	<u>\$ 178,293</u>	<u>\$ 715,063</u>
Plan's fiduciary net position as a percentage of the total pension liability	112.60%	111.43%	108.40%	97.84%	104.82%	97.02%	88.85%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note to the Schedule:

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

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2021

Firemen's Pension and Relief Fund

Fiscal year ending December 31,	2021	2020	2019	2018	2017	2016	2015
Total pension liability:							
Interest	\$ 382,936	\$ 408,225	\$ 431,668	\$ 454,423	\$ 464,671	\$ 481,908	\$ 528,688
Difference between expected and actual experience	101,022	(180,253)	(145,950)	(126,560)	126,580	91,701	(473,629)
Changes in assumptions	286,026	-	-	-	-	-	-
Benefit payments, including refunds of plan member contributions	(729,885)	(737,603)	(771,546)	(794,388)	(798,043)	(1,038,656)	(942,640)
Net change in total pension liability	40,100	(509,631)	(485,828)	(466,525)	(206,792)	(465,046)	(887,581)
Total pension liability, beginning of year	8,023,672	8,533,304	9,019,132	9,485,657	9,692,449	10,157,495	11,045,076
Total pension liability, end of year	\$ 8,063,772	\$ 8,023,673	\$ 8,533,304	\$ 9,019,132	\$ 9,485,657	\$ 9,692,449	\$ 10,157,495
Plan fiduciary net position:							
Employer contributions	\$ 465,720	\$ 444,520	\$ 435,210	\$ 388,103	\$ 380,031	\$ 418,220	\$ 399,410
Plan member contributions	-	-	-	-	-	2,191	7,017
Net investment income	321,461	699,386	687,769	(270,812)	658,346	176,675	(77,487)
Benefit payments, including refunds of plan member contributions	(729,885)	(737,603)	(771,546)	(794,388)	(798,043)	(1,038,656)	(942,640)
Administrative expense	(8,125)	(7,457)	(1,600)	(2,094)	(6,942)	(6,448)	(6,425)
Other	316	3,500	-	-	9,858	-	2,800
Net change in plan fiduciary net position	49,487	402,346	349,833	(679,191)	243,250	(448,017)	(617,325)
Plan fiduciary net position, beginning of year	6,764,948	6,362,602	6,012,769	6,691,960	6,448,710	6,896,727	7,514,052
Plan fiduciary net position, end of year	\$ 6,814,435	\$ 6,764,948	\$ 6,362,602	\$ 6,012,769	\$ 6,691,960	\$ 6,448,710	\$ 6,896,727
City's net pension liability, end of year	\$ 1,249,337	\$ 1,258,725	\$ 2,170,702	\$ 3,006,363	\$ 2,793,697	\$ 3,243,739	\$ 3,260,768
Plan's fiduciary net position as a percentage of the total pension liability	84.51%	84.31%	74.56%	66.67%	70.55%	66.53%	67.90%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note to the Schedule:

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

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2021

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as % of Covered Payroll
Policemen's Pension and Relief Fund	2014	\$ 222,748	\$ 341,169	\$ (118,421)	\$ -	N/A
	2015	188,699	334,472	(145,773)	-	N/A
	2016	161,229	341,668	(180,439)	-	N/A
	2017	40,201	329,627	(289,427)	-	N/A
	2018	-	334,484	(334,484)	-	N/A
	2019	28,555	334,222	(305,667)	-	N/A
	2020	-	338,600	(338,600)	-	N/A
	2021	-	370,790	(370,790)	-	N/A

Notes to the Schedule:

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

Key Assumptions for ADC:

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 GAM

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as % of Covered Payroll
Firemen's Pension and Relief Fund	2014	\$ 745,307	\$ 395,673	\$ 349,634	\$ -	N/A
	2015	796,158	399,410	396,748	-	N/A
	2016	735,223	418,220	317,003	-	N/A
	2017	731,383	380,031	351,352	-	N/A
	2018	629,910	388,103	241,807	-	N/A
	2019	677,861	435,210	242,651	-	N/A
	2020	489,440	444,520	44,920	-	N/A
	2021	283,811	465,720	(181,909)	-	N/A

Notes to the Schedule:

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

Key Assumptions for ADC:

Cost Method	Entry age normal
Amortization Method	Level dollar, open
Remaining Amortization	Five years
Asset Valuation	Market value of assets
Investment Return/Discount	5.00%
Mortality	1983 GAM

CITY OF JACKSONVILLE, ARKANSAS

**COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2021**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>June 30</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	0.2280502%	0.2342207%	0.2257885%	0.2284472%	0.2546313%	0.2592827%	0.2593006%
City's proportionate share of the net pension liability	\$ 1,753,324	\$ 6,707,109	\$ 5,447,214	\$ 5,039,397	\$ 6,580,031	\$ 6,200,353	\$ 4,775,626
City's covered payroll	\$ 4,618,641	\$ 4,599,406	\$ 4,413,157	\$ 4,280,563	\$ 4,393,927	\$ 4,312,438	\$ 4,309,745
City's proportionate share of the net pension liability as a percentage of its covered payroll	37.96%	145.83%	123.43%	117.73%	149.75%	143.78%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

Notes to the Schedule:

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

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

CITY OF JACKSONVILLE, ARKANSAS

**COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2021**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>December 31</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 720,204	\$ 759,906	\$ 744,077	\$ 684,529	\$ 661,320	\$ 685,822	\$ 679,053
Contributions related to the contractually required contribution	<u>720,204</u>	<u>759,906</u>	<u>744,077</u>	<u>684,529</u>	<u>661,320</u>	<u>685,822</u>	<u>679,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,777,726	\$ 4,731,388	\$ 4,616,073	\$ 4,302,673	\$ 4,405,479	\$ 4,556,439	\$ 4,403,272
Contributions as a percent of covered payroll	15.07%	16.06%	16.12%	15.91%	15.01%	15.05%	15.42%

Notes to the Schedule:

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

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

CITY OF JACKSONVILLE, ARKANSAS

**COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2021**

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

December 31	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.790000%	0.739420%	0.742450%	0.804420%	1.052449%	1.140590%	1.217420%
City's proportionate share of the net pension liability	\$ 3,991,977	\$ 5,083,402	\$ 5,737,215	\$ 7,258,921	\$ 7,478,672	\$ 6,507,408	\$ 6,388,710
City's covered payroll	\$ 3,141,095	\$ 2,966,189	\$ 2,721,171	\$ 2,835,601	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
City's proportionate share of the net pension liability as a percentage of its covered payroll	127.09%	171.38%	210.84%	255.99%	216.23%	185.58%	180.72%
Plan fiduciary net position as a percentage of the total pension liability	77.79%	77.79%	73.03%	65.84%	71.17%	72.46%	72.41%

LOPFI - Fire

December 31	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.943190%	0.947950%	0.926060%	0.937480%	0.947852%	1.038400%	0.989380%
City's proportionate share of the net pension liability	\$ 4,766,058	\$ 6,517,008	\$ 7,156,028	\$ 8,459,642	\$ 6,735,410	\$ 5,924,363	\$ 5,192,039
City's covered payroll	\$ 3,728,943	\$ 3,636,433	\$ 3,380,971	\$ 3,417,168	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
City's proportionate share of the net pension liability as a percentage of its covered payroll	127.81%	179.21%	211.66%	247.56%	195.58%	175.84%	156.27%
Plan fiduciary net position as a percentage of the total pension liability	77.79%	77.79%	73.03%	65.84%	71.17%	72.46%	72.41%

Notes to the Schedule:

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

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

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2021

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

<u>December 31</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 720,800	\$ 654,109	\$ 619,463	\$ 713,355	\$ 752,784	\$ 779,997	\$ 755,994
Contributions related to the contractually required contribution	720,800	654,109	619,463	713,355	752,784	779,997	755,994
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,141,095	\$ 2,966,189	\$ 2,721,171	\$ 2,835,601	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
Contribution as a percent of covered payroll	22.95%	22.05%	22.76%	25.16%	21.77%	22.24%	21.39%

LOPFI - Fire

<u>December 31</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 859,014	\$ 838,281	\$ 772,808	\$ 760,297	\$ 678,135	\$ 686,207	\$ 614,388
Contributions related to the contractually required contribution	859,014	838,281	772,808	760,297	678,135	686,207	614,388
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,728,943	\$ 3,636,433	\$ 3,380,971	\$ 3,417,168	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
Contribution as a percent of covered payroll	23.04%	23.05%	22.86%	22.25%	19.69%	20.37%	18.49%

Notes to the Schedule:

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

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

CITY OF JACKSONVILLE, ARKANSAS

**DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
YEAR ENDED DECEMBER 31, 2021**

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Policemen's Pension and Relief Fund	12/31/2021	6.69%
	12/31/2020	5.68%
	12/31/2019	12.54%
	12/31/2018	(3.16%)
	12/31/2017	8.60%
	12/31/2016	5.43%
	12/31/2015	(2.36%)
	12/31/2014	3.72%
Firemen's Pension and Relief Fund	12/31/2021	4.85%
	12/31/2020	11.25%
	12/31/2019	11.77%
	12/31/2018	(4.17%)
	12/31/2017	10.55%
	12/31/2016	2.68%
	12/31/2015	(1.07%)
	12/31/2014	2.58%

Notes to Schedule:

The amounts shown are net of investment expenses.

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



NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

Community Development Block Grant Fund (CDBG) – Accounts for CDBG grant funds received from the U.S. Department of Housing and Urban Development. These revenues are restricted to expenditure for providing housing or housing assistance provided to qualifying citizens, improvements to neighborhood streets and drainage.

