

City of Texarkana, Arkansas

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023



Prepared By:
Finance Department

Laura Cowling
Interim Finance Director

City of Texarkana, Arkansas
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2023

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Introductory Section



CITY OF TEXARKANA ARKANSAS

FINANCE DEPARTMENT

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Honorable Mayor and Members
of the Board of Directors and
Citizens
City of Texarkana, Arkansas

The Annual Comprehensive Financial Report (ACFR) of the City of Texarkana, Arkansas (the City) for the year ended December 31, 2023, 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.

The report is published to provide the Board of Directors, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Forvis Mazars, LLP has issued unmodified opinions on the City of Texarkana, Arkansas' financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Texarkana, Arkansas was founded in 1873 and incorporated in 1880 and is located on the Arkansas – Texas state line in the southwest corner of the State of Arkansas. The City is 28 miles south of Oklahoma and 25 miles north of the Louisiana boundary line. The City currently occupies a land area of 42 square miles and serves a population of 29,172. The City of Texarkana, Arkansas is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Board of Directors.

The City of Texarkana, Arkansas operates under the city manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The Board of Directors is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Board of Directors, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Board of Directors is elected on a non-partisan basis. Board directors serve four-year staggered terms with three directors elected every two years. The mayor is elected to serve a four-year term. The six directors are elected by ward. The mayor is elected at large.

We are on the web @ www.txkusa.org/ar

The City of Texarkana, Arkansas provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; education; health and social services; planning and zoning; and general administrative services. Water and sewer distribution and collection activities are provided by Texarkana Water Utilities (TWU). The Arkansas activity of the Texarkana Water Utilities is accounted for as if it were part of the operations of the primary government. Texarkana, Arkansas Water Utilities is not a legally separate entity from the City. The Texarkana, Arkansas Water Utilities is included as an enterprise fund of the City with its fiscal year end of September 30, 2023.

The City of Texarkana, Arkansas is also financially accountable for a legally separate Advertising and Promotion Commission, which is reported separately within the City of Texarkana, Arkansas' financial statements.

Local Economy

Texarkana's economy relies on an industrial base that is strong and broadly diversified. Throughout the history of Texarkana, manufacturing employment has grown steadily with approximately 80% of the new jobs coming from expansions of existing industry and 20% from new plants. Employers such as Red River Army Depot, International Paper, and Domtar, Inc. have plants in the Texarkana area. These employers draw their workers from a population of more than 200,000 within a 30-mile radius of Texarkana. Once Interstate 49 connecting Shreveport, Louisiana, and Kansas City, Missouri, is complete, Texarkana will be a part of interstates connecting Canada, the United States, and Mexico (I-49 and I-69). In addition, Texarkana is served by the Union Pacific and Kansas City Southern railroads and the Texarkana Regional Airport, a full-service commercial facility.

Many developments have taken place in 2023 and 2024 within the City. Eighty-five certificates of occupancy were issued in 2023 and 48 have been issued so far in 2024. New construction projects are ongoing for a nursing home, Gregg Orr Auto Collection, Safe Storage, Dollar General, and 8 town homes. Major remodel projects are ongoing at the Pilot Travel Center, North Heights Junior High School, and Arkansas High School.

Relevant Financial Policies

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, risk management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Arkansas State Statutes and the City of Texarkana, Arkansas City Charter.

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 are generally recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on an accrual basis.

The annual budget serves as the foundation for the City of Texarkana, Arkansas' financial planning and control. All agencies of the City of Texarkana, Arkansas are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Board of Directors for review prior to December 1. Prior to February 1, the budget is legally enacted through passage of a resolution. The appropriated budget is prepared by fund, function (*e.g.*, public safety), and department, (*e.g.*, police). The City Manager may make transfers of appropriations between departments within any

fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Public Works Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information section of this report.

Long Term Financial Plans

The City has three outstanding bonds. The bonds are comprised of various issues for the purpose of capital improvements for the police department, fire department, streets department, public infrastructure, the Crossroads Business Park, and Economic Development. Bonds outstanding at December 31, 2023, are as follows:

	Interest Rates	Final Maturity Date	Principal at December 31, 2023
General Obligation Bond, Series 2012	2.00% - 5.00%	February 1, 2042	\$ 4,490,000
Revenue Bond, Series 2018	2.00% - 3.625%	April 1, 2032	1,550,000
Revenue Bond, Series 2021 A & B	0.50% - 2.785%	January 19, 2040	10,170,000
			<u>\$ 16,210,000</u>

Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Texarkana, Arkansas for its annual comprehensive annual financial report (ACFR) for the fiscal year ended December 31, 2022. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Acknowledgements: The preparation of this report would not have been made possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Directors for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,

Laura Cowling

Laura Cowling
Interim Finance Director

October 31, 2024



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Texarkana
Arkansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

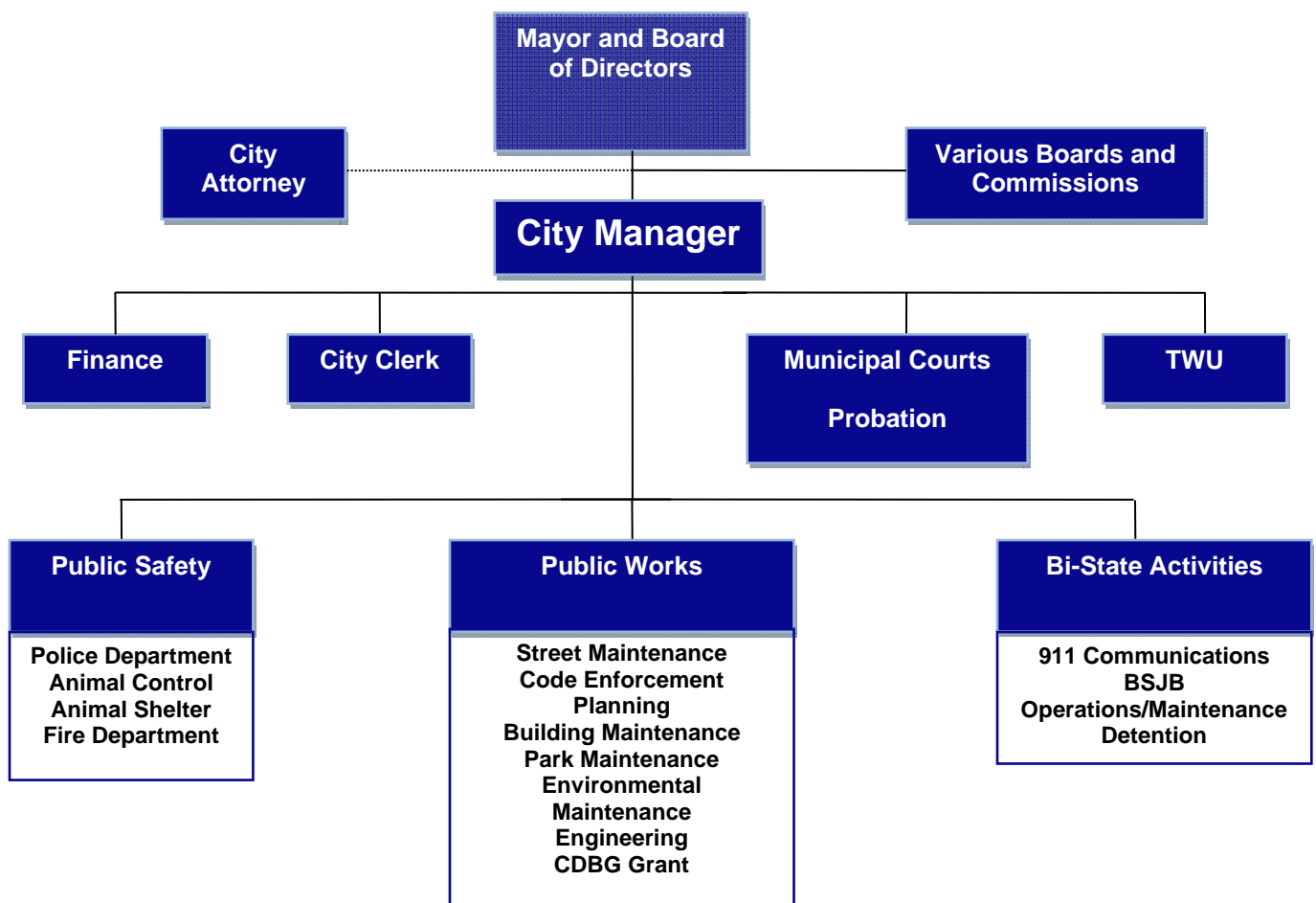
December 31, 2022

Christopher P. Morrell

Executive Director/CEO



CITY OF TEXARKANA, ARKANSAS ORGANIZATIONAL CHART



City of Texarkana, Arkansas

Elected Officials:

Allen L. Brown	Mayor
Terry Roberts	Director – Ward 1
Laney J. Harris	Director – Ward 2
Steven Hollibush	Assistant Mayor, Director – Ward 3
Ulysses Brewer	Director – Ward 4
Danny Jewell	Director – Ward 5
Jeff Hart	Director – Ward 6
Tommy Potter	District Court Judge

Appointed Officials:

Tyler Richards	City Manager
Josh Potter	City Attorney

Financial Section

Independent Auditor's Report

Honorable Mayor, Acting City Manager
and Members of the Board of Directors
City of Texarkana, Arkansas
Texarkana, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Texarkana, Arkansas, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Public Works, and American Rescue Plan Act funds 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 Texarkana Airport Authority, a joint venture of the City included in the governmental activities opinion unit. The City's investment in Texarkana Airport Authority reported at December 31, 2023 is \$21,797,336, which includes a current year increase of \$3,877,727. We also did not audit the financial statements of Texarkana Urban Transit District included in the governmental activities opinion unit. The City's investment in Texarkana Urban Transit District reported at December 31, 2023 is \$885,622, which includes a current year increase of \$6,717. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Texarkana Airport Authority and Texarkana Urban Transit District, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Rogers, Arkansas
October 31, 2024**

City of Texarkana, Arkansas

Management's Discussion and Analysis

December 31, 2023

As management of the City of Texarkana, Arkansas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Texarkana, Arkansas exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,011,545 (net position).
- The City's total net position increased by \$6,684,979 from operations during fiscal year 2023.
- Governmental funds reported combined ending fund balances of \$13,202,659.
- At the end of the current fiscal year, unassigned fund balance was \$6,552,640.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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 condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (*e.g.*, uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 administration, police department, fire department, protective inspection, public works, public service, health and welfare, and cultural and recreation. The business-type activities of the City include water and sewer operations.

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

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

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

The City maintains 18 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Works Fund and American Rescue Plan Act Fund, which are considered to be major funds. Data from the other 15 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Public Works, and American Rescue Plan Act Fund. Budgetary comparison statements have been provided for the General Fund, the Public Works and American Rescue Plan Act Fund to demonstrate compliance with these budgets.

Proprietary Funds - The City maintains three enterprise proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Texarkana, Arkansas Water Utilities since it is considered to be a major fund of the City. Individual fund data for the two non-major proprietary funds are provided in the form of combining statements elsewhere in this report. These statements are as of September 30, 2023, which is the year-end for the proprietary funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of 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 of Texarkana, Arkansas' own programs.

The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three pension trust funds and two custodial funds. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 postemployment benefits (OPEB) to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Texarkana, Arkansas, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,011,545 as of December 31, 2023. The largest portion of the City's net position, 79% (\$56,847,910), reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, infrastructure, water rights, construction in progress, and lease assets), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position represents resources that are subject to restriction on how they may be used. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 50,133,515	\$ 49,588,373	\$ 29,987,912	\$ 9,717,933	\$ 80,121,427	\$ 59,306,306
Capital and lease assets	40,317,053	37,258,252	50,110,713	51,029,718	90,427,766	88,287,970
Other assets	-	309,442	2,224,925	2,088,456	2,224,925	2,397,898
Total assets	90,450,568	87,156,067	82,323,550	62,836,107	172,774,118	149,992,174
Deferred outflows of resources	10,433,031	4,946,419	1,656,916	569,787	12,089,947	5,516,206
Long-term liabilities	57,261,102	48,085,207	41,216,829	18,754,172	98,477,931	66,839,379
Other liabilities	7,293,387	9,924,154	3,466,309	3,337,892	10,759,696	13,262,046
Total liabilities	64,554,489	58,009,361	44,683,138	22,092,064	109,237,627	80,101,425
Deferred inflows of resources	3,274,933	8,624,343	339,960	1,456,046	3,614,893	10,080,389
Net position:						
Net investment in capital assets	21,914,550	17,630,352	34,933,360	34,862,939	56,847,910	52,493,291
Restricted	3,641,478	5,280,024	2,224,925	2,088,456	5,866,403	7,368,480
Unrestricted	7,498,149	2,558,406	1,799,083	2,906,389	9,297,232	5,464,795
Total net position	\$ 33,054,177	\$ 25,468,782	\$ 38,957,368	\$ 39,857,784	\$ 72,011,545	\$ 65,326,566

Analysis of the City's Operations - The following table provides a summary of the City's operations for the year ended December 31, 2023. Governmental activities increased the City's net position by \$7,585,395. From 2022 to 2023 revenues increased by \$5,017,824 and expenses increased by \$7,615,578. The increase in revenue can be attributed to the increases in operating grants and contributions and property taxes. The \$7,615,578 increase in expenses can be attributed to an increase in general administration, police, and fire department expenses.

In addition, deferred outflows for the governmental-type activities increased by \$5,486,612 while the deferred inflows decreased \$5,349,410, due to the annual activity within the various pension and other postemployment benefit plans of the City, which are shown in detail within *Notes 10* and *12*. Long term liabilities for the governmental activities increased \$9,175,895 due to the increase in net pension liabilities and for the business-type activities increased by \$22,462,657 due to issued bonds. Additional information on the City of Texarkana, Arkansas' debt can be found in *Note 6* of this report.

City of Texarkana, Arkansas Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,798,012	\$ 6,285,949	\$ 12,395,361	\$ 10,685,204	\$ 19,193,373	\$ 16,971,153
Operating grants and contributions	8,679,856	7,204,134	-	-	8,679,856	7,204,134
Capital grants and contributions	487,840	394,939	241,335	8,765	729,175	403,704
General revenues:						
Property taxes	5,555,834	4,836,599	-	-	5,555,834	4,836,599
Other taxes	17,334,139	17,932,377	-	-	17,334,139	17,932,377
Other revenue	3,530,927	714,786	94,637	67,753	3,625,564	782,539
Total revenues	42,386,608	37,368,784	12,731,333	10,761,722	55,117,941	48,130,506
Expenses:						
General administration	5,686,228	3,234,460	-	-	5,686,228	3,234,460
Police department	9,087,473	8,277,318	-	-	9,087,473	8,277,318
Fire department	6,674,554	5,252,500	-	-	6,674,554	5,252,500
Other public safety	2,100,099	1,233,710	-	-	2,100,099	1,233,710
Protective inspection	591,121	458,665	-	-	591,121	458,665
Public works	7,952,617	6,582,936	-	-	7,952,617	6,582,936
Public services	25,934	70,473	-	-	25,934	70,473
Health and welfare	549,787	489,148	-	-	549,787	489,148
Cultural and recreation	2,002,982	1,484,920	-	-	2,002,982	1,484,920
Interest on long-term debt	576,213	547,300	-	-	576,213	547,300
Water and sewer	-	-	13,314,999	11,436,013	13,314,999	11,436,013
	35,247,008	27,631,430	13,314,999	11,436,013	48,562,007	39,067,443
Increase (decrease) in net position before transfers	7,139,600	9,737,354	(583,666)	(674,291)	6,555,934	9,063,063
Transfers	445,795	428,275	(316,750)	(273,679)	129,045	154,596
Increase (decrease) in net position	7,585,395	10,165,629	(900,416)	(947,970)	6,684,979	9,217,659
Net position - beginning of year	25,468,782	15,303,153	39,857,784	40,805,754	65,326,566	56,108,907
Net position - end of year	\$ 33,054,177	\$ 25,468,782	\$ 38,957,368	\$ 39,857,784	\$ 72,011,545	\$ 65,326,566

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds - The focus of the City of Texarkana, Arkansas' 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.

At the end of the current fiscal year, the City of Texarkana, Arkansas' governmental funds reported combined ending fund balances of \$13,202,659.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$6,604,310. Unassigned fund balance represents approximately 27.4% of the total General Fund expenditures. There are 100 days of expenditures in unassigned fund balance, representing a decrease of 34 days from 2022.

For the City's General Fund, from 2022 to 2023, total revenue decreased by 0.17% due to a decrease in intergovernmental revenue, which was offset by an increase in property tax and sales tax due to increased sales which are related to upward trend in the economy and total expenditures increased by 8.9% due to an increase in general government expenditures and capital outlay. The City's General Fund balance decreased by \$1,788,810 and resulted in an ending fund balance of \$7,519,147.

For the City's Public Works Fund, from 2022 to 2023, total revenue increased by 4.12% primarily due to an increase in charges for services. Total expenditures increased by 4.9% due to an overall increase in public works and capital outlay expenditures. The Public Works Fund reported a net increase in fund balance of \$76,082, which resulted in an ending fund balance of \$1,563,766.

The City's American Rescue Plan Act Fund was set up in 2022 to account for the funding received from the U.S. Department of Treasury under the Coronavirus State and Local Fiscal Recovery Funds. The American Rescue Plan Act Fund reported no change in fund balance for the year which resulted in an ending fund balance of \$0.

Proprietary funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of Texarkana, Arkansas Water Utilities at the end of the year amounted to \$1,232,802. The total decrease in net position for Texarkana, Arkansas Water Utilities was \$1,202,304. The decrease for the Texarkana, Arkansas Water Utilities was primarily attributable to increase in expenses.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the Board of Directors. Overall, actual results reflected a net increase and negative change in fund balance of \$1,788,810 or ending fund balance of \$7,519,147. Significant variances between the final amended budget and actuals occurred as a result of various factors and reflected a net increase in fund balance of \$534,968 over the final budget. This is mostly a result of expenditures being under budget by \$246,215 and revenues being under budget by \$157,207. This was offset by other financing uses being under budget by \$445,960. Capital Outlay expenditures were under budget by \$149,128. This is primarily due to various budgeted capital outlay projects that were not completed during 2023 due to time constraints or planned multi-year projects. General government expenditures were under budget by \$237,949. Total revenues were over budget due to franchise fee revenue being under budget by \$347,081 and property taxes being over budget by \$211,844.

Capital and Lease Assets

The City of Texarkana, Arkansas' investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$90,427,766 (net of accumulated depreciation and amortization expense). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, water rights, construction in progress, and lease assets.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,563,907	\$ 2,563,907	\$ 832,844	\$ 832,844	\$ 3,396,751	\$ 3,396,751
Buildings	5,002,700	5,638,871	630,472	771,619	5,633,172	6,410,490
Improvements other than buildings	2,352,682	2,224,980	28,132,139	29,196,718	30,484,821	31,421,698
Machinery and equipment	5,482,363	4,754,226	1,865,858	1,828,359	7,348,221	6,582,585
Infrastructure	21,104,196	18,118,101	-	-	21,104,196	18,118,101
Right to use assets	510,391	435,471	-	-	510,391	435,471
Water rights	-	-	17,784,128	17,784,128	17,784,128	17,784,128
Construction in progress	3,300,814	3,522,696	865,272	616,050	4,166,086	4,138,746
Total	<u>\$ 40,317,053</u>	<u>\$ 37,258,252</u>	<u>\$ 50,110,713</u>	<u>\$ 51,029,718</u>	<u>\$ 90,427,766</u>	<u>\$ 88,287,970</u>

Major capital asset additions for the governmental activities and business-type activities during 2023 included approximately \$3.3 million and \$865 thousand respectively for various construction in progress projects. The increase in governmental activities is due to investments in buildings, machinery and equipment. The decrease in capital assets for business-type activities is due to depreciation expense exceeding capital purchases in the current year. Additional information on the City of Texarkana, Arkansas' capital assets can be found in *Note 3* of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the governmental activities of the City of Texarkana, Arkansas had total bonded debt of \$16,387,522. Of this amount, \$4,650,816 comprises bonded debt backed by the full faith and credit of the government and \$11,736,706 represents bonds secured solely by franchise fees charged to public utilities for the privilege of using the City's streets and right-of-ways. Business-type activities long-term debt of \$23,723,491 represents bonds secured solely by water and sewer revenues.

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds, net	\$ 4,650,816	\$ 5,439,280	\$ -	\$ -	\$ 4,650,816	\$ 5,439,280
Revenue bonds, net	11,736,706	12,462,478	23,723,491	3,208,778	35,460,197	15,671,256
Total	<u>\$ 16,387,522</u>	<u>\$ 17,901,758</u>	<u>\$ 23,723,491</u>	<u>\$ 3,208,778</u>	<u>\$ 40,111,013</u>	<u>\$ 21,110,536</u>

The City has a rating Aa3 from Moody's Investors Service for general obligation and revenue bonds.

Additional information of the City of Texarkana, Arkansas' long-term obligations can be found in *Note 5* of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In order to offset salary increase and associated benefits since 1996, the City has collected a special 0.25% sales tax for both the Police and Fire departments. The board of directors adopted competitive pay ordinances for both the Police and Fire departments, ordinances 18-2019 and 19-2019, in order to regain control of determining the amount and timing of COLA increases.

The cost of housing inmates continues to be an issue for the City and will continue to be a budget issue for 2024 and beyond.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Laura Cowling, Interim Finance Director, at P.O. Box 2711, Texarkana, Arkansas 75504, call 870.779.4954, or email Laura.Cowling@txkusa.org.

Basic Financial Statements

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

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Texarkana Advertising & Promotion
Assets				
Cash	\$ 8,893,409	\$ 2,614,631	\$ 11,508,040	\$ 1,079,029
Investments	1,724,090	743,985	2,468,075	-
Accounts receivable, net of allowance				
Property taxes	6,173,882	-	6,173,882	-
Accounts	367,983	1,268,590	1,636,573	-
Other government agencies	3,606,022	225,765	3,831,787	-
Accrued interest	-	154	154	-
Other	18,406	-	18,406	139,022
Due from primary government	-	-	-	7,555
Internal balances	14,426	-	14,426	-
Inventories	-	418,961	418,961	-
Prepaid items	88,267	98,134	186,401	-
Restricted assets				
Cash	5,079,012	22,285,603	27,364,615	-
Investments	-	102,665	102,665	-
Accounts receivable	-	6,602	6,602	-
Prepaid capital improvement deposits	-	646,505	646,505	-
Net investment in direct financing lease:				
Due within one year	-	397,189	397,189	-
Due in more than one year	-	1,179,128	1,179,128	-
Investment in joint ventures	24,168,018	-	24,168,018	-
Capital assets				
Lease assets, net	510,391	-	510,391	-
Non-depreciable	5,864,721	19,482,244	25,346,965	126,850
Depreciable, net	33,941,941	30,628,469	64,570,410	326,460
Net pension asset	-	2,224,925	2,224,925	-
Total assets	90,450,568	82,323,550	172,774,118	1,678,916
Deferred Outflows of Resources				
Deferred outflows - pension	7,345,798	1,249,391	8,595,189	-
Deferred outflows - pension contributions	2,005,802	390,770	2,396,572	-
Deferred outflows - other postemployment benefits	543,243	16,755	559,998	-
Deferred outflows - bond refunding	538,188	-	538,188	-
Total deferred outflows of resources	10,433,031	1,656,916	12,089,947	-

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Texarkana Advertising & Promotion
Liabilities				
Accounts payable	\$ 1,628,253	\$ 322,482	\$ 1,950,735	\$ 154,425
Accrued liabilities	488,766	436,843	925,609	-
Due to other governments	201,385	1,045,060	1,246,445	-
Due to fiduciary funds	587,590	-	587,590	-
Due to component units	7,555	-	7,555	-
Customer deposits	-	594,957	594,957	-
Capital improvement deposits	-	511,976	511,976	-
Unearned revenue	4,353,128	-	4,353,128	-
Other liabilities	26,710	554,991	581,701	-
Long-term liabilities				
Due within one year:				
Bonds payable	1,010,000	1,053,454	2,063,454	-
Installment loans payable	158,733	-	158,733	-
Lease payable	168,783	-	168,783	-
Accrued compensated absences	176,895	39,166	216,061	-
Contracts payable	-	177,197	177,197	-
Total other postemployment benefits liability	198,741	-	198,741	-
Due in more than one year				
Bonds payable, net	15,376,892	22,670,037	38,046,929	-
Installment loans payable	1,121,088	-	1,121,088	-
Lease payable	347,917	-	347,917	-
Accrued compensated absences	1,741,248	190,033	1,931,281	-
Net pension and total other postemployment benefits liability	36,960,805	3,422,009	40,382,814	-
Contracts payable	-	13,664,933	13,664,933	-
Total liabilities	64,554,489	44,683,138	109,237,627	154,425
Deferred Inflows of Resources				
Deferred inflows - pension	2,099,617	15,846	2,115,463	-
Deferred inflows - other postemployment benefits	1,175,316	324,114	1,499,430	-
Total deferred inflows of resources	3,274,933	339,960	3,614,893	-
Net Position				
Net investment in capital assets	21,914,550	34,933,360	56,847,910	453,310
Restricted				
General administration	12,835	-	12,835	-
Police department	5,683	-	5,683	-
Fire department	68,401	-	68,401	-
Public works	-	-	-	-
Pension	-	2,224,925	2,224,925	-
Animal Shelter	-	-	-	-
Cultural and recreation	119,785	-	119,785	1,071,181
Debt service	3,434,774	-	3,434,774	-
Unrestricted	7,498,149	1,799,083	9,297,232	-
Total net position	\$ 33,054,177	\$ 38,957,368	\$ 72,011,545	\$ 1,524,491

City of Texarkana, Arkansas
Statement of Activities
Year Ended December 31, 2023

						Net (Expense) Revenue and Changes in Net Position			
		Program Revenues				Primary Government			Component Unit
Functions/Programs		Charges for	Operating	Capital					Texarkana
Primary Government	Expenses	Services	Grants and	Grants and	Governmental	Business-Type	Total		Advertising
			Contributions	Contributions	Activities	Activities			& Promotion
Governmental Activities									
General administration	\$ 5,686,228	\$ 239,748	\$ 1,502,553	\$ 136,970	\$ (3,806,957)	\$ -	\$ (3,806,957)		
Police department	9,087,473	614,581	371,614	-	(8,101,278)	-	(8,101,278)		
Fire department	6,674,554	-	-	-	(6,674,554)	-	(6,674,554)		
Other public safety	2,100,099	-	821,270	-	(1,278,829)	-	(1,278,829)		
Protective inspection	591,121	-	-	-	(591,121)	-	(591,121)		
Public works	7,952,617	5,937,237	1,798,508	-	(216,872)	-	(216,872)		
Public services	25,934	6,446	3,928,080	350,870	4,259,462	-	4,259,462		
Health and welfare	549,787	-	-	-	(549,787)	-	(549,787)		
Cultural and recreation	2,002,982	-	257,831	-	(1,745,151)	-	(1,745,151)		
Interest on long-term debt	576,213	-	-	-	(576,213)	-	(576,213)		
Total governmental activities	35,247,008	6,798,012	8,679,856	487,840	(19,281,300)	-	(19,281,300)		
Business-Type Activities									
Texarkana Water Utilities	13,314,999	12,395,361	-	241,335	-	(678,303)	(678,303)		
Total business-type activities	13,314,999	12,395,361	-	241,335	-	(678,303)	(678,303)		
Total primary government	\$ 48,562,007	\$ 19,193,373	\$ 8,679,856	\$ 729,175	(19,281,300)	(678,303)	(19,959,603)		
Component Unit									
Texarkana Advertising & Promotion	\$ 1,361,830	\$ -	\$ -	\$ -					\$ (1,361,830)

Functions/Programs Primary Government		Net (Expense) Revenue and Changes in Net Position						
		Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Texarkana Advertising & Promotion
Expenses								
	General revenues							
	Property taxes				\$ 5,555,834	\$ -	\$ 5,555,834	\$ -
	Sales taxes				13,965,036	-	13,965,036	-
	Franchise taxes				3,234,319	-	3,234,319	-
	Other taxes				134,784	-	134,784	1,538,562
	Unrestricted investment earnings				47,643	94,637	142,280	499
	Loss on disposal of capital assets				(20,365)	-	(20,365)	-
	Miscellaneous				568,829	-	568,829	599
	Intergovernmental				2,934,820	-	2,934,820	-
	Transfers				445,795	(316,750)	129,045	-
	Total general revenues and transfers				26,866,695	(222,113)	26,644,582	1,539,660
	Change in Net Position				7,585,395	(900,416)	6,684,979	177,830
	Net Position, Beginning of Year				25,468,782	39,857,784	65,326,566	1,346,661
	Net Position, End of Year				\$ 33,054,177	\$ 38,957,368	\$ 72,011,545	\$ 1,524,491

