

REGULAR CALLED MEETING BOARD OF DIRECTORS

Boardroom

November 16, 2021

5:30 p.m.

AGENDA

1. Call to Order Mayor Scott Byrd
2. Invocation
3. Approval of Board Minutes from November 2, 2021 – Mayor Byrd
4. Presentation of the 2020 Legislative Audit – Gary Brinkley / Shacresha Wilson
5. Consideration of 2021 Additional Pay – Gary Brinkley/ Shacresha Wilson
6. Consideration of Property Purchase – Gary Brinkley
7. Swearing in of Planning Commission Candidate Matt Johnson – Samantha Roybal
8. City Manager's Report – Gary Brinkley
9. Routine Business – Mayor Byrd
10. Adjournment – Mayor Byrd

A combined Board / Planning Commission workshop will occur :10 following the adjournment of the Board of Directors Meeting.

Regular Meeting: Citizens speaking to the Board of Directors shall have a speaking time limit of **10 minutes**. The Board of Directors may ask follow up questions which may extend the time limit.

Open Session Forum: Speaking time limit is **5 minutes** a speaker may not yield his or her time to another speaker

**REGULAR CALLED MEETING
BOARD OF DIRECTORS**

Board Room

November 2, 2021

5:30 P.M.

MEMBERS:

Taylor Chaney, *Ward 1 Director*
Chris Porter, *Ward 2 Director*
Keith Crews, *Ward 3 Director*
Reo Cummings, *Ward 4 Director*
Jason Jones, *Ward 5 Director*
Roland Gosey, *Assistant Mayor*
Scott Byrd, *Mayor*

OTHERS:

Gary Brinkley, *City Manager*
Samantha Roybal, *City Clerk*

CALL TO ORDER

The Mayor called the meeting to order at 5:34 p.m.

INVOCATION

Assistant Mayor Gosey

APPROVAL OF BOARD MINUTES FROM OCTOBER 19, 2021

A motion was made by Assistant Mayor Gosey, seconded by Director Jones to approve the minutes from the October 19, 2021 Board Meeting.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	"Aye"	Roland Gosey	"Aye"
Chris Porter	"Aye"	Jason Jones	"Aye"
Reo Cummings	"Aye"	Mayor Byrd	"Aye"
Keith Crews	"Aye"		

CONSIDERATION OF LETTER TO ARDOT

With the widening of Pine Street, a concern with residents living in the 1000 Block has grown. As planned, the relocation of the utility poles will be extremely close to the homes. In discussions with ArDOT, a possible relief might be for the city to formally request ArDOT contemplate the removal of the 2' green space from the plan which would move the utility poles further away from the home. As this is a change in the design plans, staff requested the formal approval of the request and for the Mayor to send a letter as such to ArDOT.

A motion was made by Director Jones, seconded by Director Cummings to send a letter to ArDOT under the Mayor's signature.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	“Aye”	Roland Gosey	“Aye”
Chris Porter	“Aye”	Jason Jones	“Aye”
Reo Cummings	“Aye”	Mayor Byrd	“Aye”
Keith Crews	“Aye”		

CONSIDER APPROVAL OF OPIOID SETTLEMENT DOCUMENTS

The Arkansas Municipal League requests the City of Arkadelphia’s participation in the settlement of a portion of the class-action suit against opioid manufactures and distributors. The City Manager made a presentation regarding the settlement request from the League and the need for participation.

A motion was made by Director Porter seconded by Director Chaney to sign the class action suit documents requested by the Arkansas Municipal League.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	“Aye”	Roland Gosey	“Aye”
Chris Porter	“Aye”	Jason Jones	“Aye”
Reo Cummings	“Aye”	Mayor Byrd	“Abstained”
Keith Crews	“Aye”		

CONSIDER ACCEPTANCE OF ADA GRANT FOR NEW AIRPORT TERMINAL

The City of Arkadelphia was awarded two grants from the Department of Aeronautics for the new terminal. One grant addresses the building itself for \$250,000.00 and the second one is for paving required to facilitate the new building for \$150,00.00.

A motion was made by Director Jones seconded by Director Chaney to accept the two grants from the Department of Aeronautics.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	“Aye”	Roland Gosey	“Aye”
Chris Porter	“Aye”	Jason Jones	“Aye”
Reo Cummings	“Aye”	Mayor Byrd	“Aye”
Keith Crews	“Aye”		

CONSIDER THE RECOMMENDATION TO APPOINT PLANNING COMMISSION MEMBER

Mr. Brinkley recommends for appointment Mr. Matt Johnson to the Planning Commission & Board of Zoning Adjustments.

A motion was made by Director Chaney, seconded by Director Porter to appoint Mr. Matt Johnson to the Planning Commission & Board of Zoning Adjustments.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	“Aye”	Roland Gosey	“Aye”
Chris Porter	“Aye”	Jason Jones	“Aye”
Reo Cummings	“Aye”	Mayor Byrd	“Aye”
Keith Crews	“Aye”		

CONSIDER SEWER PROJECT BID AND BUDGET APPROPRIATION

Over the past year, the main sewer line from the south lift station to the sewer ponds has been replaced by staff. However, an area has been reached that requires a more technical approach and it is in our best interest to have a company bore under the high-pressure gas lines to connect the work that has been on either side of the high-pressure lines. A total of three (3) bidders reviewed the project and two bidders pulled out. The qualified bidder Jenkins Gravel & Construction from Glenwood submitted a bid. To accomplish the project, staff request the approval of the use of undesignated funds to amend the 2021 Sewer Budget: Contract Services Category by increasing it by \$46,300 to cover the boring and pipe. And to approve the quote from Jenkins Gravel & Construction from October 4 in the amount of \$46,287.00.

A motion was made by Director Cummings seconded by Assistant Mayor Gosey to amend the 2021 Sewer Budget and to approve the quote from Jenkins Gravel & Construction.

The motion passed on a roll call vote and the vote was as follows:

Taylor Chaney	“Aye”	Roland Gosey	“Aye”
Chris Porter	“Aye”	Jason Jones	“Aye”
Reo Cummings	“Aye”	Mayor Byrd	“Aye”
Keith Crews	“Aye”		

EXECUTIVE SESSION TO DISCUSS ANNUAL CITY MANAGERS EVALUATION

Adjourned into Executive Session at 5:59

RECONVENE INTO REGULAR SESSION

The Mayor reconvened into a regular session at 7:01 p.m.