HOME Investment Partnership Program Fund (HOME) – Accounts for HOME grant funds received from the U.S. Department of Housing and Urban Development and passed through the Arkansas Development Finance Authority. These revenues provide assistance for affordable housing to qualifying citizens.

Grants Fund – Accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal or state program.

Asset Forfeiture Fund – Accounts for funds received from asset forfeiture programs. These monies are restricted for expenditures for assistance in drug enforcement activities.

The **Capital Projects Fund** accounts for the acquisition or construction of major capital assets from the proceeds from general obligation bond issues and other financing sources.

2020 Capital Improvements Construction – The 2020 Capital Improvement Construction fund holds the net proceeds from the 2020 Capital Improvements and Refunding Bonds issued in 2020.

The **Debt Service Funds** account for the accumulation of resources for the payment of principal and interest on general long-term debt.

2006 Library Debt Service – The 2006 Library Construction Bonds were issued for the purpose of acquiring, constructing, and equipping capital improvements to the public city library operated by the City and the Central Arkansas Library System. The Series 2006 bonds are limited tax general obligations, payable solely from a 1.0 mil annual ad valorem tax and the pro-rata portion of the proceeds of the sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution.

2015 Capital Improvements Debt Service – The 2015 Capital Improvement and Refunding Bonds were issued for the purpose of rehabilitation of the Central Fire Station, purchase of a new ladder truck, two additional fire trucks, replacement of playground equipment, roundabout construction, rehabilitation of Splash Zone, replacement of exercise equipment, and refunding the 2012 short-term financing note to First Arkansas Bank and Trust, a 2013 short-term financing note to BancorpSouth Bank, and a promissory note to Motorola solutions Inc. The Series 2015 bonds are limited tax general obligations, payable solely from franchise fees collected from public utilities for the privilege of using the City's streets' right-of-way and other public places in the City.

2020 Capital Improvements Debt Service – The 2020 Capital Improvement and Refunding Bonds were issued for the purpose of rehabilitation of the court facilities, construction of a new City Mechanic shop, repairs to the roof at the Public Safety building, purchase of a shot curtain for the Shooting Range, and refunding the 2015 Capital Improvement and Refunding Bonds. The Series 2020 bonds are limited tax general obligations, payable solely from franchise fees collected from public utilities for the privilege of using the City's streets' right-of-way and other public places in the City.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS - NONMAJOR
DECEMBER 31, 2021

	Special Revenue				Capital Project	Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2020 Capital Improvements Construction	2015 Capital Improvements Debt Service	2020 Capital Improvements Debt Service	
Assets								
Cash	\$ 25,587	\$ 49,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,527
Restricted cash	-	-	-	26,527	1,507,818	-	-	1,925,837
Accounts receivable	5,056	-	55,993	-	-	142	-	61,191
Grants and other governments	-	-	32,869	-	-	-	-	32,869
Due from other funds	-	-	-	-	8,643	-	-	8,643
Total Assets	\$ 30,643	\$ 49,941	\$ 88,862	\$ 26,527	\$ 1,516,461	\$ 142	\$ -	\$ 2,104,068
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 7,322	\$ -	\$ 41,121	\$ 4,896	\$ -	\$ -	\$ -	\$ 53,339
Due to other funds	-	-	1,936	-	-	-	8,643	10,580
Accrued wages payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	32,869	-	-	-	-	32,869
Other liabilities	-	-	33,475	-	-	-	-	33,475
Total liabilities	7,322	-	109,401	4,896	-	-	8,643	130,264
Fund Balances								
Restricted:								
Debt service	-	-	-	-	-	142	-	382,849
Law enforcement activities	-	-	-	21,630	-	-	-	21,630
Housing and neighborhood programs	23,320	49,941	-	-	-	-	-	73,261
Grant funds	-	-	(20,539)	-	-	-	-	(20,539)
Capital projects	-	-	-	-	1,516,461	-	-	1,516,461
Total fund balances	23,320	49,941	(20,539)	21,630	1,516,461	142	-	1,973,805
Total Liabilities and Fund Balances	\$ 30,643	\$ 49,941	\$ 88,862	\$ 26,527	\$ 1,516,461	\$ 142	\$ -	\$ 2,104,068

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - NONMAJOR YEAR ENDED DECEMBER 31, 2021

	Special Revenue				Capital Project	Debt Service			Total
	CDBG	HOME	Grants	Asset Forfeiture	2020 Capital Improvements Construction	2006 Library Debt Service	2015 Capital Improvements Debt Service	2020 Capital Improvements Debt Service	
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,370	\$ -	\$ -	\$ 1,370
Intergovernmental	191,027	-	196,452	7,278	-	-	-	-	394,757
Investment income	-	-	-	-	398	-	-	18	416
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	191,027	-	196,452	7,278	398	1,370	-	18	396,543
Expenditures									
General Administration	-	-	-	-	394,004	-	-	-	394,004
Parks and recreation services	-	-	-	-	89,775	-	-	-	89,775
Police	-	-	5,946	12,131	16,000	-	-	-	34,077
Housing and neighborhood programs	201,240	18,375	215,413	-	-	-	-	-	435,028
Debt service									
Principal	-	-	-	-	-	-	-	75,000	75,000
Interest	-	-	-	-	-	-	8,180	154,005	162,185
Agent fees	-	-	-	-	-	-	-	1,000	1,000
Issuance costs	-	-	-	-	-	-	-	46,633	46,633
Total expenditures	201,240	18,375	221,359	12,131	499,779	-	8,180	276,638	1,237,701
Excess (Deficiency) of Revenues Over Expenditures	(10,213)	(18,375)	(24,907)	(4,853)	(499,381)	1,370	(8,180)	(276,619)	(841,158)
Other Financing Sources									
Transfers in	-	-	-	-	26	-	-	365,276	365,302
Transfers out	-	-	-	-	-	(80,584)	(26)	-	(80,610)
Total other financing sources	-	-	-	-	26	(80,584)	(26)	365,276	284,692
Net Change in Fund Balances	(10,213)	(18,375)	(24,907)	(4,853)	(499,355)	(79,214)	(8,206)	88,657	(556,467)
Fund Balances, Beginning of Year-as previously reported	33,534	68,316	4,370	26,483	2,015,816	79,356	5,918,208	294,193	8,440,276
Prior Period Adjustment	-	-	-	-	-	-	(5,910,000)	-	(5,910,000)
Net Position, Beginning of Year - as restated	33,534	68,316	4,370	26,483	2,015,816	79,356	8,208	294,193	2,530,276
Fund Balances, End of Year	\$ 23,320	\$ 49,941	\$ (20,539)	\$ 21,630	\$ 1,516,461	\$ 142	\$ -	\$ 382,849	\$ 1,973,805



FIDUCIARY FUNDS

Pension Trust Funds

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

Custodial Funds

The **Custodial Funds** account for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2021

	Employee Retirement Plans			Custodial Funds		
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund	Total	District Court Fines and Forfeitures Fund	District Court Restitution Fund	Total
Assets						
Cash and cash equivalents	\$ 262,777	\$ 367,820	\$ 630,597	\$ 25,966	\$ 1,624	\$ 27,590
Investments						
U.S. Government obligations	1,447,559	3,094,481	4,542,040	-	-	-
Corporate bonds	1,024,534	-	1,024,534	-	-	-
Mutual funds	3,922,076	3,302,396	7,224,472	-	-	-
Receivables						
Due from other funds	37,315	37,315	74,630	-	-	-
Accrued interest	10,933	8,315	19,248	-	-	-
Total assets	<u>\$ 6,705,194</u>	<u>\$ 6,810,327</u>	<u>\$ 13,515,521</u>	<u>\$ 25,966</u>	<u>\$ 1,624</u>	<u>\$ 27,590</u>
Liabilities						
Due to other funds	-	-	-	19,110	-	19,110
Other liabilities	-	-	-	6,856	1,624	8,480
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,966</u>	<u>1,624</u>	<u>27,590</u>
Net Position						
Restricted for:						
Pensions	6,705,194	6,810,327	13,515,521	-	-	-
Individuals and organizations	-	-	-	-	-	-
Total net position	<u>\$ 6,705,194</u>	<u>\$ 6,810,327</u>	<u>\$ 13,515,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Employee Retirement Plans			Custodial Funds		
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund	Total	District Court Fines and Forfeitures Fund	District Court Restitution Fund	Total
Additions						
Contributions						
Employer	\$ 41,229	\$ -	\$ 41,229	\$ -	\$ -	\$ -
Plan members	-	-	-	-	-	-
Contributed from General Fund						
Property taxes	306,116	306,116	612,232	-	-	-
State insurance turnback and guarantee fund	50,208	198,644	248,852	-	-	-
Court fines & forfeitures	-	-	-	379,739	-	379,739
Restitution	-	-	-	-	-	-
Total contributions	<u>397,553</u>	<u>504,760</u>	<u>902,313</u>	<u>379,739</u>	<u>-</u>	<u>379,739</u>
Investment income						
Net increase(decrease) in fair value of investments	62,791	(141,128)	(78,337)	-	-	-
Interest and dividends	148,620	84,021	232,641	-	-	-
Gain on sale of investments	281,600	442,177	723,777	-	-	-
Less investment expense	493,012	385,070	878,081	-	-	-
Net investment income	<u>63,112</u>	<u>75,108</u>	<u>138,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>827,453</u>	<u>814,721</u>	<u>1,642,173</u>	<u>379,739</u>	<u>-</u>	<u>379,739</u>
Deductions						
Benefits paid directly to participants	544,632	792,055	1,336,687	-	-	-
Administrative expenses	9,100	1,700	10,800	-	-	-
Total deductions	<u>553,732</u>	<u>793,755</u>	<u>1,347,487</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>273,721</u>	<u>20,966</u>	<u>294,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Restricted for Pension Benefits						
Beginning of Year	<u>6,431,473</u>	<u>6,789,361</u>	<u>13,220,834</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Restricted for Pension Benefits						
End of Year	<u>\$ 6,705,194</u>	<u>\$ 6,810,327</u>	<u>\$ 13,515,521</u>	<u>-</u>	<u>-</u>	<u>-</u>