City of Texarkana, Arkansas

Balance Sheet

Governmental Funds

December 31, 2023

	General	Public Works	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 4,256,784	\$ 1,851,502	\$ 4,636,625	\$ 3,227,510	\$ 13,972,421
Investments	601,748	-	-	1,122,342	1,724,090
Receivables					
Property taxes, net of allowance for uncollectible accounts of \$340,209	4,012,078	37,876	-	2,123,928	6,173,882
Accounts	367,983	-	-	-	367,983
Other government agencies	2,908,635	651,545	-	45,842	3,606,022
Other	1,185	17,189	-	32	18,406
Due from other funds	348,110	238,754	-	10,672	597,536
Prepaid items	61,456	25,773	-	1,038	88,267
Total assets	<u>\$ 12,557,979</u>	<u>\$ 2,822,639</u>	<u>\$ 4,636,625</u>	<u>\$ 6,531,364</u>	<u>\$ 26,548,607</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 301,981	\$ 1,168,414	\$ 29,830	\$ 128,028	\$ 1,628,253
Accrued liabilities	271,716	27,243	-	8,484	307,443
Due to other governments	201,381	-	-	4	201,385
Due to other funds	574,465	12,609	264,090	319,536	1,170,700
Due to component units	-	-	-	7,555	7,555
Unearned revenue	10,423	-	4,342,705	-	4,353,128
Other liabilities	-	26,710	-	-	26,710
Total liabilities	<u>1,359,966</u>	<u>1,234,976</u>	<u>4,636,625</u>	<u>463,607</u>	<u>7,695,174</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	<u>3,678,866</u>	<u>23,897</u>	<u>-</u>	<u>1,948,011</u>	<u>5,650,774</u>
Total deferred inflows of resources	<u>3,678,866</u>	<u>23,897</u>	<u>-</u>	<u>1,948,011</u>	<u>5,650,774</u>
Fund Balances (Deficit)					
Nonspendable					
Prepaid items	61,456	25,773	-	1,038	88,267
Restricted					
Police department	-	-	-	19,453	19,453
Fire department	-	-	-	84,198	84,198
Public works	-	-	-	1,250,702	1,250,702
Debt service	-	-	-	2,298,811	2,298,811
Animal Shelter	14,235	-	-	-	14,235
Cultural and recreation	-	-	-	57,395	57,395
Committed					
Public works	-	329,956	-	-	329,956
Cultural and recreation	10,723	-	-	-	10,723
Assigned					
Police department	36,496	-	-	-	36,496
Other public safety	761,635	-	-	-	761,635
Public works	30,292	1,208,037	-	459,819	1,698,148
Unassigned	<u>6,604,310</u>	<u>-</u>	<u>-</u>	<u>(51,670)</u>	<u>6,552,640</u>
Total fund balances	<u>7,519,147</u>	<u>1,563,766</u>	<u>-</u>	<u>4,119,746</u>	<u>13,202,659</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 12,557,979</u>	<u>\$ 2,822,639</u>	<u>\$ 4,636,625</u>	<u>\$ 6,531,364</u>	<u>\$ 26,548,607</u>

City of Texarkana, Arkansas
Balance Sheet (Continued)
Governmental Funds
December 31, 2023

Total fund balances - total governmental funds \$ 13,202,659

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

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds. 40,317,053

Deferred inflows and outflows of resources related to pensions and total other postemployment benefits and bond refundings are not due and payable in the current period and, therefore, are not reported in the funds. 7,158,098

The City's equity investment in joint ventures is not a financial resource and is, therefore, not reported in the funds. 24,168,018

Other long-term assets, such as property tax receivables, are not available to pay for current-period expenditures and, therefore, are presented as deferred inflows in the funds. 5,650,774

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:

Accrued interest payable (181,323)

Accrued compensated absences (1,918,143)

Net pension and total other postemployment benefits liability (37,159,546)

Bonds payable, net of unamortized premiums (16,386,892)

Lease payable (516,700)

Obligations under installment loans (1,279,821)

Total net position - governmental activities \$ 33,054,177

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

	General	Public Works	American Rescue Plan Fund	Other Governmental Funds	Total
Revenues					
Property taxes	\$ 3,244,344	\$ 135,356	\$ -	\$ 1,687,474	\$ 5,067,174
Sales taxes	13,263,331	701,705	-	-	13,965,036
Other taxes	134,784	-	-	-	134,784
Utility franchise	3,234,319	-	-	-	3,234,319
Licenses and permits	74,072	321,486	-	-	395,558
Fines, forfeitures and penalties	587,549	-	-	27,032	614,581
Charges for services	172,122	5,615,751	-	-	5,787,873
Grants and entitlements	403,151	51,956	2,934,820	574,802	3,964,729
Intergovernmental	1,558,053	1,768,630	-	191,515	3,518,198
Investment income	2,507	945	-	44,191	47,643
Miscellaneous	242,685	214,520	-	111,624	568,829
Total revenues	22,916,917	8,810,349	2,934,820	2,636,638	37,298,724
Expenditures					
Current:					
General government	4,585,550	-	836,471	209,272	5,631,293
Police department	8,264,919	-	-	-	8,264,919
Fire department	5,805,927	-	-	-	5,805,927
Other public safety	2,073,707	-	-	23,965	2,097,672
Protective inspection	-	620,693	-	-	620,693
Public works	-	6,530,222	-	51,713	6,581,935
Public services	-	-	-	25,583	25,583
Health and welfare	531,296	-	-	-	531,296
Cultural and recreation	342,931	-	-	1,334,452	1,677,383
Capital outlay	2,271,662	1,397,831	2,098,349	504,401	6,272,243
Debt service:					
Principal retirement	159,657	133,321	-	1,540,000	1,832,978
Interest and fiscal charges	30,663	18,187	-	510,904	559,754
Total expenditures	24,066,312	8,700,254	2,934,820	4,200,290	39,901,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,149,395)	110,095	-	(1,563,652)	(2,602,952)
Other Financing Sources (Uses)					
Transfers in	680,132	288,375	-	1,402,750	2,371,257
Transfers out	(1,412,323)	(447,590)	-	(65,549)	(1,925,462)
Leases issued	92,776	125,202	-	-	217,978
Total other financing sources (uses)	(639,415)	(34,013)	-	1,337,201	663,773
Net Change in Fund Balances	(1,788,810)	76,082	-	(226,451)	(1,939,179)
Fund Balances, Beginning of Year	9,307,957	1,487,684	-	4,346,197	15,141,838
Fund Balances, End of Year	\$ 7,519,147	\$ 1,563,766	\$ -	\$ 4,119,746	\$ 13,202,659

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ (1,939,179)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The Statement of Activities reports a gain or loss on the sale of the asset based on the proceeds received and the net book value of the asset at the time of the disposal and the accumulated depreciation of assets disposed

Capital purchases	5,971,387
Leased assets	217,978
Loss on disposal of capital assets	(20,365)
Depreciation and amortization expense	(3,110,199)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	402,535
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Gains from the change in the equity investment in joint ventures do not provide current financial resources and are not reported in the funds.	4,705,714
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The issuance of long-term debt (*e.g.*, bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid on long-term debt	1,832,978
Issuance of lease payable	(217,978)
Amortization of premiums and discounts	9,866
Net change in deferred outflows of resources related to bond refunding	(33,164)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the net change in these items this year.

Accrued interest	6,839
Accrued compensated absences	206,038
Net pension liability/asset	(11,249,758)
Total other postemployment benefits liability	(66,483)
Net change in deferred inflows/outflows of resources related to pensions and total other postemployment benefits liability	10,869,186

Change in net position of governmental activities	\$ 7,585,395
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City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes
In Fund Balances – Budget and Actual – General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 2,991,500	\$ 3,032,500	\$ 3,244,344	\$ 211,844
Sales taxes	13,411,000	13,385,960	13,263,331	(122,629)
Other taxes	151,203	151,203	134,784	(16,419)
Utility franchise	3,280,000	3,581,400	3,234,319	(347,081)
Licenses and permits	61,750	67,775	74,072	6,297
Fines, forfeitures and penalties	666,889	663,764	587,549	(76,215)
Charges for services	112,530	104,210	172,122	67,912
Grants and entitlements	255,689	333,184	403,151	69,967
Intergovernmental	1,400,621	1,441,053	1,558,053	117,000
Investment income	1,410	1,410	2,507	1,097
Miscellaneous	186,151	311,665	242,685	(68,980)
Total revenues	<u>22,518,743</u>	<u>23,074,124</u>	<u>22,916,917</u>	<u>(157,207)</u>
Expenditures				
Current:				
General government	4,327,361	4,823,499	4,585,550	237,949
Police department	9,134,108	8,327,652	8,264,919	62,733
Fire department	5,876,018	5,750,923	5,805,927	(55,004)
Other public safety	1,664,620	2,028,994	2,073,707	(44,713)
Health and welfare	609,599	551,926	531,296	20,630
Cultural and recreation	384,046	373,321	342,931	30,390
Capital outlay	1,984,270	2,420,790	2,271,662	149,128
Debt service:				
Principal retirement	141,874	35,422	159,657	(124,235)
Interest and fiscal charges	7,657	-	30,663	(30,663)
Total expenditures	<u>24,129,553</u>	<u>24,312,527</u>	<u>24,066,312</u>	<u>246,215</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,610,810)</u>	<u>(1,238,403)</u>	<u>(1,149,395)</u>	<u>89,008</u>
Other Financing Sources (Uses)				
Leases issued	-	-	92,776	92,776
Transfers in	334,688	330,188	680,132	349,944
Transfers out	(1,414,472)	(1,415,563)	(1,412,323)	3,240
Total other financing sources (uses)	<u>(1,079,784)</u>	<u>(1,085,375)</u>	<u>(639,415)</u>	<u>445,960</u>
Net Change in Fund Balances	<u>(2,690,594)</u>	<u>(2,323,778)</u>	<u>(1,788,810)</u>	<u>534,968</u>
Fund Balances, Beginning of Year	<u>9,307,957</u>	<u>9,307,957</u>	<u>9,307,957</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,617,363</u>	<u>\$ 6,984,179</u>	<u>\$ 7,519,147</u>	<u>\$ 534,968</u>

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual - Public Works Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 125,000	\$ 120,000	\$ 135,356	\$ 15,356
Sales taxes	873,000	873,000	701,705	(171,295)
Licenses and permits	292,400	367,550	321,486	(46,064)
Charges for services	5,187,000	5,438,000	5,615,751	177,751
Grants and entitlements	-	-	51,956	51,956
Intergovernmental	1,683,000	1,691,300	1,768,630	77,330
Investment income	850	850	945	95
Miscellaneous	21,800	212,863	214,520	1,657
Total revenues	8,183,050	8,703,563	8,810,349	106,786
Expenditures				
Current:				
Protective inspection	650,631	653,690	620,693	32,997
Public works	7,428,625	7,223,144	6,530,222	692,922
Capital outlay	1,367,000	1,361,257	1,397,831	(36,574)
Debt Service				
Principal retirement	-	132,990	133,321	(331)
Interest and fiscal charges	-	-	18,187	(18,187)
Total expenditures	9,446,256	9,371,081	8,700,254	689,345
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(1,263,206)	(667,518)	110,095	796,131
Other Financing Sources (Uses)				
Leases issued	-	-	125,202	(125,202)
Transfers in	200,099	200,099	288,375	88,276
Transfers out	-	-	(447,590)	(447,590)
Total other financing sources (uses)	200,099	200,099	(34,013)	(359,314)
Net Change in Fund Balances	(1,063,107)	(467,419)	76,082	436,817
Fund Balances, Beginning of Year	1,487,684	1,487,684	1,487,684	-
Fund Balances, End of Year	\$ 424,577	\$ 1,020,265	\$ 1,563,766	\$ 436,817

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual – American Rescue Plan Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ 6,212,488	\$ 4,066,216	\$ 2,934,820	\$ (1,131,396)
Total revenues	6,212,488	4,066,216	2,934,820	(1,131,396)
Expenditures				
Current:				
General government	1,082,025	976,000	836,471	139,529
Capital outlay	5,130,463	3,083,216	2,098,349	984,867
Total expenditures	6,212,488	4,059,216	2,934,820	1,124,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7,000	-	(7,000)
Net Change in Fund Balances	-	7,000	-	(7,000)
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ 7,000	\$ -	\$ (7,000)

City of Texarkana, Arkansas

Statement of Net Position

Proprietary Funds

December 31, 2023

	Texarkana Water Utilities		
	Water Utilities	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current assets			
Cash	\$ 2,035,562	\$ 579,069	\$ 2,614,631
Investments	699,985	44,000	743,985
Receivables:			
Accounts (net of allowance for uncollectible)	1,167,987	100,603	1,268,590
Accrued interest	154	-	154
Due from other funds	17,495	252	17,747
Due from other governments	220,274	5,491	225,765
Inventories	418,961	-	418,961
Prepaid items	96,755	1,379	98,134
Other	397,189	-	397,189
Total current assets	5,054,362	730,794	5,785,156
Noncurrent assets			
Restricted assets			
Cash	22,140,169	145,434	22,285,603
Investments	-	102,665	102,665
Receivables			
Interest	6,601	1	6,602
Total restricted assets	22,146,770	248,100	22,394,870
Capital assets (net of accumulated depreciation)			
Land	817,397	15,447	832,844
Buildings	688,946	815	689,761
Improvements other than buildings	19,624,200	1,626,052	21,250,252
Machinery and equipment	1,710,892	22,837	1,733,729
Intersystem shared assets	6,954,727	-	6,954,727
Water rights	17,784,128	-	17,784,128
Construction in progress	802,814	62,458	865,272
Net capital assets	48,383,104	1,727,609	50,110,713
Other assets			
Prepaid capital improvement deposits	634,979	11,526	646,505
Net pension asset	2,224,925	-	2,224,925
Other	1,179,128	-	1,179,128
Total other assets	4,039,032	11,526	4,050,558
Total noncurrent assets	74,568,906	1,987,235	76,556,141
Total assets	79,623,268	2,718,029	82,341,297

	Texarkana Water Utilities		
	Water Utilities	Nonmajor Enterprise Funds	Total Enterprise Funds
Liabilities			
Current liabilities			
Accounts payable	\$ 320,790	\$ 1,692	\$ 322,482
Construction contracts payable	177,197	-	177,197
Accrued liabilities	114,560	48,633	163,193
Accrued interest payable	266,572	7,078	273,650
Due to other funds	-	17,747	17,747
Due to other governments	1,024,138	20,922	1,045,060
Other payables	535,072	19,919	554,991
Compensated absences - current portion	39,166	-	39,166
Bonds payable - current portion	779,690	273,764	1,053,454
Total current liabilities	3,257,185	389,755	3,646,940
Noncurrent liabilities			
Customer deposits	558,238	36,719	594,957
Capital improvement deposits	511,976	-	511,976
Contracts payable	13,664,933	-	13,664,933
Compensated absences	190,033	-	190,033
Net pension and total OPEB liability	3,365,909	56,100	3,422,009
Revenue bonds, net	22,468,695	201,342	22,670,037
Total noncurrent liabilities	40,759,784	294,161	41,053,945
Total liabilities	44,016,969	683,916	44,700,885
Deferred Inflows of Resources			
Deferred inflows - pension	15,567	279	15,846
Deferred inflows - other postemployment benefits	324,114	-	324,114
Total deferred inflows of resources	339,681	279	339,960
Net Position			
Net investment in capital assets	33,432,758	1,500,602	34,933,360
Restricted for pensions	2,224,925	-	2,224,925
Unrestricted	1,232,802	566,281	1,799,083
Total net position	\$ 36,890,485	\$ 2,066,883	\$ 38,957,368

City of Texarkana, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Texarkana Water Utilities		
	Water Utilities	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Water sales	\$ 5,010,236	\$ 735,237	\$ 5,745,473
Wholesale water sales	79,180	-	79,180
Water connection fees	5,775	1,125	6,900
Sewer charges	4,779,152	-	4,779,152
Penalties and service charges	430,608	28,337	458,945
Other income	1,311,272	14,439	1,325,711
	<u>11,616,223</u>	<u>779,138</u>	<u>12,395,361</u>
Total operating revenues			
Operating Expenses			
Administrative	272,112	-	272,112
Finance	205,996	11,363	217,359
Information technology	319,832	-	319,832
Customer service	369,872	52,189	422,061
Water production	2,099,326	150,707	2,250,033
Waster distribution	652,971	20,531	673,502
Sewer collection	533,106	3,141	536,247
Inflow and infiltration	104,770	-	104,770
Wastewater treatment	1,907,274	-	1,907,274
Environmental service	163,361	-	163,361
Engineer design	238,075	252	238,327
Geographical information systems	137,503	-	137,503
Composting	144,458	-	144,458
Operations administration	104,045	-	104,045
Service center	459,244	-	459,244
Field service	286,095	41,178	327,273
Construction oversight	789,434	15,524	804,958
Depreciation	2,356,352	142,803	2,499,155
Other expenses	789,406	25,015	814,421
Other managed systems	27,501	-	27,501
Legal services	3,744	-	3,744
	<u>11,964,477</u>	<u>462,703</u>	<u>12,427,180</u>
Total operating expenses			
Operating Income (Loss)	<u>(348,254)</u>	<u>316,435</u>	<u>(31,819)</u>
Nonoperating Revenues (Expenses)			
Investment income - investments	88,988	3,424	92,412
Interest income - notes payable	2,225	-	2,225
Interest expense and paying agent fees	(869,690)	(17,971)	(887,661)
Loss on disposal of capital assets	(158)	-	(158)
	<u>(778,635)</u>	<u>(14,547)</u>	<u>(793,182)</u>
Total nonoperating revenues (expenses)			
Income (Loss) Before Capital Contributions and Transfers	<u>(1,126,889)</u>	<u>301,888</u>	<u>(825,001)</u>
Capital Contributions	241,335	-	241,335
Transfers Out	<u>(316,750)</u>	<u>-</u>	<u>(316,750)</u>
Changes in Net Position	<u>(1,202,304)</u>	<u>301,888</u>	<u>(900,416)</u>
Net Position, Beginning of Year	<u>38,092,789</u>	<u>1,764,995</u>	<u>39,857,784</u>
Net Position, End of Year	<u>\$ 36,890,485</u>	<u>\$ 2,066,883</u>	<u>\$ 38,957,368</u>

City of Texarkana, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Texarkana Water Utilities		
	Water	Nonmajor	Total
	Utilities	Enterprise	Enterprise
	Funds	Funds	Funds
Cash Flows From Operating Activities			
Cash received from customers	\$ 11,676,276	\$ 733,324	\$ 12,409,600
Cash paid to suppliers	(6,686,081)	(231,699)	(6,917,780)
Cash paid to employees	(3,035,853)	(53,416)	(3,089,269)
Net cash provided by operating activities	1,954,342	448,209	2,402,551
Cash Flows From Noncapital Financing Activities			
Transfers to City general fund	(316,750)	-	(316,750)
Net cash used for noncapital financing activities	(316,750)	-	(316,750)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,499,223)	(81,088)	(1,580,311)
Proceeds from issuance of bonds	21,598,291	-	21,598,291
Principal paid on bonds	(818,475)	(265,103)	(1,083,578)
Interest paid on bonds	(720,929)	(21,919)	(742,848)
Principal received on notes payable	355,439	-	355,439
Interest received on notes payable	2,225	-	2,225
Capital improvement deposits returned	(196,595)	(5,007)	(201,602)
Payment on contracts payable	(345,307)	-	(345,307)
State grants received	241,335	-	241,335
Net cash used for capital and related financing activities	18,616,761	(373,117)	18,243,644
Cash Flows From Investing Activities			
Proceeds from sale and maturities of investments	500,552	-	500,552
Interest received on investments	83,743	3,409	87,152
Net cash provided by investing activities	584,295	3,409	587,704
Increase in Cash	20,838,648	78,501	20,917,149
Cash, Beginning of Year	3,337,083	646,002	3,983,085
Cash, End of Year	\$ 24,175,731	\$ 724,503	\$ 24,900,234
Cash of Proprietary Funds, as Presented, on the "Statement of Net Position - Proprietary Funds" is as Follows:			
Cash	\$ 2,035,562	\$ 579,069	\$ 2,614,631
Restricted cash	22,140,169	145,434	22,285,603
	\$ 24,175,731	\$ 724,503	\$ 24,900,234

City of Texarkana, Arkansas

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2023

	Texarkana Water Utilities		Total
	Water Utilities	Nonmajor Enterprise Funds	Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (348,254)	\$ 316,435	\$ (31,819)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,356,352	142,803	2,499,155
(Increase) decrease in assets:			
Accounts receivable	83,049	(42,585)	40,464
Due from other governments	(13,982)	-	(13,982)
Due from other funds	18,506	2,958	21,464
Inventories	(53,602)	-	(53,602)
Prepaid expenses	37,452	(206)	37,246
Net pension asset	(136,469)	-	(136,469)
(Increase) decrease in deferred outflows	(1,066,004)	(21,125)	(1,087,129)
Increase (decrease) in liabilities:			
Accounts payable	129,531	586	130,117
Accrued liabilities	(64,633)	42,144	(22,489)
Due to other funds	59,838	(21,620)	38,218
Accrued compensated absences	(28,058)	-	(28,058)
Customer deposits	(9,014)	(3,229)	(12,243)
Net pension and total other postemployment benefits liabilities	2,096,866	51,789	2,148,655
Other payables	(11,678)	787	(10,891)
Increase in deferred inflows	(1,095,558)	(20,528)	(1,116,086)
Net cash provided by operating activities	<u>\$ 1,954,342</u>	<u>\$ 448,209</u>	<u>\$ 2,402,551</u>

Supplemental Schedule of Noncash Transactions from Capital Related Financing Activities

Changes in payables for acquisitions and construction of capital assets and improvements	\$ (340,878)	\$ -	\$ -
Capital contributions	241,335	-	-
Total noncash transactions	<u>\$ (99,543)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 720,148	\$ 222,759
Investments		
U. S. government obligations	1,549,355	-
Mortgage backed securities	359,376	-
Corporate bonds and notes	962,161	-
Mutual funds and other investments	6,045,992	-
Interest receivable	404,858	3,655
Due from other funds	587,590	-
	<hr/>	<hr/>
Total assets	10,629,480	226,414
	<hr/>	<hr/>
Liabilities		
Accounts payable	29,484	-
	<hr/>	<hr/>
Total liabilities	29,484	-
	<hr/>	<hr/>
Net Position		
Restricted for:		
Pensions	10,599,996	-
Other governments	-	226,414
	<hr/>	<hr/>
Total net position	\$ 10,599,996	\$ 226,414
	<hr/>	<hr/>

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

	Pension Trust Funds	Custodial Funds
Additions		
Contributions		
Employer	\$ 993,772	\$ -
Employee	8,987	-
Intergovernmental	329,815	-
Other	44,397	-
	<u>1,376,971</u>	<u>-</u>
Total contributions		
	<u>1,376,971</u>	<u>-</u>
Receipt of police bond funds	-	1,700,912
Investment income		
Net increase in fair value of investments	636,855	-
Interest and dividends	318,616	1,870
	<u>955,471</u>	<u>1,870</u>
Less investment expense	22,826	-
	<u>22,826</u>	<u>-</u>
Net investment income	932,645	1,870
	<u>932,645</u>	<u>1,870</u>
Total additions	<u>2,309,616</u>	<u>1,702,782</u>
Deductions		
Benefits paid directly to participants	1,655,176	-
Return of police bond funds	-	1,681,123
Administrative expenses	23,141	-
	<u>1,678,317</u>	<u>1,681,123</u>
Total deductions		
	<u>1,678,317</u>	<u>1,681,123</u>
Net Increase in Net Position	631,299	21,659
Net Position, Beginning of Year	<u>9,968,697</u>	<u>204,755</u>
Net Position, End of Year	<u>\$ 10,599,996</u>	<u>\$ 226,414</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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

The City of Texarkana, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city manager form of government. Six elected directors and the Mayor set policy and employ the City Manager. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Texarkana and its component unit. The component unit is a legally separate entity 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. Component units can be further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's Employee Defined Benefit Retirement System, Water Utilities Employee Defined Benefit Retirement System and Policemen's Defined Benefit Relief and Pension Plans are reported as fiduciary component units as fiduciary funds in the fiduciary funds statements. The other benefit plans are maintained by the Arkansas Local Police and Fire Retirement System (LOPFI), the Texas Municipal Retirement System (TMRS), and Arkansas Public Employees Retirement System (APERS) and are properly excluded from the financial statements.

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

Discretely Presented Component Unit

Texarkana Advertising and Promotion Commission (Commission) – The Commission is governed by a seven member board appointed by the City Board of Directors. The Commission is comprised of four owners or managers of businesses in the tourism industry, two members of the City Board of Directors, and one member not associated with the tourism industry or the City Board of Directors. The Commission is primarily funded by a City tax imposed on gross receipts from hotel/motel and restaurant sales. Arkansas state statutes require this to be collected by the City. The proceeds of the tax are used for advertising and promoting the City. The City performs all accounting functions for the Commission. The City tax provided to the Commission during the year ended December 31, 2023, totaled \$1,538,562. The Commission does not have separately issued financial statements.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Joint Ventures

Texarkana Airport Authority

The City is a participant with Texarkana, Texas in a joint venture to operate Texarkana Regional Airport. The Texarkana Airport Authority was created in 1956 by ordinance enacted by the two cities. The governing body of Texarkana Airport Authority consists of eight members, four of whom are residents of Texarkana, Arkansas and four of whom are residents of Texarkana, Texas. Arkansas members are appointed by the City of Texarkana, Arkansas Board of Directors. Texas members are appointed by the mayor of the City of Texarkana, Texas. The Airport Authority Board has governance responsibilities over all activities relating to operating and maintaining the Texarkana Regional Airport. The Board receives funding from airport operations and from various local, state and federal agencies and must comply with any requirements of these funding sources.

Cumulative assets contributed to the Airport Authority as of December 31, 2022, consisted of \$2,778,958 by Texarkana, Arkansas and \$3,237,159 by Texarkana, Texas. The City of Texarkana, Arkansas' net investment and its share of operating results of the Airport Authority are reported in the City's financial statements within governmental activities as a joint venture. The City's equity interest in the Airport Authority was \$21,797,336 at December 31, 2022, which is the latest information available. Complete financial statements for the Authority can be obtained from the Texarkana Airport Authority's administrative office.

Bi-State Justice Center

The City is also a participant in a joint venture in the Bi-State Justice Center with the City of Texarkana, Texas and Bowie County. The Bi-State Justice Center is jointly occupied by the law enforcement and criminal justice agencies of the City of Texarkana, Arkansas, the City of Texarkana, Texas, and Bowie County, Texas. The facility is located on the state line, half in Texarkana, Arkansas and half in Texarkana, Texas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven member committee is comprised two members from the City of Texarkana, Texas City Council, two members from the Texarkana, Arkansas Board of Directors, the Bowie County Judge, one Bowie County Commissioner, and one independent member. The original contract only names the two City Managers and the Judge. The annual budget is underwritten by the participating entities based on a formula which uses floor space occupied, one third each for Central Records and Communications and the number of prisoners in the detention facility for each entity.

The City of Texarkana, Arkansas' net investment in the Bi-State Justice Center is reported in the City's governmental activities as a joint venture. The City's equity interest at December 31, 2023, was \$1,485,060. Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Texarkana Urban Transit District (TUTD)

The City of Texarkana, Arkansas is a participant with three other cities in the TUTD. The purpose of the TUTD is to provide public transportation services within the Texarkana urban area. The TUTD is a political subdivision district under the laws of the State of Texas as defined by Chapter 458 of the Texas Transportation code and Chapter 791 of the Texas Government Code.

Composition of the Transit District Board is as follows; the City of Texarkana, Arkansas – three members, one of whom is an elected official; the City of Texarkana, Texas – three members, one of whom is an elected official; the City of Wake Village, Texas – two members, one of whom is an elected official; and the City of Nash, Texas – two members, one of whom is an elected official.

The TUTD receives federal, state, and local funding, as well as user charges generated by the public transportation system. The City has an ongoing financial responsibility for the TUTD since the TUTD's continued existence depends on continued funding by the City.

The City of Texarkana, Arkansas' net investment in the TUTD is reported in the City's governmental activities as a joint venture. The City's interest at September 30, 2022, which is the latest information available, was \$885,622.

Jointly Governed Organizations

The City's officials are responsible for appointing a portion of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Board of Directors or specific committees of the City Board appoint board members to the following organizations: Historic District Commission, Housing Authority, Texarkana Public Library Board, Public Facilities Board, Council of Governments Board, City Beautiful Commission and Solid Waste Management Committee. Positions on these boards are appointed in certain instances in entirety, partially, or with City Board members.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component unit. 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 are 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 type-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income.

The *Public Works Fund* accounts for the receipts and disbursements of state turnback funds, property taxes, licenses and permits, refuse collections and other revenues legally designated for street and refuse projects.

The *American Rescue Plan Fund* accounts for the receipt and disbursements of grant funds.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

The City reports the following major enterprise fund:

The Cities of Texarkana, Arkansas and Texarkana, Texas both have an undivided interest in the Texarkana Water Utilities (TWU). The following funds are reported in the audited financial statements for TWU and have a September 30 fiscal year-end. Transfers between Texarkana, Arkansas Water Utilities Fund and the City's governmental activities do not balance because TWU has a different year end than the City.

The *Texarkana, Arkansas Water Utilities Fund* accounts for the water and sewer services provided to the general public, industry, and other municipalities on the Arkansas side of the City of Texarkana.

Nonmajor funds of the City are comprised of the following:

Special Revenue Funds – The special revenue funds, which include federal 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 financial resources that are restricted, committed or assigned to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – The capital projects funds are used to account for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

Enterprise Fund – The enterprise funds are used to account for activities for which a fee is charged to external user for goods or services. The Union and Mandeville Utilities has a September 30 fiscal year-end.

Additionally, the City reports the following fund types:

Pension Trust Funds – Accounts for assets held in trust for the Texarkana, Arkansas Public Employee Retirement System and the Texarkana, Arkansas Water Utilities Employee Retirement System (both June 30 year-ends) and the Police Relief and Pension Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Custodial Fund – Accounts for monies collected and held by the courts until they are disbursed to various governmental agencies.

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.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

In proprietary funds, 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. Revenues from property taxes are recognized in the period in which the taxes are levied. City and county sales taxes, franchise taxes, licenses and permits, 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 unearned 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 deferred outflows of resources and liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available 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 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds and investment earnings. Other revenues are considered to be 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 general long-term debt, claims and judgments, compensated absences and obligations for worker's compensation and other postemployment benefits, which are recognized as expenditures when payment is due. Pension expenditures are recognized when contributed to a plan or when expected to be liquidated with expendable available financial resources.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, cash on hand and short-term instruments with original maturities at purchase of 90 days or less. At December 31, 2023, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Investment Income

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices for all investments.

Net investment income (loss) includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made, except where required otherwise by bond indentures or City policy.

Inventories

Inventories of the enterprise funds consist of repair materials and spare parts for water and wastewater treatment and distribution valued at the lower of average cost or market value. The costs of governmental fund type inventories are recorded as expenditures when purchased/constructed.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Restricted Assets

Certain proceeds of governmental and enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Capital Assets

Capital assets, which include infrastructure, 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 at the date of donation.