No action was taken.

CITY MANAGER'S REPORT

November 2, 2021

- I was able to present the MLK Memorial Park project to the Dept of Parks, Heritage & Tourism Outdoor Recreation Grants Program committee on October 28th. The project was received well and we should know in November if we were selected. The grant was specifically for the play area, restroom, and the accompanying ADA parking. If accepted, we will receive \$250,000 back on this portion of the overall park. This matching grant would represent 10% of the total park cost.
- I hosted the virtual Arkansas City Managers Assoc meetings on October 22& 23. I am president of the organization for this year. It is tentatively scheduled to be in person in Arkadelphia, April 2022.
- October 31st was the annual Chamber of Commerce Halloween Trick or Treat event. It went very well this year. We'll repeat the same setup for next Halloween. We'd like to thank the Chamber, area businesses, social clubs, and our staff for their support of this event.
- As we will not be adding the communications tower expense this year, we are going to reallocate \$20,000 each of the Police and Fires Departments Capital Budgets for the purchase of mobile equipment and trailers. These are items that have been needed and foregone for some time but with the postponement of the tower purchase, we have the opportunity to address the need.
- The Water Dept is in the process of renewing the NPDES permit for the future pulp mill. It was a difficult permit to obtain and we will be reimbursed with the new industry is brought online.

Dates to Remember:

- There will be a joint workshop between the Board and the Planning Commission following the November 16th meeting. Ms. Chelsea Irby from Halff Associates will be here to update you on the progress so far on our Zoning and Subdivision Regulations rewrite. We are at a point where both legislative and judicial bodies need to be brought together for understating and cohesion.

ROUTINE BUSINESS

Taylor Chaney, Ward 1 – Congratulated the Arkadelphia High School Marching Band.

Chris Porter, Ward 2 – Congratulated the Arkadelphia High School Marching Band.

Keith Crews, Ward 3 – Thanked the support of the parents in the community. He requested the MLK committee provide a status report at the first board meeting of each month.

Reo Cummings, Ward 4 – Congratulated the Arkadelphia High School Marching Band. Requested that the signs around the community be replaced and checked out since a few signs are very faded.

Jason Jones, Ward 5 – Congratulated the Arkadelphia High School Marching Band. He is the proud parent of two band members.

Roland Gosey, Assistant Mayor – He mentioned that he looked forward to providing an update on the progress of the MLK committee.

Scott Byrd, Mayor – LSU vs AR football game is coming up and he is very pleased with the Board of Directors.

ADJOURNMENT

There being no further business to discuss, Director Chaney made the motion, seconded by Director Crews to adjourn. **The motion passed unanimously, and the meeting adjourned at 7:12 p.m.**

Scott Byrd, Mayor

Samantha Roybal, City Clerk

ADDITIONAL ATTENDEES

Jason Hunt

Jason Jackson

Joel Phelps

John Nelson

Jamal Brown

Dr. Lewis Shepherd

David Green


DeAnna Graves

Llewellyn Terry



Memorandum

To: Arkadelphia Board of Directors
CC: Ed McCorkle, City Attorney
From: Gary Brinkley, City Manager
Date: November 10, 2021
Re: Presentation of the 2020 Legislative Audit



Staff received the 2020 Legislative Audit on November 5, 2021.

A copy has been provided for your review.

On Page 5 please find the Management Letter from Ms. Marti Steel, Deputy Legislative Auditor. And I quote:

“No issues came to our attention that we consider necessary to report to management”.

I am not sure we have ever had an audit this clean. Please join me in expressing our thanks to the Department Heads and administration staff for their attention to detail. I want to especially acknowledge Ms. Shacresha Wilson, our City Treasurer, for her dedication in keeping the city financially moving forward and accountability at the highest level.

Thank you.

City of Arkadelphia, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2020

RECEIVED NOV 02 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



Arkansas



Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*.

INDEPENDENT AUDITOR'S REPORT

City of Arkadelphia, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Arkadelphia, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2021. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 the state constitution, 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*.

We also reported to management of the City in a separate letter dated September 2, 2021.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 2, 2021

Arkansas



Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

MANAGEMENT LETTER

City of Arkadelphia, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

The commentary contained in this letter relates to the following officials who held office during 2020:

Mayor: Scott Byrd
City Manager: Gary Brinkley
Treasurer: Tammy Beeler (terminated June 17, 2020)
Shacresha Wilson (appointed July 7, 2020)
Police Chief: Jason Jackson

No issues came to our attention that we considered necessary to report to management.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Marti Steel".

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 2, 2021

CITY OF ARKADELPHIA, ARKANSAS
 TABLE OF CONTENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Independent Auditor's Report
 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*
 Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

CITY OF ARKADDELPHIA, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 DECEMBER 31, 2020

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,648,141	\$ 361,149	\$ 967,652
Investments			555,519
Accounts receivable	458,771	3,540	79,161
Interfund receivables		2,311	
TOTAL ASSETS	\$ 2,106,912	\$ 367,000	\$ 1,602,332
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 57,242	\$ 5,499	\$ 15
Interfund payables	2,311		
Settlements pending	31,807		85,697
Total Liabilities	91,360	5,499	85,712
Fund Balances:			
Restricted	132,850	112,649	558,623
Committed	136,148		101,951
Assigned	37,184	248,852	856,046
Unassigned	1,709,370		
Total Fund Balances	2,015,552	361,501	1,516,620
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,106,912	\$ 367,000	\$ 1,602,332

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

CITY OF ARKADDELPHIA, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 202,528	\$ 856,188	\$ 106,366
Federal aid	456,100		33
Property taxes	528,011	58,114	
Franchise fees			719,399
Sales taxes	4,469,434		
Fines, forfeitures, and costs	249,778		24,834
Interest	2,164	7	13,695
Local permits and fees	257,295		
Sanitation fees	1,445,564		
Airport fees	256,481		
Insurance Proceeds			4,546
Net increase/(decrease) in fair value of investments			38,723
Other	193,163	46,021	175
TOTAL REVENUES	8,060,518	960,330	907,771
EXPENDITURES			
Current:			
General government	1,602,137		
Law enforcement	2,159,092		12
Highways and streets	556,200	823,307	
Public safety	974,109		131,009
Sanitation	1,173,635		
Recreation and culture	932,449		
Community development	26,155		
Airport	463,779		
Total Current	7,887,556	823,307	131,021
Debt Service:			
Bond principal			70,000
Bond interest and other charges			130,532
Note principal	169,114	56,922	62,459
Note interest	16,441	6,296	1,556
Line of credit principal	410,346		
Line of credit interest	23,752		
TOTAL EXPENDITURES	8,507,209	886,525	395,568

