

City of Vilonia, Arkansas

**Regulatory Basis Financial Statements
And Other Reports**

December 31, 2021

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FOR THE YEAR ENDED DECEMBER 31, 2021

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KERR CPA FIRM PLLC

CERTIFIED PUBLIC ACCOUNTANT

2414 WEST CENTER STREET

BEEBE, ARKANSAS 72012

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Vilonia, Arkansas

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and the other funds in the aggregate of the City of Vilonia, as of and for the year ended December 31, 2021, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of ARK. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, 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, to meet the requirements permitted by the State of Arkansas.

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.

Adverse opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Vilonia, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all the material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Vilonia, Arkansas, as of December 31, 2021, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of ARK. Code Ann. § 10-4-412 described in Note 1.

Other Matters

Supplementary and Other information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the

table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted by the United States of America. In our opinion, the supplementary information is fairly stated, in all materials respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2022, on our consideration of the City's internal control over financial reporting and on our test of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Kerr CPA Firm PLLC

Joshua Kerr, Certified Public Accountant

Beebe, Arkansas
December 30, 2022

City of Vilonia, Arkansas
Balance Sheet - Regulatory Basis
December 31, 2021

| | <u>General</u> | <u>Street</u> | <u>Other Funds in the Aggregate</u> |
|--|-----------------------|-----------------------|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 525,782 | \$ 448,328 | \$ 3,871,189 |
| Accounts receivable net of allowance | 89,073 | 13,747 | 84,957 |
| Interfund receivables | 37,070 | | 29,600 |
| Total Current Assets | <u>651,925</u> | <u>462,075</u> | <u>3,985,746</u> |
| TOTAL ASSETS | <u><u>651,925</u></u> | <u><u>462,075</u></u> | <u><u>3,985,746</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 61,943 | \$ 5,799 | \$ 9,888 |
| Interfund payables | 29,600 | 14,680 | 22,390 |
| Settlements pending | | | 47,140 |
| Total Current Liabilities | <u>91,543</u> | <u>20,479</u> | <u>79,418</u> |
| Fund Balances: | | | |
| Restricted | | 441,596 | 3,782,987 |
| Assigned | 1,035 | | 123,341 |
| Unrestricted | <u>559,347</u> | | |
| Total Fund Balances | <u>560,382</u> | <u>441,596</u> | <u>3,906,328</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>651,925</u></u> | <u><u>462,075</u></u> | <u><u>3,985,746</u></u> |

See accompanying notes and independent auditors' report.

City of Vilonia, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Regulatory Basis
December 31, 2021

| | General | Street | Other Funds in the Aggregate |
|--|-------------------|-------------------|------------------------------------|
| REVENUES | | | |
| State aid | \$ 63,426 | \$ 323,963 | \$ 22,627 |
| Federal aid | 478,901 | | |
| Property Taxes | 162,754 | 75,940 | 1,663 |
| Franchise fees | 138,142 | | |
| Sales taxes | 614,942 | 172,928 | 996,208 |
| Fines, forfeitures, and costs | 320,145 | | 18,612 |
| Interest and dividends | 6,614 | 5,204 | 3,609 |
| Local permits and fees | 20,819 | | 67,035 |
| Reimbursement law enforcement | 61,300 | | |
| Grants | 2,550 | 129,846 | |
| Concession | | | 31,723 |
| Other | 23,272 | 807 | 39,799 |
| TOTAL REVENUES | <u>1,892,865</u> | <u>708,688</u> | <u>1,181,276</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | \$ 630,135 | \$ - | \$ - |
| Highways and streets | 0 | 664,040 | 1,857,594 |
| Public Safety | 411 | | 459,357 |
| Law enforcement | 827,176 | | 4,778 |
| Social services | 32,266 | | |
| Recreation and culture | 5,952 | | 234,532 |
| Total Current | <u>1,495,940</u> | <u>664,040</u> | <u>2,556,261</u> |
| Debt Service: | | | |
| Loan principal and interest | 23,695 | | |
| Bond principal | | | 255,000 |
| Bond interest and other charges | | | 141,960 |
| Total Debt Service | <u>23,695</u> | <u>0</u> | <u>396,960</u> |
| TOTAL EXPENDITURES | <u>1,519,635</u> | <u>664,040</u> | <u>2,953,221</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPEDITURES | <u>373,230</u> | <u>44,648</u> | <u>(1,771,945)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | | 881,447 |
| Transfers out | (478,901) | | (402,546) |
| Bond proceeds transfer to Sewer Dept | | | (1,423,635) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(478,901)</u> | <u>0</u> | <u>(944,734)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>(105,671)</u> | <u>44,648</u> | <u>(2,716,679)</u> |
| FUND BALANCES - JANUARY 1 | <u>666,053</u> | <u>396,948</u> | <u>6,623,007</u> |
| FUND BALANCES - DECEMBER 31 | <u>\$ 560,382</u> | <u>\$ 441,596</u> | <u>\$ 3,906,328</u> |

See accompanying notes and independent auditors' report.