Governmental activities and component units:

Capital assets are defined 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. Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 10 – 30 years for infrastructure, 40 years for buildings, 20 years for improvements other than buildings and 5 – 20 years for machinery and equipment.

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

Business-type activities:

Capital assets are defined by business type activities as assets with an initial, individual cost of more than the following amounts and an estimated life in excess of one year.

Furniture and fixtures	\$	300
Motor vehicles		1,000
Machinery and equipment		500
Communication equipment		500
Pumps and purification equipment		1,000
Buildings and facilities new improvements		1,000
Water and sewer systems		1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Furniture and fixtures	5 years
Motor vehicles	5 years
Machinery and equipment	5 - 10 years
Communication equipment	5 years
Pumps and purification equipment	10 years
Buildings and facilities new improvements	10 - 50 years
Water and sewer systems	12 - 99 years

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Leased assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenue

In the governmental funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The American Rescue Plan Fund had \$4,342,705 of unearned revenues at year-end.

Pensions

For the purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by 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.

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and statement of fund net position and the balance sheet includes a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure/reduction in liability) until that time. The City has four items that qualify for reporting in this category. Two items are related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other comprised of the difference in assumption changes, the difference between actual and expected experience, and changes in proportion for cost-sharing plans. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability in the following year ended December 31. The remaining amounts will be amortized over future periods as shown within *Note 9*. The third item relates to total OPEB for the difference between expected and actual experience of the total OPEB liability and changes in assumptions and will be amortized to OPEB expense over future periods as shown in *Note 11*. The fourth item is related to the deferred loss on bond refunding and will be amortized to interest expense over future periods.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

In addition to liabilities, the statement of net position, statement of fund net position and the balance sheet will sometimes report a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, unavailable revenue, deferred inflows-pensions, and deferred inflows – other postemployment benefits. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows - pensions, consists of changes in assumptions, the difference between the expected and actual experience related to the pension plans and the difference in investment experience between actual earnings and projected earnings on pension plan investments as well as the changes in proportion for cost-sharing plans. These amounts are amortized over future periods as shown within *Note 9*. The third item, deferred inflows – OPEB, consists of changes of assumptions and the difference between expected and actual experience. Deferred inflows – OPEB are amortized to OPEB expense over future periods as shown in *Note 11*.

Lease Payable

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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 and business-type activities. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums, discounts and deferred losses on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of unamortized premiums or discounts.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, 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

City employees earn sick pay and vacation leave benefits on the basis of length of service time. Subject to certain restrictions, City employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. All vacation and sick leave is accrued when earned in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. General revenues are used to liquidate the liability for compensated absences from the fund in which the employee retired. The liability for compensated absences has typically been liquidated by the General Fund, Public Works Fund and Water Utilities Fund.

Net Position

Net position of the City is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is 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 less remaining liabilities and deferred inflows that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Fund Balance - Governmental Funds

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

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

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

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

Assigned - Assigned fund balances are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the City Manager to assign fund balance. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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 an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$1,071,181 of restricted net position for Texarkana Advertising and Promotion which is restricted by enabling legislation. This amount consists of unspent hotel/motel taxes.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Public Works Fund, American Rescue Plan Act Fund and the following nonmajor special revenue funds: Community Development Block Grant, Police Fund, Domestic Violence, Front Street Project, Bail Bond, Parks and Recreation Fund, Court Automation, North Texarkana Redevelopment District, Library and Public Safety. All annual appropriations lapse at year end and are re-established in the succeeding year.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

The appropriated budget is prepared by fund, function, and activity. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The Board of Directors may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Directors. City policy prohibits budgeting total proposed expenditures in excess of total anticipated revenues and unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years. The legal level of budgetary control (*i.e.*, the lowest level at which expenditures may not legally exceed appropriation) is the fund level. The Board of Directors made several supplemental budgetary appropriations throughout the year.

Deficit Fund Equity

At December 31, 2023, the Police Fund and Parks and Recreation Fund, nonmajor funds, have deficit fund balances of \$426 and \$50,206, respectively. The deficits are due to the repair of equipment and will be eliminated as additional revenues are received.

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2023:

GASB Statement No. 101 – *Compensated Absences*: The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*: The objective of this statement is to provide users of financial statements with essential information regarding certain concentrations and constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – *Financial Reporting Model Improvements*: The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for periods beginning after June 15, 2025.

The effect of these statements on the City has not been determined but could have a significant impact on the City's overall net position.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Adoption of GASB Statements

The City adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94) for the year ended December 31, 2023. This statement increases the usefulness of government's financial statements by requiring recognition of public-private and public-public partnerships and availability payment arrangements. The adoption of GASB 94 had no effect on the City's financial statements.

The City adopted GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (GASB 96) for the year ended December 31, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Adoption of GASB 96 had no effect on the primary government's financial statements.

Note 2: Deposits and Investments

Deposits

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

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

At December 31, 2023 and September 30, 2023, none of the City's or Utilities' bank balances were exposed to custodial credit risk, respectively.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Investments

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 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 deposits.

Arkansas statutes also authorize the City to invest in no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any state, municipality, or political subdivision; 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.

For fiscal year 2023, TWU invested \$846,650 in non-negotiable certificates of deposits measured at amortized cost.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 1,549,355	\$ 194,988	\$ 1,188,581	\$ 71,634	\$ 94,152
Corporate bonds	962,161	11,949	749,048	117,607	83,557
Money market mutual funds	2,052,072	2,052,072	-	-	-
Mortgage backed securities	359,376	-	4,224	76,243	278,909
International bond mutual funds	76,901	-	-	29,741	47,160
Bond mutual funds	804,301	113,490	411,955	149,098	129,758
		<u>\$ 2,372,499</u>	<u>\$ 2,353,808</u>	<u>\$ 444,323</u>	<u>\$ 633,536</u>
Equity mutual funds	5,101,578				
Alternative Investments	<u>63,212</u>				
	<u>\$ 10,968,956</u>				

Interest Rate Risk – Statutes authorize the City along with its component unit, the Texarkana Advertising and Promotion Commission, to invest in certificates of deposits, obligations of the U.S. Treasury and U.S. agencies, and obligations of the State of Arkansas and any political subdivision of the state. The City’s policy seeks to minimize the risk that the fair value of securities will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s pension fund policies limit the percentages of each type of portfolio asset.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2023:

- U.S. Treasury obligations of \$1,549,355 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Corporate bonds of \$962,161 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Money market mutual funds of \$2,052,072 are valued at amortized cost and are not considered a fair value measurement

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

- Mortgage backed securities of \$359,376 are valued using a matrix pricing technique, which values the securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs)
- Bond and equity mutual funds of \$804,301 and \$5,101,578, respectively, are valued using quoted market prices (Level 1 inputs)
- International bond mutual funds of \$76,901 are valued using quoted market prices (Level 1 inputs)

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City's policy, excluding fiduciary funds, to limit investments to the safest types of securities and to pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the City will do business. At December 31, 2023, the City's and its component unit's investments not directly guaranteed by the U.S. government were rated as follows:

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody's	AAA/Aaa
Mortgage backed securities	S&P/Moody's	BB to AAA/Ba2 to Aaa
U.S. Agency Obligations	S&P/Moody's	AAA/Aaa
Corporate Bonds	S&P/Moody's	BB to AAA/Ba2 to Aaa

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. While the City's investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City in the City's name are insured or collateralized or limited to Treasury Fund Money Markets.

Concentration of Credit Risk – The City's policy is to diversify the investment portfolio so that potential losses on individual securities will be minimized.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statement of net position as follows:

	Primary Government	Component Unit
Carrying value		
Deposits	\$ 40,330,146	\$ 1,079,029
Cash on hand	4,084	-
Investments	10,968,956	-
	<u>\$ 51,303,186</u>	<u>\$ 1,079,029</u>

Included in the following statement of net position captions

Cash	\$ 11,508,040	\$ 1,079,029
Investments	2,468,075	-
Restricted cash	27,364,615	-
Restricted investments	102,665	-

Included in the following fiduciary net position captions

Cash and cash equivalents - Custodial Funds	222,759	-
Cash and cash equivalents - Pension Trust Funds	720,148	-
Investments-Pension Trust Funds		
U.S. government obligations	1,549,355	-
Mortgage backed securities	359,376	-
Corporate bonds and notes	962,161	-
Mutual funds and other investments	6,045,992	-
	<u>\$ 51,303,186</u>	<u>\$ 1,079,029</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

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

Governmental Activities	Balance, January 1, 2023	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2023
Capital assets, non-depreciable:				
Land	\$ 2,563,907	\$ -	\$ -	\$ 2,563,907
Construction in progress	3,522,696	4,267,967	(4,489,849)	3,300,814
Total capital assets, non-depreciable	6,086,603	4,267,967	(4,489,849)	5,864,721
Capital assets, depreciable				
Buildings	25,433,311	-	(7,540)	25,425,771
Improvements other than buildings	12,281,761	735,037	-	13,016,798
Machinery and equipment	11,829,848	1,730,490	(1,548,531)	12,011,807
Infrastructure	48,242,075	3,727,742	-	51,969,817
Total capital assets, depreciable	97,786,995	6,193,269	(1,556,071)	102,424,193
Less accumulated depreciation				
Buildings	19,794,440	636,171	(7,540)	20,423,071
Improvements other than buildings	10,056,781	607,335	-	10,664,116
Machinery and equipment	7,075,622	981,988	(1,528,166)	6,529,444
Infrastructure	30,123,974	741,647	-	30,865,621
Total accumulated depreciation	67,050,817	2,967,141	(1,535,706)	68,482,252
Total capital assets, depreciable, net	30,736,178	3,226,128	(20,365)	33,941,941
Lease assets				
Machinery and equipment	520,457	217,978	(106,527)	631,908
Total lease assets	520,457	217,978	(106,527)	631,908
Less accumulated amortization				
Machinery and equipment	84,986	143,058	(106,527)	121,517
Total accumulated depreciation	84,986	143,058	(106,527)	121,517
Total lease assets, net	435,471	74,920	-	510,391
Total governmental activities, net	\$ 37,258,252	\$ 7,569,015	\$ (4,510,214)	\$ 40,317,053

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

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

Business-Type Activities	Balance January 1, 2023	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2023
Capital Assets, non-depreciable				
Land	\$ 832,844	\$ -	\$ -	\$ 832,844
Water rights	17,784,128	-	-	17,784,128
Construction in progress	<u>616,050</u>	<u>1,580,316</u>	<u>(1,331,094)</u>	<u>865,272</u>
Total capital assets, non-depreciable	<u>19,233,022</u>	<u>1,580,316</u>	<u>(1,331,094)</u>	<u>19,482,244</u>
Capital assets, depreciable				
Buildings and improvements	3,549,530	43,509	-	3,593,039
Improvements other than buildings	45,374,013	905,642	(5,098)	46,274,557
Intersystem shared assets	23,670,828	-	(26,124)	23,644,704
Machinery and equipment	<u>7,457,952</u>	<u>381,944</u>	<u>(72,229)</u>	<u>7,767,667</u>
Total capital assets, depreciable	<u>80,052,323</u>	<u>1,331,095</u>	<u>(103,451)</u>	<u>81,279,967</u>
Less accumulated depreciation				
Buildings and improvements	2,777,911	184,656	-	2,962,567
Improvements other than buildings	23,537,707	1,564,536	(5,098)	25,097,145
Intersystem shared assets	16,310,416	405,685	(26,124)	16,689,977
Machinery and equipment	<u>5,629,593</u>	<u>344,278</u>	<u>(72,062)</u>	<u>5,901,809</u>
Total accumulated depreciation	<u>48,255,627</u>	<u>2,499,155</u>	<u>(103,284)</u>	<u>50,651,498</u>
Total capital assets, depreciable, net	<u>31,796,696</u>	<u>(1,168,060)</u>	<u>(167)</u>	<u>30,628,469</u>
Total business-type activities, net	<u>\$ 51,029,718</u>	<u>\$ 412,256</u>	<u>\$ (1,331,261)</u>	<u>\$ 50,110,713</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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

Governmental Activities

General government	
General government	\$ 128,852
Police department	778,838
Fire department	378,882
Public works	1,318,028
Health	24,013
Culture and recreation	338,528
	<u> </u>
Total depreciation expense – governmental activities	<u><u>\$ 2,967,141</u></u>

Business-Type Activities

Texarkana Water Utilities	<u>\$ 2,499,155</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,499,155</u></u>

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

Governmental Activities

General Government	
General government	\$ 10,277
Public Works	132,781
	<u> </u>
Total amortization expense - governmental activities	<u><u>\$ 143,058</u></u>

Note 4: Construction Projects

At December 31, 2023, the City had the following commitments with respect to unfinished capital projects. These projects are being funded with grant funds, bond proceeds and franchise fees.

Governmental activities construction projects

	Project Authorization	Expended Through December 31, 2023	Required Future Financing
Accounting Software	\$ 209,283	\$ 69,730	\$ 139,553
Animal Shelter	1,525,000	1,077,188	447,812
Boyd Road	680,000	509,672	170,328
Calhoun Trail Improvement	50,000	22,326	27,674
Dentention Pond - Crossroads Parkway	40,000	24,500	15,500
Drainage Improvements	150,000	103,102	46,898
I-30 Bridge Lights	146,609	145,007	1,602
Union School	368,270	270,796	97,474
Woodland Street	390,000	368,986	21,014
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 3,559,162</u></u>	<u><u>\$ 2,591,307</u></u>	<u><u>\$ 967,855</u></u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Note 5: Long-Term Liabilities

Changes in long-term liabilities in the governmental activities for the year ended December 31, 2023, and for the business-type activities for the year ended December 31, 2023, were as follows:

Governmental Activities	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 12,445,000	\$ -	\$ 725,000	\$ 11,720,000	\$ 730,000
Less issuance discounts	14,523	-	908	13,615	-
Add issuance premiums	32,001	-	2,310	29,691	-
	<u>12,462,478</u>	<u>-</u>	<u>726,402</u>	<u>11,736,076</u>	<u>730,000</u>
General obligation bonds	5,270,000	-	780,000	4,490,000	280,000
Add issuance premiums	169,280	-	8,464	160,816	-
	<u>5,439,280</u>	<u>-</u>	<u>788,464</u>	<u>4,650,816</u>	<u>280,000</u>
Bonds payable, net	17,901,758	-	1,514,866	16,386,892	1,010,000
Notes payable (direct borrowing)	1,463,920	-	184,099	1,279,821	158,733
Lease payable	442,601	217,978	143,879	516,700	168,783
Compensated absences	2,124,181	1,309,923	1,515,961	1,918,143	176,895
Net pension liability	23,408,057	10,940,316	-	34,348,373	-
Total other postemployment benefits	<u>2,744,690</u>	<u>66,483</u>	<u>-</u>	<u>2,811,173</u>	<u>198,741</u>
Total governmental activities long-term liabilities	<u>\$ 48,085,207</u>	<u>\$ 12,534,700</u>	<u>\$ 3,358,805</u>	<u>\$ 57,261,102</u>	<u>\$ 1,713,152</u>
Business-Type Activities	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 3,206,815	\$ 20,655,000	\$ 1,082,905	\$ 22,778,910	\$ 1,053,454
Plus issuance premiums	1,963	943,291	673	944,581	-
Bonds payable, net	<u>3,208,778</u>	<u>21,598,291</u>	<u>1,083,578</u>	<u>23,723,491</u>	<u>1,053,454</u>
Compensated absences	257,257	171,894	199,952	229,199	39,166
Net pension liability	773,012	2,226,305	-	2,999,317	-
Contracts payable	14,014,783	-	172,653	13,842,130	177,197
Total other postemployment benefits	<u>500,342</u>	<u>-</u>	<u>77,650</u>	<u>422,692</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 18,754,172</u>	<u>\$ 23,996,490</u>	<u>\$ 1,533,833</u>	<u>\$ 41,216,829</u>	<u>\$ 1,269,817</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Governmental Activities

2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds – Bonds in the amount of \$10,160,000 were issued with varying interest rates from 2.00% to 5.00% to finance capital improvements consisting generally of construction, reconstruction, or acquisition of, or improvements to, new or current streets, bridges, and viaducts and any necessary intersection improvements, traffic signalizations, speed calming measures, lighting, equipment, land and easement acquisition, and drainage improvements therefore and to refund the outstanding 2000 Refunding and Capital Improvement Bonds. Principal payments are due annually on October 1. Interest payments are due semiannually on February 1 and October 1.

2018 Franchise Fee Secured Capital Improvement Revenue Bonds – Bonds in the amount of \$2,260,000 were issued with varying interest rates from 2.000% to 3.625% to finance the purchase of public safety equipment, consisting of fire trucks and police communications equipment. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1.

General Revenue Note, Series 2019 – A note in the amount \$875,000 was issued with an interest rate of 2.536% for the purpose of acquiring, constructing, installing, and equipping a City Animal Shelter. Principal and interest payments are due annually on August 1.

US Department of HUD Section 108 Loan – A note in the amount \$885,000 was issued with a variable interest rate of 0.2% above the Applicable London Interbank Offered Rates (LIBOR) Rate for the purpose of renovating the Texarkana Recreational Facility. As of December 31, 2023, \$885,000 had been drawn. Principal and interest payments are due annually on August 1 starting August 1, 2020.

2021A Refunding Franchise Fee Revenue Bond – Bonds in the amount of \$3,165,000 were issued with varying interest rates from 0.50% to 2.0% to currently refund the outstanding 2015 Franchise Fee Secured Refunding Revenue Bonds. The net carrying amount of the bonds exceeded the reacquisition price of the 2015 bonds by \$124,521. This amount is recorded as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt using the effective-interest method. Amortization expense for 2023 is \$6,918. The City completed the current refunding to reduce its total debt service payments over the next 20 years by \$618,230 and obtained an economic gain (difference between the present value of the debt service payments of the new and old debt) of \$533,633. Principal payments are due annually on September 1. Interest payments are due semiannually on March 1 and September 1.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

2021B Refunding Franchise Fee Revenue Bond – Bonds in the amount of \$8,420,000 were issued with varying interest rates from 1.40% to 2.785% to advance refund the outstanding 2012 Franchise Fee Secured Refunding Bonds. The net proceeds of the Series 2022B bonds, along with the debt service funds from the Series 2012 bonds, were deposited into an irrevocable trust with an escrow agent. The 2012 bonds (\$7,600,000 in principal as of December 31, 2022) were redeemed in full on September 1, 2023. The net carrying amount of the bonds exceeded the reacquisition price of the 2012 bonds by \$511,083. This amount is recorded as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt using the effective-interest method. Amortization expense for 2023 is \$25,554. The City completed the advance refunding to reduce its total debt service payments over the next 18 years by \$618,984 and to obtain an economic gain (difference between the present values of the debt service payments on the new and old debt) of \$488,641. Principal payments are due annually on September 1. Interest payments are due semiannually on March 1 and September 1.

Business-type Activities

Revenue Bonds - Revenue bonds are comprised of various issues for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing additions and improvements of City facilities.

2001 City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds – Bonds in the amount of \$1,000,000 were issued with an interest rate of 3.75%.

2004A City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Revenue Bonds – Bonds in the amount of \$2,170,000 were issued with an interest rate of 3.25%.

2004B City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Revenue Bonds – Bonds in the amount of \$3,830,000 were issued with an interest rate of 3.25%.

2007 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Refunding Bonds – Bonds in the amount of \$9,085,000 were issued with a variable interest rate from 4.00% to 4.15%.

2023 City of Texarkana, Arkansas Public Facilities Board Revenue Bonds – Bonds in the amount of \$20,655,000 were issued with a variable interest rate from 4.00% to 5.00%.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds and notes payable, outstanding at December 31, 2023.

Year	Primary Government				Business-Type Activities	
	Governmental Activities				Revenue Bonds - Publicly Traded	
	General Obligation Bonds and Revenue Bonds - Publicly Traded		Note Payable - Direct Borrowing			
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,010,000	\$ 479,481	\$ 158,733	\$ 21,315	\$ 1,053,454	\$ 988,606
2025	1,030,000	454,126	165,312	16,735	1,166,594	983,772
2026	1,060,000	427,686	171,005	12,043	743,860	935,644
2027	1,085,000	397,750	176,862	7,186	775,000	902,800
2028	1,125,000	366,476	38,842	2,158	815,000	864,050
2029-2033	5,470,000	1,454,549	220,375	10,080	4,725,000	3,667,000
2034-2038	4,380,000	726,736	263,526	6,226	6,030,000	2,361,750
2039-2042	1,050,000	95,390	85,166	448	7,470,002	919,800
	<u>\$ 16,210,000</u>	<u>\$ 4,402,194</u>	<u>\$ 1,279,821</u>	<u>\$ 76,191</u>	<u>\$ 22,778,910</u>	<u>\$ 11,623,422</u>

There are a number of limitation and restrictions contained in the various bond indentures. The City is in substantial compliance with all significant limitations and requirements. The City is also subject to a statutory limitation by the State of Arkansas for general bonded indebtedness. The limitation is 25 percent of the total assessed valuation of all real and personal property within the municipality subject to taxation. At December 31, 2023, the City met the statutory limitation for its general bonded indebtedness, leaving a sufficient legal debt margin. Also, for the governmental activities, the net pension liability and total other postemployment benefit obligations have historically been the responsibility of the General Fund.

Notes Payable from Direct Borrowings

Governmental Activities

The City's outstanding notes payable from direct borrowings of \$1,279,821 contain a provision that in the event of default, the lender may make all or part of the note immediately due. The City has pledged general revenues as collateral for one note and a HUD guarantee for the other note.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

The following is a summary of pledged revenues of the City for the year ended December 31, 2023.

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
Governmental Activities:						
2018 Franchise Fee Secured Capital Improvement Revenue Bonds	Franchise Taxes	\$ 3,234,319	\$ 202,931	6.3%	\$ 2,005,088	Until 2032
2021A Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	3,234,319	201,488	6.2%	3,375,868	Until 2041
2021B Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	3,234,319	582,250	18.0%	8,743,412	Until 2041
Business-Type Activities:						
2004A City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Bonds	Revenues of the Enterprise Fund	\$ 779,138	\$ 148,406	19.0%	\$ 148,379	Until 2024
2004B City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Bonds	Revenues of the Enterprise Fund	779,138	261,932	33.6%	654,818	Until 2026
2007 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Refunding Bonds	Revenues of the Enterprise Fund	11,616,223	722,306	6.2%	1,439,701	Until 2025
2023 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Bonds	Revenues of the Enterprise Fund	11,616,223	-	0.0%	32,159,434	Until 2025

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Note 6: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2023, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 348,110	\$ 574,465
Public Works	238,754	12,609
American Rescue Act Fund	-	264,090
Non-major governmental funds	10,672	319,536
Total governmental funds	<u>597,536</u>	<u>1,170,700</u>
Texarkana, Arkansas Water Utilities	17,495	-
Non-major proprietary funds	252	17,747
Total proprietary funds	<u>17,747</u>	<u>17,747</u>
Fiduciary Funds:		
Policeman's Relief & Pension	587,590	-
Total fiduciary funds	<u>587,590</u>	<u>-</u>
Total	<u><u>\$ 1,202,873</u></u>	<u><u>\$ 1,188,447</u></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 the funds are made.

The difference in due to/due from funds of \$14,426 is due to the different year end of the City Employee Retirement System as compared to the City's year end of December 31, 2023.

Transfers are used to move revenues from funds with collection authorization to debt service and pension funds and to move unrestricted revenues to various programs that the government must account for in other funds. Transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds as of December 31, 2023, are as follows:

Fund	Transfer In	Transfer Out
General	\$ 680,132	\$ 1,412,323
Public Works	288,375	447,590
Other Nonmajor Governmental Funds	1,402,750	65,549
Total governmental funds	<u><u>\$ 2,371,257</u></u>	<u><u>\$ 1,925,462</u></u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

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

Fund	Transfer In	Transfer Out
Proprietary Funds		
Texarkana, Arkansas Water Utilities	\$ -	\$ 316,750
Total proprietary funds	\$ -	\$ 316,750
Total primary government	\$ 2,371,257	\$ 2,242,212

The difference in the transfer in/out of \$129,045 is due to the different year end of the Texarkana, Arkansas Water Utilities (September 30, 2023).

Note 7: Water Supply Contract Between Cities of Texarkana, Texas and Texarkana, Arkansas

Under a contract dated August 5, 1948 as subsequently amended, the Texarkana, Texas system supplies water to the City of Texarkana, Arkansas and disposes of sewage collected by that City. Charges to Texarkana, Arkansas for these services are computed by prorating certain expenses of the System, plus a set monthly fee. A revised agreement was executed between the Cities of Texarkana, Texas and Texarkana, Arkansas on May 20, 1969.

This revised agreement relates to the matter of supplying treated water only and does not amend the prior agreement relating to sewerage service. The terms of the revised contract provide that Texarkana, Arkansas will pay the same amount per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Texas under its contractual arrangements with other area cities. The Arkansas Utilities made total transfers to the Texas Utilities for water purchases of \$1,181,049 for 2023. In addition, the Union Utility made total transfers to the Texas Utilities for water purchases of \$68,946 for 2023. The Mandeville Utility made total transfers to the Texas Utilities for water purchases of \$18,164 for 2023.

City of Texarkana, Arkansas

Notes to Financial Statements

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A water system agreement entered into on December 1, 1982, and amended on October 15, 1985, between the two Cities provides for the sale of water taken from the Millwood Reservoir and processed in the Millwood Water Treatment Facilities. The agreement provides that the previous existing contract shall remain in full force as it relates to water taken from the Texarkana Reservoir. The agreement further provides that the City of Texarkana, Arkansas will sell treated water to the City of Texarkana, Texas at the cost per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Arkansas. The Texas Utilities made total transfers to the Arkansas Utilities for water purchases of \$919,779 for 2023. In addition, the Union Utility made total transfers to the Arkansas Utilities for water purchases of \$37,443 for 2023, respectively. The Mandeville Utility made total transfers to the Arkansas Utilities for water purchases of \$9,755 for 2023.

Additionally, when the indebtedness the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the water treatment and transmission facilities has been discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total capital payments made on the system by both Texarkana, Arkansas and Texarkana, Texas. Capital payments are defined as payments made or to be made on the principal for the bond obligations of Texarkana, Arkansas. During 2023, the Texas Utilities made total transfers to the Arkansas Utilities for debt service of \$418,112.

Note 8: Wastewater Agreements Between Cities of Texarkana, Texas and Texarkana, Arkansas

South Regional Wastewater Facilities

A wastewater agreement dated March 1, 1983, was entered into between the City of Texarkana, Arkansas and the City of Texarkana, Texas. The agreement is a supplement to the previous agreement and provides that the City of Texarkana, Texas will process the wastewater from the City of Texarkana, Arkansas and charge the City of Texarkana, Arkansas the same amount per one thousand gallons as computed to be the cost to the City of Texarkana, Texas for wastewater treatment. The calculation of cost for retail customers billed on the City Rate Ordinance is based on the metered retail water sales of each City to the total retail water sales for both Cities. The contract wastewater treatment cost to the Cities is based on metered wastewater treated in combination with the retail customers for each City to the total for both Cities.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

McKinney Bayou Wastewater Facilities

A wastewater agreement dated December 15, 1997, was entered into between the City of Texarkana, Arkansas and the City of Texarkana, Texas. The agreement relates to the operation and maintenance of a wastewater treatment facility, known as the McKinney Bayou Wastewater Facilities (the facilities), and related transmission lines located within the City of Texarkana, Arkansas to be used for the collection and treatment of a portion of the two cities' wastewater. The agreement provides that the City of Texarkana, Arkansas will process a portion of the wastewater from the City of Texarkana, Texas. The City of Texarkana, Texas will pay the City of Texarkana, Arkansas the same amount per one thousand gallons as computed to be the cost to the City of Texarkana, Arkansas for wastewater treatment. The calculation of cost for retail customers billed is based on the metered retail water sales of each City, whose wastewater is treated in the facilities, to the total retail water sales for both Cities, whose wastewater is being treated in the facilities.

The agreement further provides that, when the indebtedness of the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the wastewater treatment facilities has been discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the system facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total payments on bond obligations made on the system by both Texarkana, Arkansas and Texarkana, Texas. During 2023, the Texas Utilities made transfers to the Arkansas Utilities for debt service in the amounts of \$95,689. The effective transfer of assets pursuant to this agreement has been recorded as a note payable between the Utilities.