DISCRETELY PRESENTED COMPONENT UNITS

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2021

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Operating Activities				
Receipts from customers	\$ 8,820,197	\$ 4,738,471	\$ -	\$ 13,558,668
Other receipts	2,284,554	34,069	-	2,318,623
Payments to employees	(2,508,021)	(1,620,242)	-	(4,128,263)
Payments to suppliers	(1,068,302)	(1,412,218)	(2,539)	(2,483,059)
Payments to service providers	(156,733)	(25,862)	(616,210)	(798,805)
Other payments	(2,903,809)	-	-	(2,903,809)
Net cash provided by (used in) operating activities	4,467,886	1,714,218	(618,749)	5,563,355
Noncapital Financing Activities				
Local tax levy supporting operations	-	-	1,048,006	1,048,006
Capital and Related Financing Activities				
Purchase of capital assets	(3,358,217)	(1,241,770)	-	(4,599,987)
Proceeds from issuance of long-term debt	-	8,150,000	-	8,150,000
Bond issuance costs	-	(34,183)	-	(34,183)
Principal paid on long-term debt	(3,185,509)	(135,000)	-	(3,320,509)
Interest paid on long-term debt	(251,499)	(326,626)	-	(578,125)
Net cash provided by (used in) capital and related financing activities	(6,795,225)	6,412,421	-	(382,804)
Investing Activities				
Proceeds from maturities of cash investments	2,176,551	-	-	2,176,551
Purchase of cash investments	(2,181,996)	-	(251,733)	(2,433,729)
Decrease (increase) in restricted cash	(629)	-	-	(629)
Interest received	8,803	82,104	2,118	93,025
Net cash provided by (used in) investing activities	2,729	82,104	(249,614)	(164,781)
Net Increase in Cash and Cash Equivalents	(2,324,610)	8,208,743	179,642	6,063,776
Cash and Cash Equivalents, Beginning of Year	6,967,994	9,699,880	601,567	17,269,441
Cash and Cash Equivalents, End of Year	\$ 4,643,384	\$ 17,908,623	\$ 781,209	\$ 23,333,216
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (298,569)	\$ 135,311	\$ (904,464)	\$ (1,067,722)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	2,520,902	2,075,095	-	4,595,997
Closure and post-closure care costs	-	22,728	-	22,728
Accrued pension liability	-	-	-	-
(Gain) loss on disposal of capital assets	-	72	-	72
Amortization of deferred expenses	72,933	-	-	72,933
Other income, net	2,284,554	-	-	2,284,554
Changes in operating assets and liabilities				
Receivables, net	107,090	(171,384)	-	(64,294)
Revenues earned and unbilled	-	-	-	-
Prepaid expenses	(31,505)	(3,206)	-	(34,711)
Inventories	(52,149)	(20,509)	-	(72,658)
Due to other entities	163,735	-	-	163,735
Accounts payable	(128,736)	(35,146)	285,715	121,833
Accrued pension liability	(1,608,352)	-	-	(1,608,352)
Accrued expenses	18,929	7,041	-	25,970
Customer deposits	19,780	-	-	19,780
Deferrals related to pensions	1,399,274	(295,784)	-	1,103,490
Other liabilities	-	-	-	-
Net cash provided by (used in) operating activities	\$ 4,467,886	\$ 1,714,218	\$ (618,749)	\$ 5,563,355
Presented on the Statement of Fund Net Position- Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 4,643,384	\$ 9,246,448	\$ 781,209	\$ 14,671,041
Restricted for bond requirements-cash and cash equivalents	-	679,643	-	679,643
Restricted for capital assets-cash and cash equivalents	-	7,452,582	-	7,452,582
Noncurrent assets				
Cash and cash equivalents	-	529,950	-	529,950
Total Cash and Cash Equivalents	\$ 4,643,384	\$ 17,908,623	\$ 781,209	\$ 23,333,216

Supplemental Disclosure of Noncash, Capital and Financing Activities

Jacksonville Municipal Water Works accepted utility property constructed by private developers. The fair value of this donated property in 2021 was \$107,271.

During 2021, Jacksonville Wastewater Utility accepted utility property constructed by private developers. The fair value of this donated property was \$413,762.

City of Jacksonville, Arkansas
STATISTICAL SECTION

This section of the City of Jacksonville, Arkansas' comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the City's overall financial health.

Contents	Page
Financial Trends (Tables 1-5)	112
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity (Tables 6-10)	122
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity (Tables 11-15)	127
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information (Tables 16-17)	133
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information (Tables 18-20)	135
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF JACKSONVILLE, ARKANSAS

NET POSITION BY COMPONENT LAST TEN YEARS (Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
Governmental activities				
Net investment in capital assets	\$ 41,063,504	\$ 42,058,114	\$ 42,843,428	\$ 43,120,490
Restricted	1,798,969	1,184,762	1,831,423	6,086,120
Unrestricted (deficit)	5,937,438	3,544,078	2,694,078	(12,819,219)
Total governmental activities net position	<u>\$ 48,799,911</u>	<u>\$ 46,786,954</u>	<u>\$ 47,368,930</u>	<u>\$ 36,387,390</u>
Business-type activities				
Net investment in capital assets	\$ 821,873	\$ 887,393	\$ 989,853	\$ 1,366,575
Unrestricted	1,107,844	1,479,431	1,673,821	871,967
Total business-type activities net position	<u>\$ 1,929,717</u>	<u>\$ 2,366,824</u>	<u>\$ 2,663,674</u>	<u>\$ 2,238,542</u>
Primary government				
Net investment in capital assets	\$ 41,885,377	\$ 42,945,507	\$ 43,833,282	\$ 44,487,065
Restricted	1,798,969	1,184,762	1,831,423	6,086,120
Unrestricted (deficit)	7,045,282	5,023,509	4,367,899	(11,947,253)
Total primary government net position	<u>\$ 50,729,628</u>	<u>\$ 49,153,778</u>	<u>\$ 50,032,604</u>	<u>\$ 38,625,934</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental

(2) During 2017, the AGFF Shooting Sports Complex was moved into an enterprise fund from the General Fund.

Table 1

<u>2016</u>	<u>2017(2)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 42,125,123	\$ 37,788,738	\$ 35,873,213	\$ 34,351,016	\$ 27,537,475	\$ 32,470,428
4,161,056	4,759,509	5,023,813	5,284,005	13,674,802	8,981,135
(14,319,749)	(15,403,962)	(15,340,558)	(14,372,828)	(14,134,802)	(6,677,429)
<u>\$ 31,966,430</u>	<u>\$ 27,144,285</u>	<u>\$ 25,556,468</u>	<u>\$ 25,262,192</u>	<u>\$ 27,077,475</u>	<u>\$ 34,774,135</u>
\$ 1,820,668	\$ 5,284,651	\$ 5,080,941	\$ 5,050,271	\$ 5,627,241	\$ 5,209,383
328,090	178,852	(193,393)	347,011	(115,618)	1,124,610
<u>\$ 2,148,758</u>	<u>\$ 5,463,502</u>	<u>\$ 4,887,549</u>	<u>\$ 5,397,282</u>	<u>\$ 5,511,623</u>	<u>\$ 6,333,993</u>
\$ 43,945,791	\$ 43,073,389	\$ 40,954,154	\$ 39,401,287	\$ 33,164,716	\$ 37,679,811
4,161,056	4,759,509	5,023,813	5,284,005	13,674,802	8,981,135
(13,991,659)	(15,225,111)	(15,533,950)	(14,025,817)	(14,250,420)	(5,552,819)
<u>\$ 34,115,188</u>	<u>\$ 32,607,787</u>	<u>\$ 30,444,016</u>	<u>\$ 30,659,475</u>	<u>\$ 32,589,098</u>	<u>\$ 41,108,127</u>