City of Vilonia, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General and Street Funds - Regulatory Basis
December 31, 2021

| | General | | | Street | |
|---|------------------|-------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Budget | Actual |
| REVENUES | | | | | |
| State aid | 62,000 | \$ 63,426 | 1,426 | 275,000 | \$ 323,963 |
| Federal aid | | 478,901 | 478,901 | | |
| Property Taxes | 140,000 | 162,754 | 22,754 | 62,500 | 75,940 |
| Franchise fees | 123,500 | 138,142 | 14,642 | | |
| Sales taxes | 636,931 | 614,942 | (21,989) | 118,000 | 172,928 |
| Fines, forfeitures, and costs | 320,000 | 320,145 | 145 | | |
| Interest and dividends | 2,000 | 6,614 | 4,614 | 4,000 | 5,204 |
| Local permits and fees | 20,200 | 20,819 | 619 | | |
| Reimbursement law enforcement | 60,000 | 61,300 | 1,300 | | |
| Grants | | 2,550 | 2,550 | | 129,846 |
| Concession | | | 0 | | 0 |
| Other | 38,300 | 23,272 | (15,028) | 25,000 | 807 |
| TOTAL REVENUES | <u>1,402,931</u> | <u>1,892,865</u> | <u>489,934</u> | <u>484,500</u> | <u>708,688</u> |
| | | | | | <u>224,188</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | \$ 470,380 | \$ 630,135 | \$ 159,755 | | \$ - |
| Highways and streets | | 0 | 0 | 437,200 | 664,040 |
| Public Safety | | 411 | 411 | | 0 |
| Law enforcement | 826,351 | 827,176 | 825 | | 0 |
| Social services | 12,500 | 32,266 | 19,766 | | 0 |
| Recreation and culture | | 5,952 | 5,952 | | 0 |
| Total Current | <u>1,309,231</u> | <u>1,495,940</u> | <u>186,709</u> | <u>437,200</u> | <u>664,040</u> |
| | | | | | <u>226,840</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 93,700 | 396,925 | 303,225 | 47,300 | 44,648 |
| | | | | | (2,652) |
| FUND BALANCES - JANUARY 1 | | | | | |
| | | 423,376 | 423,376 | | 425,092 |
| FUND BALANCES - DECEMBER 31 | <u>\$ 93,700</u> | <u>\$ 820,301</u> | <u>\$ 726,601</u> | <u>\$ 47,300</u> | <u>\$ 469,740</u> |
| | | | | | <u>\$ 422,440</u> |

See accompanying notes and independent auditors' report.

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Vilonia was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council 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; Sewer Department. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

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 the 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 requires that the basic financial statements present government-wide and fund financial statements. Additionally, GAAP requires 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 many 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 basis 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 expenditures for specified purposes other than debt service or capital projects. See Schedule 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Other Funds in the Aggregate – Other Funds in the Aggregate consists of all funds included on 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 expenditures for specific purposes other than debt services or capital project. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Debt Services Funds – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principle and interest. See Schedules 1 and 2 for Debt serves Funds as 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.

Basis of Accounting – Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed 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 services 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 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 requires 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 disclosures. The regulatory basis of accounting does not require the previously identified concepts.

Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and certificates of deposit.

Settlements Pending

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

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. 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.

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

3. 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.

Compensated Absences

Employees of the Company are entitled to paid vacations and sick days and other time off. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's accounting policy has been to recognize the cost of such absences when paid to the employee.

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.

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 the 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 City 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 except for the District Court Automation and Jail Fees (Act 209) Funds.

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 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

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

classifications could be used, committed amounts are reduced first, followed by assigned amounts, then unassigned amounts.

There were no committed fund balances at year-end.

Note 2 – Cash Deposits with Financial Institutions

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

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|---|------------------------|---------------------|
| Insured (FDIC) | \$ 346,345 | \$ 346,345 |
| Collateralized: | | |
| Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in city's name. | 1,477,315 | 1,531,574 |
| US government guaranteed accounts | <u>3,020,939</u> | <u>3,020,939</u> |
| Total Deposits | <u>\$ 4,844,599</u> | <u>\$ 4,898,858</u> |

The above deposits do not include cash on hand of \$700.

Note 3 – Legal or Contractual Provisions for Deposits and Investments

State law generally requires that the 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, saving 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.

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 fund, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in the state. State law also proves 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 –Accounts Receivable

The accounts receivable balance at December 31, 2021 is composed of the following:

| <u>Description</u> | <u>General Fund</u> | <u>Street Fund</u> | Other funds in the <u>Aggregate</u> |
|-----------------------------|---------------------|--------------------|--|
| Sales taxes | 63,402 | 13,747 | 82,480 |
| Fines, forfeitures, & costs | 25,671 | | |
| Property tax | <u>0</u> | <u>0</u> | <u>2,476</u> |
| Totals | <u>\$ 89,073</u> | <u>\$ 13,747</u> | <u>\$ 84,956</u> |