Note 9: Pension Plans

Substantially all of the City's employees receive retirement benefits. The City sponsors three single employer defined benefit plans that are reported as pension trust funds. The plan year end for the Texarkana, Arkansas Public Employees Retirement System (TAPERS), and the Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS), is June 30, 2023. The other single employer defined benefit plan is the Police Relief and Pension Fund (PRPF). The Firemen Relief and Pension Fund (FRPF) is an agent multi-employer plan, which also has a December 31 year end. The City also contributes to the Local Police and Fire Retirement System (LOPFI), a statewide cost-sharing multiple-employer defined benefit pension plan and the District Judges' division of Arkansas Public Employees Retirement System (APERS), a statewide cost-sharing multiple-employer public retirement system. Employees of the Enterprise funds (Utilities) participate in the Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. 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.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Texarkana'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. Membership Information

Membership of each City administered plan consisted of the following at the plans most recent fiscal year-end:

	<u>June 30, 2023</u>		<u>December 31, 2023</u>
	<u>TAPERS</u>	<u>TWUPERS</u>	<u>PRPF</u>
Retirees and beneficiaries			
receiving benefits	32	8	36
Active plan members	10	8	-
Terminated members	30	21	-
Transitioned members	13	-	-
	<u>85</u>	<u>37</u>	<u>36</u>
Total	<u>85</u>	<u>37</u>	<u>36</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

C. Financial Information

Separate financial reports are not issued on each plan. The following is the condensed financial information of the pension trust funds:

Statement of Fiduciary Net Position				
	June 30, 2023		December 31, 2023	
	TAPERS	TWUPERS	PRPF	Total
Assets				
Cash and cash equivalents	\$ 313,755	\$ 55,158	\$ 351,235	\$ 720,148
Investments	1,876,440	2,856,957	4,183,487	8,916,884
Receivables	14,270	9,046	381,542	404,858
Due from other funds	-	-	587,590	587,590
Total assets	2,204,465	2,921,161	5,503,854	10,629,480
Liabilities				
Accounts payable	2,712	24,763	2,009	29,484
Total liabilities	2,712	24,763	2,009	29,484
Net Position				
Net position restricted for pensions	\$ 2,201,753	\$ 2,896,398	\$ 5,501,845	\$ 10,599,996

Statement of Changes in Fiduciary Net Position				
Additions				
Contributions	\$ 305,928	\$ -	\$ 696,831	\$ 1,002,759
Intergovernmental	-	-	329,815	329,815
Other	669	-	43,728	44,397
Net investment income	152,052	147,497	633,096	932,645
Total additions	458,649	147,497	1,703,470	2,309,616
Deductions				
Benefits paid directly to participants	395,342	68,131	1,191,703	1,655,176
Administrative expenses and other	13,717	9,424	-	23,141
Total deductions	409,059	77,555	1,191,703	1,678,317
Net Increase in Net Position	49,590	69,942	511,767	631,299
Net Position Restricted For Pensions, Beginning of Year	2,152,163	2,826,456	4,990,078	9,968,697
Net Position Restricted For Pensions, End of Year	\$ 2,201,753	\$ 2,896,398	\$ 5,501,845	\$ 10,599,996

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

D. Plan Descriptions and Funding Information

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

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Outflows of Resources - Contributions	Deferred Inflows of Resources	Pension Expense
TAPERS	\$ -	\$ 6,562,658	\$ 92,380	\$ 25,138	\$ -	\$ 84,837
TWUPERS	2,224,925	-	-	-	-	136,469
PRPF	-	5,616,228	-	-	123,164	515,921
LOPFI	-	21,139,107	6,766,379	1,975,536	1,969,219	3,105,849
APERS	-	74,285	27,908	5,128	7,234	9,761
FRPF	-	956,095	464,259	-	-	153,610
TMRS	-	2,999,317	1,249,391	390,770	15,846	661,240
Total	<u>\$ 2,224,925</u>	<u>\$ 37,347,690</u>	<u>\$ 8,600,317</u>	<u>\$ 2,396,572</u>	<u>\$ 2,115,463</u>	<u>\$ 4,667,687</u>

Single-Employer Defined Benefit Pension Plans

The *Texarkana, Arkansas Public Employees Retirement System (TAPERS)* is a single-employer defined benefit pension plan administered by the Retirement Board of the City. The Retirement Board consists of two or more members appointed by the employer. Members of the Board are not required to be a participant within the plan.

TAPERS provides retirement benefits as well as death and disability benefits. Benefits vest on a graded schedule of 0% after 5 years, 20% after 6 years with an additional 20% added each year after that. Benefits are 100% vested after 10 years. Employees who retire at age 65 are entitled to a benefit of 1.8% of average annual compensation for each year of service. Average compensation is the average at the 5 consecutive years which give the highest result. Employees may retire early at or after age 55 with ten years of service. The benefit is computed as for normal retirement, but for participants who retire prior to age 60 with less than 20 years of vesting service, the benefit is reduced by 1/360th for each month preceding normal retirement date. Participants who are 60 years of age and have completed 20 years of vesting service or who are 55 year of age and have completed 30 years of vesting service have no reduction of their accrued benefits. The benefit is paid as a monthly life annuity. Other options may be elected. Late retirement, pre-retirement death benefits and disability benefits are also available in an amount actuarially equivalent to the present value of accrued benefits. There are no automatic Cost of Living Adjustments (COLAs) in this plan. No ad hoc COLAs have been given in the past.

City of Texarkana, Arkansas

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The plan was closed to employees who are not participants as of July 1, 2012. Participants who were not 100% vested in their retirement benefit as of July 1, 2012 (“Transitioned Participants”) will not receive any additional benefit accruals in the retirement system. These members will continue to earn service for the purposes of vesting and eligibility for early retirement. These Transition Participants will also not be eligible to receive a disability retirement benefit if they become disabled after the effective date of the plan change. Active participants who continue to earn benefit accruals in the retirement system will be required to contribute 2% of pay. The City of Texarkana also increased the employer contributions to the plan from 6% of pay to 10% of covered pay plus provided additional, annual appropriations to further strengthen the benefit security of the plan.

Contributions to the TAPERS are funded by the City of Texarkana, Arkansas. The annual contribution is guided by an annual cost valuation based on the frozen entry age cost method. However, since there is no longer any initial unfunded accrued liability, it is equivalent to the aggregate method. The Annual Required Contribution (ARC) is defined based on the aggregate cost method. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Administrative costs are financed from the trust. Employer contributions for the year ended December 31, 2023, were \$296,941.

The asset concentrations of over 5% are as follows:

Vanguard Short-Term Corporate Bond	\$ 113,490
Ishares USA Min Vol ETF	174,676
Ishares Russell Midcap Value Index Fund	215,836
Ishares Russel Midcap Growth Index Fund	170,069
Ishares Russel 1000 Growth Index Fund	196,757
Ishares Russell 2000 Value Index Fund	121,792
Bank OZK Institutional INT Bearing Business	118,267
US Treasury Bill 08/11/22	193,484
US Treasury Bond 3% 07/15/2025	241,002
US Treasury Bond 3% 07/31/2024	194,988

The ***Policemen’s Relief and Pension Fund (PRPF)*** is a single-employer defined benefit pension plan administered by a Board of Trustees, established in accordance with legislation enacted by the Arkansas General Assembly. The Board of Trustees consists of two members of City Management and five members elected by the plan members. The elected members are required to be participants within the plan. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen’s Fund assets are administered by a Board of Trustees.

City of Texarkana, Arkansas

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The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member's final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member's final salary. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member's final salary. The PRPF also provides benefits for surviving spouses and dependent children in which widow's receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). 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 10 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 PRPF 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 percentage of fines and forfeitures collected. Administrative costs are financed by the Policemen's Fund. Total contributions to the Policemen's Fund were \$1,070,374. The City's share of contributions was \$1,056,795 and included \$696,831 in property taxes, \$43,728 in other taxes and \$329,815 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

The asset concentrations of over 5% are as follows:

Harbor Capital Appreciation	\$ 685,637
The Hartford Equity Income	654,849
US Treasury Note 3% Due 7/15/2025	244,575

The plan has elected to participate in the Deferred Retirement Option Plan effective December 20, 1993. Members who elect to participate have a DROP account that is increased by the monthly amount of their retirement as if they had retired as of the date DROP was elected. As of December 31, 2023, the balances of these DROP accounts were \$1,861,655.

City of Texarkana, Arkansas

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The *Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)* is a single-employer, defined benefit pension plan established under Arkansas state law. Plan assets are administered by a committee appointed by the Texarkana, Arkansas Board of Directors. The committee consists of two or more members appointed by the employer. Members of the committee are not required to be a participant within the plan. The plan funds are held by an independent trustee.

The TWUPERS Plan provides retirement benefits as well as death and disability benefits. A participant is eligible for normal retirement benefits upon attainment of age 65. The annual normal retirement benefit, payable monthly, is equal to 1.8% of average annual earnings for each year of service credited. Average annual earnings are the average of the earnings received by the participant during the five consecutive years of highest earnings. Reduced early retirement benefit is available to participants who are at least age 55 and have 10 years of participation. The reduction is $1/360^{\text{th}}$ for each month or part thereof by which the payment commencement date precedes the normal retirement date. Participants who are 60 years of age and have completed 20 years of vesting service or who are 55 years of age and have completed 30 years of vesting service, have no reduction of their accrued benefit. The benefit is paid as a monthly life annuity. Other options may be elected. Late retirement, pre-retirement death benefits and disability benefits are also available in an amount actuarially equivalent to the present value of accrued benefits. There are no automatic Cost of Living Adjustments (COLA) in this plan. No ad hoc COLA's have been given in the past. An amendment froze the plan as of November 15, 2000 and made all active participants 100% vested. Due to the plan freeze, no employee will become a participant after November 15, 2000.

Since the Plan was frozen as of November 15, 2000. There have been no required contributions or contributions made to the plan since 2000.

The asset concentrations of over 5% are as follows:

MFS Value Fund	\$ 289,152
I Shares S + P 500	318,429
PGIM High Yield Fund	149,098

Actuarial Assumptions

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

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Police Relief and Pension Fund. Actuarial evaluations are performed biennially, and the last evaluation was for the year ended December 31, 2023. Actuarial assumptions used in evaluating the fund and applicable to the PRPF include the following:

Valuation date	December 31, 2023
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Open amortization period
Amortization period	5 years
Assumptions:	
Inflation rate	2.50%
Investment rate of return	5.00%
Projected salary increases	N/A

Information pertaining to the actuarial valuations used for the remaining two single-employer defined benefit pension plans follows:

	TAPERS	TWUPERS
Actuarial valuation date	6/30/2023	6/30/2023
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Not applicable
Remaining amortization period	20 years	Not applicable
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	5.00%	3.50%
Projected salary increases	3.00%	N/A
Includes inflation at	2.25%	2.75%
Cost-of-living adjustments	None	None
Mortality table	MP-2014	2021 Funding Target

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Net Pension Asset/Liability

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

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)	Plan Net Position as a % of Total Pension Asset/Liability
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2023	\$ 8,764,411	\$ 2,201,753	\$ (6,562,658)	25.12%
Police Relief and Pension Fund (PRPF)	12/31/2023	11,118,073	5,501,845	(5,616,228)	49.49%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2023	671,473	2,896,398	2,224,925	431.35%

Long-term Expected Return on Plan Assets

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

Targeted Asset Allocation			
Asset Class	TAPERS	PRPF	TWUPERS
Domestic Fixed Income		80.00%	
Domestic Equity	48.00%	10.00%	
Foreign Equity	6.00%		
Equities			43.50%
Fixed Income	39.00%		53.70%
Real Estate (REIT)	2.00%		
Marketable			1.60%
Cash & Equivalents	5.00%	10.00%	1.20%
Total	100.00%	100.00%	100.00%

City of Texarkana, Arkansas

Notes to Financial Statements

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Discount Rate

Texarkana, Arkansas Public Employees Retirement System (TAPERS)

In the June 30, 2023 actuarial valuation, a blended discount rate of 4.11% (3.85% in the prior year) was used to measure the total pension liability. This blended discount rate was based on the expected rate of return on pension plan investments of 5.00% and a municipal bond rate of 3.86% (based on the Fidelity Index's 20-year Municipal GO AA Index as of June 30, 2023). Based on the stated assumptions and the projection of cash flows, the pension plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the 2029 fiscal year. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2035 fiscal year and the municipal bond rate was applied to all benefit payments after that date.

Policemen's Relief and Pension Fund (PRPF)

In the December 31, 2023 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the 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.

Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)

In the June 30, 2023 actuarial valuation, a single discount rate of 3.5% 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 3.5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Changes in the Net Pension Liability

Texarkana, Arkansas Public Employees Retirement System (TAPERS)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2023	\$ 9,033,635	\$ 2,152,163	\$ 6,881,472
Changes for the year:			
Service cost	88,977	-	88,977
Interest	342,363	-	342,363
Differences between expected and actual experience	(55,216)	-	(55,216)
Assumption changes	(271,508)	-	(271,508)
Contributions - employer	-	294,866	(294,866)
Contributions - employee	-	8,973	(8,973)
Net investment income	-	149,697	(149,697)
Benefit payments, including refunds of employee contributions	(373,840)	(373,840)	-
Administrative expense	-	(32,127)	32,127
Other changes	-	2,021	(2,021)
Net changes	(269,224)	49,590	(318,814)
Balances at December 31, 2023	\$ 8,764,411	\$ 2,201,753	\$ 6,562,658

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Policemen's Relief and Pension Fund (PRPF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2023	\$ 11,264,790	\$ 4,990,078	\$ 6,274,712
Changes for the year:			
Service cost	-	-	-
Interest	536,061	-	536,061
Differences between expected and actual experience	404,357	-	404,357
Contributions - employer	-	869,017	(869,017)
Contributions - employee	-	-	-
Net investment income	-	604,813	(604,813)
Benefit payments, including refunds of employee contributions	(1,087,135)	(1,087,135)	-
Administrative expense	-	-	-
Assumption Changes	-	-	-
Benefit Change	-	-	-
Other changes	-	125,072	(125,072)
Net changes	(146,717)	511,767	(658,484)
Balances at December 31, 2023	<u>\$ 11,118,073</u>	<u>\$ 5,501,845</u>	<u>\$ 5,616,228</u>

Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at January 1, 2023	\$ 738,000	\$ 2,826,456	\$ (2,088,456)
Changes for the year:			
Interest	54,555	-	54,555
Differences between expected and actual experience	(52,951)	-	(52,951)
Assumption changes	-	-	-
Net investment income	-	147,497	(147,497)
Benefit payments, including refunds of employee contributions	(68,131)	(68,131)	-
Administrative expense	-	(9,424)	9,424
Other changes	-	-	-
Net changes	(66,527)	69,942	(136,469)
Balances at December 31, 2023	<u>\$ 671,473</u>	<u>\$ 2,896,398</u>	<u>\$ (2,224,925)</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

		Sensitivity of the Net Position Liability/(Asset) to the Single Discount Rate Assumption		
		1% Decrease 3.11%	Current Blended Rate Assumption 4.11%	1% Increase 5.11%
TAPERS	Net Pension Liability	\$ 7,685,092	\$ 6,562,658	\$ 5,631,867
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
PRPF	Net Pension Liability	\$ 6,321,144	\$ 5,616,228	\$ 4,995,932
		1% Decrease 2.50%	Current Single Rate Assumption 3.50%	1% Increase 4.50%
TWUPERS	Net Pension Asset	\$ (2,152,543)	\$ (2,224,925)	\$ (2,285,719)

Money-Weighted Rate of Return

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

Plan	FY Ended	Annual Return
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2023	7.14%
Police Relief and Pension Fund (PRPF)	12/31/2023	13.88%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2023	5.29%

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2023, the City recognized pension expense of 84,837 for TAPERS, \$136,469 for TWUPERS and \$515,921 for PRPF. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

TAPERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 92,380	\$ -
Contributions subsequent to the measurement date	25,138	-
Total	<u>\$ 117,518</u>	<u>\$ -</u>

PRPF

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 123,164
Total	<u>\$ -</u>	<u>\$ 123,164</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$25,138 will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

TAPERS

Year Ending December 31	Net Deferred Outflows of Resources
2024	\$ 39,162
2025	(7,368)
2026	69,485
2027	(8,899)
Total	<u>\$ 92,380</u>

PRPF

Year Ending December 31	Net Deferred Inflows of Resources
2024	\$ (73,516)
2025	(14,797)
2026	42,555
2027	(77,406)
Total	<u>\$ (123,164)</u>

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

The *Arkansas District Judges Retirement System* (ADJRS) provides pension benefits for the City's municipal judges. In accordance with Act 1374 of 2003, the ADJRS was established effective January 1, 2005 and the City's local plan was abolished. A deferred benefit was established for all district judges and court clerks in the local plans that were active on December 31, 2004. These deferred annuities will be eligible for benefits when the eligibility requirements for their previous local plans are met. Act 177 of the 86th General Assembly abolished the ADJRS and transferred all powers, duties and plan liabilities to the Arkansas Public Retirement System (APERS) effective July 1, 2007. The APERS plan, which includes the District Judges' division, is a cost-sharing multiple-employer public retirement system. All current members in the former ADJRS system maintain the same benefit package.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

APERS issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained by writing to 124 West Capitol Avenue, Suite 400, Little Rock, AR 72201.

Benefits provided. Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005, while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the members final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional .5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

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

Contributions. Contributions to APERS are made by both the members (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City contributed 14.59% of covered employee's salaries to the plan for the period January 1, 2023 to December 31, 2023. Contributions made to the plan the City for the year ended December 31, 2023, amounted to \$8,655. There were no contributions made by the Member.

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

At December 31, 2023, the City reported a liability of \$74,285 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the .00254907 percent, which was an increase of .000013312 percent from the prior year.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

For the year ended December 31, 2023, the City recognized pension expense of \$9,761. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,193	\$ 408
Change of assumptions	3,492	-
Changes in proportion	5,849	6,826
Net difference between projected and actual earnings on pension plan investments	9,246	-
Contributions subsequent to the measurement date	5,128	
Total	<u>\$ 27,908</u>	<u>\$ 7,234</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,128 will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as:

Year Ending December 31	
2024	\$ 3,695
2025	1,703
2026	11,016
2027	(868)
Total	<u>\$ 15,546</u>

City of Texarkana, Arkansas

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Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 9.85 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022. As a result of the 2022 actuarial experience study, the expectation of life after disability was adjusted in the June 30, actuarial evaluation to more closely reflect actual experience.

Long-term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Assets	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fund	18%	1.79%
Total	100%	

City of Texarkana, Arkansas

Notes to Financial Statements

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Discount Rate

In the June 30, 2023 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Sensitivity of the Net Pension Liability (Asset) to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	\$ 118,403	\$ 74,285	\$ 37,935

Pension Plan Fiduciary Net Position

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

The **Local Police and Fire Retirement System (LOPFI)** is a statewide cost-sharing multiple-employer defined benefit retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. 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 by contacting the following:

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

City of Texarkana, Arkansas

Notes to Financial Statements

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

Contributions. Contributions to LOPFI are made by both the members and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 8.5 percent of covered payroll for policemen and firemen. The City contributed 23.13% of covered employee's salaries to the plan for policeman and 24.00% of covered employees' salaries to the plan for firemen for the year ended December 31, 2023. Contributions made to the plan by employees and the City for the year ended December 31, 2023 amounted to \$748,312 and \$1,974,690, respectively.

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

At December 31, 2023, the City reported a liability of \$21,139,107 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2022, the City's proportion was 1.97989 percent, which was a decrease of .03603 percent from the prior year.

For the year ended December 31, 2023, the City recognized pension expense of \$3,105,849. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,389,555	\$ -
Change of assumptions	230,456	1,639,053
Net difference between projected and actual earnings on pension plan investments	5,145,622	-
Changes in proportion	746	330,166
Contributions subsequent to the measurement date	1,975,536	-
Total	<u>\$ 8,741,915</u>	<u>\$ 1,969,219</u>

City of Texarkana, Arkansas

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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,975,536 will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as:

Year Ending December 31	
2024	\$ 310,646
2025	756,241
2026	1,327,219
2027	<u>2,403,054</u>
Total	<u><u>\$ 4,797,160</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.25 percent
Wage inflation	3.00 percent
Salary increases	3.50 to 18.00 percent, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Long-term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	4.05%
U.S. Stock - Small Cap	21%	4.65%
International Equity	9%	5.27%
Emerging Markets	9%	7.49%
U.S. Corporate Bonds	25%	-0.35%
Real Estate	5%	3.76%
Private Equity	10%	9.10%
Total	100%	

Discount Rate

In the December 31, 2022 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas

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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 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's proportionate share of the net pension liability	\$ 31,472,021	\$ 21,139,107	\$ 12,773,103

Pension Plan Fiduciary Net Position

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

Agent Multiple-Employer Defined Benefit Plans

The *Firefighter's Relief and Pension Fund (FRPF)* is an agent multiple-employer defined benefit pension plan for employees of the Fire Department who were hired prior to January 1, 1983. The Plan was established in accordance with Arkansas statutes and was closed, by state law, to new employees effective January 1, 1983. On September 6, 2016, the City entered into an agreement with the Arkansas local police and fire (LOPFI) retirement system whereby LOPFI assumed responsibility for administration and a portion of the obligation of the Old Plans pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas. Per the Agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the Plan's net pension obligation over a 15-year open amortization period. The Plan's benefit structure remains unchanged under the administration of LOPFI. The assets of the Plan are included in the pooled assets of the LOPFI System and a financial report that includes disclosures about the elements of the basic financial statements is available on the LOPFI's website at www.lopfi-prb.com.

The FRPF provides retirement benefits for firemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member's final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member's final salary. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the

City of Texarkana, Arkansas

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fire department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member's final salary. The FRPF also provides benefits for surviving spouses and dependent children in which widow's receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). 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 10 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Fire and Fire Retirement System created by Act 364 of 1981. Therefore, the FRPF is effectively closed to new members.

Contributions to the Firemen's Fund were previously set forth in Arkansas statute. The City's contribution to the Firemen's Fund previously consisted of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs were financed by the Firemen's Fund. As the administration of the Plan was transferred to LOPFI in 2016, contributions from that point forth will now be actuarially determined annually. Contributions made to the plan by the City for the year ended December 31, 2022 amounted to \$88,354.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	27
DROP members	-
Active members	-
	<hr/>
Total	<u>27</u>

As the plan is closed to new members and there are no active members included in the plan, there are no contributions made by members to the plan. The contribution rate for the City is actuarially determined on an annual basis.

Actuarial Assumptions

Valuation date	December 31, 2022
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Closed amortization period
Amortization period	11 years
Assumptions:	
Inflation rate	2.50%
Investment rate of return	7.25%
Projected salary increases	N/A

City of Texarkana, Arkansas

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 7.25%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the LOPFI Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of the plan.

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expend 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 target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	4.05%
U.S. Stock - Small Cap	21%	4.65%
International Equity	9%	5.27%
Emerging Markets	9%	7.49%
U.S. Corporate Bonds	25%	-0.35%
Real Estate	5%	3.76%
Private Equity	10%	9.10%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of retired and DROP members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2023	\$ 5,865,995	\$ 6,175,437	\$ (309,442)
Changes for the year:			
Service cost	-	-	-
Interest	388,604	-	388,604
Differences between expected and actual experience	189,719	-	189,719
Assumption changes	(99,745)	-	(99,745)
Contributions - employer	-	88,354	(88,354)
Contributions - employee	-	-	-
Net investment income	-	(869,599)	869,599
Benefit payments, including refunds of employee contributions	(629,028)	(629,028)	-
Administrative expense	-	(5,714)	5,714
Other changes	-	-	-
Net changes	(150,450)	(1,415,987)	1,265,537
Balances at December 31, 2023	<u>\$ 5,715,545</u>	<u>\$ 4,759,450</u>	<u>\$ 956,095</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 1,371,775	\$ 956,095	\$ 581,731

Pension Plan Fiduciary Net Position

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources

For the year ended December 31, 2023, the City recognized pension expense of \$153,610 related to this plan.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

At December 31, 2023, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 464,259
Total	<u>\$ 464,259</u>

The amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2024	\$ (29,489)
2025	86,153
2026	151,043
2027	<u>256,552</u>
Total	<u>\$ 464,259</u>

The ***Texas Municipal Retirement System*** (TMRS) provides pension benefits for all of the Utilities' full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Utilities are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS at P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Benefits. TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the Utility, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Utility-finance monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of the benefit as a Partial Lump Sum Distribution in the amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of Texarkana, Arkansas

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The plan's provisions are adopted by the Texarkana, Texas City Council, within the options available in the state statutes governing TMRS. Plan provisions for the Utility were as follows:

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Updated Service Credit:	
Rate	100T
Year effective	1992R
Increased benefits to retirees	
Rate	70%
Year effective	1992R
 Military service credit effective date	 October 1988
Years required for vesting	5 Years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Restricted prior service credit effective date	June 1995

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms for the plan as a whole:

Inactive employees or beneficiaries currently receiving benefits	131
Inactive employees entitled to but not yet receiving benefits	68
Active Employees	<u>169</u>
 Total	 <u><u>368</u></u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Utility. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Utility were required to contribute 7% of their annual gross earnings during the fiscal year. The Utility's contributions to TMRS for the year ended December 31, 2023, were \$443,063, and were equal to the required contributions.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.65%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The Actuarial assumptions used in the December 31, 2022 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2015 through December 31, 2018, first used in the December 31, 2019 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2022 valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

City of Texarkana, Arkansas

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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 target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Real Return	12.00%	8.10%
Real Estate	12.00%	5.80%
Absolute Return	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2023	\$ 16,974,245	\$ 16,201,233	\$ 773,012
Changes for the year:			
Service cost	463,849	-	463,849
Interest	1,131,732	-	1,131,732
Differences between expected and actual experience	78,538	-	78,538
Assumption changes	-	-	-
Contributions - employer	-	441,278	(441,278)
Contributions - employee	-	192,697	(192,697)
Net investment income	-	(1,179,167)	1,179,167
Benefit payments, including refunds of employee contributions	(818,679)	(818,679)	-
Administrative expense	-	(10,209)	10,209
Other changes	-	3,215	(3,215)
Net changes	<u>855,440</u>	<u>(1,370,865)</u>	<u>2,226,305</u>
Balances at December 31, 2023	<u>\$ 17,829,685</u>	<u>\$ 14,830,368</u>	<u>\$ 2,999,317</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the net pension liability/(asset) for the Utility using the current rate as compared to what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Utility's Net Pension Liability/(Asset)	<u>\$ 5,344,057</u>	<u>\$ 2,999,317</u>	<u>\$ 1,064,404</u>

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

For the year ended December 31, 2023, the Utility recognized pension expense of \$661,240.

City of Texarkana, Arkansas
Notes to Financial Statements
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At December 31, 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 215,761	\$ 15,846
Change of assumptions	2,252	-
Net difference between projected and actual earnings on pension plan investments	1,031,378	-
Contributions subsequent to the measurement date	<u>390,770</u>	<u>-</u>
Total	<u><u>\$ 1,640,161</u></u>	<u><u>\$ 15,846</u></u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$390,770 will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	
2024	\$ 120,297
2025	339,272
2026	311,775
2027	<u>462,201</u>
Total	<u><u>\$ 1,233,545</u></u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Note 10: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City's plan was amended effective July 15, 1997, to provide that all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

The City has delegated administrative and investment responsibilities to a third party administrator, ICMA Retirement Corporation, and as such, the plan assets do not meet the requirements for inclusion in the City's financial statements as of December 31, 2023.

Note 11: Other Postemployment Benefits

The City of Texarkana, Arkansas participates in two other postemployment benefit plans. The aggregate amounts for the two plans are as follows:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities	\$ 2,811,173	\$ 543,243	\$ 1,175,316	\$ 118,578
Proprietary Funds	422,692	16,755	324,114	240,001
	<u>\$ 3,233,865</u>	<u>\$ 559,998</u>	<u>\$ 1,499,430</u>	<u>\$ 358,579</u>

Governmental Activities

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

Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. Currently, retired employees who retired under age 55 and employees retiring who are under age 55 are eligible to continue medical coverage only with a lifetime maximum benefit of \$250,000 provided they have

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

participated in the Fund for at least five years. Such retired employees and their dependents shall not have benefit of the stop-loss provision or have dental and vision benefits. Retired employees who retired at age 55 and over are eligible to continue medical, dental and vision coverage only. All retired employees shall be entitled to \$5,000 annual reinstatement of benefits. Retired employees may remain covered provided the City remains in the Municipal Health Benefit Fund.

As of December 31, 2023, there are 22 retirees participating in the postemployment health benefit program. Participant contributions totaled \$165,319 in 2023.

Employees covered by benefit terms – at December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not receiving benefit payments	-
Active members	<u>193</u>
Total	<u><u>215</u></u>

Total OPEB Liability – The City’s total OPEB liability of \$2,811,173 was measured as of December 31, 2023 and was determined by an actuarial valuation as December 31, 2022.

Actuarial Methods and Assumptions – The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.00 percent based on the 20 year municipal bond rate from the S & P Municipal Bond index. Prior discount rate was 4.31 percent based on the 20 year municipal bond rate
Inflation rate	3.00 percent
Healthcare cost trend rates	8.00 percent for 2024 decreasing 0.5% annually, to an ultimate rate of 5.00 percent for 2031
Cost method	Entry age normal
Mortality	RP 2014 Mortality Table

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Changes in Total OPEB Liability

Total OPEB obligation - January 1, 2023	<u>\$ 2,744,690</u>
Service Cost	56,576
Interest	117,172
Changes of assumptions or other inputs	58,054
Benefit payments	<u>(165,319)</u>
Net change in total OPEB liability	<u>66,483</u>
Total OPEB obligation - December 31, 2023	<u><u>\$ 2,811,173</u></u>

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Other Postemployment Benefits Liability	<u>\$ 3,015,905</u>	<u>\$ 2,811,173</u>	<u>\$ 2,622,009</u>

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

	Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates		
	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Other Postemployment Benefits Liability	<u>\$ 2,554,098</u>	<u>\$ 2,811,173</u>	<u>\$ 3,110,275</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

OPEB Expense and Deferred Outflows/ Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the City recognized OPEB expense of \$118,578. At December 31, 2023, 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
Differences between expected and actual experience	\$ 186,241	\$ 690,084
Changes of assumptions	357,002	485,232
Total	<u>\$ 543,243</u>	<u>\$ 1,175,316</u>

The balances as of December 31, 2023 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost
2024	\$ (55,170)
2025	(55,170)
2026	(55,170)
2027	(55,170)
2028	(55,170)
Thereafter	<u>(356,223)</u>
	<u>\$ (632,073)</u>

Required Supplementary Information – Required supplementary information for the schedule of changes in City’s total OPEB liability and related ratios is presented immediately following the Notes to the Financial Statements.

Proprietary Funds

In addition to the retirement benefits described in *Note 9*, eligible employees hired before January 1, 2010, receive upon retirement 1) a lump sum payment of their sick leave balance at retirement which is equal to their sick leave hours (limited to 720 for non-Civil Service) valued at their hourly pay rate, and 2) an additional amount equal to their sick leave balance used to pay future monthly healthcare contributions. Since the sick leave balance in item two can only be used for healthcare, it is included as a single-employer other postemployment defined benefit plan (OPEB).

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Upon retirement, eligible employees hired after January 1, 2010 may choose either a lump sum payment of up to 720 hours of sick leave at their current rate of pay or an equivalent amount to be used to pay future monthly healthcare contributions, but they cannot get both. Once retirees participating in postemployment health care benefits reach sufficient age to become Medicare eligible, they can no longer remain on the insurance, but if they enroll in Medicare, their Medicare supplement premiums can then be paid from any remaining sick leave buyout balance. Eligible employees who retire at Medicare eligible age cannot remain on the employer insurance, but their Medicare supplement premiums can be paid from their sick leave buyout balance.