CITY OF ARKADDELPHIA, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (446,691)	\$ 73,805	\$ 512,203
OTHER FINANCING SOURCES (USES)			
Transfers in	514,832		198,138
Transfers out	(198,138)		(514,832)
Loan proceeds	346,000		
Line of credit proceeds	1,126,123		
TOTAL OTHER FINANCING SOURCES (USES)	1,788,817		(316,694)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,342,126	73,805	195,509
FUND BALANCES - JANUARY 1	673,426	287,696	1,321,111
FUND BALANCES - DECEMBER 31	\$ 2,015,552	\$ 361,501	\$ 1,516,620

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

CITY OF ARKADELPHIA, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 427,218	\$ 202,528	\$ (224,690)	\$ 770,000	\$ 856,188	\$ 86,188
Federal aid	500,000	456,100	(43,900)			
Property taxes	500,000	528,011	28,011	62,000	58,114	(3,886)
Sales taxes	3,900,000	4,469,434	569,434			
Fines, forfeitures, and costs interest	336,278	249,778	(86,500)			
	1,200	2,164	964			
Local permits and fees	394,500	257,295	(137,205)		7	7
Sanitation fees	1,563,000	1,445,564	(117,436)			
Airport fees	312,830	256,481	(56,349)			
Other	155,050	193,163	38,113	30,000	46,021	16,021
TOTAL REVENUES	8,090,076	8,060,518	(29,558)	862,000	960,330	98,330
EXPENDITURES						
Current:						
General government	2,451,192	1,602,137	849,055			
Law enforcement	2,405,358	2,159,092	246,266			
Highways and streets	616,241	556,200	60,041	1,205,440	823,307	382,133
Public safety	1,021,080	974,109	46,971			
Sanitation	1,326,894	1,173,635	153,259			
Recreation and culture	1,195,829	932,449	263,380			
Community development	59,850	26,155	33,695			
Airport	511,525	463,779	47,746			
Total Current	9,587,969	7,887,556	1,700,413	1,205,440	823,307	382,133
Debt Service:						
Note principal		169,114	4,438			
Note interest	173,552	16,441	(16,441)	48,000	56,922	(8,922)
Line of credit principal		410,346	(410,346)		6,296	(6,296)
Line of credit interest		23,752	(23,752)			
TOTAL EXPENDITURES	9,761,521	8,507,209	1,254,312	1,253,440	886,525	366,915

CITY OF ARKADELPHIA, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	General		Variance Favorable (Unfavorable)	Street		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,671,445)	\$ (446,691)	\$ 1,224,754	\$ (391,440)	\$ 73,805	\$ 465,245
OTHER FINANCING SOURCES (USES)						
Transfers in	400,000	514,832	114,832	136,000		(136,000)
Transfers out	(75,000)	(198,138)	(123,138)			
Loan proceeds		346,000	346,000			
Line of credit proceeds		1,126,123	1,126,123			
TOTAL OTHER FINANCING SOURCES (USES)	325,000	1,788,817	1,463,817	136,000		(136,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,346,445)	1,342,126	2,688,571	(255,440)	73,805	329,245
FUND BALANCES - JANUARY 1,	265,000	673,426	408,426	275,000	287,696	12,696
FUND BALANCES - DECEMBER 31	\$ (1,081,445)	\$ 2,015,552	\$ 3,096,997	\$ 19,560	\$ 361,501	\$ 341,941

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

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Arkadelphia was incorporated under the laws of the State of Arkansas and operates under a City Manager form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following fund of the City would have been included in the reporting entity: Water and Sewer. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for the Capital Projects Fund reported with other funds in the aggregate.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund reported with other funds in the aggregate.

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for the Pension Trust Funds reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and other funds that have not been transferred to the appropriate entities.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 663,398	\$ 663,398
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	1,915,732	2,032,588
Uncollateralized	397,012	380,184
Total Deposits	\$ 2,976,142	\$ 3,076,170

The above total deposits do not include cash on hand of \$800

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial risk. As of December 31, 2020, \$380,184 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of U. S. Government and Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

CITY OF ARKADELPHIA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3: Legal or Contractual Provisions for Deposits and Investments (Continued)

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2020 Fair Value
Pension Trust	\$ 555,519

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City's investments are composed of the following:

<u>December 31, 2020</u> Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Equities	\$ 277,173
Mutual funds	173,156
Fixed income	105,190
Totals	\$ 555,519

The fair value of equities and mutual funds is measured on a recurring basis and is quoted marked prices obtained from independent pricing sources. As a result, these were classified as Level I inputs.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 32,178	\$ 3,540	
Franchise fees			\$ 77,962
Sales taxes	391,066		
Fines, forfeitures, and costs	15,971		855
Interest			344
Local permits and fees	3,711		
Sanitation fees	15,845		
Totals	\$ 458,771	\$ 3,540	\$ 79,161

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 57,242	\$ 5,499	\$ 15

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2020	
	Interfund Receivables	Interfund Payables
General Fund		\$ 2,311
Street Fund	\$ 2,311	
Totals	\$ 2,311	\$ 2,311

Interfund receivables and payables consist of errors in depositing restricted revenues. These balances are expected to be repaid in 2021.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 7,539		
Law enforcement			\$ 34,500
Highways and streets		\$ 112,649	
Public safety			55,236
Airport	125,311		
Pension benefits			213,543
Capital outlay			148,466
Debt service			106,878
Total Restricted	<u>132,850</u>	<u>112,649</u>	<u>558,623</u>
Committed for:			
General government	136,148		
Pension benefits			101,951
Total Committed	<u>136,148</u>		<u>101,951</u>
Assigned to:			
General government	2,423		
Highways and streets		248,852	
Airport	34,761		
Pension benefits			278,901
Debt service			577,145
Total Assigned	<u>37,184</u>	<u>248,852</u>	<u>856,046</u>
Unassigned	<u>1,709,370</u>		
Totals	<u>\$ 2,015,552</u>	<u>\$ 361,501</u>	<u>\$ 1,516,620</u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2020, the legal debt limit for the bonded debt was \$21,158,332. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2020, the legal debt limit for short-term financing obligations was \$5,626,520. The amount of short-term financing obligations was \$2,154,937, leaving a legal debt margin of \$3,471,583.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2020:

	December 31, 2020
Long-term liabilities	\$ 6,138,370

Long-term liabilities

Long-term liabilities at December 31, 2020, are comprised of the following:

	December 31, 2020
<u>Bonds</u>	
Capital Improvement Refunding and Improvement Revenue Bonds Series 2019 dated July 7, 2019, in the amount of \$3,505,000, annual installments beginning on March 1, 2020, of \$70,000 - \$775,000 plus interest, due March 1, 2020 through March 1, 2044; interest at 3.0% - 3.45%. Payments are to be made from the Revenue Bond Fund.	\$ 3,435,000
<u>Direct Borrowings</u>	
Note payable dated September 8, 2020, with Regions Bank in the amount of \$346,000 at 1.69% for the purchase of Gradall Excavator. The City has agreed to make 60 monthly payments of \$6,018 beginning on October 8, 2020, and the final payment on October 8, 2024. The City will use the Gradall Excavator as collateral. Payments are to be made from the General Fund.	329,385
Note payable dated December 12, 2016, with Southern Bancorp in the amount of \$246,239 at 1.99% for the purchase of a 2017 Pierce pumper fire truck. The City has agreed to make 59 monthly payments of \$4,318 beginning January 26, 2017, and one last payment estimated at \$4,533. The City has agreed to use the fire truck as collateral. Payments are to be made from the Fire Equipment and Training Fund (Act 833).	51,381
Note payable dated October 23, 2019, with Southern Bancorp in the amount of \$278,000 at 3.19% for the purchase of (2) 2020 Kenworth Sanitation trucks. The City agreed to make 19 quarterly payments of \$15,088.90, beginning on January 6, 2020, and a final payment of \$15,088.84 due on October 6, 2024. The City will use the 2020 Kenworth Trucks as collateral for the loan. Payments are to be made from the General Fund.	225,274
Note payable dated October 15, 2017, with Southern Bancorp in the amount of \$163,532 at 3.39% for the construction of a new airport hanger. The City has agreed to make 83 payments of \$2,193 beginning November 15, 2017, and one final payment of \$2,194 on October 15, 2024. The City has agreed to use the Revenue Stream generated from the new hangar as collateral. Payments are to be made from the General Fund.	94,100
Note payable dated July 25, 2018, with Citizens Bank in the amount of \$152,812 at 3.14% for the purchase of a 2016 Mack Sanitation truck. The City has agreed to make 59 monthly payments of \$2,758, beginning on August 25, 2018, and a final payment of \$2,758 due on July 25, 2023. The City will use the 2018 Mack Truck as collateral for the loan. Payments are to be made from the General Fund.	81,833
Note payable dated October 17, 2019, with Southern Bancorp in the amount of \$220,000 at 3.39% for the purchase of a 2019 Elgin Pelican Street Sweeper. The City has agreed to make 60 monthly payments of \$3,996 beginning November 17, 2019, and ending October 17, 2024. The City has agreed to use the street sweeper as collateral. Payments are to be made from the Street Fund.	156,236
Line of Credit dated October 25, 2019, with Southern Bancorp in the maximum amount of \$2,000,000 to provide financing for general purposes of City government. The City has agreed to make 19 payments of \$108,525 beginning on January 5, 2020, and a final payment of \$108,524 on October 5, 2024. Interest rate is 3.19%. The City has agreed to assign the revenue generated by the 2019 sales tax as a collateral. Payments are to be made from the General Fund.	1,216,728
Total Direct Borrowings	2,154,937
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	548,433
Total Long-term liabilities	\$ 6,138,370

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

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$3,435,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding notes from direct borrowings of \$2,154,937 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2020	Maturities to December 31, 2020
<u>Bonds</u>					
7/9/19	3/1/44	3% - 3.45%	\$ 3,505,000	\$ 3,435,000	\$ 70,000
<u>Direct Borrowings</u>					
12/12/16	12/26/21	1.99%	246,239	51,381	194,858
10/15/17	10/15/24	3.39%	163,532	94,100	69,432
7/25/18	7/25/23	3.14%	152,812	81,833	70,979
10/23/19	10/6/24	3.19%	278,000	225,274	52,726
10/8/20	10/8/24	1.69%	346,000	329,385	16,615
10/17/19	10/17/24	3.39%	220,000	156,236	63,764
10/25/19	10/5/24	3.19%	1,627,074	1,216,728	410,346
Total Direct Borrowings			3,033,657	2,154,937	878,720
Total Long-Term Debt			\$ 6,538,657	\$ 5,589,937	\$ 948,720

Changes in Long-Term Debt

	Balance January 01, 2020	Issued	Retired	Balance December 31, 2020
Bonds payable	\$ 3,505,000		\$ 70,000	\$ 3,435,000
<u>Direct Borrowings</u>				
Notes payable	602,704	\$ 624,000	288,495	938,209
Line of Credit	500,951	1,126,123	410,346	1,216,728
Total Direct Borrowings	1,103,655	1,750,123	698,841	2,154,937
Total Long-Term Debt	\$ 4,608,655	\$ 1,750,123	\$ 768,841	\$ 5,589,937

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 100,000	\$ 110,156	\$ 210,156	\$ 655,665	\$ 70,367	\$ 726,032
2022	100,000	107,156	207,156	623,123	50,880	674,003
2023	105,000	104,156	209,156	628,542	29,874	658,416
2024	105,000	101,006	206,006	193,827	4,496	198,323
2025	110,000	97,856	207,856	53,780	379	54,159
2026 through 2030	620,000	436,781	1,056,781			
2031 through 2035	700,000	338,919	1,038,919			
2036 through 2040	820,000	218,375	1,038,375			
2041 through 2044	775,000	67,965	842,965			
Totals	\$ 3,435,000	\$ 1,582,370	\$ 5,017,370	\$ 2,154,937	\$ 155,996	\$ 2,310,933

NOTE 11: Interfund Transfers

Transfers of \$198,138 were made from the General Fund to the Other Funds in the Aggregate, \$48,138 to Firemen's Pension for one-half fire protection dues and interest pursuant to Arkadelphia Ordinance no. 93-2 (August 5, 1993) and one-half fire protection dues, interest, and cell tower lease revenue pursuant to motion passed by the Board of Directors on June 14, 2013, and \$150,000 to the Debt Service Fund for debt service requirements. Transfers of \$514,832 were made from Other Funds in the Aggregate (Debt Service Fund) to General Fund for excess franchise fees from 2019 Series Revenue Bond Fund.