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 5 –Accounts Payable

The accounts payable balance at December 31, 2021, is composed of the following:

| <u>Description</u> | <u>General Fund</u> | <u>Street Fund</u> | Other funds in the <u>Aggregate</u> |
|---------------------------|---------------------|--------------------|--|
| Vendor payables | \$ 37,709 | \$ 5,799 | \$ 9,888 |
| Salaries/wages payable | 16,888 | | |
| Other payroll liabilities | <u>7,347</u> | <u>0</u> | <u>0</u> |
| Totals | <u>\$ 61,944</u> | <u>\$ 5,799</u> | <u>\$ 9,888</u> |

Note 6 –Interfund Balances

Individual fund interfund receivable and payable balances as of December 31, 2021 are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-------------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 37,070 | \$ 29,600 |
| Street Fund | | 14,680 |
| Other Funds in the Aggregate: | | |
| Special Revenue Funds: | | |
| Fire Department | 29,600 | 19,128 |
| Parks and Recreation | <u>0</u> | <u>3,262</u> |
| Totals | <u>\$ 66,670</u> | <u>\$ 66,670</u> |

Interfund receivables and payables consist of errors in depositing restricted revenues and salary expense reimbursements to the General Fund from the Street, Fire Department, and Parks and Recreation Funds. These balances were repaid in January 2022.

Note 7–Details of Fund Balance Classifications

Fund balance classifications at December 31, 2021 are composed of the following:

| <u>Description</u> | <u>General Fund</u> | <u>Street Fund</u> | Other funds in the <u>Aggregate</u> |
|-----------------------------|---------------------|--------------------|--|
| Fund balances: | | | |
| Restricted for: | | | |
| Law enforcement | | | \$ 82,996 |
| Highways and streets | | \$ 441,596 | |
| Public safety | | | 159,911 |
| American Rescue Plan Relief | | | 478,901 |
| Debt service | <u>\$ 0</u> | <u>0</u> | <u>3,062,179</u> |
| Total Restricted: | <u>0</u> | <u>441,596</u> | <u>3,783,987</u> |
| Assigned to: | | | |
| Law enforcement | 500 | | |
| Recreation and culture | | 0 | 123,341 |
| Social Services | <u>535</u> | <u>0</u> | <u>0</u> |
| Total Assigned | <u>1035</u> | <u>0</u> | <u>0</u> |
| Unassigned | <u>559,347</u> | <u>0</u> | <u>0</u> |
| Totals | <u>\$ 560,382</u> | <u>\$ 441,596</u> | <u>\$ 3,907,328</u> |

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 8—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, 2021, the legal debt limit for the bonded debt was \$12,187,916. There were no property tax secured bond issues.

B. Short-term Financing Options

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, 2021, the legal debt limit for short-term obligations was \$3,046,979. There were no short-term financing obligations.

Note 9—Commitments

Total commitments consist of the following at December 31, 2021:

| | |
|-----------------------|--------------------------|
| | <u>December 31, 2021</u> |
| Long-term liabilities | <u>\$ 5,075,000</u> |

Long-term liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

| | |
|---|--------------------------|
| | <u>December 31, 2021</u> |
| <u>Bonds</u> | |
| Sales and Use Tax Refunding & Improvement Bonds, dated March 31, 2020, in the amount of \$5,330,000 due in annual installments of \$95,000-\$255,000, plus interest through June 1, 2050, interest of 2.00%-3.00%. Payments are to be made from the 2020 Refunding & Improvement Bond Fund. | <u>\$ 5,075,000</u> |
| Total Long-term liabilities | <u>\$ 5,075,000</u> |

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

The City's outstanding bonds payable of \$5,075,000 contain a provision that in the 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.

Long-Term Debt Issued and Outstanding

| <u>Date of Issue</u> | <u>Date of Final Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized & Issued</u> | <u>Debt Outstanding Dec 31, 2021</u> | <u>Maturities to Dec 31, 2021</u> |
|----------------------|-------------------------------|-------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| 3/31/20 | 12/1/50 | 2.0-3.0% | <u>\$5,330,000</u> | <u>\$5,075,000</u> | <u>\$ 0</u> |

Changes in Long-Term Debt

| | <u>Balance Jan 01, 2021</u> | <u>Issued</u> | <u>Bond Principal</u> | <u>Balance Dec 31, 2021</u> |
|---------------|-----------------------------|---------------|-----------------------|-----------------------------|
| Bonds Payable | <u>\$5,330,000</u> | <u>\$ 0</u> | <u>\$255,000</u> | <u>\$5,075,000</u> |

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 9—Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

| Years Ending Dec 31, | Principal | Bonds Interest | Total |
|----------------------|--------------|----------------|--------------|
| 2022 | \$ 120,000 | \$ 139,545 | \$ 259,545 |
| 2023 | 125,000 | 135,945 | 260,945 |
| 2024 | 130,000 | 132,195 | 262,195 |
| 2025 | 130,000 | 128,295 | 258,295 |
| 2026 | 140,000 | 124,395 | 264,395 |
| 2027-2050 | 4,430,000 | 1,682,839 | 6,112,839 |
| Totals | \$ 5,075,000 | \$ 2,343,214 | \$ 7,418,214 |

Note 10—Interfund Transfers

Within Other Funds in the Aggregate, \$80,752 was transferred for debt service payments.