Eligible employees who choose to remain on the employer insurance are allowed to continue any coverage they may have at retirement, which includes self, spouse, children, and family coverage options, but those coverage options cannot be added post-retirement.

For the plan, no assets are accumulated in a trust that meet the criteria of GASB Statement No. 75.

At the September 30, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Actives	178
Retirees	<u>13</u>
Total	<u><u>191</u></u>

Contributions

Benefit levels and contribution rates are approved annually by City management and the City Council as part of the budget process. The Utility does not make advance funding contributions, but instead operates under a pay-as-you-go method. An irrevocable trust has not been established that meets the criteria established under GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund and does not issue a separate financial report.

Total OPEB Liability

The Utility's Total OPEB Liability was measured as of September 30, 2023 and Total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation as of October 1, 2023.

Actuarial methods and assumptions

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under this method, a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to his assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

sufficient to fund his projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used.

Valuation Date	October 1, 2023
Measurement Date	September 30, 2023
Discount Rate for Valuing Liabilities	4.87% per annum, as required by GASB 75 (4.77% in prior year)
Mortality Rates	Non-Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general employees with mortality improvement scale MP-2021
	Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general retirees with mortality scale MP-2021
Assumed Sick Leave Balance	Active participants assumed to have the maximum sick leave balance accrued at time of retirement. Retirees use actual sick leave balance.
Disability Rates	None
Payroll Increase	2.75%
Participation Assumption	100% of those with an accrued balance at retirement are assumed to elect medical coverage and 25% of retirees are assumed to cover their spouse.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2023

Changes in Total OPEB Liability

Balance as of January 1, 2023	\$ 500,342
Changes for the year:	
Service cost	39,412
Interest on total OPEB liability	24,101
Difference between expected and actual experience	(1,925)
Effect of assumptions changes or inputs	(98,392)
Benefit payments	(40,846)
	<hr/>
Balance as of December 31, 2023	<u><u>\$ 422,692</u></u>

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

The following presents the total OPEB liability of the Utility calculated using the discount rate of 2.34%, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.87%) or 1% higher (5.87%) than the current rate. This is also calculated using healthcare cost trend rates.

Discount Rate Sensitivity			Healthcare Cost Trend Rates		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Current Rates	1% Increase
3.87%	4.87%	5.87%	5.80/4.00%	6.80/5.00%	7.80/6.00%
<u>\$ 434,270</u>	<u>\$ 422,692</u>	<u>\$ 388,872</u>	<u>\$ 405,124</u>	<u>\$ 422,692</u>	<u>\$ 417,212</u>

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

For the year ended December 31, 2023, the Utility recognized the OPEB expense of \$240,001.

At December 31, 2023, the Utility had deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,825
Changes of assumptions	<u>16,755</u>	<u>318,289</u>
Total	<u><u>\$ 16,755</u></u>	<u><u>\$ 324,114</u></u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

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

Year December 31	Amounts to be Expenses in Future Expense Calculations
2024	\$ (170,220)
2025	(27,054)
2026	(35,430)
2027	(34,991)
2028	(24,472)
2029	(15,192)
	\$ (307,359)

Note 12: Risk Management

Insurance Coverage

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 workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided through the Arkansas Public Entities Risk Management Association (APERMA), which is an association of local governments. APERMA provides the City with property coverage. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered City property.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

The city provides statutory workmen's compensation benefits under an insured plan of the Arkansas Municipal League Workers Compensation Trust. Costs of the program are charged to the appropriate fund. Contributions are made by members and the funds are deposited in the Trust account managed by the Arkansas Municipal League and used to pay claims. Depending on the status of the fund at the end of the year, assessments are made or dividends are declared. Unpaid claims reserve represents Arkansas Municipal League's estimation of the amount to be paid for the claims submitted.

There have been no significant reductions in coverage from 2022 to 2023; nor have settlement amounts exceeded insurance coverage for each of the past three years.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Note 13: Property Taxes

City property taxes are levied each November 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 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property 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. Miller 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, at December 31, 2023, property taxes receivable of \$6,173,882 and related deferred inflows of resources of \$5,650,774 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 of the property and applies the statutory rate of 20% to arrive at assessed value.

Note 14: Tax Abatements

The City enters into certain tax abatement agreements with local businesses in accordance with State Law for the purpose of attracting or retaining businesses within its jurisdiction. The abatements may be granted to any business located within or promising to relocate to the City.

The City currently has an agreement with a hotel company whereby the City will rebate all A&P taxes for a period of 15 years, to be concluded in 2025, to be used exclusively for the operation and maintenance of the convention center and Water Park constructed. Authority to enter into the agreements were afforded to the City Manager by the City's Board of Directors. In order to be eligible for the abatement, the company was required to construct a hotel/convention center and Water Park in the Crossroads Business Park in Texarkana, Arkansas.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

For the fiscal year ended December 31, 2023, the City abated A&P taxes totaling approximately \$65,000, which account for approximately 5.6% of the A&P fund tax revenue. In addition to the annual rebate, the City has made other commitments in association with the agreement, which include an annual contribution of \$250,000 for 20 years (expiring in 2030) for maintenance and operation of the Water Park. These annual contributions are contingent upon the continued operation of the facilities and the need for maintenance and are evaluated annually. For the fiscal year ended December 31, 2023, the City made an annual contribution of \$250,000 to the company.

There were no amounts received or receivable from other governments in association with the forgone tax revenues.

Note 15: Contingencies and Commitments

Contingencies

The City participates in several federal financial assistance programs. The City's grant programs are subject to multiple compliance requirements and are subject to resolution of questioned costs, if any. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The City is a member of the Arkansas Municipal League (AML). The program shall provide legal defense in civil rights suits against the City government of a participating City and pay judgments imposed on City officials and employees and the City government and city-formed boards and commissions. AML will pay any judgement rendered against the City in an amount not to exceed 25% of the AML available funds at the time the lawsuit was filed or the judgement becomes final, or one million dollars, whichever is less unless a pending case is excluded from coverage. The City shall pay into the program each year a charge established annually. In the opinion of the City Attorney, the amount of financial exposure to the City as a result of litigation matters handled by the Program is not significant to the City.

The City, its agencies, and its employees are defendants in various legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts, and alleged violations of state and federal laws. It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current status of all of the legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2023

Commitments

On December 22, 2020, the City entered into a joint lease agreement with the City of Texarkana, Arkansas, Public Facilities Board and Miller County. The lease agreement is for a one-year period with options to extend in annual increments through 2041. The option to extend shall be deemed automatically exercised by each Lessee unless on hundred twenty days prior to the end of the term the Lessee shall give notice to the Lessor, the Bondholder and other Lessee written notice that the Lessee does not elect to have this agreement extended. In the event that the extensions are exercised, the City will pay approximately \$306,000 annually through 2041.

Note 16: Subsequent Events

Subsequent to year-end, the City approved entering into an agreement to accept a revolving line of credit of \$300,000 associated with a Purchase Power Card. Also subsequent to year-end, the City authorized the issuance of approximately \$24,000,000 of Waterworks Facilities Revenue Bonds for Texarkana Water Utilities.

Required Supplementary Information

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – PRPF

Fiscal year ended December 31,	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	536,061	590,004	592,792	594,556	408,721
Benefit Changes	-	-	-	-	-
Difference Between Actual & Expected Experience	404,357	(604,579)	(89,261)	398,320	193,772
Assumption Changes	-	-	456,067	-	-
Benefit Payments	(1,087,135)	(1,041,429)	(989,306)	(1,066,970)	(1,130,268)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	(146,717)	(1,056,004)	(29,708)	(74,094)	(527,775)
Total Pension Liability - Beginning	11,264,790	12,320,794	12,350,502	12,424,596	12,952,371
Total Pension Liability - Ending (a)	\$ 11,118,073	\$ 11,264,790	\$ 12,320,794	\$ 12,350,502	\$ 12,424,596
Plan Fiduciary Net Position					
Contributions - Employee	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	869,017	870,270	697,821	678,497	759,151
Net Investment Income	604,813	(354,700)	555,434	559,509	742,303
Benefit Payments	(1,087,135)	(1,041,429)	(989,306)	(1,066,970)	(1,130,268)
Administrative Expense	-	-	-	(7,300)	6,100
Reconciliation Adjustment	125,072	(2,574)	2,904	-	-
Net Change in Plan Fiduciary Net Position	511,767	(528,433)	266,853	163,736	377,286
Plan Fiduciary Net Position - Beginning	4,990,078	5,518,511	5,251,658	5,087,922	4,710,636
Plan Fiduciary Net Position - Ending (b)	\$ 5,501,845	\$ 4,990,078	\$ 5,518,511	\$ 5,251,658	\$ 5,087,922
Net Pension Liability (a) - (b)	\$ 5,616,228	\$ 6,274,712	\$ 6,802,283	\$ 7,098,844	\$ 7,336,674
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	49.49%	44.30%	42.52%	40.95%	40.95%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – PRPF (Continued)

Fiscal year ended December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	628,849	659,269	751,303	878,014	888,913
Benefit Changes	-	-	-	(378,000)	-
Difference Between Actual & Expected Experience	57,548	195,575	(1,311,299)	(476,658)	14,625
Assumption Changes	-	-	-	-	-
Benefit Payments	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)	(1,177,920)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	(336,852)	(551,887)	(1,724,088)	(1,138,977)	(274,382)
Total Pension Liability - Beginning	13,289,223	13,841,110	15,565,198	16,704,175	16,978,557
Total Pension Liability - Ending (a)	\$ 12,952,371	\$ 13,289,223	\$ 13,841,110	\$ 15,565,198	\$ 16,704,175
Plan Fiduciary Net Position					
Contributions - Employee	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	734,533	893,926	895,983	854,698	827,917
Net Investment Income	(186,564)	469,539	365,678	(229,837)	201,657
Benefit Payments	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)	(1,177,920)
Administrative Expense	(6,000)	(5,850)	(5,750)	(5,650)	(4,500)
Reconciliation Adjustment	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(481,280)	(49,116)	91,819	(543,122)	(152,846)
Plan Fiduciary Net Position - Beginning	5,191,916	5,241,032	5,149,213	5,692,335	5,845,181
Plan Fiduciary Net Position - Ending (b)	\$ 4,710,636	\$ 5,191,916	\$ 5,241,032	\$ 5,149,213	\$ 5,692,335
Net Pension Liability (a) - (b)	\$ 8,241,735	\$ 8,097,307	\$ 8,600,078	\$ 10,415,985	\$ 11,011,840
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	36.37%	39.07%	37.87%	33.08%	34.08%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions - PRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 2,596,511	\$ 743,808	\$ 1,852,703	N/A	N/A
2015	2,572,506	774,794	1,797,712	N/A	N/A
2016	2,443,461	794,945	1,648,516	N/A	N/A
2017	2,034,940	741,282	1,293,658	N/A	N/A
2018	1,880,817	734,533	1,146,284	N/A	N/A
2019	1,935,832	759,151	1,176,681	N/A	N/A
2020	1,755,461	678,497	1,076,964	N/A	N/A
2021	1,711,724	697,821	1,013,903	N/A	N/A
2022	1,653,429	870,270	783,159	N/A	N/A
2023	1,745,101	1,053,539	691,562	N/A	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	After 2021, Pub-2010 General, Below Median Income, Healthy Set forward 1 yar males, 2 years female, projected MP-2020 (Before 2022, 1983 GAM)

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns - PRPF

Fiscal Year Ended December 31,	Annual Return
2014	3.79%
2015	-4.72%
2016	8.22%
2017	10.91%
2018	-6.22%
2019	21.37%
2020	11.61%
2021	11.21%
2022	-7.23%
2023	13.88%

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – TAPERS

Fiscal year ended June 30,	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	\$ 88,977	\$ 152,908	\$ 144,788	\$ 118,256	\$ 127,376
Interest	342,363	236,255	292,483	343,890	369,514
Difference Between Actual & Expected Experience	(55,216)	147,575	(564,312)	109,323	(773)
Assumption Changes	(271,508)	(2,253,642)	677,215	1,185,194	643,576
Benefit Payments	(373,840)	(631,672)	(859,649)	(478,343)	(467,864)
Net Change in Total Pension Liability	(269,224)	(2,348,576)	(309,475)	1,278,320	671,829
Total Pension Liability - Beginning	9,033,635	11,382,211	11,691,686	10,413,366	9,741,537
Total Pension Liability - Ending (a)	<u>\$ 8,764,411</u>	<u>\$ 9,033,635</u>	<u>\$ 11,382,211</u>	<u>\$ 11,691,686</u>	<u>\$ 10,413,366</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 294,866	\$ 247,647	\$ 161,807	\$ 150,227	\$ 108,742
Contributions - Member	8,973	9,529	12,361	13,379	12,582
Net Investment Income	149,697	(261,133)	517,237	(38,807)	94,486
Benefit Payments	(373,840)	(631,672)	(859,649)	(478,343)	(467,864)
Administrative Expense	(32,127)	(26,402)	(26,909)	(34,689)	(30,884)
Other changes	2,021	-	(2,321)	(2,311)	-
Net Change in Plan Fiduciary Net Position	49,590	(662,031)	(197,474)	(390,544)	(282,938)
Plan Fiduciary Net Position - Beginning	2,152,163	2,814,194	3,011,668	3,402,212	3,685,150
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,201,753</u>	<u>\$ 2,152,163</u>	<u>\$ 2,814,194</u>	<u>\$ 3,011,668</u>	<u>\$ 3,402,212</u>
Net Pension Liability (a) - (b)	<u>\$ 6,562,658</u>	<u>\$ 6,881,472</u>	<u>\$ 8,568,017</u>	<u>\$ 8,680,018</u>	<u>\$ 7,011,154</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	25.12%	23.82%	24.72%	25.76%	32.67%
Covered Payroll	\$ 450,354	\$ 476,861	\$ 620,511	\$ 597,900	\$ 625,483
Net Pension Liability as a Percentage of Covered Payroll	1457.22%	1443.08%	1380.80%	1451.75%	1120.92%

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – TAPERS (Continued)

Fiscal year ended June 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 155,442	\$ 190,741	\$ 148,947	\$ 157,063	\$ 146,612
Interest	371,029	312,689	352,380	383,918	437,404
Benefit Changes	-	-	-	-	-
Difference Between Actual & Expected Experience	(189,311)	244,662	(12,438)	(303,978)	(680,274)
Assumption Changes	(37,703)	(567,285)	1,176,834	533,271	285,779
Benefit Payments	<u>(333,624)</u>	<u>(284,717)</u>	<u>(427,407)</u>	<u>(599,657)</u>	<u>(1,134,456)</u>
Net Change in Total Pension Liability	<u>(34,167)</u>	<u>(103,910)</u>	<u>1,238,316</u>	<u>170,617</u>	<u>(944,935)</u>
Total Pension Liability - Beginning	<u>9,775,704</u>	<u>9,879,614</u>	<u>8,641,298</u>	<u>8,470,681</u>	<u>9,415,616</u>
Total Pension Liability - Ending (a)	<u><u>\$ 9,741,537</u></u>	<u><u>\$ 9,775,704</u></u>	<u><u>\$ 9,879,614</u></u>	<u><u>\$ 8,641,298</u></u>	<u><u>\$ 8,470,681</u></u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 125,659	\$ 124,282	\$ 162,438	\$ 100,142	\$ 118,862
Contributions - Member	15,132	16,340	16,870	18,255	22,989
Net Investment Income	269,494	336,470	(23,036)	74,808	577,706
Benefit Payments	(333,624)	(284,717)	(427,407)	(599,657)	(1,134,456)
Administrative Expense	<u>(28,179)</u>	<u>(46,899)</u>	<u>(29,946)</u>	<u>(59,688)</u>	<u>(54,386)</u>
Net Change in Plan Fiduciary Net Position	<u>48,482</u>	<u>145,476</u>	<u>(301,081)</u>	<u>(466,140)</u>	<u>(469,285)</u>
Plan Fiduciary Net Position - Beginning	<u>3,636,668</u>	<u>3,491,192</u>	<u>3,792,273</u>	<u>4,258,413</u>	<u>4,727,698</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,685,150</u></u>	<u><u>\$ 3,636,668</u></u>	<u><u>\$ 3,491,192</u></u>	<u><u>\$ 3,792,273</u></u>	<u><u>\$ 4,258,413</u></u>
Net Pension Liability (a) - (b)	<u><u>\$ 6,056,387</u></u>	<u><u>\$ 6,139,036</u></u>	<u><u>\$ 6,388,422</u></u>	<u><u>\$ 4,849,025</u></u>	<u><u>\$ 4,212,268</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	37.83%	37.20%	35.34%	43.89%	50.27%
Covered Payroll	\$ 807,499	\$ 817,749	\$ 823,930	\$ 943,584	\$ 1,189,105
Net Pension Liability as a Percentage of Covered Payroll	750.02%	750.72%	775.36%	513.89%	354.24%

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions - TAPERS

FY Ended December 31,		Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014		\$ 914,015	\$ 118,862	\$ 795,153	\$ 1,189,105	10.00%
2015		382,196	101,157	281,039	943,584	10.72%
2016		424,388	159,348	265,040	823,930	19.34%
2017		416,373	121,286	295,087	817,749	14.83%
2018		440,488	125,659	314,829	807,499	15.56%
2019		433,759	108,742	325,017	625,483	17.39%
2020	(1)	440,502	148,799	291,703	597,900	24.89%
2021	(2)	540,985	161,807	379,178	620,511	26.08%
2022	(3)	504,337	247,647	256,690	476,861	51.93%
2023	(4)	536,995	294,866	242,129	450,354	65.47%

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	20 Years
Asset Valuation	Market Value
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Cost of Living Increases	None
Mortality	Gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate rates of scale MP-2014 to account for future mortality improvements

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

- (1): Assumption changes for the 2020 valuation include a change in discount rate from 3.36% in 2019 to 2.58% in 2020
(2): Assumption changes for the 2021 valuation include a change in discount rate from 2.58% in 2020 to 2.13% in 2021
(3): Assumption changes for the 2022 valuation include a change in discount rate from 2.13% in 2021 to 3.85% in 2022
(4): Assumption changes for the 2023 valuation include a change in discount rate from 3.85% in 2022 to 4.11% in 2023

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns - TAPERS

Fiscal Year Ended June 30,	Annual Return
2013	9.07%
2014	12.73%
2015	1.36%
2016	-1.12%
2017	9.70%
2018	7.59%
2019	2.68%
2020	-1.20%
2021	19.00%
2022	-10.33%
2023	7.14%

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Asset and Related Ratios - TWUPERS

Fiscal year ended June 30,	2023	2022	2021	2020	2019
Total Pension Liability					
Interest	\$ 54,555	\$ 29,123	\$ 32,087	\$ 36,997	\$ 25,715
Difference Between Actual & Expected Experience	(52,951)	(55,282)	(38,646)	(8,635)	(29,670)
Assumption Changes	-	1,000	9,000	(95,000)	(5,000)
Benefit Payments	(68,131)	(137,841)	(36,441)	(33,046)	(68,697)
Net Change in Total Pension Liability	(66,527)	(163,000)	(34,000)	(99,684)	(77,652)
Total Pension Liability - Beginning	738,000	901,000	935,000	1,034,684	1,112,336
Total Pension Liability - Ending (a)	<u>\$ 671,473</u>	<u>\$ 738,000</u>	<u>\$ 901,000</u>	<u>\$ 935,000</u>	<u>\$ 1,034,684</u>
Plan Fiduciary Net Position					
Net Investment Income	\$ 147,497	\$ (491,781)	\$ 571,559	\$ 187,877	\$ 207,360
Benefit Payments	(68,131)	(137,841)	(36,441)	(33,046)	(68,697)
Administrative Expense	(9,424)	(20,391)	(19,902)	(17,156)	(27,370)
Reconciliation Adjustment	-	(341)	(8,964)	(7,723)	(7,560)
Net Change in Plan Fiduciary Net Position	69,942	(650,354)	506,252	129,952	103,733
Plan Fiduciary Net Position - Beginning	2,826,456	3,476,810	2,970,558	2,840,606	2,736,873
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,896,398</u>	<u>\$ 2,826,456</u>	<u>\$ 3,476,810</u>	<u>\$ 2,970,558</u>	<u>\$ 2,840,606</u>
Net Pension Asset (a) - (b)	<u>\$ (2,224,925)</u>	<u>\$ (2,088,456)</u>	<u>\$ (2,575,810)</u>	<u>\$ (2,035,558)</u>	<u>\$ (1,805,922)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	431.35%	382.99%	385.88%	317.71%	274.54%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date.

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Asset and Related Ratios – TWUPERS (Continued)

Fiscal year ended June 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Interest	\$ 49,713	\$ 42,459	\$ 48,445	\$ 48,440	\$ 59,393
Difference Between Actual & Expected Experience	10,643	(14,236)	(113,096)	(17,519)	(26,078)
Assumption Changes	41,000	3,000	3,000	3,000	166,000
Benefit Payments	(172,696)	(121,267)	(87,302)	(66,248)	(128,315)
Net Change in Total Pension Liability	(71,340)	(90,044)	(148,953)	(32,327)	71,000
Total Pension Liability - Beginning	1,183,676	1,273,720	1,422,673	1,455,000	1,384,000
Total Pension Liability - Ending (a)	<u>\$ 1,112,336</u>	<u>\$ 1,183,676</u>	<u>\$ 1,273,720</u>	<u>\$ 1,422,673</u>	<u>\$ 1,455,000</u>
Plan Fiduciary Net Position					
Net Investment Income	\$ 134,374	\$ 230,631	\$ 30,416	\$ 87,231	\$ 334,568
Benefit Payments	(172,696)	(121,267)	(87,302)	(66,248)	(128,315)
Administrative Expense	(16,053)	(21,467)	(44,277)	(19,991)	(26,642)
Reconciliation Adjustment	(8,082)	-	-	-	-
Net Change in Plan Fiduciary Net Position	(62,457)	87,897	(101,163)	992	179,611
Plan Fiduciary Net Position - Beginning	2,799,330	2,711,433	2,812,596	2,811,604	2,631,993
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,736,873</u>	<u>\$ 2,799,330</u>	<u>\$ 2,711,433</u>	<u>\$ 2,812,596</u>	<u>\$ 2,811,604</u>
Net Pension Asset (a) - (b)	<u>\$ (1,624,537)</u>	<u>\$ (1,615,654)</u>	<u>\$ (1,437,713)</u>	<u>\$ (1,389,923)</u>	<u>\$ (1,356,604)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	246.05%	236.49%	212.88%	197.70%	193.24%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns - TWUPERS

Fiscal Year Ended June 30,	Annual Return
2014	13.10%
2015	3.15%
2016	1.11%
2017	8.63%
2018	4.98%
2019	7.74%
2020	6.64%
2021	17.98%
2022	-15.60%
2023	5.29%

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability - APERS

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.00254907%	0.00241595%	0.00204743%	0.00315034%	0.00298197%	0.00297747%	0.00302246%	0.00293398%	0.00292311%
City's proportionate share of the net pension liability	\$ 74,285	\$ 65,143	\$ 15,741	\$ 90,213	\$ 71,941	\$ 65,681	\$ 78,105	\$ 70,162	\$ 53,836
City's covered payroll	59,305	50,503	36,033	62,575	58,010	56,472	54,473	53,158	51,863
City's proportionate share of the net pension liability as a percentage of its covered payroll	125.26%	128.99%	43.68%	144.17%	124.01%	116.31%	143.38%	131.99%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

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

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

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of City Contributions - APERS

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 8,655	\$ 7,737	\$ 7,263	\$ 9,417	\$ 8,742	\$ 8,490	\$ 7,899	\$ 7,808	\$ 7,686
Contributions in relate to the contractually required contribution	(8,655)	(7,737)	(7,263)	(9,417)	(8,742)	(8,490)	(7,899)	(7,808)	(7,686)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 59,305	\$ 50,503	\$ 36,033	\$ 62,575	\$ 58,010	\$ 56,472	\$ 55,168	\$ 53,849	\$ 52,545
Contributions as a percentage of covered payroll	14.59%	15.32%	20.16%	15.05%	15.07%	15.03%	14.32%	14.50%	14.63%

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

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

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability - LOPFI

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.97989000%	2.01592000%	2.04607000% (3)	2.06896000%	2.11039000% (2)	2.11065000%	2.02054000%	2.03802867% (1)	2.00463000%
City's proportionate share of the net pension liability	\$ 21,139,107	\$ 10,186,730	\$ 14,066,456	\$ 15,987,658	\$ 19,043,709	\$ 14,998,214	\$ 11,527,812	\$ 10,695,056	\$ 7,256,932
City's covered payroll	8,446,353	8,289,407	8,399,486	8,288,751	8,465,248	7,800,263	7,484,833	7,516,626	7,527,269
City's proportionate share of the net pension liability as a percentage of its covered payroll	250.27%	122.89%	167.47%	192.88%	224.96%	192.28%	154.02%	142.29%	96.41%
Plan fiduciary net position as a percentage of the total pension liability	69.07%	84.67%	77.68%	73.20%	66.09%	71.50%	72.90%	72.90%	79.14%

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

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

(1): Assumption changes for 2015 valuation include a decrease in price inflation from 3.00 to 2.75 percent; a decrease in wage inflation from 4.00 to 3.75 percent; a decrease in salary increases from 4.50 to 19 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

(2): Assumption changes for 2018 valuation include a price inflation change from 2.75 to 2.50 percent; a wage inflation change from 3.75 to 3.25 percent and investment rate of return from 7.75% to 7.00%

(3): Assumption changes for 2020 valuation include a salary increases change from a range of 4.25 to 18.75 in 2019 to a range of 3.75 to 18.25

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of City Contributions - LOPFI

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,975,536	\$ 1,910,611	\$ 1,836,012 (2)	\$ 1,809,656	\$ 1,726,580	\$ 1,647,850	\$ 1,585,751	\$ 1,334,945 (1)	\$ 1,262,355
Contributions in relate to the contractually required contribution	(1,975,536)	(1,910,611)	(1,836,012)	(1,809,656)	(1,726,580)	(1,647,850)	(1,585,751)	(1,334,945)	(1,262,355)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,803,674	\$ 8,446,353	\$ 8,289,407	\$ 8,399,486	\$ 8,288,751	\$ 8,465,248	\$ 7,800,263	\$ 7,484,833	\$ 7,516,626
Contributions as a percentage of covered payroll	22.44%	22.62%	22.15%	21.54%	20.83%	19.47%	20.33%	17.84%	16.79%

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

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

(1): Assumption changes for 2015 valuation include a decrease in price inflation from 3.00 to 2.75 percent; a decrease in wage inflation from 4.00 to 3.75 percent; a decrease in salary increases from 4.50 to 19 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

(2): Assumption changes for 2020 valuation include a decrease in price inflation from 2.75 to 2.50 percent; a decrease in wage inflation from 3.75 to 3.25 percent; a decrease in salary increases from 4.25 to 18.75 percent to 3.75 to 18.25 percent; and a decrease in the investment rate of return from 7.75 to 7.50 percent.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14.0 years beginning January 1, 2022
Asset Valuation Method	5-Year smoothed market, 20% corridor
Wage Inflation	3.25%
Price Inflation	2.50%
Salary Increases	3.75% to 18.25, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last update for the 2017 valuation pursuant to the experience study of the period 2012-2016
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios - FRPF

Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016**	2015**
Total Pension Liability									
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	388,604	392,402	395,141	412,882	418,380	452,267	575,430	426,648	425,030
Benefit Changes	-	-	-	-	-	-	-	-	-
Difference Between Actual & Expected Experience	189,719	179,384	164,733	(67,576)	107,232	(20)	(967,290)	(635,022)	123,866
Assumption Changes	(99,745)	(7,129)	-	-	-	289,364	-	-	-
Benefit Payments	(629,028)	(608,803)	(589,217)	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
Net Change in Total Pension Liability	(150,450)	(44,146)	(29,343)	(262,970)	(74,425)	140,749	(944,229)	(802,624)	(62,508)
Total Pension Liability - Beginning	5,865,995	5,910,141	5,939,484	6,202,454	6,276,879	6,136,130	7,080,359	7,882,983	7,945,491
Total Pension Liability - Ending (a)	\$ 5,715,545	\$ 5,865,995	\$ 5,910,141	\$ 5,939,484	\$ 6,202,454	\$ 6,276,879	\$ 6,136,130	\$ 7,080,359	\$ 7,882,983
Plan Fiduciary Net Position									
Contributions - Employer	\$ 88,354	\$ 84,689	\$ 80,865	\$ 60,790	\$ 50,880	\$ 122,010	\$ -	\$ 431,342	\$ 435,704
Contributions - Member	-	-	-	-	-	-	-	7,732	7,134
Net Investment Income	(869,599)	914,417	699,111	925,598	(162,044)	763,135	(340,441)	(258,063)	269,654
Benefit Payments	(629,028)	(608,803)	(589,217)	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
Administrative Expense	(5,714)	(7,589)	(8,646)	(8,140)	(10,743)	(9,784)	(5,753)	(5,650)	(4,500)
Reconciliation Adjustment	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(1,415,987)	382,714	182,113	369,972	(721,944)	274,499	(898,563)	(418,889)	96,588
Plan Fiduciary Net Position - Beginning	6,175,437	5,792,723	5,610,610	5,240,638	5,962,582	5,688,083	6,586,646	7,005,535	6,908,947
Plan Fiduciary Net Position - Ending (b)	\$ 4,759,450	\$ 6,175,437	\$ 5,792,723	\$ 5,610,610	\$ 5,240,638	\$ 5,962,582	\$ 5,688,083	\$ 6,586,646	\$ 7,005,535
Net Pension (Asset) Liability (a) - (b)	\$ 956,095	\$ (309,442)	\$ 117,418	\$ 328,874	\$ 961,816	\$ 314,297	\$ 448,047	\$ 493,713	\$ 877,448
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	83.27%	105.28%	98.01%	94.46%	84.49%	94.99%	92.70%	93.03%	88.87%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**As noted within Note 9, this plan was transferred to the administration of LOPFI in 2016. Therefore, all data shown above for 2016 and prior were previously reported for the plan as a Single-Employer plan. All data from 2017 onward will be reported as an Agent Multiple-Employer Plan.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions - FRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014**	\$ 481,734	\$ 435,704	\$ 46,030	N/A	N/A
2015**	543,933	431,342	112,591	N/A	N/A
2016**	256,940	339,581	(82,641)	N/A	N/A
2017	75,881	75,881	-	N/A	N/A
2018	12,480	12,480	-	N/A	N/A
2019	12,636	12,636	-	N/A	N/A
2020	35,832	35,832	-	N/A	N/A
2021	36,156	36,156	-	N/A	N/A
2022	36,156	36,156	-	N/A	N/A
2023	36,156	36,156	-	N/A	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Closed
Remaining Amortization	11 Years
Asset Valuation	Market Value
Investment Rate of Return	7.50%
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

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

**As noted within *Note 9*, this plan was transferred to the administration of LOPFI in 2016. Therefore, all data shown above for 2016 and prior were previously reported for the plan as a Single-Employer plan. All data from 2017 onward will be reported as an Agent Multiple-Employer Plan.