NOTE 12: Pledged Revenues

The City pledged collection of all franchise fees to repay \$3,505,000 in capital improvement revenue bonds that were issued in 2019. These bonds were issued for the purpose of refunding prior capital improvement revenue bonds (baseball and softball fields), Series 2014, and to finance the cost of capital improvements for the City including particularly, without limitation, the acquisition, construction and installation of a storm water drainage system and an HVAC system for City Hall. Franchise fee collections not needed to pay current principal and interest may be used for other City purposes. Total principal and interest remaining on the bonds are \$3,435,000 and \$1,582,370, respectively, payable through March 1, 2044. For 2020, principal and interest paid were \$70,000 and \$127,421, respectively.

The Debt Service Fund received \$719,399 in franchise fees in 2020, of which excess proceeds of \$514,832 were transferred to the General Fund.

The City pledged future collection of the 1 cent sales tax approved by voters on September 10, 2019, to repay \$2,000,000 in a line of credit loan obtained on October 25, 2019. This loan was obtained for general purpose of the City. Sales tax collections not needed to pay current principal and interest may be used for other City purposes. Total principal remaining on the line of credit is \$1,216,728 payable through October 5, 2024. For 2020, principal and interest paid were \$410,346 and \$23,752, respectively.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13: Jointly Governed Organizations

Reuse Committee

The City of Arkadelphia and Clark County were co-recipients of a \$750,000 grant under the 1983 Arkansas State Stimulus Program. The funds were used as a loan to an industry – Exchange Parts of Arkansas. Exchange Parts of America, Inc. a/k/a Exchange Parts of Arkansas, Inc., filed for Chapter 11 Bankruptcy in 1991 listing as an outstanding debt, a balance of \$478,383 of the original \$750,000 Job Stimulus loan. The remaining balance of the original \$750,000 grant is to be used to stimulate economic development within Clark County.

A joint committee was formed to oversee the activities associated with the use of these funds. The committee is composed of two members from the Clark County Quorum Court appointed by the Clark County Judge and two members from the City of Arkadelphia Board of Directors appointed by the Mayor. The funds are held by the Arkadelphia City Treasurer and are disbursed upon the direction of the Committee.

The principal and interest payments received by the Reuse Committee are used as outlined in Article V of the Reuse of Proceeds Plan to pay for administrative costs, as matching funds to secure other funds for economic development, to construct for resale or lease industrial facilities and to provide loans to help finance industrial or commercial undertakings.

Annual written reports are to be submitted to the City of Arkadelphia Board of Directors, the Clark County Quorum Court and the Arkansas Industrial Development Commission. The financial statements of the Reuse Committee have not been audited.

Group "6" Narcotics Enforcement Unit

The Prosecuting Attorneys of the Seventh and Ninth (East) Judicial Districts, the Sheriffs' Departments of Clark, Grant, and Hot Spring Counties, and the Police Departments of Malvern, Sheridan, and Arkadelphia entered into an agreement on July 2, 2019, to continue the Group "6" Narcotics Enforcement Unit (agreement expire on June 30, 2021). Funding is provided through federal and state grants in addition to contributions from the participating entities. The City made salary payments of \$44,277 plus benefits for one agent on behalf of the Group "6" Narcotics Enforcement Unit and was reimbursed \$38,514 for salary, benefits, and fuel expenditures by the Group "6" Narcotics Enforcement Unit. Separate financial statements of the Group "6" Narcotics Enforcement are not available.

Southwest Arkansas Regional Intermodal Authority

Clark, Montgomery, Pike, and Dallas Counties and the Cities of Gurdon, Prescott, Glenwood, Caddo Valley, Murfreesboro, Arkadelphia, and Amity entered into an agreement on May 18, 2010, to establish the Southwest Arkansas Regional Intermodal Authority pursuant to Ark. Code Ann. §§ 14-143-101 – 14-143-129. The Authority shall be governed by a board of directors consisting of 18 members appointed by the participants' Mayors and County Judges. Each participating City will receive one member and each County will receive two members. Annual dues are \$2,000 per County and \$1,000 per City based on \$1,000 for each board member. Dues are payable in January of each year. No other payments were made to, or on behalf of the Southwest Arkansas Regional Intermodal Authority by the City during 2020, other than the annual membership dues of \$1,000. Separate financial statements of the Southwest Arkansas Regional Intermodal Authority are not available.

NOTE 14: Risk Management

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

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14: Risk Management (Continued)

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

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

Municipal Vehicle Program

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

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

Municipal Accidental Death and Dismemberment – The program provides benefits for accidental death and dismemberment of municipal officials and department heads. This coverage is limited to \$100,000 per person.

Aviation Ground Operations and Storage Tank Liability Insurance – The program provides for the general premises liability of aviation operations and fuel storage tank liability. This coverage is limited to \$1,000,000 per occurrence.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 15: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax, local outside dues, interest on outside fire deposits and local lease revenue. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$48,138 for the year ended December 31, 2020. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2020 actuarial valuation, the plan has a net pension liability of \$360,009.

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$114,694, and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$44,151 for the year ended December 31, 2020.

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2020 (actuarial valuation date and measurement date) was \$881,115.

NOTE 17: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$526,665 for the year ended June 30, 2020.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was \$5,045,332.