Note 11- Subsequent Events

Management has evaluated subsequent events through the report date, the date the financial statements were first available to be issued. No events occurring subsequent to the year ended December 31, 2021, having a direct and material effect on the financial statements have been determined as of the date of the audit report.

Note 12- Pledged Revenues

The City pledged future .75% sales and use taxes to repay \$5,330,000 in bonds that were issued in 2020 to provide funding to finance all or a portion of the cost of improvements of extensions, betterments and improvements to the City's sewer system and refunding the City's outstanding Sales and Use Tax Bonds, Series 2013. Total principal and interest remaining on the bonds are \$5,075,000, payable through December 1, 2050. For 2021, principal and interest paid were \$255,000 and \$139,010, respectively.

The Debt Service Fund received \$479,774 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose.

Note 13- 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 the coverage in the prior year.

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.

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 13- Risk Management (Continued)

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 body 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 Property Program – This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program – This 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. This program shall never be liable to reimburse the municipal government, municipal officials, and employees because of the judgement in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgement 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. The cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Government 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 Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 14- 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), and 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 the 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 contributions 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 \$146,865 for the year ended December 31, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is 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, 2021 (actuarial valuation date and measurement date) was \$803,125.

Note 15- Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administrated 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. Capital, Suite 400, Little Rock, Arkansas, 72201, by calling 1-800-682-7377, or on their website www.apers.org.

City of Vilonia, Arkansas
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 15- Arkansas Public Employees Retirement System (Continued)

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 \$37,806 for the year ended June 30, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is 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, 2021 (actuarial valuation date and measurement date) was \$95,013.

City of Vilonia, Arkansas

ASSETS

LIABILITIES AND FUND BALANCES

| | | | | | | | | | | |
|---------------------|----|--------|----|---|----|---|----|---|----|--------|
| Liabilities | | | | | | | | | | |
| Accounts Payable | \$ | 8,546 | \$ | - | \$ | - | \$ | - | \$ | 9,888 |
| Interfund Payable | | 19,128 | | | | | | | | 22,390 |
| Settlements Payable | | | | | | | | | | 47,140 |
| Total Liabilities | | 27,674 | | - | | - | | - | | 79,418 |

Fund Balances

| | | | | | | | | | |
|--|-------------------|------------------|------------------|-------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Restricted | 135,366 | 23,545 | 45,147 | - | 37,849 | - | 3,062,179 | 478,901 | 3,782,981 |
| Assigned | | | | | | | | | 123,341 |
| Unassigned | | | | | | | | | - |
| Total Fund Balances | <u>135,366</u> | <u>23,545</u> | <u>45,147</u> | <u>123,341</u> | <u>37,849</u> | <u>-</u> | <u>3,062,179</u> | <u>478,901</u> | <u>3,906,328</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 163,040 | \$ 23,545 | \$ 45,147 | \$ 127,945 | \$ 37,849 | \$ 47,140 | \$3,062,179 | \$ 478,901 | \$3,985,746 |

City of Vilonia, Arkansas
Balance Sheet - Debt Service Funds - Regulatory Basis
December 31, 2021

| | DEBT SERVICE FUNDS | | | | |
|--|--------------------|------------------------------|----------------------------|------------------------------|-----------------------------|
| | 2020 Bond fund | 2020 Construction fund | 2020 Redemption fund | 2020 Debt Service Reserve | Total Debt Service Funds |
| ASSETS | | | | | |
| Cash & Cash Equivalents | \$ 82,036 | \$ 2,586,996 | \$ 219,309 | \$ 132,598 | \$ 3,020,939 |
| Accounts Receivable | 41,240 | | | | 41,240 |
| TOTAL ASSETS | <u>\$ 123,276</u> | <u>\$ 2,586,996</u> | <u>\$ 219,309</u> | <u>\$ 132,598</u> | <u>\$ 3,062,179</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interfund Payable | | | | | - |
| Settlements Payable | | | | | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | | |
| Restricted | 123,276 | 2,586,996 | 219,309 | 132,598 | 3,062,179 |
| Assigned | | | | | - |
| Unassigned | | | | | - |
| Total Fund Balances | <u>123,276</u> | <u>2,586,996</u> | <u>219,309</u> | <u>132,598</u> | <u>3,062,179</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 123,276</u> | <u>\$ 2,586,996</u> | <u>\$ 219,309</u> | <u>\$ 132,598</u> | <u>\$ 3,062,179</u> |