City of Texarkana, Arkansas

Required Supplementary Information

Defined Benefit Pension Plan

Schedule of Changes in the Utility's Net Pension Liability and Related Ratios - TMRs

Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 463,849	\$ 420,107	\$ 431,781	\$ 408,103	\$ 381,055	\$ 363,212	\$ 358,959	\$ 351,625	\$ 341,893
Interest	1,131,732	1,091,842	1,006,439	984,505	956,913	891,945	869,957	871,573	849,350
Difference between actual & expected experience	78,538	296,908	(13,225)	(108,853)	23,346	(209,579)	(22,844)	(267,852)	(338,578)
Assumption Changes	-	-	-	20,628	-	-	-	55,137	-
Benefit payments	(818,679)	(848,635)	(694,801)	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
Net Change in Total Pension Liability	855,440	960,222	730,194	631,852	608,104	444,606	550,666	507,397	304,494
Total Pension Liability - Beginning	16,974,245	16,014,023	15,283,829	14,651,977	14,043,873	13,599,267	13,048,601	12,541,204	12,236,710
Total Pension Liability - Ending (a)	<u>\$ 17,829,685</u>	<u>\$ 16,974,245</u>	<u>\$ 16,014,023</u>	<u>\$ 15,283,829</u>	<u>\$ 14,651,977</u>	<u>\$ 14,043,873</u>	<u>\$ 13,599,267</u>	<u>\$ 13,048,601</u>	<u>\$ 12,541,204</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 441,278	\$ 432,398	\$ 418,539	\$ 400,134	\$ 394,682	\$ 359,350	\$ 347,118	\$ 378,344	\$ 408,640
Contributions - employee	192,697	187,534	181,948	174,297	161,954	155,275	153,495	158,492	161,609
Net investment income	(1,179,167)	1,937,217	1,016,749	1,845,333	(370,678)	1,498,658	707,849	15,397	564,425
Benefit payments	(818,679)	(848,635)	(694,801)	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
Administrative expense	(10,209)	(8,965)	(6,581)	(10,428)	(7,164)	(7,766)	(7,994)	(9,378)	(5,893)
Other	3,215	61	(10,506)	(313)	(376)	(396)	(431)	(463)	(484)
Net Change in Plan Fiduciary Net Position	(1,370,865)	1,699,610	905,348	1,736,492	(574,792)	1,404,149	544,631	39,306	580,126
Plan Fiduciary Net Position - Beginning	16,201,233	14,501,623	13,596,275	11,859,783	12,434,575	11,030,426	10,485,795	10,446,489	9,866,363
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,830,368</u>	<u>\$ 16,201,233</u>	<u>\$ 14,501,623</u>	<u>\$ 13,596,275</u>	<u>\$ 11,859,783</u>	<u>\$ 12,434,575</u>	<u>\$ 11,030,426</u>	<u>\$ 10,485,795</u>	<u>\$ 10,446,489</u>
Net Pension Liability (a) - (b)	<u>\$ 2,999,317</u>	<u>\$ 773,012</u>	<u>\$ 1,512,400</u>	<u>\$ 1,687,554</u>	<u>\$ 2,792,194</u>	<u>\$ 1,609,298</u>	<u>\$ 2,568,841</u>	<u>\$ 2,562,806</u>	<u>\$ 2,094,715</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.18%	95.45%	90.56%	88.96%	80.94%	88.54%	81.11%	80.36%	83.30%
Covered Payroll	\$ 2,763,950	\$ 2,679,051	\$ 2,596,400	\$ 2,320,661	\$ 2,234,955	\$ 2,234,955	\$ 2,192,788	\$ 2,194,045	\$ 2,308,702
Net Pension Liability as a Percentage of Covered Payroll	108.52%	28.85%	58.25%	72.72%	124.93%	72.01%	117.15%	116.81%	90.73%

Note: Information in this schedule has been determined as of the

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

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions - TMRS

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 386,933	\$ 386,933	\$ -	\$ 2,278,173	16.98%
2016	378,344	378,344	-	2,194,045	17.24%
2017	386,487	386,487	-	2,192,788	17.63%
2018	359,350	359,350	-	2,560,845	14.03%
2019	386,640	386,640	-	2,382,218	16.23%
2020	427,026	427,026	-	2,489,951	17.15%
2021	418,539	418,539	-	2,596,400	16.12%
2022	432,398	432,398	-	2,679,051	16.14%
2023	443,063	443,063		2,752,817	16.09%

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	23 Years
Asset Valuation	10 Year Smoothed Market, 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis with scale UMP

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

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

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Other Postemployment Benefit Plan
Schedule of the City's Changes In Total OPEB Liability and Related Ratios
Retired Healthcare Plan
Year Ended December 31, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Total OPEB obligation - January 1	\$ 2,744,690	\$ 4,019,379	\$ 4,152,888	\$ 3,542,024	\$ 3,473,820	\$ 3,596,608
Service Cost	56,576	95,071	100,949	73,735	68,497	72,807
Interest	117,172	90,279	79,911	114,265	124,932	113,653
Differences between expected and actual experience	-	(828,102)	-	271,731	-	10,174
Changes of assumptions or other inputs	58,054	(427,825)	(87,577)	372,553	95,002	(126,052)
Benefit payments	(165,319)	(204,112)	(226,792)	(221,420)	(220,227)	(193,370)
Net change in total OPEB liability	66,483	(1,274,689)	(133,509)	610,864	68,204	(122,788)
Total OPEB obligation - December 31	<u>\$ 2,811,173</u>	<u>\$ 2,744,690</u>	<u>\$ 4,019,379</u>	<u>\$ 4,152,888</u>	<u>\$ 3,542,024</u>	<u>\$ 3,473,820</u>
Covered-employee payroll	\$ 13,270,737	\$ 12,538,881	\$ 12,363,492	\$ 12,363,492	\$ 10,474,289	\$ 10,549,097
Total OPEB liability as a percentage of covered-employee payroll	21.18%	21.89%	32.51%	33.59%	32.96%	32.93%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.
Changes of Assumptions: The discount rate decreased from 3.64% in 2018 to 3.26% in 2019 to 1.93% in 2020 to 2.25% in 2021 to 4.31% in 2022 to 4.00% in 2023.

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

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Other Postemployment Benefit Plan
Schedule of the TWU's Changes in Total OPEB Liability and Related Ratios
Sick Leave
Year Ended December 31, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service Cost	\$ 39,412	\$ 43,609	\$ 26,108	\$ 25,013	\$ 42,095	\$ 60,997
Interest	24,101	14,323	13,598	20,703	57,405	49,673
Differences between expected and actual experience	(1,925)	-	(2,604)	-	(11,856)	-
Changes of assumptions or other inputs	(98,392)	(73,412)	(72,486)	49,931	(841,406)	(67,822)
Benefit payments	(40,846)	(50,849)	(30,923)	(31,945)	(16,367)	(14,042)
Net change in total OPEB liability	(77,650)	(66,329)	(66,307)	63,702	(770,129)	28,806
Total OPEB obligation - beginning of year	500,342	566,671	632,978	569,276	1,339,405	1,310,599
Total OPEB obligation - end of year	<u>\$ 422,692</u>	<u>\$ 500,342</u>	<u>\$ 566,671</u>	<u>\$ 632,978</u>	<u>\$ 569,276</u>	<u>\$ 1,339,405</u>
Covered-employee payroll	\$2,784,727	\$2,732,095	\$2,319,912	\$2,402,258	\$2,016,091	\$2,560,845
Total OPEB liability as a percentage of covered-employee payroll	15.18%	18.31%	24.43%	26.35%	28.24%	52.30%

Notes to Schedule:

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

Changes of Assumptions: The discount rate decreased from 4.18 in to 2018 to 3.97% in 2019 to 2.14% in 2020 to 2.43% in 2021 to 4.77% in 2022 to 4.87% in 2023.

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

Nonmajor Governmental Funds

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 Fund (CDBG) – Accounts for CDBG and other funds received from the U.S. Department of Housing and Urban Development. These monies are expended to provide housing or housing assistance to qualifying citizens, to improve neighborhood streets and drainage and to operate community health and recreation facilities.

Police Fund – This fund is established to account for private donations to the City’s Police Department and is used to purchase materials and supplies.

Front Street Project – This fund is established to account for private donations to the Front Street Project and is used to improve the Front Street area.

Domestic Violence - This fund is established to account for the revenues and expenditures of the fines and forfeitures dedicated to domestic violence prevention.

Bail Bond – This fund is established to account for the revenues and expenditures related to bail bond fees.

Parks and Recreation – This fund is established to account for revenues and expenditures related to parks and recreation activities.

Library – This fund is established to account for the revenues and expenditures related to the Texarkana Public Library. Funding is primarily from property taxes and grants.

Court Automation – This fund is established to set aside a portion of a service fee charged on installment payment of fines and is to be used to fund future court related technology as part of a statewide project with a goal of connecting all Circuit courts and District courts to an automated court system.

North Texarkana Redevelopment District – This fund is established to set aside property tax from the North Texarkana Redevelopment Tax Increment Financing District solely for the purpose of development within that district.

Public Safety – This fund is established to set aside a portion of fines and forfeitures to be used solely for the promotion of public safety.

NONMAJOR GOVERNMENTAL FUNDS

The **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds. Funding is primarily from property taxes and interest earned from investments.

2018 Franchise Fee Revenue Bonds - This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2018 Franchise Fee Secured Capital Improvement Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

2021 Franchise Fee Revenue Bonds – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2021A and 2021B Franchise Fee Secured Refunding Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

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

Capital Improvement Fund – This fund is used to account for the purchase of capital assets, including infrastructure acquisitions and construction from general government resources and intergovernmental grants.

Section 108 Loan - This fund is used to account for the renovation of the Boys and Girls Club.

City of Texarkana, Arkansas

Combining Balance Sheet

Governmental Funds – Nonmajor

December 31, 2023

	Special Revenue			
	Community Development Block Grant	Police Fund	Front Street Project	Domestic Violence
Assets				
Cash	\$ 170,582	\$ 19,765	\$ 44,329	\$ 792
Receivables (net of allowance)				
Property taxes	-	-	-	-
Other government agencies	16,111	-	-	-
Other	-	-	-	-
Due from other funds	224	1,302	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 186,917</u>	<u>\$ 21,067</u>	<u>\$ 44,329</u>	<u>\$ 792</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	6,970	-	100	-
Accrued liabilities	981	-	-	-
Due to other funds	171,945	21,493	-	-
Due to other governments	-	-	-	-
Due to component units	397	-	-	-
Total liabilities	<u>180,293</u>	<u>21,493</u>	<u>100</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
Police department	-	-	-	792
Public works	-	-	-	-
Cultural and recreation	6,624	-	44,229	-
Unassigned	-	(426)	-	-
Total fund balances (deficit)	<u>6,624</u>	<u>(426)</u>	<u>44,229</u>	<u>792</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 186,917</u>	<u>\$ 21,067</u>	<u>\$ 44,329</u>	<u>\$ 792</u>

Special Revenue						
Bail Bond	Parks and Recreation	Library	Court Automation	North Texarkana Redevelopment District	Public Safety	Total
\$ 351	\$ 69,311	\$ 47,437	\$ 12,835	\$ 1,236,653	\$ 5,450	\$ 1,607,505
-	-	573,154	-	117,889	-	691,043
-	-	-	-	-	-	16,111
-	7	-	-	-	25	32
-	9,112	10	-	-	-	10,648
-	1,038	-	-	-	-	1,038
<u>\$ 351</u>	<u>\$ 79,468</u>	<u>\$ 620,601</u>	<u>\$ 12,835</u>	<u>\$ 1,354,542</u>	<u>\$ 5,475</u>	<u>\$ 2,326,377</u>
-	11,222	87,137	-	-	-	\$ 105,429
-	7,503	-	-	-	-	8,484
-	103,791	-	-	57	-	297,286
-	-	-	-	4	-	4
-	7,158	-	-	-	-	7,555
-	129,674	87,137	-	61	-	418,758
-	-	526,922	-	103,779	-	630,701
-	-	526,922	-	103,779	-	630,701
-	1,038	-	-	-	-	1,038
351	-	-	12,835	-	5,475	19,453
-	-	-	-	1,250,702	-	1,250,702
-	-	6,542	-	-	-	57,395
-	(51,244)	-	-	-	-	(51,670)
351	(50,206)	6,542	12,835	1,250,702	5,475	1,276,918
<u>\$ 351</u>	<u>\$ 79,468</u>	<u>\$ 620,601</u>	<u>\$ 12,835</u>	<u>\$ 1,354,542</u>	<u>\$ 5,475</u>	<u>\$ 2,326,377</u>

City of Texarkana, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor (Continued)
December 31, 2023

	Debt Service			
	2012 Cap Imp & Refunding Limited Tax GO Bonds	2018 Franchise Fee Revenue Bonds	2021 Franchise Fee Revenue Bonds	Total
Assets				
Cash	\$ 113,786	\$ 251,673	\$ 695,411	\$ 1,060,870
Investments	1,122,342	-	-	1,122,342
Receivables (net of allowance)				
Property taxes	1,432,885	-	-	1,432,885
Other government agencies	-	-	-	-
Other	-	-	-	-
Due from other funds	24	-	-	24
Prepaid items	-	-	-	-
Total assets	<u>\$ 2,669,037</u>	<u>\$ 251,673</u>	<u>\$ 695,411</u>	<u>\$ 3,616,121</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Due to component units	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	<u>1,317,310</u>	<u>-</u>	<u>-</u>	<u>1,317,310</u>
Total deferred inflows of resources	<u>1,317,310</u>	<u>-</u>	<u>-</u>	<u>1,317,310</u>
Fund Balances				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
Police department	-	-	-	-
Fire department	-	-	-	-
Public works	-	-	-	-
Debt service	1,351,727	251,673	695,411	2,298,811
Culture and recreation	-	-	-	-
Assigned				
Public works	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,351,727</u>	<u>251,673</u>	<u>695,411</u>	<u>2,298,811</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,669,037</u>	<u>\$ 251,673</u>	<u>\$ 695,411</u>	<u>\$ 3,616,121</u>

Capital Projects Funds			
Capital Improvement Fund	Section 108 Loan	Total	Total Nonmajor Governmental Funds
\$ 557,135	\$ 2,000	\$ 559,135	\$ 3,227,510
-	-	-	1,122,342
-	-	-	2,123,928
29,731	-	29,731	45,842
-	-	-	32
-	-	-	10,672
-	-	-	1,038
<u>\$ 586,866</u>	<u>\$ 2,000</u>	<u>\$ 588,866</u>	<u>\$ 6,531,364</u>
\$ 22,599	\$ -	\$ 22,599	\$ 128,028
-	-	-	8,484
20,250	2,000	22,250	319,536
-	-	-	4
-	-	-	7,555
<u>42,849</u>	<u>2,000</u>	<u>44,849</u>	<u>463,607</u>
-	-	-	1,948,011
-	-	-	1,948,011
-	-	-	1,038
-	-	-	19,453
84,198	-	84,198	84,198
-	-	-	1,250,702
-	-	-	2,298,811
-	-	-	57,395
459,819	-	459,819	459,819
-	-	-	(51,670)
<u>544,017</u>	<u>-</u>	<u>544,017</u>	<u>4,119,746</u>
<u>\$ 586,866</u>	<u>\$ 2,000</u>	<u>\$ 588,866</u>	<u>\$ 6,531,364</u>

City of Texarkana, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2023

	Special Revenue			
	Community Development Block Grant	Police Fund	Front Street Project	Domestic Violence
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	3,625
Charges for services				
Grants and entitlements	350,870	12,821	-	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	11,032	12,957	27,738	-
Total revenues	361,902	25,778	27,738	3,625
Expenditures				
Current				
General government	59,134	-	-	-
Other public safety	-	15,195	-	3,370
Public works	51,713	-	-	-
Public services	25,583	-	-	-
Cultural and recreation	-	-	31,268	-
Capital outlay	101,260	-	-	-
Debt service				
Principal retirement	35,000	-	-	-
Interest and fiscal charges	40,912	-	-	-
Total expenditures	313,602	15,195	31,268	3,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,300	10,583	(3,530)	255
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(40,276)	(10,273)	-	-
Total other financing sources (uses)	(40,276)	(10,273)	-	-
Net Change in Fund Balances	8,024	310	(3,530)	255
Fund Balances (Deficit), Beginning of Year	(1,400)	(736)	47,759	537
Fund Balances (Deficit), End of Year	\$ 6,624	\$ (426)	\$ 44,229	\$ 792

Special Revenue						
Bail Bond	Parks and Recreation	Library	Court Automation	North Texarkana Redevelopment District	Public Safety	Total
\$ -	\$ -	\$ 454,955	\$ -	\$ 95,143	\$ -	\$ 550,098
5,310	-	-	17,808	-	289	27,032
-	-	74,141	-	-	-	437,832
-	191,515	-	-	-	-	191,515
-	-	34	275	4	-	313
-	59,897	-	-	-	-	111,624
<u>5,310</u>	<u>251,412</u>	<u>529,130</u>	<u>18,083</u>	<u>95,147</u>	<u>289</u>	<u>1,318,414</u>
-	-	-	2,739	-	-	61,873
5,400	-	-	-	-	-	23,965
-	-	-	-	-	-	51,713
-	-	-	-	-	-	25,583
-	703,570	599,614	-	-	-	1,334,452
-	1,785	-	-	-	-	103,045
-	-	-	-	-	-	35,000
-	-	-	-	-	-	40,912
<u>5,400</u>	<u>705,355</u>	<u>599,614</u>	<u>2,739</u>	<u>-</u>	<u>-</u>	<u>1,676,543</u>
<u>(90)</u>	<u>(453,943)</u>	<u>(70,484)</u>	<u>15,344</u>	<u>95,147</u>	<u>289</u>	<u>(358,129)</u>
-	399,615	5,000	-	-	-	404,615
-	-	-	-	-	-	(50,549)
-	<u>399,615</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,066</u>
(90)	(54,328)	(65,484)	15,344	95,147	289	(4,063)
<u>441</u>	<u>4,122</u>	<u>72,026</u>	<u>(2,509)</u>	<u>1,155,555</u>	<u>5,186</u>	<u>1,280,981</u>
<u>\$ 351</u>	<u>\$ (50,206)</u>	<u>\$ 6,542</u>	<u>\$ 12,835</u>	<u>\$ 1,250,702</u>	<u>\$ 5,475</u>	<u>\$ 1,276,918</u>

City of Texarkana, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor (Continued)
Year Ended December 31, 2023

	Debt Service			
	2012 Cap Imp & Refunding Limited Tax GO Bonds	2018 Franchise Fee Revenue Bonds	2021 Franchise Fee Revenue Bonds	Total
Revenues				
Property taxes	\$ 1,137,376	\$ -	\$ -	\$ 1,137,376
Fines, forfeitures and penalties	-	-	-	-
Grants and entitlements	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	64	9,279	34,099	43,442
Miscellaneous	-	-	-	-
Total revenues	<u>1,137,440</u>	<u>9,279</u>	<u>34,099</u>	<u>1,180,818</u>
Expenditures				
Current				
General government	-	-	-	-
Other public safety	-	-	-	-
Public works	-	-	-	-
Public services	-	-	-	-
Cultural and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	780,000	150,000	575,000	1,505,000
Interest and fiscal charges	<u>199,441</u>	<u>54,841</u>	<u>215,710</u>	<u>469,992</u>
Total expenditures	<u>979,441</u>	<u>204,841</u>	<u>790,710</u>	<u>1,974,992</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>157,999</u>	<u>(195,562)</u>	<u>(756,611)</u>	<u>(794,174)</u>
Other Financing Sources (Uses)				
Transfers in	-	207,797	790,338	998,135
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>207,797</u>	<u>790,338</u>	<u>998,135</u>
Net Change in Fund Balances	<u>157,999</u>	<u>12,235</u>	<u>33,727</u>	<u>203,961</u>
Fund Balances, Beginning of Year	<u>1,193,728</u>	<u>239,438</u>	<u>661,684</u>	<u>2,094,850</u>
Fund Balances, End of Year	<u>\$ 1,351,727</u>	<u>\$ 251,673</u>	<u>\$ 695,411</u>	<u>\$ 2,298,811</u>

Capital Projects Funds

Capital Improvement Fund	Section 108 Loan	Total	Total Nonmajor Governmental Fund
\$ -	\$ -	\$ -	\$ 1,687,474
-	-	-	27,032
136,970	-	136,970	574,802
-	-	-	191,515
436	-	436	44,191
-	-	-	111,624
<u>137,406</u>	<u>-</u>	<u>137,406</u>	<u>2,636,638</u>
147,399	-	147,399	209,272
-	-	-	23,965
-	-	-	51,713
-	-	-	25,583
-	-	-	1,334,452
401,356	-	401,356	504,401
-	-	-	1,540,000
-	-	-	510,904
<u>548,755</u>	<u>-</u>	<u>548,755</u>	<u>4,200,290</u>
<u>(411,349)</u>	<u>-</u>	<u>(411,349)</u>	<u>(1,563,652)</u>
-	-	-	1,402,750
<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>(65,549)</u>
<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>1,337,201</u>
(426,349)	-	(426,349)	(226,451)
<u>970,366</u>	<u>-</u>	<u>970,366</u>	<u>4,346,197</u>
<u>\$ 544,017</u>	<u>\$ -</u>	<u>\$ 544,017</u>	<u>\$ 4,119,746</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Community Development Block Grant Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ 617,376	\$ 248,479	\$ 350,870	\$ 102,391
Miscellaneous	10,000	11,000	11,032	32
	<u>627,376</u>	<u>259,479</u>	<u>361,902</u>	<u>102,423</u>
Expenditures				
Current:				
General government	56,000	58,000	59,134	(1,134)
Public works	100,000	25,000	51,713	(26,713)
Public services	471,376	175,000	25,583	149,417
Capital outlay	-	-	101,260	(101,260)
Debt service				
Principal retirement	-	-	35,000	(35,000)
Interest and fiscal charges	-	-	40,912	(40,912)
	<u>627,376</u>	<u>258,000</u>	<u>313,602</u>	<u>(55,602)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>1,479</u>	<u>48,300</u>	<u>46,821</u>
Other Financing Sources				
Transfers out	-	-	(40,276)	(40,276)
	<u>-</u>	<u>-</u>	<u>(40,276)</u>	<u>(40,276)</u>
Net Change in Fund Balances	-	1,479	8,024	6,545
Fund Balances (Deficit), Beginning of Year	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ (1,400)</u>	<u>\$ 79</u>	<u>\$ 6,624</u>	<u>\$ 6,545</u>

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Police Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ -	\$ 13,839	\$ 12,821	\$ (1,018)
Miscellaneous	7,975	10,700	12,957	2,257
Total revenues	7,975	24,539	25,778	1,239
Expenditures				
Current:				
Other public safety	1,700	15,539	15,195	344
Total expenditures	1,700	15,539	15,195	344
Excess of Revenues Over Expenditures	6,275	9,000	10,583	1,583
Other Financing Uses				
Transfers out	(10,273)	(10,273)	(10,273)	-
Total other financing uses	(10,273)	(10,273)	(10,273)	-
Net Change in Fund Balances	(3,998)	(1,273)	310	1,583
Fund Balances (Deficit), Beginning of Year	(736)	(736)	(736)	-
Fund Balances (Deficit), End of Year	<u>\$ (4,734)</u>	<u>\$ (2,009)</u>	<u>\$ (426)</u>	<u>\$ 1,583</u>

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Domestic Violence Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 3,200	\$ 3,110	\$ 3,625	\$ 515
Total revenues	3,200	3,110	3,625	515
Expenditures				
Current:				
Other public safety	3,370	3,370	3,370	-
Total expenditures	3,370	3,370	3,370	-
Net Change in Fund Balances	(170)	(260)	255	515
Fund Balances, Beginning of Year	537	537	537	-
Fund Balances, End of Year	\$ 367	\$ 277	\$ 792	\$ 515

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Front Street Project Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 34	\$ 27,738	\$ 27,704
Total revenues	-	34	27,738	27,704
Expenditures				
Current:				
Cultural and recreation	7,493	36,750	31,268	5,482
Total expenditures	7,493	36,750	31,268	5,482
Net Change in Fund Balances	(7,493)	(36,716)	(3,530)	33,186
Fund Balances, Beginning of Year	47,759	47,759	47,759	-
Fund Balances, End of Year	\$ 40,266	\$ 11,043	\$ 44,229	\$ 33,186

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Bail Bond Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 5,400	\$ 5,240	\$ 5,310	\$ 70
Total revenues	5,400	5,240	5,310	70
Expenditures				
Current:				
Other public safety	5,400	5,400	5,400	-
Total expenditures	5,400	5,400	5,400	-
Net Change in Fund Balances	-	(160)	(90)	70
Fund Balances, Beginning of Year	441	441	441	-
Fund Balances, End of Year	\$ 441	\$ 281	\$ 351	\$ 70

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Parks and Recreation Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service	\$ 10,000	\$ 6,050	\$ -	\$ (6,050)
Grants and entitlements	-	-	191,515	191,515
Miscellaneous	28,100	50,275	59,897	9,622
Total revenues	38,100	56,325	251,412	195,087
Expenditures				
Current:				
Cultural and recreation	794,445	812,492	703,570	108,922
Capital outlay	212,000	-	1,785	
Total expenditures	1,006,445	812,492	705,355	108,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(968,345)	(756,167)	(453,943)	304,009
Other Financing Sources				
Transfers in	968,345	582,017	399,615	(182,402)
Total other financing sources	968,345	582,017	399,615	(182,402)
Net Change in Fund Balances	-	(174,150)	(54,328)	121,607
Fund Balances, Beginning of Year	4,122	4,122	4,122	-
Fund Balances (Deficit), End of Year	\$ 4,122	\$ (170,028)	\$ (50,206)	\$ 121,607

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Court Automation Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 14,325	\$ 18,920	\$ 17,808	\$ (1,112)
Investment income	25	20	275	255
Total revenues	14,350	18,940	18,083	(857)
Expenditures				
Current:				
General government	-	-	2,739	(2,739)
Total expenditures	-	-	2,739	(2,739)
Net Change in Fund Balances	14,350	18,940	15,344	(3,596)
Fund Balances (Deficit), Beginning of Year	(2,509)	(2,509)	(2,509)	-
Fund Balances, End of Year	\$ 11,841	\$ 16,431	\$ 12,835	\$ (3,596)

City of Texarkana, Arkansas
Budgetary Comparison Schedule
North Texarkana Redevelopment District
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 129,000	\$ 91,000	\$ 95,143	\$ 4,143
Investment income	10	5	4	(1)
Total revenues	<u>129,010</u>	<u>91,005</u>	<u>95,147</u>	<u>4,142</u>
Net Change in Fund Balances	129,010	91,005	95,147	4,142
Fund Balances, Beginning of Year	<u>1,155,555</u>	<u>1,155,555</u>	<u>1,155,555</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 1,284,565</u></u>	<u><u>\$ 1,246,560</u></u>	<u><u>\$ 1,250,702</u></u>	<u><u>\$ 4,142</u></u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Library Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 384,000	\$ 393,500	\$ 454,955	\$ 61,455
Grants and entitlements	74,230	74,230	74,141	(89)
Investment income	50	50	34	(16)
	<u>458,280</u>	<u>467,780</u>	<u>529,130</u>	<u>61,350</u>
Total revenues				
	<u>458,280</u>	<u>467,780</u>	<u>529,130</u>	<u>61,350</u>
Expenditures				
Current:				
Cultural and recreation	463,280	544,807	599,614	(54,807)
	<u>463,280</u>	<u>544,807</u>	<u>599,614</u>	<u>(54,807)</u>
Total expenditures				
	<u>463,280</u>	<u>544,807</u>	<u>599,614</u>	<u>(54,807)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,000)</u>	<u>(77,027)</u>	<u>(70,484)</u>	<u>6,543</u>
Other Financing Sources				
Transfers in	-	5,000	5,000	-
	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources				
	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(5,000)</u>	<u>(72,027)</u>	<u>(65,484)</u>	<u>6,543</u>
Fund Balances, Beginning of Year	<u>72,026</u>	<u>72,026</u>	<u>72,026</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 67,026</u>	<u>\$ (1)</u>	<u>\$ 6,542</u>	<u>\$ 6,543</u>

City of Texarkana, Arkansas

Budgetary Comparison Schedule

Public Safety Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 235	\$ 240	\$ 289	\$ 49
Total revenues	235	240	289	49
Expenditures				
Current:				
Other public safety	1,946	1,940	-	1,940
Total expenditures	1,946	1,940	-	1,940
Net Change in Fund Balances	(1,711)	(1,700)	289	1,989
Fund Balances, Beginning of Year	5,186	5,186	5,186	-
Fund Balances, End of Year	<u>\$ 3,475</u>	<u>\$ 3,486</u>	<u>\$ 5,475</u>	<u>\$ 1,989</u>

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

The **Texarkana, Arkansas Union Water Utilities Fund** accounts for the water and sewer services provided by the Union Water Utilities.