NOTE 18: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2020, the City Received \$424,465 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The City has received \$1,108,211 in federal aid from the American Rescue Plan Act of 2021 as of report date. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF ARKADELPHIA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND
	District Court Cost	Fire Equipment and Training (Act 833)	Emergency Vehicle (Act 988)	2019 Capital Projects	2019 Series Revenue Bond	Firemen's Pension
ASSETS						
Cash and cash equivalents	\$ 34,500	\$ 39,698	\$ 14,683	\$ 148,466	\$ 606,061	\$ 38,547
Investments			855		77,962	555,519
Accounts receivable						344
TOTAL ASSETS	\$ 34,500	\$ 39,698	\$ 15,538	\$ 148,466	\$ 684,023	\$ 594,410
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 15
Settlements pending						15
Total Liabilities						30
Fund Balances:						
Restricted	\$ 34,500	\$ 39,698	\$ 15,538	\$ 148,466	\$ 106,878	213,543
Committed						101,951
Assigned	34,500	39,698	15,538	148,466	577,145	278,901
Total Fund Balances	\$ 34,500	\$ 39,698	\$ 15,538	\$ 148,466	\$ 684,023	\$ 594,395
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,500	\$ 39,698	\$ 15,538	\$ 148,466	\$ 684,023	\$ 594,410

CITY OF ARKADELPHIA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020

CUSTODIAL FUNDS						
	Police Bond and Fine	Building in Transit	Parks in Transit	Payroll	Administration of Justice	Totals
ASSETS						
Cash and cash equivalents	\$ 5,081	\$ 299	\$ 2,900	\$ 74,565	\$ 2,852	\$ 967,652
Investments						555,519
Accounts receivable						79,161
TOTAL ASSETS	\$ 5,081	\$ 299	\$ 2,900	\$ 74,565	\$ 2,852	\$ 1,602,332
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 15
Settlements pending	\$ 5,081	\$ 299	\$ 2,900	\$ 74,565	\$ 2,852	\$ 85,697
Total Liabilities	5,081	299	2,900	74,565	2,852	85,712
Fund Balances:						
Restricted						558,623
Committed						101,951
Assigned						856,046
Total Fund Balances						1,516,620
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,081	\$ 299	\$ 2,900	\$ 74,565	\$ 2,852	\$ 1,602,332

CITY OF ARKADDELPHIA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND	Totals
	District Court Cost	Fire Equipment and Training (Act.833)	Emergency Vehicle (Act 988)	2019 Capital Projects	2019 Series Revenue Bond	Firemen's Pension
REVENUES						
State aid		\$ 52,626				\$ 53,740
Federal aid		33				
Franchise fees					\$ 719,399	
Fines, forfeitures, and costs	\$ 5,176	\$ 19,658				
Interest	7		4,546	\$ 557	963	12,168
Insurance Proceeds						38,723
Net increase/(decrease) in fair value of investments					175	175
Other						
TOTAL REVENUES	5,183	52,659	24,204	557	720,537	907,771
EXPENDITURES						
Current:						
Law enforcement	12					12
Public safety						131,009
Total Current	12					131,021
Debt Service:						
Bond principal					70,000	70,000
Bond interest and other charges		50,259	12,200		130,532	130,532
Note principal		1,556				62,459
Note interest						1,556
TOTAL EXPENDITURES	12	51,815	12,200		200,532	395,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,171	844	12,004	557	520,005	(26,378)
OTHER FINANCING SOURCES (USES)						
Transfers in					150,000	198,138
Transfers out					(514,832)	(514,832)
TOTAL OTHER FINANCING SOURCES (USES)					(364,832)	(316,694)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,171	844	12,004	557	155,173	21,760
FUND BALANCES - JANUARY 1	29,329	38,854	3,534	147,909	528,850	572,635
FUND BALANCES - DECEMBER 31	\$ 34,500	\$ 39,698	\$ 15,538	\$ 148,466	\$ 684,023	\$ 594,395

CITY OF ARKADDELPHIA, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Emergency Vehicle (Act 988)	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
2019 Capital Projects	Arkadelphia Ordinance no. 19-03 (May 19, 2019) established fund to account for construction costs of a storm water drainage system and an HVAC for City Hall.
2019 Series Revenue Bond	Arkadelphia Ordinance no. 19-03 (May 21, 2019) authorized the issuance of Capital Improvement Refunding and Improvement Revenue Bonds, series 2019. The fund was established to receive franchise fees and pay debt service requirements on the bonds.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Building in Transit	Established to account for revenues generated from City Permits Department.
Parks in Transit	Established to account for revenues generated from City Parks Department.
Payroll	Established to process payroll of all employees.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

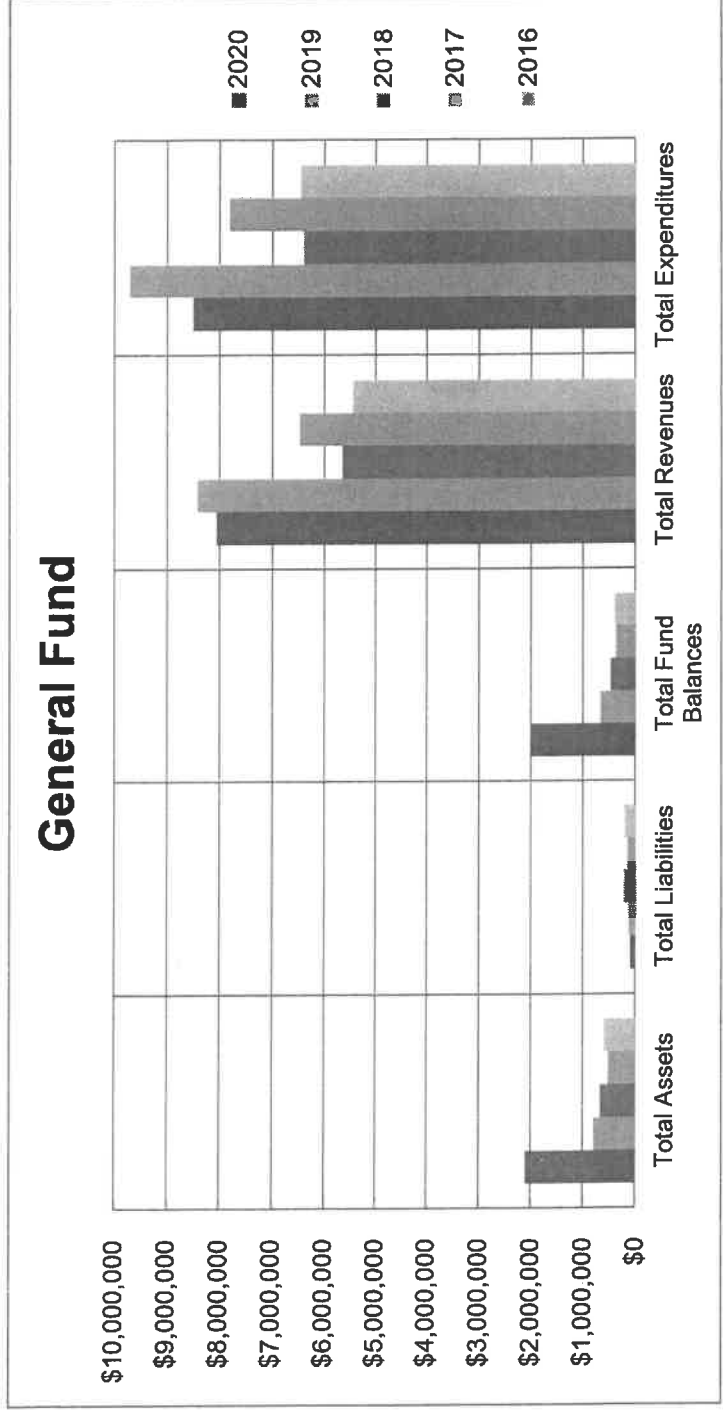
CITY OF ARKADELPHIA, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2020
(Unaudited)