City of Vilonia, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Other Funds in the Aggregate - Regulatory Basis
December 31, 2021

| | SPECIAL REVENUE FUNDS | | | | | | Custodial Fund | | American Rescue Plan Fund | TOTALS |
|--|-----------------------|------------------|---------------------------|----------------------|---------------------|----------------|----------------|---------------------|---------------------------|---------------------|
| | FIRE DEPT | ACT 833 | District Court Automation | Parks and Recreation | Jail Fees (Act 209) | District Court | | | | |
| REVENUES | | | | | | | | | | |
| State aid | \$ - | \$ 22,627 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,627 |
| Property Taxes | 1,663 | | | | | | | | | 1,663 |
| Sales taxes | 351,793 | | | 161,104 | 6,733 | | | 483,311 | | 996,208 |
| Fines, forfeitures, and costs | | | 11,879 | | | | | | | 18,612 |
| Interest and dividends | 1,159 | 149 | 16 | 1,132 | 433 | | | 720 | | 3,609 |
| Local permits and fees | 47,895 | | | 19,140 | | | | | | 67,035 |
| Concession | | | | 31,723 | | | | | | 31,723 |
| Other | 1,570 | | | 38,229 | | | | | | 39,799 |
| TOTAL REVENUES | <u>404,080</u> | <u>22,776</u> | <u>11,895</u> | <u>251,328</u> | <u>7,166</u> | <u>-</u> | <u>-</u> | <u>484,031</u> | <u>-</u> | <u>1,181,276</u> |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Highways and streets | | | | | | | | 1,857,594 | | 1,857,594 |
| Public Safety | 447,229 | 12,128 | | | | 4,778 | | | | 459,357 |
| Law enforcement | | | | | | | | | | 4,778 |
| Recreation and culture | | | | 234,532 | | | | | | 234,532 |
| Total Current | <u>447,229</u> | <u>12,128</u> | <u>4,778</u> | <u>234,532</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,857,594</u> | <u>-</u> | <u>2,556,261</u> |
| Debt Service | | | | | | | | | | |
| Bond principal | | | | | | | | 255,000 | | 255,000 |
| Bond interest and other charges | | | | | | | | 141,960 | | 141,960 |
| TOTAL EXPENDITURES | <u>447,229</u> | <u>12,128</u> | <u>4,778</u> | <u>234,532</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,254,554</u> | <u>-</u> | <u>2,953,221</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(43,149)</u> | <u>10,648</u> | <u>7,117</u> | <u>16,796</u> | <u>7,166</u> | <u>-</u> | <u>-</u> | <u>(1,770,523)</u> | <u>-</u> | <u>(1,771,945)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | | | | | | | | | 478,901 | 881,447 |
| Transfers out | | | | | | | | (402,546) | | (402,546) |
| Bond funds transferred to Sewer Dept | | | | | | | | (1,423,635) | | (1,423,635) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,423,635)</u> | <u>478,901</u> | <u>(944,734)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>(43,149)</u> | <u>10,648</u> | <u>7,117</u> | <u>16,796</u> | <u>7,166</u> | <u>-</u> | <u>-</u> | <u>(3,194,158)</u> | <u>478,901</u> | <u>(2,716,679)</u> |
| FUND BALANCES-JANUARY 1 | 178,514 | 12,897 | 38,032 | 106,546 | 30,683 | - | - | 6,256,335 | - | 6,623,007 |
| FUND BALANCES-DECEMBER 31 | <u>\$ 135,365</u> | <u>\$ 23,545</u> | <u>\$ 45,149</u> | <u>\$ 123,342</u> | <u>\$ 37,849</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,062,177</u> | <u>\$ 478,901</u> | <u>\$ 3,906,328</u> |

City of Vilonia, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Debt Service Funds - Regulatory Basis
December 31, 2021

| | 2020 Bond fund | 2020 Debt Svc Reserve | 2020 Construction fund | 2020 Bond fund | 2020 Construction fund | 2020 Redemption fund | 2020 Debt Service Reserve | TOTAL DEBT SERVICE FUNDS |
|--|-------------------|--------------------------|------------------------------|-------------------|------------------------------|----------------------------|---------------------------------|--------------------------------|
| REVENUES | | | | | | | | |
| State aid | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Property Taxes | | | | | | | | |
| Sales taxes | | | | 483,311 | | | | 483,311 |
| Fines, forfeitures, and costs | | | | | | | | |
| Interest and dividends | | | | 15 | 660 | 24 | 21 | 720 |
| Local permits and fees | | | | | | | | |
| Concession | | | | | | | | |
| Other | | | | | | | | |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>-</u> | <u>483,326</u> | <u>660</u> | <u>24</u> | <u>21</u> | <u>484,031</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Highways and streets | | | | | 1,857,594 | | | 1,857,594 |
| Public Safety | | | | | | | | - |
| Law enforcement | | | | | | | | - |
| Recreation and culture | | | | | 1,857,594 | | | 1,857,594 |
| Total Current | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,857,594</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt Service | | | | | | | | |
| Bond principal | | | | 255,000 | | | | 255,000 |
| Bond interest and other charges | | | | 141,960 | | | | 141,960 |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>396,960</u> | <u>1,857,594</u> | <u>-</u> | <u>-</u> | <u>2,254,554</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>86,366</u> | <u>(1,856,934)</u> | <u>24</u> | <u>21</u> | <u>(1,770,523)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | | | | 160,897 | | 241,649 | | 402,546 |
| Transfers Out | | | | (241,649) | | (160,876) | (21) | (402,546) |
| Bond funds transferred to Sewer Dept | (18,415) | (195,631) | (1,209,589) | | | | | (1,423,635) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(18,415)</u> | <u>(195,631)</u> | <u>(1,209,589)</u> | <u>(80,752)</u> | <u>-</u> | <u>80,773</u> | <u>(21)</u> | <u>(1,423,635)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>(18,415)</u> | <u>(195,631)</u> | <u>(1,209,589)</u> | <u>5,614</u> | <u>(1,856,934)</u> | <u>80,797</u> | <u>-</u> | <u>(3,194,158)</u> |
| FUND BALANCES-JANUARY 1 | 18,415 | 195,631 | 1,209,589 | 117,661 | 4,443,929 | 138,512 | 132,598 | 6,256,335 |
| FUND BALANCES-DECEMBER 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 123,275</u> | <u>\$ 2,586,995</u> | <u>\$ 219,309</u> | <u>\$ 132,598</u> | <u>\$ 3,062,177</u> |