CITY OF JACKSONVILLE, ARKANSAS

**CHANGES IN NET POSITION,
LAST TEN YEARS
(Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
Expenses				
Governmental activities:				
General administration	\$ 454,301	\$ 614,247	\$ 538,999	\$ 569,284
City council	112,915	143,817	129,174	137,959
Office of the mayor	240,152	245,782	239,117	242,586
City clerk	143,434	140,796	137,910	133,400
City attorney	190,970	192,214	177,245	175,033
District court	336,932	342,963	340,907	339,984
Director of administration	112,868	114,376	114,063	108,044
Information technology	216,749	241,131	233,713	215,326
Finance	659,988	541,303	470,372	468,408
Human resources	228,913	236,759	227,865	223,741
Fleet services	165,871	144,176	151,582	142,922
Community programs	198,400	94,705	193,128	156,941
Public works	2,872,093	3,605,742	2,247,748	2,832,455
Parks and recreation services	2,748,589	2,953,709	3,381,026	3,547,411
Police	7,782,731	7,928,822	7,507,452	7,129,333
Fire	4,882,380	4,840,219	4,498,167	3,985,677
Emergency communication services	894,851	962,308	1,035,881	980,293
Animal control	306,344	320,102	318,606	296,316
Housing and neighborhood programs	365,162	588,290	239,470	200,669
Interest expense on long term debt	79,563	154,499	224,750	209,386
Agent fees on long-term debt	-	-	-	33,833
Debt issuance costs	-	-	-	145,014
Total governmental activities expenses	<u>22,993,206</u>	<u>24,405,960</u>	<u>22,407,174</u>	<u>22,274,017</u>
Business-type activities				
Sanitation services	1,585,114	1,522,422	1,459,139	1,516,551
Shooting complex services	-	-	-	-
Emergency medical services	1,615,704	1,876,427	2,005,367	2,472,158
Total business-type activities expenses	<u>3,200,818</u>	<u>3,398,849</u>	<u>3,464,506</u>	<u>3,988,709</u>
Total primary government expenses	<u>\$ 27,606,778</u>	<u>\$ 25,806,023</u>	<u>\$ 25,738,523</u>	<u>\$ 31,337,006</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$ 178,388	\$ 156,458	\$ 183,919	\$ 365,550
District court	730,677	766,291	812,509	561,363
Finance	8,001	20,001	20,001	29,001
Fleet services	37,225	28,368	22,950	35,338
Public works	73,871	79,073	87,505	118,729
Parks and recreation services	751,295	797,053	980,103	1,024,897
Police	59,193	33,670	25,464	92,562
Fire	800	822	1,968	600
Emergency communication services	-	212,769	221,994	221,144
Animal control	20,865	19,365	24,415	18,770
Housing and neighborhood programs	1,036	486	67,693	53,217
Operating grants and contributions	4,236,786	4,428,410	4,598,762	4,145,981
Capital grants and contributions	1,013,992	685,232	211,790	933,951
Total governmental activities program revenues	<u>7,112,129</u>	<u>7,227,997</u>	<u>7,259,074</u>	<u>7,601,103</u>
Business-type activities				
Sanitation services	1,816,769	1,908,726	1,847,490	1,881,351
AGFF Shooting sports complex	-	-	-	-
Emergency medical services	1,062,331	1,132,011	1,387,624	1,550,301
Operating grants and contributions	13,000	6,500	-	12,460
Capital grants and contributions	59,196	-	-	-
Total business-type activities program revenues	<u>2,951,296</u>	<u>3,047,237</u>	<u>3,235,114</u>	<u>3,444,112</u>
Total primary government program revenues	<u>\$ 10,063,425</u>	<u>\$ 10,275,234</u>	<u>\$ 10,494,188</u>	<u>\$ 11,045,215</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental activities.

Table 2

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	556,838	\$ 557,064	\$ 588,492	\$ 536,219	\$ 346,671	\$ 869,946
	127,096	135,390	115,767	102,366	103,693	128,940
	268,762	257,366	235,751	264,799	276,279	250,495
	156,334	137,719	132,710	149,541	158,409	134,299
	169,206	265,883	195,078	263,203	290,918	309,963
	363,278	327,002	288,647	410,884	343,938	49,467
	129,570	168,666	66,589	60,483	45,752	15,661
	344,072	281,286	328,045	396,834	517,127	523,392
	523,413	480,310	476,826	520,396	454,295	449,424
	234,627	182,619	173,136	179,466	220,407	209,005
	155,398	151,475	144,414	143,021	145,368	119,686
	410,863	247,008	197,863	236,212	194,578	209,140
	2,987,291	3,134,679	2,802,632	3,167,610	2,781,187	2,563,369
	4,109,087	2,875,561	2,688,822	3,053,109	3,117,949	3,160,003
	9,125,283	7,531,016	6,757,932	6,377,452	6,582,987	6,354,770
	5,744,534	5,465,496	6,345,142	5,840,076	5,376,174	5,498,885
	1,103,149	1,026,272	1,001,230	1,108,903	1,028,641	1,039,125
	329,470	307,420	285,996	336,284	313,737	317,201
	240,454	216,681	252,044	370,280	586,642	418,147
	262,728	242,525	223,214	199,807	184,860	166,827
	6,844	6,990	7,035	6,741	1,912	1,000
	-	-	-	-	93,773	46,633
	<u>27,348,297</u>	<u>23,998,428</u>	<u>23,307,364</u>	<u>23,723,687</u>	<u>23,165,297</u>	<u>22,835,378</u>
	1,575,392	2,001,844	2,001,844	2,030,667	1,761,166	1,339,894
	813,554	657,188	657,188	565,546	440,421	503,605
	1,994,625	2,323,196	2,323,196	2,254,304	2,866,716	2,467,226
	<u>4,383,571</u>	<u>4,982,228</u>	<u>4,982,228</u>	<u>4,850,517</u>	<u>5,068,303</u>	<u>4,310,725</u>
\$	<u>28,381,999</u>	<u>28,289,592</u>	<u>28,289,592</u>	<u>28,574,204</u>	<u>28,233,600</u>	<u>27,146,103</u>
\$	259,848	\$ 443,992	\$ 311,026	\$ 434,576	\$ 338,876	\$ 279,167
	533,596	473,217	435,533	364,662	264,705	257,752
	28,001	29,001	29,001	29,001	33,000	33,000
	33,602	30,990	28,920	31,583	26,586	29,156
	178,305	101,345	73,919	106,416	183,061	61,425
	1,037,505	690,777	688,960	640,172	455,925	621,264
	46,142	82,007	69,432	103,226	45,670	96,953
	616	6,218	2,956	2,756	200	200
	224,805	227,063	237,118	309,191	488,849	483,989
	10,508	10,444	4,865	20,495	8,530	8,353
	300	45,973	46,020	20	24,928	-
	4,413,390	4,300,118	4,242,826	2,031,400	3,031,255	4,620,971
	259,177	111,000	406,260	3,048,158	2,846,079	3,039,639
	<u>7,025,795</u>	<u>6,552,145</u>	<u>6,576,836</u>	<u>7,121,656</u>	<u>7,747,664</u>	<u>9,531,869</u>
	1,825,540	1,854,628	1,885,890	1,591,723	1,911,169	1,941,895
	-	361,463	332,942	405,152	197,871	301,451
	1,579,660	1,743,946	1,739,613	2,132,153	2,109,681	2,147,367
	11,947	15,855	13,893	16,171	74,465	38,363
	-	-	-	-	-	-
	<u>3,417,147</u>	<u>3,975,892</u>	<u>3,972,338</u>	<u>4,145,199</u>	<u>4,293,186</u>	<u>4,429,076</u>
\$	<u>10,442,942</u>	<u>10,528,038</u>	<u>10,549,174</u>	<u>11,266,855</u>	<u>12,040,851</u>	<u>13,960,945</u>

(continued)

CITY OF JACKSONVILLE, ARKANSAS

**CHANGES IN NET POSITION,
LAST TEN YEARS (Continued)
(Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
Net (expense)/revenue				
Governmental activities	\$ (15,881,077)	\$ (17,177,963)	\$ (15,148,100)	\$ (14,672,914)
Business-type activities	(40,073)	(153,581)	(163,735)	(20,394)
Total primary government net expense	<u>\$ (15,921,150)</u>	<u>\$ (17,331,544)</u>	<u>\$ (15,311,835)</u>	<u>\$ (14,693,308)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 784,180	\$ 826,033	\$ 838,864	\$ 845,840
Sales taxes	13,138,610	13,164,041	13,406,409	13,798,792
Utility franchise taxes	1,031,798	1,292,667	1,137,932	1,262,049
Investment earnings	21,136	7,026	5,059	15,644
Grants and contributions not restricted to specific programs	459,957	433,463	470,303	454,419
Gain (loss) on sale of capital assets	10,263	31,775	331,187	(69,038)
Transfers	(442,496)	(590,000)	(459,677)	(425,000)
Total governmental activities	<u>15,003,448</u>	<u>15,165,005</u>	<u>15,730,077</u>	<u>15,882,706</u>
Business-type activities:				
Investment earnings	504	688	908	993
Grants and contributions not restricted	47,881	-	-	-
Gain on sale of capital assets	-	-	-	74,831
Transfers	442,496	590,000	459,677	425,000
Total business-type activities	<u>490,880</u>	<u>590,688</u>	<u>460,585</u>	<u>500,825</u>
Total primary government	<u>\$ 15,494,328</u>	<u>\$ 15,755,693</u>	<u>\$ 16,190,662</u>	<u>\$ 16,383,531</u>
Changes in Net Position				
Governmental activities	\$ (877,629)	\$ (2,012,958)	\$ 581,977	\$ 1,209,792
Business-type activities	450,807	437,107	296,850	480,431
Change in accounting principle	-	-	-	(13,096,892)
Total primary government	<u>\$ (426,822)</u>	<u>\$ (1,575,851)</u>	<u>\$ 878,827</u>	<u>\$ (11,406,669)</u>