Schedule 3

	<u>December 31,</u> <u>2020</u>
Land	\$ 584,174
Buildings	10,025,982
Equipment	8,676,414
Improvements	6,424,161
Construction in progress	<u>203,953</u>
Total	<u>\$ 25,914,684</u>

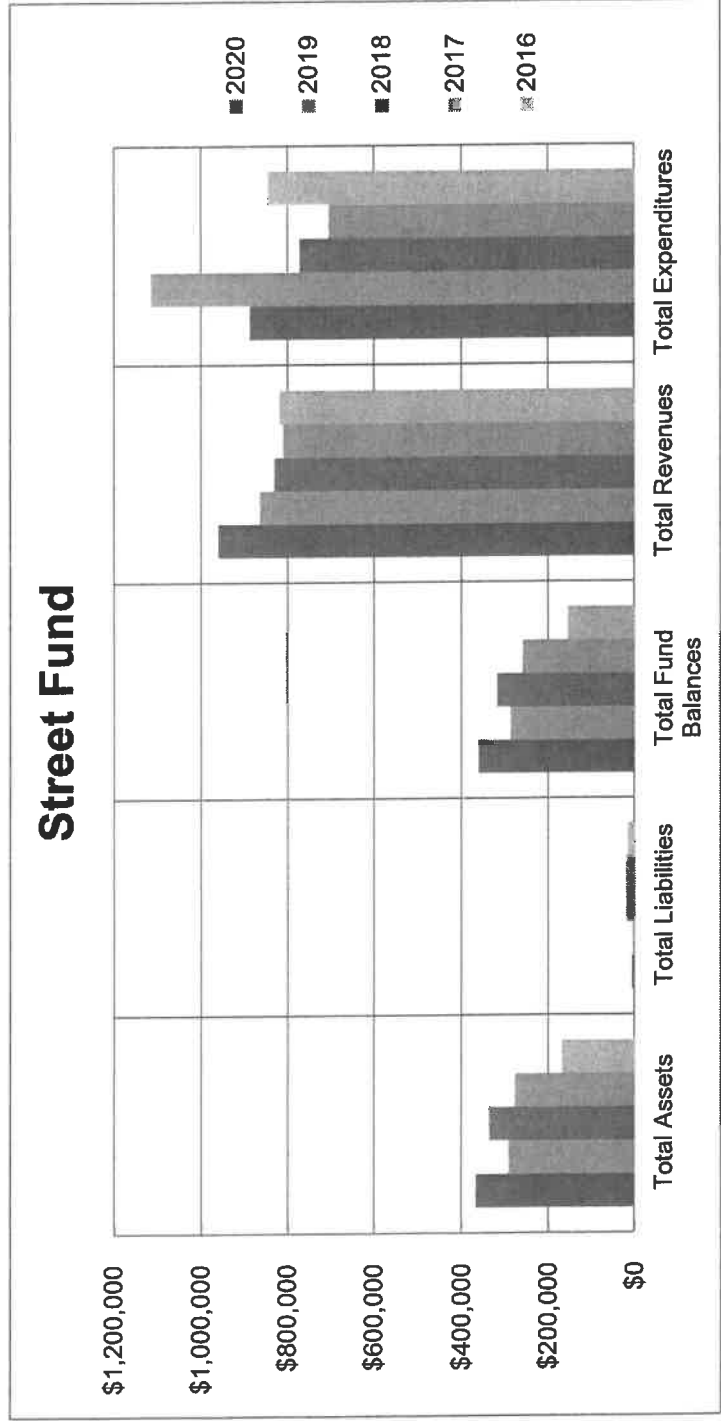
CITY OF ARKADELPHIA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

<u>General</u>	2020	2019	2018	2017	2016
Total Assets	\$ 2,106,912	\$ 796,435	\$ 677,801	\$ 521,055	\$ 607,143
Total Liabilities	91,360	123,009	204,346	143,984	211,101
Total Fund Balances	2,015,552	673,426	473,455	377,071	396,042
Total Revenues	8,060,518	8,428,626	5,650,130	6,476,143	5,457,919
Total Expenditures	8,507,209	9,717,748	6,398,973	7,818,528	6,463,122
Total Other Financing Sources/Uses	1,788,817	1,489,093	845,227	1,323,414	776,951