City of Vilonia, Arkansas
Notes to Schedules 1, 2, 3, and 4
December 31, 2021

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

| Fund Name | Fund Description |
|-------------------------------------|--|
| Fire Department | Established to receive sales tax and pay the costs to operate the Vilonia Fire Department as authorized by Vilonia Ordinance no. 11 (July 2, 1996) |
| Fire Equipment & 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. |
| District Court Automation | Ark. Code Ann § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for related technology. |
| Parks and Recreation | Established to receive sales tax receipts as authorized by Vilonia Ordinance no. 2 (August 12, 2008) and registration fees to pay the costs of expanding and operating Vilonia Parks. |
| Jail Fees (Act 209) | Ark Code Ann § 16-17-129 allows a county to levy an additional fine, not to exceed \$20, to be collected by all district courts within the county. Faulkner County Ordinance no. 14 of 2003, authorized the collection of the additional fine and payment to the county treasury to be used exclusively to help defray the cost of incarcerating prisoners, including the construction and maintenance of the regional jail. |
| 2020 Redemption Fund | Established to receive surplus tax receipts used to redeem the bonds prior to maturity authorized in Vilonia Ordinance no. 2020-3 (August 27, 2020) |
| 2020 Bond Fund | Established to receive sales tax receipts and maintain principal and interest payments of bonds authorized in Vilonia Ordinance no. 2019-1 (March 31, 2020) |
| 2020 Construction Fund | Established to receive bond proceeds for sewer construction projects and disburse funds to vendors as the project progresses authorized in Vilonia Ordinance no. 2019-1 (March 31, 2020) |
| 2020 Debt Service Reserve Fund | Established to maintain debt service reserve in an amount equal to the lessor of 10% of the original principal amount of the bonds or the maximum annual debt service requirement on the bonds authorized in Vilonia ordinance no. 2019-1 (March 31, 2020) |
| 2020 Cost of Issuance Fund | Established to receive bond proceeds for the costs of issuance of the bonds and disburse funds to vendors at closing authorized in Vilonia Ordinance no. 2019-1 (March 31, 2020) |
| District Court | Ark. Code Ann § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court. |
| American Rescue Plan Fund | Federal funding related to COVID-19 relief |

City of Vilonia, Arkansas
Other Information
Schedule of Capital Assets
December 31, 2021
(Unaudited)

| | |
|----------------|---------------------|
| Land | \$ 441,795 |
| Infrastructure | 713,043 |
| Buildings | 5,133,660 |
| Equipment | <u>2,680,357</u> |
| | <u>\$ 8,968,855</u> |

See accompanying notes and independent auditors' report.

City of Vilonia, Arkansas
Schedule of Selected Information for the Last Five Years - General Fund - Regulatory Basis
December 31, 2021
(Unaudited)