Table 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (20,322,502)	\$ (17,446,283)	\$ (16,730,529)	\$ (16,602,030)	\$ (15,417,632)	\$ (13,303,509)
(571,562)	(407,679)	(1,009,890)	(705,318)	(775,117)	118,351
<u>\$ (20,894,064)</u>	<u>\$ (17,853,962)</u>	<u>\$ (17,740,419)</u>	<u>\$ (17,307,348)</u>	<u>\$ (16,192,749)</u>	<u>\$ (13,185,159)</u>
\$ 871,178	\$ 821,693	\$ 882,197	\$ 917,150	\$ 888,874	\$ 979,374
13,781,154	14,013,579	13,935,682	14,623,842	15,937,121	18,255,204
1,105,865	1,096,000	1,078,449	1,113,293	1,109,300	1,167,611
89,570	110,441	78,189	110,642	69,101	44,099
451,246	449,828	449,060	448,418	415,333	437,453
37,520	(149,160)	-	-	-	(388,766)
(434,989)	(3,718,243)	(390,000)	(1,194,851)	(897,556)	(620,000)
<u>15,901,544</u>	<u>12,624,139</u>	<u>16,033,577</u>	<u>16,018,494</u>	<u>17,522,173</u>	<u>19,874,974</u>
1,539	4,125	10,755	20,200	11,257	6,160
-	-	-	-	-	-
45,250	56	33,180	-	(19,356)	77,857
434,989	3,718,243	390,000	1,194,851	897,556	620,000
<u>481,778</u>	<u>3,722,424</u>	<u>433,935</u>	<u>1,215,051</u>	<u>889,457</u>	<u>704,017</u>
<u>\$ 16,383,322</u>	<u>\$ 16,346,563</u>	<u>\$ 16,467,512</u>	<u>\$ 17,233,545</u>	<u>\$ 18,411,630</u>	<u>\$ 20,578,991</u>
\$ (4,420,959)	\$ (4,822,144)	\$ (696,952)	\$ (583,537)	\$ 2,104,541	\$ 6,571,465
(89,784)	3,314,745	(575,955)	509,733	114,341	822,368
-	-	(890,867)	-	-	-
<u>\$ (4,510,742)</u>	<u>\$ (1,507,399)</u>	<u>\$ (2,163,774)</u>	<u>\$ (73,803)</u>	<u>\$ 2,218,881</u>	<u>\$ 7,393,833</u>

CITY OF JACKSONVILLE, ARKANSAS

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN YEARS
(Accrual Basis of Accounting)**

Table 3

Year	General Property Taxes	Sales Taxes				Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage				
2012	\$ 784,180	\$ 7,338,792	\$ 5,747,451	\$ 52,368	\$ 13,138,610	\$ 1,031,799	\$ 14,954,589	
2013	826,033	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,282,741	
2014	838,864	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,383,205	
2015	845,840	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,906,681	
2016	871,178	7,643,899	6,042,853	94,402	13,781,154	1,105,865	15,758,197	
2017	821,693	7,786,515	6,144,151	82,913	14,013,580	1,096,000	15,931,273	
2018	882,197	7,639,555	6,211,566	84,560	13,935,682	1,078,449	15,896,328	
2019	917,150	7,971,755	6,565,369	86,719	14,623,842	1,113,293	16,654,285	
2020	888,874	9,106,051	6,767,980	63,091	15,937,121	1,109,300	17,935,295	
2021	979,374	10,337,376	7,804,993	112,835	18,255,204	1,167,611	20,402,188	
Change 2012-2021	24.9%	40.9%	35.8%	115.5%	38.9%	13.2%	36.4%	

CITY OF JACKSONVILLE, ARKANSAS

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

(Modified Accrual Basis of Accounting)

Table 4

	Post-GASB 54									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ -	\$ -	\$ 49,285	\$ 35,247	\$ 29,034	\$ 1,003	\$ 3,758	\$ 2,066	\$ 13,355	\$ 2,355
Restricted	537,495	123,382	8,158	8,158	-	-	-	-	-	-
Committed	5,943	7,039	2,654	3,301	5,948	5,876	6,985	7,873	9,824	10,895
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	4,095,873	3,089,430	2,375,306	1,830,111	806,202	994,333	1,992,119	3,139,553	5,089,752	9,032,333
Total general fund	<u>\$ 4,639,311</u>	<u>\$ 3,219,851</u>	<u>\$ 2,435,403</u>	<u>\$ 1,876,818</u>	<u>\$ 841,184</u>	<u>\$ 1,001,212</u>	<u>\$ 2,002,862</u>	<u>\$ 3,149,492</u>	<u>\$ 5,112,931</u>	<u>\$ 9,045,583</u>
All Other Governmental Funds										
Restricted	\$ 1,261,474	\$ 1,061,380	\$ 1,823,265	\$ 6,077,962	\$ 4,161,056	\$ 4,759,508	\$ 5,023,812	\$ 5,284,005	\$ 13,674,802	\$ 8,391,823
Assigned	2,733,641	1,809,841	1,597,837	1,617,645	1,603,548	1,406,102	1,472,853	1,760,870	1,558,376	96,196
Total all other governmental funds	<u>\$ 3,995,115</u>	<u>\$ 2,871,221</u>	<u>\$ 3,421,102</u>	<u>\$ 7,695,606</u>	<u>\$ 5,764,604</u>	<u>\$ 6,165,610</u>	<u>\$ 6,496,665</u>	<u>\$ 7,044,875</u>	<u>\$ 15,233,178</u>	<u>\$ 8,488,020</u>

In 2011 the City implemented GASB 54 which changed the fund balance classification types. Prior to 2011 fund balance was either reserved or unreserved. With the implementation of GASB 54 there are now 5 fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. See Note 1 in the Notes to the Basic Financial Statements for more discussion on these classifications.

In 2015, the increase in restricted fund balance is associated with the issuance of the 2015 Capital Improvement Bonds.

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Property taxes	\$ 779,861	\$ 782,292	\$ 802,438	\$ 833,835
Sales taxes	13,138,610	13,164,041	13,406,409	13,798,792
Licenses and permits	160,514	123,447	133,586	136,274
Intergovernmental	5,310,202	4,674,667	4,729,464	4,575,835
Charges for services	1,056,207	1,081,303	1,119,187	1,150,933
Fines and fees	791,192	798,456	840,609	651,626
Utility franchise taxes	1,031,798	1,292,667	1,137,932	1,262,049
Investment income	21,136	7,026	5,059	15,644
Contributions	-	150,000	-	772,000
Miscellaneous	227,747	917,159	932,527	665,312
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	22,517,267	22,991,058	23,107,211	23,862,300
Expenditures				
General government	3,600,208	3,491,811	2,906,919	2,708,248
Public works	3,070,904	3,021,075	2,528,778	2,802,715
Parks and recreation services	3,694,975	5,514,730	3,025,248	3,292,345
Police	11,533,317	8,096,659	7,149,003	7,347,242
Fire	4,403,817	4,486,226	4,324,497	4,472,701
Emergency communication services	4,858,959	878,086	714,945	675,758
Animal control	298,166	322,848	305,998	287,637
Housing and neighborhood programs	371,863	559,482	238,824	202,067
Debt Service				
Principal	155,000	1,422,435	1,803,468	6,389,707
Interest	81,468	157,622	227,594	215,760
Agent fees	700	600	600	33,833
Issuance costs	-	-	-	145,014
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	32,069,377	27,951,574	23,225,874	28,573,027
Excess (Deficiency) of revenues over (under) expenditures	(9,552,110)	(4,960,516)	(118,663)	(4,710,727)
Other Financing Sources (Uses)				
Bonds issued	-	-	-	8,851,649
Proceeds from other long-term debt	3,011,700	3,157,161	344,335	-
Capital lease	2,516,526	-	-	-
Transfers in	6,004	577,890	554,150	150,000
Transfers out	(448,500)	(1,167,890)	(1,013,827)	(575,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,085,730	2,567,161	(115,342)	8,426,649
Net change in fund balances	<u>\$ (4,466,380)</u>	<u>\$ (2,393,355)</u>	<u>\$ (234,005)</u>	<u>\$ 3,715,922</u>
Debt service as a percentage of noncapital expenditures	0.9%	10.5%	12.4%	33.6%

Table 5

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 839,052	\$ 826,251	\$ 856,539	\$ 852,536	\$ 877,551	\$ 937,059
13,781,154	14,013,579	13,935,682	14,623,842	15,937,121	18,255,204
226,274	434,535	243,423	305,522	279,517	273,121
4,847,747	4,738,360	4,687,887	5,482,124	6,268,771	8,070,894
1,097,253	942,439	956,629	1,063,640	1,017,444	1,182,950
562,916	542,862	493,869	429,075	301,114	280,107
1,105,865	1,096,000	1,078,449	1,113,293	1,109,300	1,167,611
89,570	110,441	78,189	99,274	69,101	44,099
257,500	110,000	406,260	4,125	3,750	9,740
548,794	234,085	260,997	334,679	303,787	167,419
23,356,125	23,048,552	22,997,923	24,308,109	26,167,455	30,388,204
2,781,035	2,904,825	2,797,378	3,025,070	3,039,182	3,443,196
2,375,150	2,390,959	2,295,609	3,029,940	2,174,498	2,313,256
3,936,111	2,473,090	2,620,703	2,682,522	2,835,181	2,974,325
7,370,238	6,970,618	6,003,262	5,919,883	6,803,095	6,859,286
7,214,517	4,764,915	5,261,163	5,200,548	5,381,616	5,525,282
699,037	714,326	761,607	812,913	857,035	845,571
280,536	290,121	299,083	307,313	310,037	326,613
226,768	213,718	244,248	365,580	581,347	435,028
725,000	1,050,000	765,000	790,000	770,000	75,000
272,534	251,964	220,133	198,391	177,423	162,185
6,844	6,990	7,035	6,741	1,912	1,000
-	-	-	-	93,773	46,633
25,887,770	22,031,526	21,275,222	22,338,900	23,025,100	23,007,375
(2,531,645)	1,017,026	1,722,701	1,969,209	3,142,354	7,380,829
-	-	-	-	7,935,000	-
-	-	-	-	8,643	-
-	-	-	-	-	-
993,156	1,088,000	1,000,336	726,536	8,281,423	2,545,886
(1,428,145)	(1,543,989)	(1,390,336)	(1,301,536)	(8,926,422)	(3,165,886)
(434,989)	(455,989)	(390,000)	(575,000)	7,298,644	(620,000)
\$ (2,966,634)	\$ 561,037	\$ 1,332,701	\$ 1,394,209	\$ 10,440,998	\$ 6,760,829
4.3%	7.5%	5.0%	4.5%	4.3%	1.0%