The **Texarkana, Arkansas Mandeville Water Utilities Funds** accounts for the water and sewer services provided by the Mandeville Water Utilities

City of Texarkana, Arkansas
Combining Statement of Net Position
Enterprise Funds - Nonmajor
December 31, 2023

	Union Utilities	Mandeville Utilities	Total
Assets			
Current assets			
Cash	\$ 417,414	\$ 161,655	\$ 579,069
Investments	44,000	-	44,000
Receivables:			
Accounts (net of allowance for uncollectible)	71,440	29,163	100,603
Due from other funds	-	252	252
Due from other governments	3,318	2,173	5,491
Prepaid items	1,103	276	1,379
	<u>537,275</u>	<u>193,519</u>	<u>730,794</u>
Total current assets			
	<u>537,275</u>	<u>193,519</u>	<u>730,794</u>
Noncurrent assets			
Restricted assets			
Cash	128,336	17,098	145,434
Investments	102,665	-	102,665
Receivables			
Interest	1	-	1
	<u>231,002</u>	<u>17,098</u>	<u>248,100</u>
Total restricted assets			
	<u>231,002</u>	<u>17,098</u>	<u>248,100</u>
Capital assets (net of accumulated depreciation)			
Land	13,750	1,697	15,447
Buildings	619	196	815
Improvements other than buildings	1,467,376	158,676	1,626,052
Machinery and equipment	17,724	5,113	22,837
Construction in progress	54,623	7,835	62,458
	<u>1,554,092</u>	<u>173,517</u>	<u>1,727,609</u>
Net capital assets			
	<u>1,554,092</u>	<u>173,517</u>	<u>1,727,609</u>
Other assets			
Prepaid capital improvement deposits	6,171	5,355	11,526
	<u>6,171</u>	<u>5,355</u>	<u>11,526</u>
Total other assets			
	<u>6,171</u>	<u>5,355</u>	<u>11,526</u>
Total noncurrent assets	<u>1,791,265</u>	<u>195,970</u>	<u>1,987,235</u>
Total assets	<u>2,328,540</u>	<u>389,489</u>	<u>2,718,029</u>
Deferred Outflows of Resources			
Deferred outflows - pension	22,749	1,897	24,646
Deferred outflows - pension contributions	2,172	6,231	8,403
	<u>24,921</u>	<u>8,128</u>	<u>33,049</u>
Total deferred outflows of resources			
	<u>24,921</u>	<u>8,128</u>	<u>33,049</u>

	Union Utilities	Mandeville Utilities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 1,313	\$ 379	\$ 1,692
Accrued liabilities	48,428	205	48,633
Accrued interest payable	6,092	986	7,078
Due to other funds	15,025	2,722	17,747
Due to other governments	11,337	9,585	20,922
Other payables	14,373	5,546	19,919
Bonds payable - current portion	241,911	31,853	273,764
Total current liabilities	338,479	51,276	389,755
Noncurrent liabilities			
Customer deposits	28,967	7,752	36,719
Net pension and total OPEB liability	38,016	18,084	56,100
Revenue bonds	167,060	34,282	201,342
Total noncurrent liabilities	234,043	60,118	294,161
Total liabilities	572,522	111,394	683,916
Deferred Inflows of Resources			
Deferred inflows - pension	225	54	279
Total deferred inflows of resources	225	54	279
Net Position			
Net investment in capital assets	1,376,122	124,480	1,500,602
Unrestricted	404,592	161,689	566,281
Total net position	\$ 1,780,714	\$ 286,169	\$ 2,066,883

City of Texarkana, Arkansas
Combining Statement of Revenues, Expenses and
Changes in Net Position
Enterprise Funds - Nonmajor
Year Ended December 31, 2023

	Union Utilities	Mandeville Utilities	Total
Operating Revenues			
Water sales	\$ 587,535	\$ 147,702	\$ 735,237
Water connection fees	900	225	1,125
Penalties and service charges	22,694	5,643	28,337
Other income	14,439	-	14,439
	<u>625,568</u>	<u>153,570</u>	<u>779,138</u>
Total operating revenues			
Operating Expenses			
Finance	9,090	2,273	11,363
Customer service	41,755	10,434	52,189
Water production	119,313	31,394	150,707
Waster distribution	11,363	9,168	20,531
Sewer collection	1,485	1,656	3,141
Engineer design	252	-	252
Field service	32,965	8,213	41,178
Construction oversight	12,943	2,581	15,524
Depreciation	110,630	32,173	142,803
Other expenses	18,343	6,672	25,015
	<u>358,139</u>	<u>104,564</u>	<u>462,703</u>
Total operating expenses			
Operating Income	<u>267,429</u>	<u>49,006</u>	<u>316,435</u>
Nonoperating Revenues (Expenses)			
Investment income - investments	2,908	516	3,424
Interest expense and paying agent fees	(15,522)	(2,449)	(17,971)
	<u>(12,614)</u>	<u>(1,933)</u>	<u>(14,547)</u>
Total nonoperating revenues (expenses)			
Changes in Net Position	254,815	47,073	301,888
Net Position, Beginning of Year	<u>1,525,899</u>	<u>239,096</u>	<u>1,764,995</u>
Net Position, End of Year	<u>\$ 1,780,714</u>	<u>\$ 286,169</u>	<u>\$ 2,066,883</u>

City of Texarkana, Arkansas
Combining Statement of Cash Flows
Enterprise Funds - Nonmajor
Year Ended December 31, 2023

	Union Utilities	Mandeville Utilities	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 597,485	\$ 135,839	\$ 733,324
Cash paid to suppliers	(170,770)	(60,929)	(231,699)
Cash paid to employees	(48,078)	(5,338)	(53,416)
	<u>378,637</u>	<u>69,572</u>	<u>448,209</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(55,170)	(25,918)	(81,088)
Principal paid on bonds	(234,259)	(30,844)	(265,103)
Interest paid on bonds	(19,012)	(2,907)	(21,919)
Capital improvement deposits returned	(3,968)	(1,039)	(5,007)
	<u>(312,409)</u>	<u>(60,708)</u>	<u>(373,117)</u>
Cash Flows From Investing Activities			
Interest received on investments	2,893	516	3,409
	<u>2,893</u>	<u>516</u>	<u>3,409</u>
Increase in Cash	69,121	9,380	78,501
Cash, Beginning of Year	<u>476,629</u>	<u>169,373</u>	<u>646,002</u>
Cash, End of Year	<u>\$ 545,750</u>	<u>\$ 178,753</u>	<u>\$ 724,503</u>
Cash, as Presented, on the "Combining Statement of Net Position" is as follows:			
Cash	\$ 417,414	\$ 161,655	\$ 579,069
Restricted cash	<u>128,336</u>	<u>17,098</u>	<u>145,434</u>
	<u>\$ 545,750</u>	<u>\$ 178,753</u>	<u>\$ 724,503</u>

City of Texarkana, Arkansas
Combining Statement of Cash Flows (Continued)
Enterprise Funds - Nonmajor
Year Ended December 31, 2023

	Union Utilities	Mandeville Utilities	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 267,429	\$ 49,006	\$ 316,435
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	110,630	32,173	142,803
(Increase) decrease in assets:			
Accounts receivable	(25,729)	(16,856)	(42,585)
Due from other funds	2,497	461	2,958
Prepaid expenses	(165)	(41)	(206)
Increase in deferred outflows	(15,999)	(5,126)	(21,125)
Increase (decrease) in liabilities:			
Accounts payable	207	379	586
Accrued liabilities	42,567	(423)	42,144
Due to other funds	(19,260)	(2,360)	(21,620)
Customer deposits	(2,354)	(875)	(3,229)
Net pension and total other postemployment benefits liabilities	34,526	17,263	51,789
Other payables	48	739	787
Decrease in deferred inflows	(15,760)	(4,768)	(20,528)
Net cash provided by operating activities	<u>\$ 378,637</u>	<u>\$ 69,572</u>	<u>\$ 448,209</u>

Fiduciary Funds

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the City Employee Retirement System, Water Utilities Employee Retirement System, and the Policemen's Relief and Pension Fund. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

CUSTODIAL FUNDS

The **Custodial Funds** account for monies collected and held by the courts until they are disbursed to various governmental agencies and include the police bond and drug seizure funds.

City of Texarkana, Arkansas
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2023

	City Employee Retirement System	Water Utilities Employee Retirement System	Policemen's Relief and Pension	Total
Assets				
Cash and cash equivalents	\$ 313,755	\$ 55,158	\$ 351,235	\$ 720,148
Investments				
U. S. government obligations	484,040	261,478	803,837	1,549,355
Mortgage backed securities	-	359,376		359,376
Corporate bonds and notes	78,749	533,485	349,927	962,161
Mutual funds and other investments	1,313,651	1,702,618	3,029,723	6,045,992
Receivables	14,270	9,046	381,542	404,858
Due from other funds	-	-	587,590	587,590
	<u>2,204,465</u>	<u>2,921,161</u>	<u>5,503,854</u>	<u>10,629,480</u>
Total assets				
	<u>2,204,465</u>	<u>2,921,161</u>	<u>5,503,854</u>	<u>10,629,480</u>
Liabilities				
Accounts payable	<u>2,712</u>	<u>24,763</u>	<u>2,009</u>	<u>29,484</u>
Total liabilities	<u>2,712</u>	<u>24,763</u>	<u>2,009</u>	<u>29,484</u>
Net Position				
Net position restricted for pensions	<u>\$ 2,201,753</u>	<u>\$ 2,896,398</u>	<u>\$ 5,501,845</u>	<u>\$ 10,599,996</u>

City of Texarkana, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended December 31, 2023

	City Employee Retirement System	Water Utilities Employee Retirement System	Policemen's Relief and Pension	Total
Additions				
Contributions				
Employer	\$ 296,941	\$ -	\$ 696,831	\$ 993,772
Employee	8,987	-	-	8,987
Intergovernmental	-	-	329,815	329,815
Other	669	-	43,728	44,397
Total contributions	306,597	-	1,070,374	1,376,971
Investment income				
Net increase in fair value of investments	97,891	147,497	391,467	636,855
Interest and dividends	54,161	-	264,455	318,616
	152,052	147,497	655,922	955,471
Less investment expense	-	-	22,826	22,826
Net investment income	152,052	147,497	633,096	932,645
Total additions	458,649	147,497	1,703,470	2,309,616
Deductions				
Benefits paid directly to participants	395,342	68,131	1,191,703	1,655,176
Administrative expenses	13,717	9,424	-	23,141
Total deductions	409,059	77,555	1,191,703	1,678,317
Net Increase in Net Position	49,590	69,942	511,767	631,299
Net Position Restricted for Pensions, Beginning of Year	2,152,163	2,826,456	4,990,078	9,968,697
Net Position Restricted for Pensions, End of Year	<u>\$ 2,201,753</u>	<u>\$ 2,896,398</u>	<u>\$ 5,501,845</u>	<u>\$ 10,599,996</u>

City of Texarkana, Arkansas
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 222,750	\$ 9	\$ 222,759
Interest receivable	<u>3,655</u>	<u>-</u>	<u>3,655</u>
Total assets	<u>\$ 226,405</u>	<u>\$ 9</u>	<u>\$ 226,414</u>
Net Position Restricted for other governments	<u><u>\$ 226,405</u></u>	<u><u>\$ 9</u></u>	<u><u>\$ 226,414</u></u>

City of Texarkana, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended December 31, 2023

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Total Custodial Funds</u>
Additions			
Receipt of police bond funds	\$ 1,700,912	\$ -	\$ 1,700,912
Interest and dividends	<u>1,870</u>	<u>-</u>	<u>1,870</u>
Total additions	<u>1,702,782</u>	<u>-</u>	<u>1,702,782</u>
Deductions			
Return of police bond funds	<u>1,681,123</u>	<u>-</u>	<u>1,681,123</u>
Total Deductions	<u>1,681,123</u>	<u>-</u>	<u>1,681,123</u>
Change in Net Position	21,659	-	21,659
Net Position, Beginning of Year	<u>204,746</u>	<u>9</u>	<u>204,755</u>
Net Position, End of Year	<u><u>\$ 226,405</u></u>	<u><u>\$ 9</u></u>	<u><u>\$ 226,414</u></u>

Statistical Section

City of Texarkana, Arkansas

Statistical Section

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

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Financial Trends (Tables 1-5)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.	191
Revenue Capacity (Tables 6-11)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.	198
Debt Capacity (Tables 12-16)	
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.	205
Demographic and Economic Information (Tables 17-18)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place.	210
Operating Information (Tables 19-21)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs.	212

City of Texarkana, Arkansas
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

	2014	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 13,177,214	\$ 13,418,445	\$ 12,228,378	\$ 12,173,375	\$ 12,149,281	\$ 11,887,149	\$ 11,573,523	\$ 16,852,481	\$ 17,630,352	\$ 21,914,550
Restricted	2,510,859	1,838,537	2,948,305	3,085,466	3,575,927	3,778,615	5,021,170	4,444,937	5,280,024	3,641,478
Unrestricted (deficit)	<u>5,347,984</u>	<u>(2,521,327)</u>	<u>(2,174,520)</u>	<u>135,812</u>	<u>(4,185,767)</u>	<u>(4,829,476)</u>	<u>(5,576,380)</u>	<u>(5,994,265)</u>	<u>2,558,406</u>	<u>7,498,149</u>
Total governmental activities net position	<u>21,036,057</u>	<u>12,735,655</u>	<u>13,002,163</u>	<u>15,394,653</u>	<u>11,539,441</u>	<u>10,836,288</u>	<u>11,018,313</u>	<u>15,303,153</u>	<u>25,468,782</u>	<u>33,054,177</u>
Business-type activities:										
Net investment in capital assets	29,067,354	29,689,707	32,066,618	32,849,130	33,457,909	34,951,626	35,033,478	34,298,104	34,862,939	34,933,360
Restricted	5,090,980	6,617,438	5,271,993	5,259,198	5,027,526	1,805,922	2,035,558	2,575,810	2,088,456	2,224,925
Unrestricted	<u>8,060,243</u>	<u>6,107,274</u>	<u>5,867,366</u>	<u>5,543,209</u>	<u>4,150,856</u>	<u>5,102,543</u>	<u>3,943,000</u>	<u>3,931,840</u>	<u>2,906,389</u>	<u>1,799,083</u>
Total business-type activities net position	<u>42,218,577</u>	<u>42,414,419</u>	<u>43,205,977</u>	<u>43,651,537</u>	<u>42,636,291</u>	<u>41,860,091</u>	<u>41,012,036</u>	<u>40,805,754</u>	<u>39,857,784</u>	<u>38,957,368</u>
Primary government										
Net investment in capital assets	42,244,568	43,108,152	44,294,996	45,022,505	45,607,190	46,838,775	46,607,001	51,150,585	52,493,291	56,847,910
Restricted	7,601,839	8,455,975	8,220,298	8,344,664	8,603,453	5,584,537	7,056,728	7,020,747	7,368,480	5,866,403
Unrestricted (deficit)	<u>13,408,227</u>	<u>3,585,947</u>	<u>3,692,846</u>	<u>5,679,021</u>	<u>(34,911)</u>	<u>273,067</u>	<u>(1,633,380)</u>	<u>(2,062,425)</u>	<u>5,464,795</u>	<u>9,297,232</u>
Total primary government net position	<u>\$ 63,254,634</u>	<u>\$ 55,150,074</u>	<u>\$ 56,208,140</u>	<u>\$ 59,046,190</u>	<u>\$ 54,175,732</u>	<u>\$ 52,696,379</u>	<u>\$ 52,030,349</u>	<u>\$ 56,108,907</u>	<u>\$ 65,326,566</u>	<u>\$ 72,011,545</u>

*The cumulative effect of applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27*, resulted in beginning statement of net position for 2015 being restated. Fiscal year 2014 and years prior were not restated.

City of Texarkana, Arkansas
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Current:										
General administration	\$ 2,444,068	\$ 2,489,042	\$ 2,582,956	\$ 2,272,254	\$ 2,128,025	\$ 2,431,094	\$ 3,585,283	\$ 3,058,338	\$ 3,234,460	\$ 5,686,228
Police department	7,795,405	6,265,820	6,351,864	8,535,330	9,082,042	9,147,662	10,057,223	10,202,870	8,277,318	9,087,473
Fire department	4,569,164	3,606,197	4,577,604	5,930,240	6,369,763	6,424,089	6,316,894	5,891,420	5,252,500	6,674,554
Other public safety	3,053,598	3,205,227	2,877,212	2,106,118	1,909,304	1,807,769	1,083,063	1,280,126	1,233,710	2,100,099
Protective inspection	434,499	474,893	567,880	473,860	433,700	542,856	602,488	577,365	458,665	591,121
Public works	5,868,092	5,922,407	6,365,907	6,145,067	6,284,490	6,931,855	7,125,056	6,796,732	6,582,936	7,952,617
Public services	565,398	532,551	541,432	31,950	32,746	61,695	71,343	84,351	70,473	25,934
Health and welfare	426,422	410,477	459,236	573,179	386,403	609,728	696,837	605,567	489,148	549,787
Cultural and recreation	1,469,648	1,157,670	1,171,381	1,138,931	1,119,164	1,214,342	1,260,562	1,546,288	1,484,920	2,002,982
Interest on long-term debt	894,852	933,184	811,774	773,234	861,792	769,576	762,801	627,969	547,300	576,213
Total governmental activities expenses	27,521,146	24,997,468	26,307,246	27,980,163	28,607,429	29,940,666	31,561,550	30,671,026	27,631,430	35,247,008
Business-type activities:										
Water and sewer	8,883,064	8,827,599	8,724,209	9,016,083	9,221,277	9,631,871	10,479,232	10,125,149	11,436,013	13,314,999
Total business-type activities expenses	8,883,064	8,827,599	8,724,209	9,016,083	9,221,277	9,631,871	10,479,232	10,125,149	11,436,013	13,314,999
Total primary government expenses	36,404,210	33,825,067	35,031,455	36,996,246	37,828,706	39,572,537	42,040,782	40,796,175	39,067,443	48,562,007
Program Revenues										
Governmental activities:										
Charges for services	5,340,907	5,338,355	5,485,953	8,458,140	5,154,080	5,571,532	5,911,828	7,660,255	6,285,949	6,798,012
Operating grants and contributions	3,293,167	3,153,469	3,320,465	3,673,664	3,625,951	3,944,769	4,819,791	4,330,754	6,938,348	8,679,856
Capital grants and contributions	1,260,110	1,199,000	1,078,636	851,360	750,793	724,333	509,874	503,372	394,939	487,840
Total governmental activities program revenues	9,894,184	9,690,824	9,885,054	12,983,164	9,530,824	10,240,634	11,241,493	12,494,381	13,619,236	15,965,708
Business-type activities:										
Charges for services	9,247,531	9,413,488	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488	9,937,564	10,685,204	12,395,361
Capital grants and contributions	37,484	27,748	-	-	-	-	-	-	8,765	241,335
Total business-type activities program revenues	9,285,015	9,441,236	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488	9,937,564	10,693,969	12,636,696
Total primary government program revenues	\$ 19,179,199	\$ 19,132,060	\$ 19,475,650	\$ 22,543,972	\$ 19,129,640	\$ 19,525,857	\$ 20,930,981	\$ 22,431,945	\$ 24,313,205	\$ 28,602,404

City of Texarkana, Arkansas
Change in Net Position (Continued)
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (17,626,962)	\$ (15,306,644)	\$ (16,422,192)	\$ (14,996,999)	\$ (19,076,605)	\$ (19,700,032)	\$ (20,320,057)	\$ (18,176,645)	\$ (14,012,194)	\$ (19,281,300)
Business-type activities	401,951	613,637	866,387	544,725	377,539	(346,648)	(789,744)	(187,585)	(742,044)	(678,303)
Total primary government net expense	(17,225,011)	(14,693,007)	(15,555,805)	(14,452,274)	(18,699,066)	(20,046,680)	(21,109,801)	(18,364,230)	(14,754,238)	(19,959,603)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	3,595,334	3,868,690	3,902,704	4,161,676	3,752,005	4,490,963	4,143,548	4,659,625	4,836,599	5,555,834
Sales taxes	9,647,077	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098	13,657,606	14,309,866	13,965,036
Franchise taxes	2,898,182	2,859,259	2,640,381	2,528,697	2,637,048	2,427,491	2,580,633	2,908,404	3,485,108	3,234,319
Other taxes	70,308	67,975	57,884	79,969	81,351	80,414	73,150	108,234	137,403	134,784
Unrestricted investment earnings	9,603	15,444	5,885	10,570	19,591	26,472	11,095	4,142	11,176	47,643
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(20,365)
Miscellaneous	182,129	289,351	100,279	541,419	471,372	562,639	1,289,257	728,221	703,610	568,829
Intergovernmental	-	-	-	-	-	-	-	-	265,786	2,934,820
Transfers	237,539	183,034	335,094	238,504	1,036,864	560,828	404,301	395,253	428,275	445,795
Total governmental activities	16,640,172	17,042,200	16,688,700	17,389,489	18,679,262	18,996,879	20,502,082	22,461,485	24,177,823	26,866,695
Business-type activities:										
Unrestricted investment earnings	266,596	267,423	152,922	156,212	174,072	179,535	234,884	229,621	67,753	94,637
Transfers	(236,198)	(233,566)	(227,751)	(255,377)	(853,431)	(609,087)	(293,195)	(248,318)	(273,679)	(316,750)
Total business-type activities	30,398	33,857	(74,829)	(99,165)	(679,359)	(429,552)	(58,311)	(18,697)	(205,926)	(222,113)
Total primary government general revenues and other changes in net position	16,670,570	17,076,057	16,613,871	17,290,324	17,999,903	18,567,327	20,443,771	22,442,788	23,971,897	26,644,582
Change in Net Position										
Governmental activities	(986,790)	1,735,556	266,508	2,392,490	(397,343)	(703,153)	182,025	4,284,840	10,165,629	7,585,395
Business-type activities	432,349	647,494	791,558	445,560	(301,820)	(776,200)	(848,055)	(206,282)	(947,970)	(900,416)
Total primary government changes in net position	\$ (554,441)	\$ 2,383,050	\$ 1,058,066	\$ 2,838,050	\$ (699,163)	\$ (1,479,353)	\$ (666,030)	\$ 4,078,558	\$ 9,217,659	\$ 6,684,979

City of Texarkana, Arkansas
Program Revenues by Function/Program
Last Ten Years
(Accrual Basis of Accounting)

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/ Program										
Governmental activities:										
General administration	\$ 2,317,860	\$ 2,429,549	\$ 2,309,740	\$ 2,355,799	\$ 2,097,646	\$ 2,053,071	\$ 1,680,671	\$ 1,848,312	\$ 1,739,228	\$ 1,879,271
Police department	1,129,322	979,346	1,174,511	1,314,276	892,312	1,053,188	2,147,970	1,213,129	1,507,508	986,195
Fire department	8,740	7,481	5,870	-	-	-	-	57,483	-	-
Other public safety	1,501	1,501	178,555	-	-	-	-	13,995	76,319	821,270
Public works	5,933,325	5,930,278	5,862,094	5,699,490	6,489,157	6,791,276	6,450,872	6,483,074	6,980,574	7,735,745
Public services	418,254	263,869	274,870	3,510,486	(32,500)	263,804	894,767	2,804,375	3,207,125	4,285,396
Health and welfare	-	-	-	-	-	-	-	1,615	19,653	-
Cultural and recreation	85,182	78,800	79,414	103,113	84,209	79,295	67,213	72,398	88,829	257,831
Subtotal governmental activities	9,894,184	9,690,824	9,885,054	12,983,164	9,530,824	10,240,634	11,241,493	12,494,381	13,619,236	15,965,708
Business-type activities:										
Water and sewer	9,285,015	9,441,236	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488	9,937,564	10,693,969	12,636,696
Subtotal business-type activities	9,285,015	9,441,236	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488	9,937,564	10,693,969	12,636,696
Total primary government	\$ 19,179,199	\$ 19,132,060	\$ 19,475,650	\$ 22,543,972	\$ 19,129,640	\$ 19,525,857	\$ 20,930,981	\$ 22,431,945	\$ 24,313,205	\$ 28,602,404

City of Texarkana, Arkansas
Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nondisposable										
Prepaid items	\$ 124,629	\$ 180,061	\$ 263,696	\$ 5,087	\$ 10,961	\$ 124,016	\$ 129,438	\$ 211,363	\$ 103,044	\$ 61,456
Restricted										
Police department	330	-	19,105	-	-	13,796	-	-	-	-
Animal Shelter	-	-	-	-	-	-	1,000,000	199,356	132,598	14,235
Committed										
Cultural and recreation	16,998	17,723	17,254	14,106	13,175	14,175	10,577	10,411	10,811	10,723
Assigned										
Police department	38,594	33,090	18,646	18,646	39,173	20,902	24,890	43,275	43,275	36,496
Other public safety	-	-	-	-	-	-	-	833,168	787,051	761,635
Public works	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292
Unassigned	3,010,595	3,397,384	3,405,025	3,684,175	5,309,483	6,652,827	6,993,171	7,467,785	8,200,886	6,604,310
Total general fund	<u>\$ 3,221,438</u>	<u>\$ 3,658,550</u>	<u>\$ 3,754,018</u>	<u>\$ 3,752,306</u>	<u>\$ 5,403,084</u>	<u>\$ 6,856,008</u>	<u>\$ 8,188,368</u>	<u>\$ 8,795,650</u>	<u>\$ 9,307,957</u>	<u>\$ 7,519,147</u>
All Other Governmental Funds										
Nondisposable										
Prepaid items	\$ 6,125	\$ 35,044	\$ 32,878	\$ 9,084	\$ 10,338	\$ 8,650	\$ 8,436	\$ 1,598	\$ 1,018	\$ 25,773
Restricted										
General administration	73,662	76,600	74,710	69,204	55,803	42,913	1,842	-	-	-
Police department	11,845	15,332	6,167	4,422	44,602	36,212	41,057	9,924	6,164	6,618
Fire department	46,185	29,607	20,322	22,669	24,514	46,697	46,697	48,433	48,433	84,198
Public works	3,019,336	302,180	356,038	502,289	608,286	822,305	952,685	1,101,231	1,155,555	1,250,702
Debt service	1,689,089	1,734,277	1,768,212	1,820,312	2,085,820	2,169,733	2,098,635	2,090,684	2,094,850	2,298,811
Cultural and recreation	70,830	91,864	98,952	92,679	65,944	125,609	904,535	189,723	274,157	565
Committed										
Public works	284,701	307,575	240,855	309,211	302,820	375,357	389,125	389,174	344,782	329,956
Assigned										
Police department	316,855	321,472	406,223	371,024	371,024	180,005	141,598	155,327	155,327	-
Fire department	-	-	-	-	-	-	-	-	-	-
Public works	1,181,131	1,397,208	1,829,769	1,965,830	1,901,999	1,982,813	1,856,004	954,826	1,758,240	1,423,480
Unassigned	-	-	-	(769)	(1,223)	-	-	(15,433)	(4,645)	19,033
Total all other governmental funds	<u>\$ 6,699,759</u>	<u>\$ 4,311,159</u>	<u>\$ 4,834,126</u>	<u>\$ 5,165,955</u>	<u>\$ 5,469,927</u>	<u>\$ 5,790,294</u>	<u>\$ 6,440,614</u>	<u>\$ 4,925,487</u>	<u>\$ 5,833,881</u>	<u>\$ 5,439,136</u>

City of Texarkana, Arkansas
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 3,475,122	\$ 3,760,473	\$ 3,800,773	\$ 3,813,210	\$ 3,956,051	\$ 4,327,850	\$ 3,920,159	\$ 4,476,000	\$ 4,424,757	\$ 5,067,174
Sales taxes	9,647,077	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098	13,657,606	14,309,866	13,965,036
Other taxes	70,308	67,975	57,884	79,969	81,351	80,414	73,150	108,234	137,403	134,784
Utility franchise	2,929,319	2,856,455	2,627,570	2,431,741	2,603,390	2,427,491	2,579,878	2,913,540	3,488,808	3,234,319
Licenses and permits	187,247	204,483	179,075	183,444	328,393	374,198	285,820	315,045	407,443	395,558
Fines, forfeitures and penalties	716,361	619,982	609,268	648,141	561,880	726,567	588,736	441,272	595,471	614,581
Charges for services	4,299,877	4,356,935	4,350,491	4,330,757	4,601,125	4,702,053	4,644,444	4,495,558	5,283,035	5,787,873
Grants and entitlements	2,158,315	1,729,598	1,581,993	1,521,589	1,501,847	1,683,823	2,564,904	1,952,542	1,636,370	3,964,729
Intergovernmental	2,732,124	2,717,855	2,750,738	3,003,435	2,874,897	2,980,101	2,797,192	2,913,901	2,933,033	3,518,198
Investment income	9,603	15,444	5,885	10,570	19,591	26,472	11,095	4,142	11,176	47,643
Miscellaneous	366,519	499,274	354,056	541,419	471,372	562,639	1,289,257	728,221	539,445	568,829
Total revenues	26,591,872	26,586,921	25,964,206	26,392,929	27,680,928	28,739,680	30,754,733	32,006,061	33,766,807	37,298,724
Expenditures										
Current:										
General government	2,004,404	2,193,123	2,165,381	2,024,355	1,960,905	2,072,000	2,989,699	2,885,286	3,676,618	5,631,293
Police department	6,878,140	6,851,193	7,064,815	7,733,463	8,071,706	8,409,285	8,647,948	8,338,120	9,196,694	8,264,919
Fire department	4,385,773	4,366,156	4,485,336	4,777,857	4,948,694	5,104,631	5,256,566	5,304,091	5,546,040	5,805,927
Other public safety	3,052,005	3,188,823	2,864,078	2,098,897	1,906,756	1,797,876	1,082,267	1,274,700	1,230,398	2,097,672
Protective inspection	456,148	449,576	505,396	457,378	428,638	490,360	515,739	559,864	547,396	620,693
Public works	4,708,135	4,799,586	4,731,277	5,010,786	5,241,503	5,422,068	5,284,363	5,606,747	6,297,420	6,581,935
Public services	125,813	37,511	57,434	30,885	32,752	55,333	60,953	82,092	82,653	25,583
Health and welfare	396,664	379,360	388,328	539,384	372,137	555,753	593,169	569,022	548,113	531,296
Cultural and recreation	1,309,632	758,175	736,245	757,833	768,728	784,469	779,679	1,164,225	1,347,862	1,677,383
Capital outlay	1,932,752	3,767,389	735,436	971,816	3,470,847	1,812,390	2,546,205	4,894,595	3,169,978	6,272,243
Debt service:										
Principal retirement	876,214	4,765,324	1,112,724	1,111,675	1,021,044	1,173,453	1,442,759	2,609,073	1,585,582	1,832,978
Interest and fiscal charges	908,628	873,139	834,415	786,987	798,015	797,521	784,969	477,737	530,256	559,754
Bond issuance costs	-	75,684	-	-	61,778	2,078	2,038	204,463	9,210	-
Total expenditures	27,034,308	32,505,039	25,680,865	26,301,316	29,083,503	28,477,217	29,986,354	33,970,015	33,768,220	39,901,676
Excess (deficiency) of revenues over expenditures	(442,436)	(5,918,118)	283,341	91,613	(1,402,575)	262,463	768,379	(1,963,954)	(1,413)	(2,602,952)