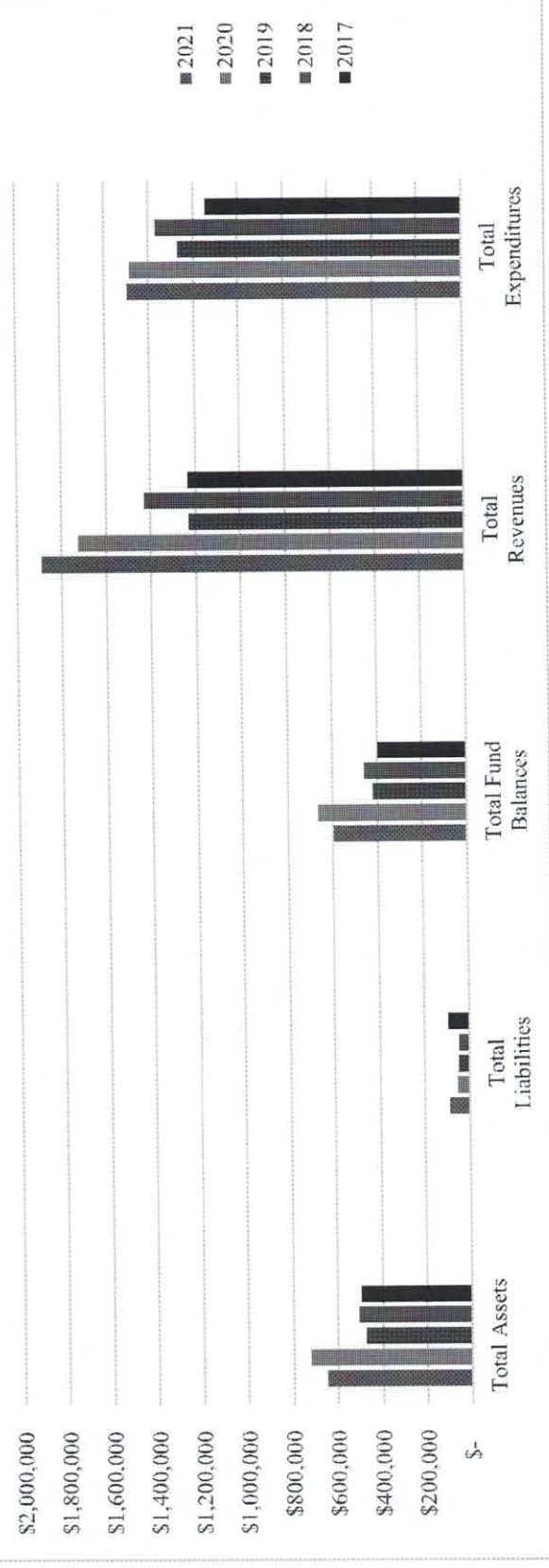
General Fund

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------|------------|------------|------------|------------|------------|
| Total Assets | \$ 651,925 | \$ 723,231 | \$ 475,804 | \$ 509,659 | \$ 499,038 |
| Total Liabilities | 91,543 | 57,179 | 52,630 | 49,110 | 97,883 |
| Total Fund Balances | 597,452 | 666,055 | 423,174 | 460,549 | 401,155 |
| Total Revenues | 1,892,865 | 1,728,009 | 1,231,994 | 1,430,221 | 1,233,514 |
| Total Expenditures | 1,495,940 | 1,485,330 | 1,269,369 | 1,370,827 | 1,145,962 |

Total Other Financing Sources/Uses

1

General Fund



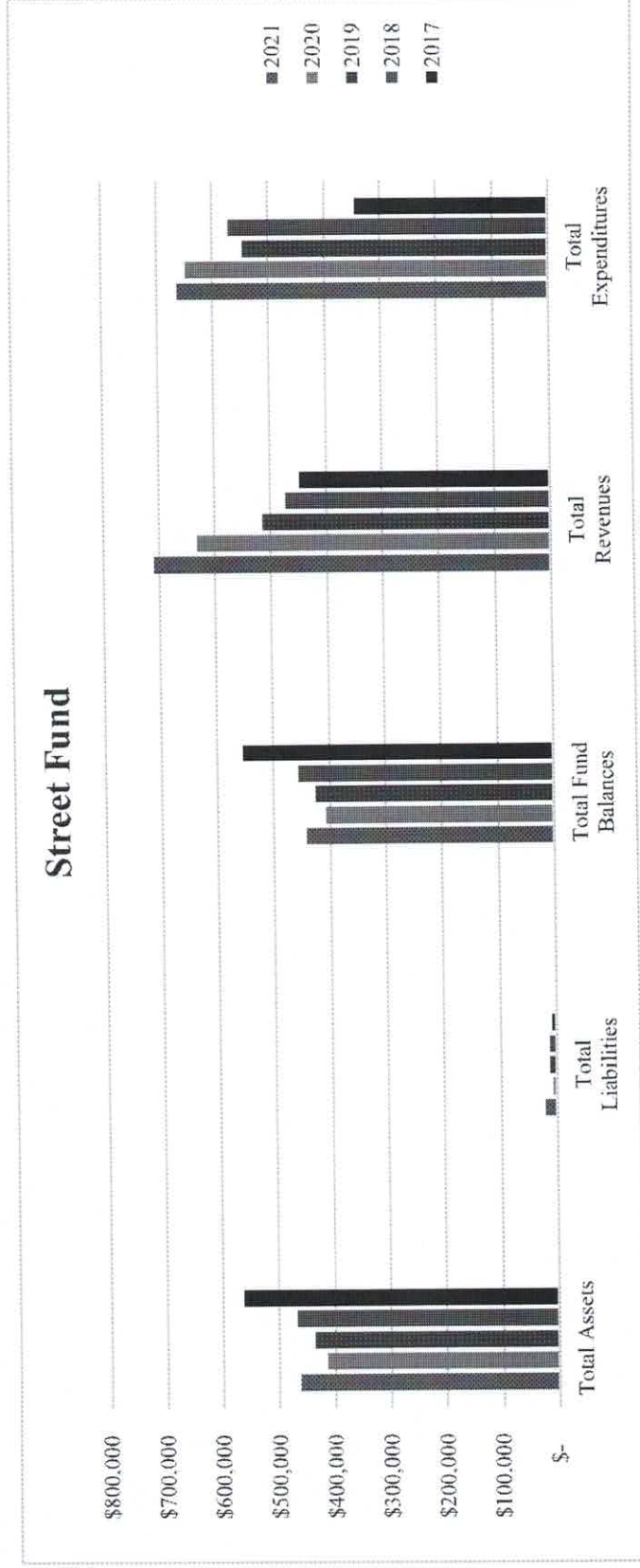
Note: American Rescue Plan funds were initially deposited into the general fund and later transferred to the ARP Fund which is represented in the financial statements as an Other Funds in the Aggregate. This accounts for the discrepancy between the General Fund surplus shown here and the decrease in total assets. The fund transfer is not shown in this analysis since the transfer is not shown as an expenditure in the financial statements of the General Fund.