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN YEARS (Modified Accrual Basis of Accounting)

Table 6

Year	General Property Taxes	Sales Taxes			Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage			
2012	\$ 779,861	\$ 7,338,792	\$ 5,747,451	\$ 52,368	\$ 13,138,610	\$ 1,031,799	\$ 14,950,270
2013	782,292	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,239,000
2014	802,438	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,346,779
2015	833,835	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,894,676
2016	839,052	7,643,899	6,042,853	94,402	13,781,154	1,105,865	15,726,071
2017	826,251	7,786,515	6,144,151	82,913	14,013,580	1,096,000	15,935,831
2018	856,539	7,639,555	6,211,566	84,560	13,935,682	1,078,449	15,870,670
2019	852,536	7,971,755	6,565,369	86,719	14,623,842	1,113,293	16,589,671
2020	877,551	9,106,051	6,767,980	63,091	15,937,121	1,109,300	17,923,972
2021	979,374	10,337,376	7,804,993	112,835	18,255,204	1,167,611	20,402,189
Change 2012-2021	25.6%	40.9%	35.8%	115.5%	38.9%	13.2%	36.5%

CITY OF JACKSONVILLE, ARKANSAS

ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Table 7

Year	Regular Property		Utility Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Personal	Real	Personal				
2012	\$ 202,646,506	\$ 53,595,970	\$ -	\$ 17,026,315	\$ 273,268,791	3.0	\$ 1,366,343,955	20%
2013	208,233,348	55,876,090	-	17,583,900	281,693,338	3.0	1,408,466,690	20%
2014	211,849,225	58,290,985	-	19,517,835	289,658,045	3.0	1,448,290,225	20%
2015	214,553,993	57,134,325	-	20,250,790	291,939,108	3.0	1,459,695,540	20%
2016	218,016,627	60,054,250	-	17,822,980	295,893,857	3.0	1,479,469,285	20%
2017	212,102,407	60,382,580	-	21,874,860	294,359,847	3.0	1,471,799,235	20%
2018	219,119,460	59,101,010	-	21,670,270	299,890,740	3.0	1,499,453,700	20%
2019	223,912,898	69,007,820	-	22,845,645	315,766,363	3.0	1,578,831,815	20%
2020	228,111,681	64,173,005	-	25,747,245	318,031,931	3.0	1,590,159,655	20%
2021	230,775,142	71,261,870	-	25,079,005	327,116,017	3.0	1,635,580,085	20%

Source: Pulaski County Tax Assessor.

Note: Tax rates are per \$1,000 of assessed value.

Note: Tax collections shown do not include Act 9 Real Estate Valuations.

Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts. Both are considered personal PSC accounts

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX RATES AND TAX LEVIES OF DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Table 8

Local Tax Rates Per \$1,000 Assessed Value

Year	Jacksonville		Pulaski County		Pulaski County Special School District		Jacksonville North Pulaski School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2012	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2013	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2014	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2015	3.00	3.00	10.10	10.10	40.70 (1)	40.70 (1)	-	-	50.80	50.80
2016	3.00	3.00	10.10	10.10	-	-	(2) 40.70	40.70	50.80	50.80
2017	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40
2018	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40
2019	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40
2020	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40
2021	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40

Tax Levies

2012	\$	1,216,108	\$	49,084,104	\$	100,584,377	\$	-	\$	156,811,691
2013		1,253,591		50,553,806		105,004,294		-		162,634,409
2014		1,289,033		52,080,512		109,264,864		-		69,343,032
2015		1,299,180		53,185,616		14,858,236		-		56,492,623
2016		1,316,778		55,175,845		-		18,017,117		75,443,503
2017		1,309,974		55,667,587		-		18,465,942		77,969,963
2018		1,334,609		57,637,586		-		18,997,768		77,969,963
2019		1,405,292		59,806,627		-		19,920,435		81,132,354
2020		1,415,374		61,248,395		-		20,223,612		82,887,381
2021		1,455,803		63,187,101		-		20,956,773		85,599,677

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year.

Note (1): In 2015 a new school district was established, the Jacksonville North Pulaski School District, and 2015 tax rates and levies reflect amounts for the new school district.

Note (2): In July 2016 the new Jacksonville North Pulaski School District opened for classes.

Taxes are due and payable on or before October 10th. Taxes are recorded as delinquent after October 10th and a 10% penalty is added.

State statutory limits on City tax rate:

General operation	5 mills
General improvement bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pension and policemen's pension	1 mill each

CITY OF JACKSONVILLE, ARKANSAS

PRINCIPAL SALES TAXPAYERS
DECEMBER 31, 2021

Table 9

The City of Jacksonville, Arkansas' largest own-source revenue is sales taxes. The City's sale taxes revenues are generated from two separate tax levies: a two cent city tax based on point of sale and a portion of the county's one cent tax based on population. Taxes are assessed based on the point of sale. The City of Jacksonville makes up approximately 8.28% of the county population and receives a like portion of the county tax. In 2021, the two cent city sales tax generated revenue of \$10,337,376. The City's share of the county 1-cent tax generated revenue of \$7,804,933.

According to Arkansas State Statute, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Jacksonville is not able to identify the top 10 taxpayers. However, Jacksonville enjoys a diverse economic sales tax base.

Jacksonville Top Ten 2 Cent Sales Taxpayers Industries	Tax Collected	% of Total
Retail Trade	\$ 6,137,452	59.8%
Wholesale Trade	1,283,626	12.5%
Accommodations and Food Services	881,538	8.6%
Information and Cultural Industries	379,177	3.7%
Rental, Leasing and Real Estate	289,594	2.8%
Manufacturing	263,507	2.6%
Other Services (except Public Administration)	247,295	2.4%
Utilities	245,502	2.4%
Admin & Support & Waste Mngmt & Remediation Services	214,213	2.1%
Automobile	188,501	1.8%
Totals	\$ 10,130,404	98.6%

Jacksonville Top Ten 1 Cent County Sales Taxpayers Industry	Collected	% of Total
Retail Trade	\$ 4,421,828	51.8%
Accommodations and Food Services	914,685	10.7%
Wholesale Trade	884,735	10.4%
Manufacturing	509,999	6.0%
Utilities	455,315	5.3%
Information and Cultural Industries	341,300	0.0%
Rental, Leasing and Real Estate	314,858	3.7%
Other Services (except Public Administration)	284,977	3.3%
Admin & Support & Waste Mngmt & Remediation Services	240,377	2.8%
Automobile	105,420	1.2%
Totals	\$ 8,473,495	95.2%

Source: Arkansas Department of Finance and Administration, Revenue Division (DFA), Sales and Use Tax Section.

Note: DF&A will not supply "Taxable Sales". Therefore, taxable sales are based on "Tax Collected" divided by 2%, the tax rate for the corresponding year.

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Table 10

Year	Total Tax Levy in Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 1,212,353	\$ 1,049,855	86.60%	\$ 102,969	\$ 1,152,824	95.09%
2013	1,216,108	1,056,117	86.84%	89,448	1,145,565	94.20%
2014	1,253,591	1,101,934	87.90%	90,277	1,192,211	95.10%
2015	1,289,033	1,124,222	87.21%	88,624	1,212,846	94.09%
2016	1,299,180	1,120,679	86.26%	83,517	1,204,196	92.69%
2017	1,316,778	1,110,770	84.36%	82,084	1,192,854	90.59%
2018	1,309,974	1,114,212	85.06%	100,976	1,215,188	92.76%
2019	1,334,609	1,141,963	85.57%	91,323	1,233,286	92.41%
2020	1,405,292	1,167,449	83.08%	139,184	1,306,633	92.98%
2021	1,415,374	1,205,383	85.16%	103,187	1,308,570	92.45%

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year. Data is not available to show the current level by year of outstanding delinquent taxes.

CITY OF JACKSONVILLE, ARKANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Notes Payable				
2012	\$ 1,785,000	\$ -	\$ 3,011,700	\$ 2,516,526	\$ 1,037,081	\$ 8,350,307	1.39%	\$ 394.68	
2013	1,579,017	-	5,038,839	2,429,113	771,818	9,818,787	1.70%	482.35	
2014	1,404,381	-	4,104,899	2,075,153	475,337	8,059,770	1.40%	395.94	
2015	1,194,520	8,849,418 (2)	-	74,958	216,842	1,486,320	0.26%	72.57	
2016	970,126	8,343,237	-	54,958	-	9,368,322	1.68%	477.37	
2017	735,732	7,521,374	-	621,185	-	8,878,292	1.54%	437.14	
2018	490,139	7,004,038	-	633,710	-	8,127,887	1.36%	384.86	
2019	230,041	6,470,439	-	463,223	-	7,163,702	1.14%	323.48	
2020	-	13,870,411 (3)	-	305,346	-	14,175,756	2.10%	618.11	
2021	-	7,868,374 (3)	-	145,005	-	8,013,379	1.19%	349.41	

Note: Details regarding the City's outstanding debt can be found in Note 4 to the basic financial statements.