City of Texarkana, Arkansas
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Transfers in	\$ 2,071,853	\$ 5,799,742	\$ 2,232,441	\$ 2,140,719	\$ 5,273,045	\$ 2,460,006	\$ 2,084,653	\$ 2,595,101	\$ 1,840,199	\$ 2,371,257
Transfers out	(1,834,314)	(5,616,708)	(1,897,347)	(1,902,215)	(4,236,181)	(1,899,178)	(1,730,352)	(2,199,848)	(1,411,924)	(1,925,462)
Issuance of debt	-	54,460	-	-	2,316,606	950,000	810,000	11,640,849	650,000	217,978
Leases issued	-	-	-	-	-	-	-	-	343,840	-
Refunding bonds issued	-	3,770,000	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	36,621	-	-
Discount on refunding bonds issued	-	(40,864)	-	-	-	-	-	(16,339)	-	-
Original issue premium	-	-	-	-	3,855	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(11,000,275)	-	-
Total other financing sources (uses)	237,539	3,966,630	335,094	238,504	3,357,325	1,510,828	1,164,301	1,056,109	1,422,115	663,773
Net change in fund balances	<u>\$ (204,897)</u>	<u>\$ (1,951,488)</u>	<u>\$ 618,435</u>	<u>\$ 330,117</u>	<u>\$ 1,954,750</u>	<u>\$ 1,773,291</u>	<u>\$ 1,932,680</u>	<u>\$ (907,845)</u>	<u>\$ 1,420,702</u>	<u>\$ (1,939,179)</u>
Debt Service as a percentage of noncapital expenditures	7.1%	19.6%	7.8%	7.5%	7.1%	7.4%	8.1%	10.6%	6.9%	7.1%

City of Texarkana, Arkansas
General Government Tax Revenues by Source
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 6

Fiscal Year	Property	Sales and Use	Other	Utility Franchise	Total
2014	\$ 3,475,122	\$ 9,647,077	\$ 70,308	\$ 2,929,319	\$ 16,121,826
2015	3,760,473	9,758,447	67,975	2,856,455	16,443,350
2016	3,800,773	9,646,473	57,884	2,627,570	16,132,700
2017	3,813,210	9,828,654	79,969	2,431,741	16,153,574
2018	3,956,051	10,681,031	81,351	2,603,390	17,321,823
2019	4,327,850	10,848,072	80,414	2,427,491	17,683,827
2020	3,920,159	12,000,098	73,150	2,579,878	18,573,285
2021	4,476,000	13,657,606	108,234	2,913,540	21,155,380
2022	4,424,757	14,309,866	137,403	3,488,808	22,360,834
2023	5,067,174	13,965,036	134,784	3,234,319	22,401,313

City of Texarkana, Arkansas

Assessed and Appraised Value of Taxable Property

Last Ten Years

Table 7

Year	Tax Roll Year	Real Property Assessed Value	Personal Property Assessed Value	Total Property Assessed Value	Tax Rate (1)	Total Tax Levy	Tax Distribution					
							General Fund (2)	Debt Service	Firemen's Pension (2)	Policemen's Pension (2)	Library Fund	TIF District
2015	2014	\$ 253,856,840	\$ 98,258,389	\$ 352,115,229	0.1050	\$ 3,697,210	\$ 1,760,576	\$ 880,288	\$ 352,115	\$ 352,115	\$ 352,115	\$ -
2016	2015	253,696,935	106,190,069	359,887,004	0.1050	3,778,814	1,754,148	877,074	350,830	350,830	350,830	95,103
2017	2016	259,217,677	108,560,385	367,778,062	0.1050	3,861,670	1,792,736	896,368	358,547	358,547	358,547	96,924
2018	2017	263,840,379	117,889,390	381,729,769	0.1050	4,008,163	1,862,495	931,247	372,499	372,499	372,499	96,924
2019	2018	267,430,380	119,943,230	387,373,610	0.1050	4,067,423	1,890,714	945,357	378,143	378,143	378,143	96,924
2020	2019	271,050,681	117,981,340	389,032,021	0.1050	4,084,837	1,899,004	949,502	379,801	379,801	379,801	96,928
2021	2020	287,177,884	133,340,310	420,518,194	0.1050	4,415,441	2,057,090	1,028,545	411,418	411,418	411,418	95,552
2022	2021	294,631,989	139,685,129	434,317,118	0.1050	4,560,330	2,128,309	1,064,155	425,662	425,662	425,662	90,880
2023	2022	309,008,873	173,512,296	482,521,169	0.1050	5,066,472	2,367,342	1,183,672	473,469	473,469	473,469	95,051
2024	2023	316,046,763	172,586,056	488,632,819	0.1050	5,130,645	2,396,512	1,198,256	479,303	479,303	479,303	97,968

Note:

(1) Tax rate per \$100 of assessed value.

(2) Firemen's Pension and Policemen's Pension are initially accounted for within the general fund.

Source - Miller County Tax Records per the Assessor's Office.

City of Texarkana, Arkansas
Property Tax Rates and Tax Levies of Direct and Overlapping Governments
Last Ten Years
Local Tax Rates – Per \$100 of Assessed Value

Table 8

Year	City of Texarkana, Arkansas						County School District	County	Total							
	General Fund	Debt Service Fund	Firemen's Pension	Policemen's Pension	Library	Total										
Real Property Tax Rates:																
2014	\$	5.00	\$	2.50	\$	1.00	\$	1.00	\$	10.50	\$	38.90	\$	5.50	\$	54.90
2015		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2016		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2017		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2018		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2019		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2020		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2021		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2022		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2023		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
Personal Property Tax Rates:																
2014	\$	5.00	\$	2.50	\$	1.00	\$	1.00	\$	10.50	\$	38.90	\$	5.50	\$	54.90
2015		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2016		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2017		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2018		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2019		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2020		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2021		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2022		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90
2023		5.00		2.50		1.00		1.00		10.50		38.90		5.50		54.90

Source - Miller County Tax Records.

Notes: Overlapping rates are those of local and county governments that apply to the property owners within the City of Texarkana, Arkansas. Not all overlapping rates apply to all City property owners.

Principal Sales Taxpayers

December 31, 2023

The City of Texarkana, Arkansas's largest own-source revenue is sales taxes. Sales taxes primarily come from three separate taxes; a two and one-half cent city tax based on point of sale, and a portion of the county's one and one-quarter cent tax based on an Interlocal Cooperation Agreement between Miller County, Arkansas and the municipal corporations of the State of Arkansas located within the county, and one-half cent road tax distribution from the State of Arkansas for the construction of four-lane highways to connect all four corners of the state. Per the agreement, the City of Texarkana receives forty-five percent of the county sales tax collections. In 2023, the city sales tax generated revenue of \$13,965,036. The City's portion of the county sales tax generated revenue of \$3,317,821 and the municipal four-lane highway tax received from the State of Arkansas and the state wholesale fuel tax totaled \$701,705.

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

City of Texarkana, Arkansas
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

Taxpayer	2023			2014		
	Rank	2023 Assessed Valuation (1) (2)	Percentage of Total Assessed Valuation	Rank	2014 Assessed Valuation (1) (3)	Percentage of Total Assessed Valuation
Union Pacific System	1	\$ 17,009,070	3.48%	3	\$ 8,841,070	2.51%
Southwest Ar Electric Co-op	2	15,205,100	3.11%	2	8,808,540	2.50%
Southwestern Electric Power Co.	3	14,221,890	2.91%	1	9,817,930	2.79%
The Goodyear Tire & Rubber Co	4	13,595,770	2.78%			
Performance Poppants	5	12,373,160	2.53%			
Cooper Tire & Rubber Co Bond 1	6	8,367,320	1.71%	7	3,333,381	0.95%
TAC Leasing	7	6,504,140	1.33%			
Goldcrest Farms LLC	8	4,810,650	0.98%			
Southwest Ark Telephone Co	9	4,635,640	0.95%	6	3,545,995	1.01%
Centerpoint Energy ARKLA	10	4,544,030	0.93%			
Wal-Mart Stores, Inc. #04-0468				4	4,105,200	1.17%
Valor Telecommunications				5	3,942,600	1.12%
Garland Farms				8	2,377,890	0.68%
Tyson Foods, Inc.				9	2,685,172	0.76%
Natural Gas Pipeline Co.				10	2,598,260	0.74%
Total principal taxpayers		<u>\$ 101,266,770</u>	<u>20.72%</u>		<u>\$ 50,056,038</u>	<u>14.49%</u>

Notes:

(1) Net of exemptions

(2) Source - Miller County Tax Records per the Collector's office

(3) Source - City of Texarkana AR ACFR statistical section for fiscal year December 31, 2014

City of Texarkana, Arkansas
Property Tax Levies and Collections
Last Ten Years

Table 10

Fiscal Year	Tax Roll Year	Total Tax Levy(2)(3)	Current Taxes Collected(1)	Percent of Current Taxes Collected	Delinquent Taxes Collected(1)	Total Tax Collections	Percent Total Tax Collections to Tax Levy(3)	Outstanding Delinquent Taxes	Percent Delinquent Taxes to Tax Levy
2013	2012	\$ 3,370,616	\$ 2,722,770	80.78%	\$ 336,231	\$ 3,059,001	90.75%	\$ 311,615	9.25%
2014	2013	3,528,590	2,938,121	83.27%	370,183	3,308,304	0.94	220,286	0.06
2015	2014	3,697,210	3,168,089	85.69%	495,408	3,663,497	99.09%	33,713	0.91%
2016	2015	3,778,814	3,219,125	85.19%	481,402	3,700,527	97.93%	78,287	2.07%
2017	2016	3,861,670	3,329,353	86.22%	483,855	3,813,208	98.75%	48,462	1.25%
2018	2017	4,008,163	3,507,408	87.51%	342,965	3,850,373	96.06%	157,790	3.94%
2019	2018	4,067,423	3,692,123	90.77%	581,343	4,273,466	105.07%	375,300	9.23%
2020	2019	4,415,441	3,359,499	76.09%	364,831	3,724,330	84.35%	1,002,305	22.70%
2021	2020	4,560,330	3,472,798	76.15%	461,207	3,934,005	86.27%	626,325	13.73%
2022	2021	5,066,472	3,836,107	75.72%	322,369	4,158,476	82.08%	907,996	17.92%
2023	2022	5,130,645	4,456,710	86.86%	475,108	4,931,818	96.12%	198,827	3.88%

(1) Excludes City portion of county road taxes shown in Special Revenue Fund.

(2) Tax levies include separate assessment shown on Utilities.

(3) Source - Miller County Tax Records per the Collector's Office.

City of Texarkana, Arkansas
Direct and Overlapping Sales Tax Rates
Last Ten Years

Table 11

Year	City Direct Rate	Miller County Rate
2014	2.50%	1.25%
2015	2.50%	1.25%
2016	2.50%	1.25%
2017	2.50%	1.25%
2018	2.50%	1.25%
2019	2.50%	1.25%
2020	2.50%	1.25%
2021	2.50%	1.25%
2022	2.50%	1.25%
2023	2.50%	1.25%

Source: Arkansas Department of Finance and Administration

City of Texarkana, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Years

Table 12

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income(1)
	General Obligation Bonds	Revenue Bonds	Installment loans	Leases Payable	Water Revenue Bonds	Contracts Payable	Leases Payable		
2014	\$ 10,066,992	\$ 13,511,143	\$ 807,927	\$ 1,353	\$ 12,566,848	\$ 211,344	\$ -	\$ 37,165,607	5.78%
2015	9,623,528	13,184,382	548,454	39,962	11,483,954	56,910	-	34,937,190	5.43%
2016	9,135,064	12,834,303	283,498	22,194	10,359,438	15,420,815	-	48,055,312	7.48%
2017	8,661,600	12,434,224	55,509	3,508	9,192,660	14,814,128	-	45,161,629	7.03%
2018	8,118,136	14,282,725	-	44,579	7,982,470	14,734,050	-	45,161,960	6.77%
2019	7,509,672	13,727,370	950,000	26,126	6,728,413	14,506,625	-	43,448,206	6.10%
2020	6,846,208	13,157,015	1,561,667	6,700	5,429,525	14,346,918	-	41,348,033	5.72%
2021	6,187,744	13,178,880	820,000	42,996	4,269,040	14,183,008	-	38,681,668	5.20%
2022	5,439,280	12,462,478	1,463,920	442,601	3,208,778	14,014,783	-	37,031,840	4.80%
2023	4,650,816	11,736,076	1,297,821	516,700	23,723,491	13,842,130	-	55,767,034	7.13%

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

(1) See Demographic and Economic Statistics Schedule for personal income and population data.

City of Texarkana, Arkansas
Ratios of General Bonded Debt Outstanding
Last Ten Years

Table 13

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014	29,972	\$ 352,115,229	\$ 10,066,992	\$ 765,392	\$ 9,301,600	2.64%	\$ 310
2015	30,015	359,887,004	9,623,528	767,335	8,856,193	2.46%	295
2016	30,127	367,778,062	9,135,064	830,435	8,304,629	2.26%	276
2017	30,155	381,729,769	8,661,600	898,787	7,762,813	2.03%	257
2018	30,120	387,373,610	8,118,136	948,354	7,169,782	1.85%	238
2019	30,104	389,032,021	7,509,672	949,123	6,560,549	1.69%	218
2020	29,901	420,518,194	6,846,208	916,320	5,929,888	1.41%	198
2021	29,864	434,317,118	6,187,744	977,978	5,209,766	1.20%	174
2022	29,314	482,521,169	5,439,280	991,182	4,448,098	0.92%	152
2023	29,172	488,632,819	4,650,816	1,122,342	3,528,474	0.72%	121

Notes:

- (1) Source - Bureau of Census
- (2) Source - Miller County Tax Records
- (3) Gross bonded debt consists of General Obligation bonds only

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

Table 14

Jurisdiction	Debt Outstanding	Percentage of Debt Applicable to City of Texarkana	Amount Applicable to City of Texarkana
Direct:			
City of Texarkana, Arkansas	\$ 19,808,279 (2)	100.00%	<u>\$ 19,808,279</u>
Overlapping:			
Texarkana, Arkansas School District	49,115,000 (1)	78.62%	<u>38,614,213</u>
Subtotal - Overlapping debt			<u>38,614,213</u>
Total direct and overlapping			<u><u>\$ 58,422,492</u></u>
Per capita overlapping debt			<u><u>\$ 1,956.28</u></u>

Notes:

Source-City and County tax records. The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

(1) Source - Texarkana Arkansas School District

(2) Including \$4,650,816 of general obligation, \$11,736,076 of revenue bonds and \$1,297,821 of notes payable

City of Texarkana, Arkansas
Legal Debt Margin Information
December 31, 2023

Table 15

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 84,014,042	\$ 89,971,751	\$ 91,944,516	\$ 95,432,442	\$ 96,843,403	\$ 97,258,005	\$ 105,129,549	\$ 108,579,280	\$ 120,630,292	\$ 122,158,205
Total net debt applicable to limit	<u>9,301,600</u>	<u>8,856,193</u>	<u>8,147,993</u>	<u>7,762,813</u>	<u>7,169,782</u>	<u>6,560,549</u>	<u>5,929,888</u>	<u>5,209,766</u>	<u>4,448,098</u>	<u>3,528,474</u>
Legal debt margin	<u>\$ 74,712,442</u>	<u>\$ 81,115,558</u>	<u>\$ 83,796,523</u>	<u>\$ 87,669,629</u>	<u>\$ 89,673,621</u>	<u>\$ 90,697,456</u>	<u>\$ 99,199,661</u>	<u>\$ 103,369,514</u>	<u>\$ 116,182,194</u>	<u>\$ 118,629,731</u>
Total net debt applicable to the limit as a percentage of debt limit	12.45%	10.92%	9.72%	8.85%	8.00%	7.23%	5.98%	7.23%	3.83%	2.97%

Legal Debt Margin Calculation for 2022

Assessed value	\$ 488,632,819
Debt limit - 25% of assessed value:	
General obligation debt limitation	122,158,205
Debt applicable to limit:	
General obligation bonds	4,650,816
Less: Amount set aside for repayment in debt services funds	<u>1,122,342</u>
Total net debt applicable to limit	<u>3,528,474</u>
Legal debt margin	<u>\$ 118,629,731</u>

City of Texarkana, Arkansas
Pledged Revenue Coverage – Texarkana, Arkansas Water Utilities
Last Ten Years

Table 16

Fiscal Year Ended December 31	Gross Revenue(1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)	Coverage
2014	\$ 9,782,848	\$ 6,297,035	\$ 3,485,813	\$ 1,543,099	2.26
2015	9,948,542	6,215,070	3,733,472	1,542,258	2.42
2016	10,127,143	6,027,246	4,099,897	1,546,698	2.56
2017	10,118,750	6,285,420	3,833,330	1,498,806	2.56
2018	10,196,477	6,423,493	3,772,984	1,505,272	2.51
2019	10,561,331	6,788,047	3,773,284	1,467,442	2.12
2020	10,167,404	7,315,297	2,852,107	1,373,310	1.90
2021	10,161,962	7,209,252	2,952,710	1,201,015	2.46
2022	10,885,705	8,446,231	2,439,474	1,131,378	2.16
2023	12,670,572	9,928,022	2,742,550	2,150,367	1.28

Notes:

- (1) Gross revenue includes interest income on investment and proceeds from sale of fixed assets.
Gross revenue also includes payments received from Texarkana, Texas Water Utilities for debt service on revenue bonds issued for construction of Millwood Water Treatment Facilities and McKinney Bayou Wastewater Treatment Facilities.
- (2) Operating expenses exclude depreciation.
- (3)
Principal and interest on revenue bonds only. Amounts do not include payments on obligations under leases.

City of Texarkana, Arkansas

Demographic and Economic Statistics

Last Ten Years

Table 17

Fiscal Year	Population (1)	Personal Income (3)	Median Age (1)	Per Capita Income(1)	Unemployment Rate(2)
2014	29,972	\$ 627,122,630	35.9	\$ 21,467	5.3%
2015	30,015	643,881,780	37.2	21,452	5.5%
2016	30,127	642,247,386	37.3	21,318	3.9%
2017	30,155	642,572,895	37.6	21,309	3.7%
2018	30,120	666,917,040	38.5	22,142	3.6%
2019	30,104	712,591,784	38.8	23,671	3.6%
2020	29,901	712,591,784	39.5	24,183	6.1%
2021	29,864	744,121,288	40.2	24,917	4.2%
2022	29,314	771,339,282	40.2	26,313	4.2%
2023	29,172	782,597,244	39.1	26,827	3.4%

Notes:

(1) Source - U.S. Census Bureau

(2) Source - U.S. Bureau of Labor Statistics

(3) Personal Income is a calculation of per capital income multiplied by the population

City of Texarkana, Arkansas
Principal Employers, Metropolitan Statistical Area (MSA) –
Texarkana, Arkansas and Texarkana, Texas
Current Year and Nine Years Ago

Table 18

Employer	2023			2014		
	Employees	Rank	Percentage of Total MSA Employment (1)	Employees	Rank	Percentage of Total MSA Employment (2)
Christus St. Michael Health System	2,200	1	3.67%	1,777	2	2.99%
Red River Army Depot	2,103	2	3.51%	4,872	1	8.19%
The Goodyear Tire & Rubber Company	1,820	3	3.03%			0.00%
Texarkana, Texas ISD	1,350	4	2.25%	1,100	4	1.85%
Graphic Packaging	814	5	1.36%			
Wal-Mart/Sam's	802	6	1.34%	1,100	4	
Wadley Regional Medical Center	622	7	1.04%			0.00%
Ledwell	611	8	1.02%			
Texarkana, Arkansas ISD	603	9	1.01%			0.00%
Domtar, Inc.	572	10	0.95%	940	6	1.58%
Cooper Tire & Rubber				1,653	3	2.78%
Texarkana, Arkansas ISD				778	7	1.31%
International Paper Company				777	9	1.31%
Southern Refrigerated Transport				750	10	1.26%
City of Texarkana, Texas				600	11	1.01%
Total	11,497		19.16%	14,347		27.88%

Source:
Chamber of Commerce
Texas Workforce Commission LMI Tracer

Notes:
(1) MSA employment for 2023 is 60,000
(2) MSA employment for 2014 is 59,500

City of Texarkana, Arkansas

Full-time Equivalent City Government Employees by Function

Last Ten Years

Table 19

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Administration	3	3	5	4	4	4	4	4	4	4
Finance	9	9	8	8	8	8	8	8	8	9
City Clerk	2	2	2	2	2	2	2	2	2	2
Courts	5	5	5	5	5	5	5	5	5	5
Marketing & Communications	2	1	0	0	0	0	0	0	0	0
Police department										
Police General	76	76	76	77	77	77	77	77	77	77
Police Housing	2	2	2	2	2	2	2	2	2	2
Cops in School	1	1	1	0	0	0	0	0	0	0
Police Narcotics	5	5	5	5	5	5	5	5	5	5
Police Support	11	11	11	26	26	26	26	26	24	25
Police Animal	0	0	0	0	0	0	0	0	0	0
Probation	4	4	4	4	4	4	4	4	4	4
Fire department										
Fire	59	59	59	59	59	59	59	59	59	59
Public works										
Street	17	17	13	13	13	13	13	15	19	19
Environmental	4	4	4	4	4	4	4	4	4	4
Engineering	1	1	1	1	1	1	1	1	1	1
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	6	6	6	6	6	6	6	6	6	6
Parks and recreation	4	4	4	4	4	4	4	4	6	0
Building maintenance	1	1	1	1	1	1	1	1	1	1
ADC	3	3	9	9	9	9	9	9	9	5
Refuse Operator	1	1	1	1	1	1	1	1	0	0
Public services										
RSVP - Arkansas	1	1	0	0	0	0	0	0	0	0
RSVP - Texas	1	1	0	0	0	0	0	0	0	0
Parks and recreation										
Manager	0	0	0	0	0	0	0	0	0	1
Foreman	0	0	0	0	0	0	0	0	0	1
Equipment Operator III	0	0	0	0	0	0	0	0	0	1
Equipment Operator I	0	0	0	0	0	0	0	0	0	2
Administrative assistant	0	0	0	0	0	0	0	0	0	1
ADC	0	0	0	0	0	0	0	0	0	4
Other										
Bi-State Maintenance	13	13	13	13	13	13	13	13	14	14
Bi-State CRC	1	1	1	1	1	1	1	1	1	0

City of Texarkana, Arkansas
Operating Indicators by Function/Program
Last Ten Years

Table 20

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Function/Program</u>										
Public safety										
Police										
Uniformed employees	84	84	84	84	84	82	81	84	84	84
Fire										
Firefighters	58	58	58	58	58	57	57	58	58	58
Public works										
Building permits issued	368	454	464	501	438	358	307	488	552	618
Building permits (\$)	\$ 22,747,181	\$ 18,909,224	\$ 24,230,960	\$ 28,894,884	\$ 20,822,418	\$ 47,446,145	\$ 23,671,824	\$ 21,182,459	\$ 45,048,320	\$ 33,769,842
Water										
Average daily consumption										
(millions of gallons)	4.437	4.703	6.317	4.372	3.814	4.111	2.930	3.390	3.970	4.180
Raw water production										
(millions of gallons)	4.941	5.076	6.563	4.481	3.783	4.061	7.525	5.636	5.762	5.842

Source: Various City Departments

City of Texarkana, Arkansas

Capital Asset Statistics by Function

Last Ten Years

Table 21

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	3
Total units	117	117	117	96	96	83	84	75	73	82
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles)	252	252	252	252	252	253	253	253	253	256
Recreation										
Number of parks	24	24	24	24	24	24	24	24	24	24
Acres	296.3	296.3	296.3	311	311	311	311	321	321	321
Pools	1	1	1	1	1	1	1	0	0	0
Ball Fields	15	15	15	16	16	16	16	16	16	16
Tennis courts:										
Lighted	3	3	3	4	4	4	4	4	4	4
Unlighted	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	5	5	5
Soccer fields	1	1	1	1	1	1	1	1	1	1
Walking/biking trails (miles)	7.66	13.91	13.91	13.91	13.91	13.91	15.91	15.91	15.91	15.91
Utilities										
Plant capacity										
(million gallon average per day)	15	15	15	15	15	15	15	15	15	15
Water mains (miles)	416	407	412	405	405	408	408	406	410	409
Number of water meters	10,126	10,154	10,169	10,155	10,152	10,168	11,361	14,459	10,482	10,194
Sewer mains (miles)	213	216	233	218	218	219	218	217	217	219
Number of fire hydrants	1,450	1,469	1,409	1,447	1,482	1,486	1,507	1,499	1,505	1,531
Number of Mandeville water meters	318	316	315	315	314	316	320	463	303	295
Number of Union water meters	1,200	1,231	1,246	1,252	1,274	1,265	1,285	1,611	1,264	1,247

Source: Various City Departments

Other Required Report

Independent Accountant's Report on Compliance With Certain Arkansas State Requirements

The Honorable Mayor and Members of Board of Directors
City of Texarkana, Arkansas
Texarkana, Arkansas

We have examined management's assertion that the City of Texarkana, Arkansas (City) complied with the requirements of *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2023.

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

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

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

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

In our opinion, the City of Texarkana, Arkansas, complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2023.

Forvis Mazars, LLP

**Rogers, Arkansas
October 31, 2024**

Single Audit Section

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development Programs				
<i>CDBG - Entitlement Grants Cluster</i>				
U.S. Department of Housing and Urban Development/Community Development Block Grant/Entitlement Grants	14.218		\$ -	\$ 353,875
		<i>Cluster Total</i>	-	353,875
Total Department of Housing and Urban Development Programs			-	353,875
Department of Transportation Programs				
<i>Highway Safety Cluster</i>				
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/State and Community Highway Safety		AL-2024-06-06-28 M8DDLE-2023-02-02-28 OP-2024-02-02-28 OP-2023-02-02-28 SC-2024-01-01-28 SE-2023-01-01-28		
	20.600		-	13,303
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/National Priority Safety Programs	20.616	M5X-2022-06-06-28	-	2,051
		<i>Cluster Total</i>	-	15,354
Total Department of Transportation Programs			-	15,354
Department of Justice Programs				
U.S. Department of Justice/Crime Victim Assistance	16.575	210451-18VG	-	39,589
U.S. Department of Justice/Arkansas Department of Finance and Administration/STOP Violence Against Women Formula Grant Program	16.588	210452-21SL	-	57,788
U.S. Department of Justice/Bulletproof Vest Partnership Program	16.607		-	5,020
U.S. Department of Justice/Arkansas Department of Finance and Administration/Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02698-JAGX 235071-22JL	-	70,106
Total Department of Justice Programs			-	172,503

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Treasury				
U.S. Department of Treasury/COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ -	\$ 2,934,820
		<i>Program Total</i>	-	2,934,820
		Total Department of Treasury	-	2,934,820
		Total Expenditures of Federal Awards	\$ -	\$ 3,476,552

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown, if any, on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

The Community Development Block Grant Section 108 Loan Guarantee (Federal Assistance Listing Number 14.248) is administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. The balance of the outstanding loan at December 31, 2023, was \$751,000.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members of the Board of Directors
City of Texarkana, Arkansas
Texarkana, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Texarkana, Arkansas, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2024, which contained a reference to reports of other auditors. Other auditors audited the financial statements of the Texarkana Airport Authority and the Texarkana Urban Transit District, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on management's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
October 31, 2024**

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Honorable Mayor and Members of the Board of Directors
City of Texarkana, Arkansas
Texarkana, Arkansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Texarkana, Arkansas' (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

The Honorable Mayor and Members of the Board of Directors
City of Texarkana, Arkansas

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

Forvis Mazars, LLP

**Rogers, Arkansas
October 31, 2024**

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

Section I – Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
2. Internal control over financial reporting:
Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
Material weakness(es) identified? ☐ Yes ☒ No
3. Noncompliance material to the financial statements noted?
☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal program:
Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
Material weakness(es) identified? ☐ Yes ☒ No
5. Type of auditor's report issued on compliance for the major federal program:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

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

7. Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

9. Auditee qualified as a low-risk auditee?

☒ Yes ☐ No

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

Section II – Financial Statement Findings

Reference Number	Finding
2023-001	<p>Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition: The City's internal control over financial reporting did not detect an adjustment related to the Public Works Fund financial statements that was needed to prevent the financial statements from being materially misstated. An audit adjustment was made to remove a liability and recognize revenue.</p> <p>Effect: Significant misstatements in the financial statements could occur and not be prevented or detected in a timely manner.</p> <p>Cause: Proper accounting policies and procedures are not in place related to review of account reconciliations, journal entries and internal financial statements.</p> <p>Recommendation: We recommend the City strengthen controls and processes related to the preparation and review of account reconciliations and internal financial statements.</p> <p>Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and recommendation. Management will work to ensure proper policies and procedures are established and followed.</p>

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

City of Texarkana, Arkansas
Schedule of Prior Audit findings
Year Ended December 31, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	