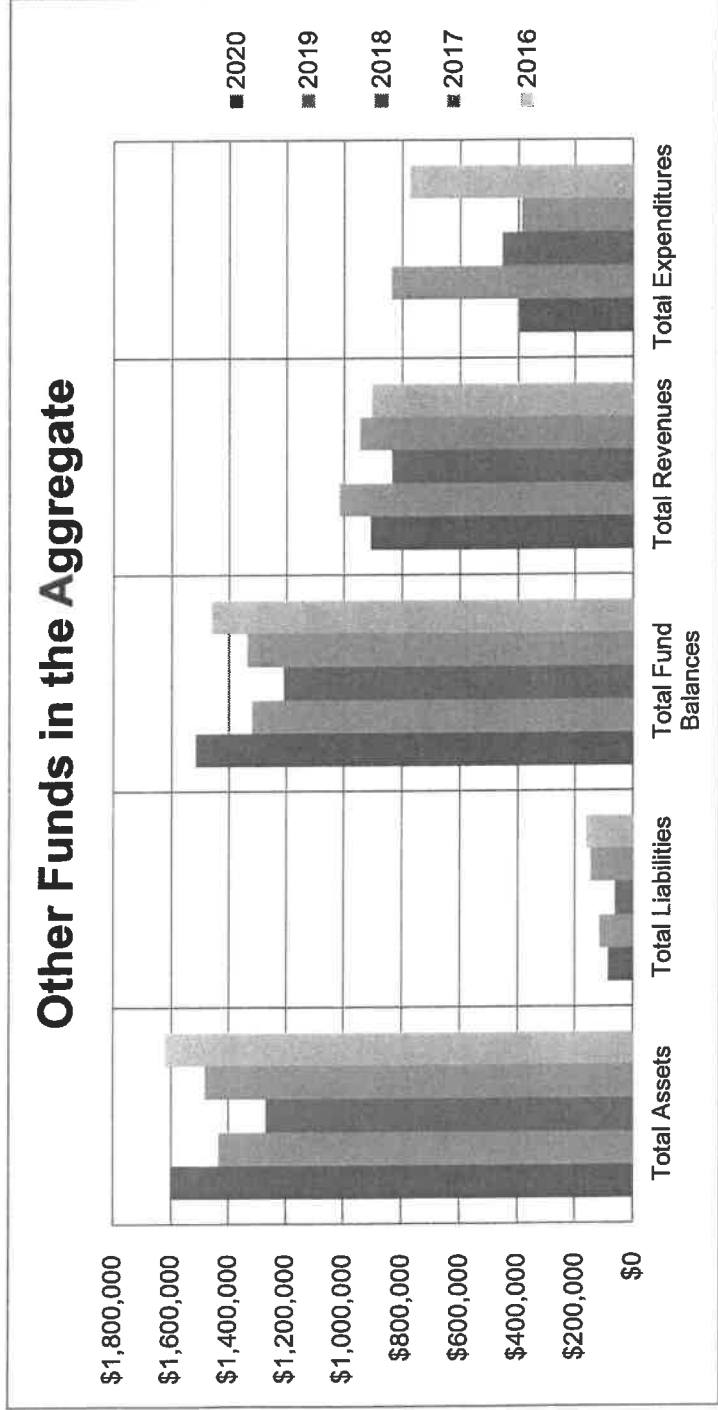
CITY OF ARKADDELPHIA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

Street	2020	2019	2018	2017	2016
Total Assets	\$ 367,000	\$ 291,852	\$ 336,749	\$ 277,936	\$ 169,454
Total Liabilities	5,499	4,156	17,591	17,730	15,121
Total Fund Balances	361,501	287,696	319,158	260,206	154,333
Total Revenues	960,330	864,334	830,492	810,055	818,527
Total Expenditures	886,525	1,115,796	771,540	704,182	845,864
Total Other Financing Sources/Uses		220,000			



CITY OF ARKADDELPHIA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

<u>Other Funds in the Aggregate</u>	2020	2019	2018	2017	2016
Total Assets	\$ 1,602,332	\$ 1,436,481	\$ 1,269,513	\$ 1,484,351	\$ 1,622,978
Total Liabilities	85,712	115,370	60,581	145,734	161,722
Total Fund Balances	1,516,620	1,321,111	1,208,932	1,338,617	1,461,256
Total Revenues	907,771	1,016,799	834,306	945,779	904,921
Total Expenditures	395,568	837,365	456,934	386,768	775,038
Total Other Financing Sources/Uses	(316,694)	(67,255)	(507,057)	(681,650)	(358,108)





Memorandum

To: Arkadelphia Board of Directors
CC: Ed McCorkle, City Attorney
From: Gary Brinkley, City Manager
Date: November 10, 2021
Re: 2021 Additional Compensation for Staff

A handwritten signature in blue ink, appearing to read 'Gary Brinkley', is positioned to the right of the 'From:' field.

This has been a year of continued growth and perseverance. I am pleased to report staff has performed well in both circumstances.

As is customary, it is time to recommend for your approval an additional compensation check for staff. I would like to propose granting the same amounts as last year. Those being, each of our full-time city employees an additional compensation check in the amount of \$500 and part-time employees (under 30 hours per week on a consistent basis) the amount of \$250. The volunteer firefighters in good standing will also receive \$250. If approved, these checks will be distributed at the annual employee's luncheon in December.

The cost of the compensation, which includes mandatory unemployment, FICA taxes will be \$65,130.00. Of that, the General fund cost will be \$46,830, the Street fund cost will be \$3,230.00, and the Water/Sewer Department cost will be \$15,070.

Ms. Wilson will use unallocated funds to meet this request.


Your approval is requested.

Thank you.



Memorandum

To: Arkadelphia Board of Directors
CC: Ed McCorkle, City Attorney
From: Gary Brinkley, City Manager
Date: November 15, 2021
Re: Consideration of Purchasing Property at 801 Main St. with



I am in the process of gathering additional information and reviewing documentation.


I anticipate having all the information and a recommendation for your consideration at the meeting on Tuesday night.

Thank you.



Memorandum

To: Arkadelphia Board of Directors
CC: Ed McCorkle, City Attorney
From: Gary Brinkley, City Manager
Date: November 10, 2021
Re: Swearing in of Planning Commission & Board of Zoning Adjustments member - Matt Johnson



At our last meeting, you approved the recommendation to appoint Mr. Matt Johnson to the Planning Commission and Board of Zoning Adjustments. Planning commissioners are to be sworn into office.

As we are hosting a joint meeting with the Planning Commission tonight and there have been no Planning Commission meetings until tonight, it is prudent to swear Mr. Johnson in tonight prior to our joint meeting.

Thank you.