- (1) See the Schedule of Demographic and Economic Statistics for the personal income and population data.
- (2) In 2015, the City issued \$8,815,000 of Capital Improvement and Refunding Revenue Bonds to renovate the Central Fire Station and Splash Zone (City Water Park), to purchase three new fire trucks, to replace playground and exercise equipment, to construct a roundabout at General Samuels and Harris Roads and to refund the City's outstanding short-term loans.
- (3) In 2020, the City issued \$7,935,000 of Capital Improvement and Refunding Revenue Bonds to refund the 2015 Capital Improvement Refunding Revenue Bonds, remodel the courts building, construct new City Mechanic shop, repair roof at public safety building, and purchase a shot curtain at the shooting range.

CITY OF JACKSONVILLE, ARKANSAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

Table 12

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property (1)	Per Capita (2)
2012	\$ 1,785,000	\$ 277,756	\$ 1,507,244	0.55%	\$ 53.14
2013	1,579,017	251,641	1,327,376	0.47%	46.80
2014	1,404,381	272,324	1,132,057	0.39%	39.91
2015	1,194,520	275,130	919,390	0.31%	32.41
2016	970,126	275,079	695,047	0.23%	24.50
2017	735,732	273,598	462,134	0.16%	16.29
2018	490,139	279,918	210,221	0.07%	7.41
2019	230,041	230,041	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in *Note 4* to the financial statements.

(1) See *Table 7*, Schedule of Assessed and Appraised Value of Taxable Property for property value data.

(2) See *Table 16*, Schedule of Demographic and economic Statistics for personal income and population data.

CITY OF JACKSONVILLE, ARKANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2021

Table 13

	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
Direct:			
City of Jacksonville	\$ 8,013,379	100%	\$ 8,013,379
Overlapping:			
Jacksonville North Pulaski School District	<u>40,897,938</u>	76% (1)	<u>31,082,433 (2)</u>
Total direct & overlapping debt	<u>\$ 48,911,317</u>		<u>\$ 39,095,812</u>

(1) Property value for city is \$230,775,142 while property value for the School District is \$304,600,415.
 Estimated percentage = 230.7 divided by 304.6 = 76%

(2) Share of outstanding debt = 64,370,000 X 76%

CITY OF JACKSONVILLE, ARKANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 68,317,198	\$ 70,423,335	\$ 72,414,511	\$ 72,984,777
Total net debt applicable to limit	<u>7,014,419</u>	<u>8,772,496</u>	<u>7,308,901</u>	<u>9,739,216</u>
Legal debt margin	<u>\$ 61,302,779</u>	<u>\$ 61,650,839</u>	<u>\$ 65,105,610</u>	<u>\$ 63,245,561</u>
Total net debt applicable to the limit as a percentage of debt limit	2.46%	10.27%	12.46%	10.09%

Note: Computation of the City's legal debt margin is set forth in Amendments 78 and 62 to the Constitution of the State of Arkansas.

- (1) General obligation debt is not to exceed 20% of assessed value.
- (2) Short-term financing debt is not to exceed 5% of assessed value.

Table 14

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 73,973,464	\$ 73,589,962	\$ 74,972,685	\$ 78,941,591	\$ 79,507,983	\$ 81,779,004
<u>8,732,284</u>	<u>7,534,343</u>	<u>7,472,668</u>	<u>6,731,895</u>	<u>12,168,583</u>	<u>6,067,435</u>
<u>\$ 65,241,180</u>	<u>\$ 66,055,619</u>	<u>\$ 67,500,017</u>	<u>\$ 72,209,695</u>	<u>\$ 67,339,399</u>	<u>\$ 75,711,569</u>
13.34%	11.80%	10.24%	8.53%	15.30%	7.42%

Legal Debt Margin Calculation for 2021

Assessed value	\$ 327,116,017
Debt limit:	
General obligation debt limitation (1)	65,423,203
Short-term financing debt limitation (2)	<u>16,355,801</u>
Total Debt Limitation	<u>81,779,004</u>
Debt applicable to limit:	
General obligation and short-term financing	8,013,379
Less: Amount set aside for repayment in debt service fund	<u>1,945,943</u>
Total net debt applicable to limit	<u>6,067,435</u>
Legal debt margin	<u>\$ 75,711,569</u>

CITY OF JACKSONVILLE, ARKANSAS

PLEGGED REVENUE BOND COVERAGE LAST TEN YEARS

Table 15

Governmental Activities Revenue Bonds*						
2015 Capital Improvement and Refunding Bond						
Fiscal Year	Pledged Revenues	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2015	\$ 1,262,049	\$ -	\$ 57,284	\$ 57,284	5%	
2016	1,105,865	500,000	224,136	724,136	65%	
2017	1,096,000	815,000	214,036	1,029,036	94%	
2018	1,078,449	520,000	193,061	713,061	66%	
2019	1,113,293	530,000	182,561	712,561	64%	
2020	1,109,300	540,000	171,861	711,861	64%	
2020 Capital Improvement and Refunding Bond						
Fiscal Year	Pledged Revenues	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2020	\$ 1,109,300	\$ -	\$ -	\$ -	0%	
2021	1,167,611	75,000	154,005	229,005	20%	

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

*Primary government pledged revenue bond coverage is presented starting with fiscal year 2015.

(1) 2015 Capital Improvement and Refunding Revenue Bonds are backed with a pledge of specific Utility Franchise fees.

(2) 2020 Capital Improvement and Refunding Revenue Bonds are backed with a pledge of specific Utility Franchise fees.

CITY OF JACKSONVILLE, ARKANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Table 16

Year	Population	Personal Income (thousands of dollars) (2)	Per Capita Income (2)	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment (3)	Unemployment Rate (4)
2012	28,364	(1) \$ 600,097	\$ 21,157	30.8	15.0%	5,333	(3) 8.0%
2013	28,364	(1) 577,378	20,356	31.2	15.0%	5,279	(3) 7.7%
2014	28,364	(1) 577,378	20,356	31.2	15.0%	5,144	(3) 6.1%
2015	28,364	(1) 580,895	20,480	31.2	18.6%	3,898	(5) 5.7%
2016	28,364	(1) 556,644	19,625	31.2	18.9%	4,062	(6) 4.1%
2017	28,364	(1) 576,073	20,310	31.9	19.2%	3,871	3.3%
2018	28,364	(1) 599,019	21,119	32.4	19.5%	3,886	4.2%
2019	28,364	(1) 628,149	22,146	33.1	18.6%	3,958	5.0%
2020	29,477	(7) 676,026	22,934	33.5	18.7%	3,457	7.6%
2021	29,477	(7) 713,019	24,189	33.5	21.8%	3,986	3.9%

Data Sources: Metroplan - Council of Local Governments, Pulaski County Special School District

- (1) 2010 Census
- (2) Metroplan provides per capita income. Personal Income is a calculation of per capita income multiplied by the population.
- (3) Pulaski County Special School District
- (4) Source: Arkansas Department of Workforce Services / www.discover.arkansas.gov
- (5) 2015 New division lines for Pulaski County Special School District excludes data from Adkins PreK, Cato Elementary, Northwood Elementary schools.
- (6) 2016 Jacksonville no longer is part of the Pulaski County Special School District. Jacksonville North Pulaski School District opened.
- (7) 2020 Census

CITY OF JACKSONVILLE, ARKANSAS

JACKSONVILLE AREA MAJOR EMPLOYERS CURRENT YEAR AND TEN YEARS

Table 17

<u>Employer</u>	<u>2021</u>			<u>2012</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
Little Rock Air Force Base	9,302	1	53.07%	14,446	1
Jacksonville North Pulaski School District	625	2	3.57%	-	-
Pathfinder, Inc	615	3	3.51%	900	2
Lomanco, Inc.	357	4	2.04%	194	7
Wal-Mart	315	5	1.80%	555	4
Sig Sauer	293	6	1.67%	-	-
City of Jacksonville	268	7	1.53%	277	6
First Arkansas Bank & Trust	267	8	1.52%	147	9
First Electric Co-op	228	9	0.00%	130	10
Lowes	145	10	0.83%	-	-
Wright's Cabinets, Inc	139	-	0.79%	-	-
Arkansas Federal Credit Union	12	-	0.07%	174	8
Pulaski County Special School District	-	-	0.00%	788	2
North Metro Medical Center	-	-	0.00%	450	5
	<u>12,566</u>		<u>70.39%</u>	<u>18,061</u>	

Sources: Jacksonville Chamber of Commerce
Discover Arkansas.net-Labor Force Statistics

CITY OF JACKSONVILLE, ARKANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN YEARS

Table 18

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government:										
General administration	12	12	12	12	12	10	10	10	10	10
City council	10	10	10	10	10	10	10	10	10	10
Mayor	2	2	2	2	1	1	1	2	2	2
City clerk	2	2	2	2	1	1	1	2	2	2
City attorney	2	2	2	2	1	1	1	2	2	2
District court	5	5	5	5	5	3	4	5	5	3
Director of administration	1	1	1	1	1	0	0	0	0	0
Information technology	2	2	2	1	1	1	1	3	3	3
Finance	7	8	7	6	6	6	6	7	6	6
Human resources	3	3	3	2	1	1	1	2	2	2
Fleet services	3	3	2	2	2	2	2	2	2	2
Public works										
Public works coordinator	1	1	1	1	1	1	1	1	1	1
Engineering	4	4	4	3	3	3	3	3	3	3
Code enforcement	4	4	4	4	4	3	2	5	3	3
Parks and recreation	40	55	35	34	45	34	64	55	55	45
Police	95	98	96	95	94	79	55	60	58	58
Fire	54	56	56	55	45	55	51	56	62	61
Emergency communication	14	15	12	11	10	13	9	10	14	10
Animal control	6	6	5	5	5	5	5	5	5	4
Total General Fund	<u>266</u>	<u>288</u>	<u>261</u>	<u>253</u>	<u>248</u>	<u>229</u>	<u>227</u>	<u>240</u>	<u>245</u>	<u>227</u>
Community Development	2	2	1	1	1	1	1	1	1	1
Emergency Medical Services	12	12	12	12	12	12	12	10	10	11
Public Works - Street	22	18	15	14	18	19	16	14	12	13
Sanitation	18	16	15	15	15	16	13	15	15	15
Total Other Funds	<u>54</u>	<u>48</u>	<u>43</u>	<u>42</u>	<u>46</u>	<u>48</u>	<u>42</u>	<u>40</u>	<u>38</u>	<u>40</u>
Total Personnel	<u>320</u>	<u>336</u>	<u>303</u>	<u>295</u>	<u>294</u>	<u>277</u>	<u>269</u>	<u>280</u>	<u>283</u>	<u>267</u>

Source: City's Human Resource Department

CITY OF JACKSONVILLE, ARKANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 19

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Planning and Development										
Total building permits issued	228	158	150	147	153	183	145	190	174	149
Estimated building cost	\$ 28,930,558	\$ 10,620,235	\$ 11,637,357	\$ 9,244,024	\$ 15,307,827	\$ 97,881,742	\$ 18,957,534	\$ 41,491,501	\$ 15,694,601	\$ 28,810,690
New commercial construction permits	3	9	3	1	6	13	8	4	6	4
Commercial construction value	\$ 16,653,110	\$ 5,335,457	\$ 5,273,746	\$ 380,000	\$ 2,126,400	\$ 87,803,785	\$ 9,564,888	\$ 26,265,314	\$ 3,505,844	\$ 8,755,302
New residential construction permits	102	32	39	43	41	63	36	56	51	40
Residential construction value	\$ 10,687,144	\$ 4,109,500	\$ 4,749,000	\$ 5,633,017	\$ 5,060,053	\$ 7,309,903	\$ 5,404,500	\$ 13,256,326	\$ 7,921,238	\$ 7,692,840
Police										
Number of uniformed employees	79	80	80	77	76	79	70	70	65	59
Call responses	48,167	49,659	45,587	55,199	51,263	42,804	43,266	40,031	37,528	53,485
Physical arrests	4,050	3,804	4,040	3,363	2,896	1,898	2,621	2,018	1,539	1,795
Parking/traffic violations	7,399	5,996	7,278	7,731	6,410	3,502	3,651	5,572	3,890	9,836
Clearance rate - violent crimes	44.0%	63.5%	56.7%	63.0%	59.0%	56.0%	59.0%	38.7%	61.0%	40.0%
Clearance rate - property crimes	44.8%	64.0%	44.5%	49.0%	37.0%	18.0%	35.0%	39.7%	29.0%	24.0%
Fire										
Number of uniformed employees	53	55	55	67	55	56	52	56	62	61
Fire alarms	3,129	4,141	3,752	4,485	4,699	5,035	5,308	5,558	6,101	6,252
EMS alarms	3,216	3,120	3,541	3,847	3,920	4,215	4,253	4,608	4,797	5,293
Fire losses	\$ 963,342	\$ 829,630	\$ 803,495	\$ 394,220	\$ 829,630	\$ 706,250	\$ 459,600	\$ 205,750	\$ 633,800	\$ 1,987,450
Fire savings	\$ 1,113,900	\$ 3,014,880	\$ 2,906,079	\$ 7,949,810	\$ 5,656,220	\$ 10,133,450	\$ 6,967,785	\$ 7,633,750	\$ 7,873,800	\$ 11,751,371
911 Communications										
Ambulance land line calls (1)(2)	1,447	1,404	1,593	1,731	980	1,054	1,063	1,152	1,199	1,323
Ambulance wireless calls (1)(2)	1,769	1,716	1,948	2,116	2,940	3,161	3,190	3,456	3,598	3,970
Fire land line calls (1)(2)	1,408	1,663	1,688	2,018	1,175	1,259	1,327	1,390	1,525	1,563
Fire wireless calls (1)(2)	1,721	2,278	2,064	2,467	3,524	3,776	3,981	4,169	4,576	4,689
Police land line calls (1)(2)	21,675	22,347	20,514	24,840	12,816	10,701	10,816	10,008	9,382	13,371
Police wireless calls (1)(2)	26,492	27,312	25,073	30,359	38,447	32,103	32,450	30,023	28,146	40,114
Animal Shelter										
Animals handled	1,762	1,563	1,507	1,500	1,503	1,723	1,668	1,720	1,562	1,698
Adoptions	564	595	795	1,032	1,125	1,236	1,180	1,012	1,044	1,010
Rescued and released to owners	419	374	324	324	296	329	299	361	354	339
Animal cruelty investigations	107	73	38	27	17	9	6	14	8	46
Animal bite investigations	33	35	40	40	40	40	18	8	21	29
Solid Waste/Garbage collection										
Solid waste disposal monthly service rate (3)	\$ 20.98	\$ 21.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.62	\$ 22.39	\$ 22.39	\$ 24.12	\$ 25.34
Refuse collected (cubic yards)	21,027	21,542	22,393	24,774	26,890	26,886	22,789	23,967	26,933	27,237
Recyclables collected, processed, and sold (tons)	609	579	612	557	524	531	557	384	505	363
Recycled yard waste (cubic yards)	32,910	33,456	34,529	30,636	31,830	38,352	30,636	30,054	34,962	28,854
Recycle drive-thru customers (4)	6,696	7,826	8,156	8,140	8,122	6,620	8,140	6,766	10,164	18,131
Public Works										
Asphalt milling (square yards)	8,308	15,513	13,286	7,314	11,600	10,000	7,390	21,025	0	0
Asphalt overlay (tons)	1,956	2,574	1,623	2,226	2,055	2,064	2,280	2,759	0	0
Right-of-way and ditch mowing (miles)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Ditch cleaning (linear feet)	22,322	22,322	22,240	18,422	20,299	27,856	30,582	30,582	14,655	849
Pipe/culvert installation (linear feet)	2,158	2,577	1,500	1,065	1,528	2,106	3,288	2,040	3,517	739
Storm drain culverts cleaned/flushed (feet)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500	2,500	2,500
Roadways cleaned with street sweeper (miles)	9,318	9,318	9,318	9,318	7,800	7,800	7,800	7,800	7,800	7,800
Potholes repaired	167	202	200	225	225	246	358	495	425	290
Parks and recreation										
Total recorded parks attendance	356,321	375,000	425,000	425,000	435,000	500,000	435,000	500,000	500,000	500,000
Community Center events booked	338	350	173	187	303	329	474	304	101	113
Pool parties-indoor pool	154	227	185	272	184	212	203	171	74	62
Pool parties-outdoor pool	122	113	112	126	92	127	118	97	36	66
Swim lessons	1,220	1,562	1,541	1,126	1,477	1,392	1,472	1,439	874	1,347
AG&FF Shooting Sports Complex (5)										
Total Events Held	-	-	-	-	79	87	60	60	60	52
Targets Thrown	-	-	-	-	1,200,000	1,300,000	1,200,000	1,200,000	620,975	1,045,175

Source: Various city departments

Note: Indicators are not available for the general government function.

(1) Beginning in 2011 the Total EMS/Fire/Police Calls= 45% (landline), 55% (Wireless)

(2) Beginning in 2016 the Total EMS/Fire/Police Calls= 25% (landline), 75% (Wireless)

(3) Solid Waste disposal was charged per cubic yard until 2012, then it was charged per ton.

(4) Decrease due to the County's new 2017 curbside recycling program

(5) Beginning in 2017 the Shooting Sports Complex became its own Enterprise Fund

CITY OF JACKSONVILLE, ARKANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 20

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	2	2	2	2	2	2	2
Patrol units	69	69	87	82	78	80	49	51	64	64
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	4	4	5	5	5	5	6	8	7	7
Ambulances	4	4	4	4	4	3	4	5	5	5
Refuse Collection										
Collection trucks	18	18	18	18	20	22	18	19	24	24
Public Works										
Miles of streets	121	121	121	123	123	124	124	124	125	125
Miles of highways	43	43	43	43	43	43	43	43	43	43
Traffic signals	24	24	17	17	16	16	18	18	18	18
Parks and Recreation										
Acreage	318	318	700	700	700	700	700	700	700	700
Number of parks	16	16	16	16	16	16	16	16	16	17
Number of playgrounds	11	11	11	11	11	11	11	11	11	11
Number of ball fields	11	11	11	11	11	11	11	11	11	11
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of community centers	2	2	2	3	3	3	3	2	2	2
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Number of pavilions	18	18	18	18	18	18	18	18	18	18

Source: Various City departments.

Note: No capital asset indicators are available for the general government.



Independent Accountant's Report on Compliance with Certain State Acts

Honorable Bob Johnson, Mayor
and Members of the City Council
City of Jacksonville, Arkansas
Jacksonville, Arkansas

We have examined management's assertions that the City of Jacksonville, Arkansas (City), complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2021.

- (1) Arkansas Municipal Accounting Law, §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.
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107

Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion 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 judgment, 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.

In our opinion, management's assertion that the City of Jacksonville, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2021, is fairly stated, in all material respects.

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

This report is intended solely for the information and use of the board of directors, management and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS, LLP

Little Rock, Arkansas
September 15, 2022