City of Vilonia, Arkansas
Schedule of Selected Information for the Last Five Years - Street Fund - Regulatory Basis
December 31, 2021
(Unaudited)

Street Fund

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------|------------|------------|------------|------------|------------|
| Total Assets | \$ 462,075 | \$ 415,912 | \$ 436,804 | \$ 468,292 | \$ 562,523 |
| Total Liabilities | 20,479 | 7,140 | 11,712 | 11,903 | 7,708 |
| Total Fund Balances | 441,596 | 408,772 | 425,092 | 456,389 | 554,815 |
| Total Revenues | 708,688 | 632,470 | 514,557 | 472,712 | 448,436 |
| Total Expenditures | 664,040 | 648,790 | 545,854 | 571,138 | 345,609 |

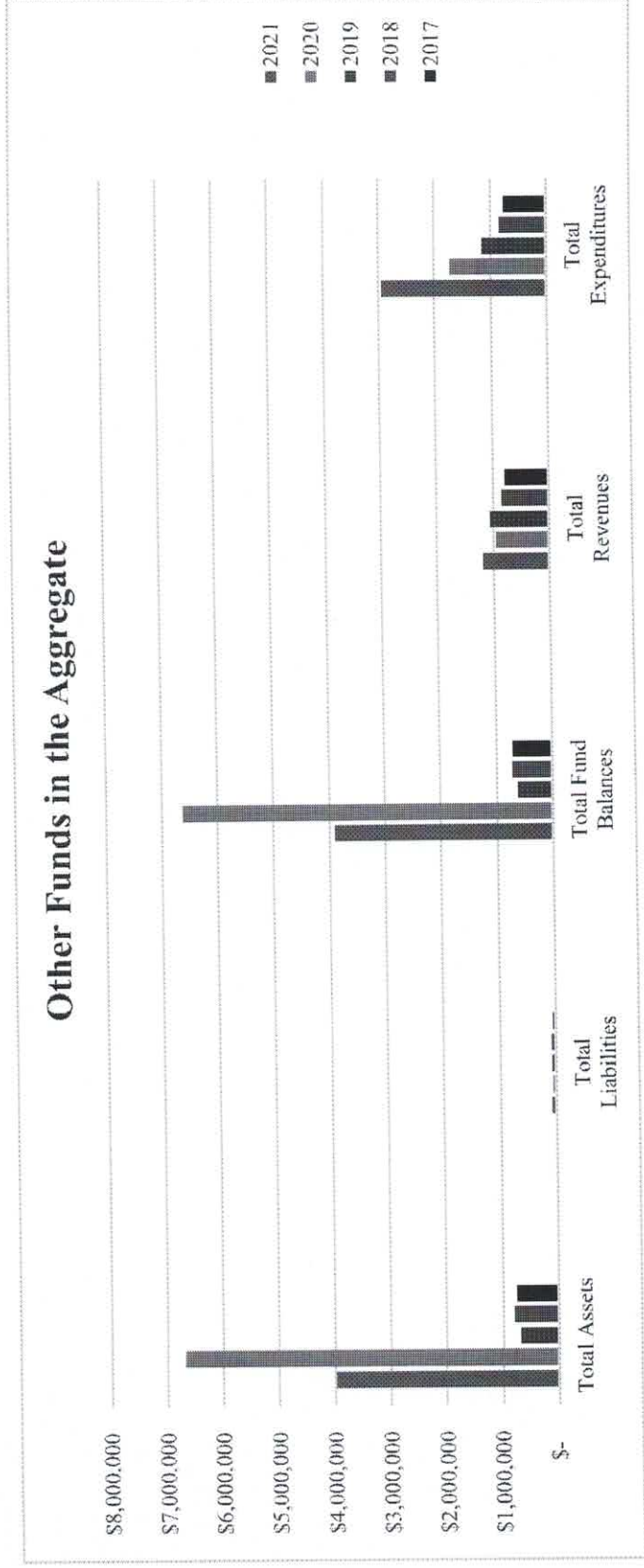
Total Other Financing Sources/Uses



City of Vilonia, Arkansas
Schedule of Selected Information for the Last Five Years - Other Funds in the Aggregate - Regulatory Basis
December 31, 2021
(Unaudited)

Other Funds in the Aggregate

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------------|--------------|--------------|------------|------------|------------|
| Total Assets | \$ 3,985,746 | \$ 6,679,872 | \$ 686,103 | \$ 792,980 | \$ 746,222 |
| Total Liabilities | 79,418 | 56,923 | 68,224 | 76,404 | 45,109 |
| Total Fund Balances | 3,906,328 | 6,622,648 | 617,879 | 716,576 | 701,113 |
| Total Revenues | 1,181,276 | 945,004 | 1,052,087 | 846,354 | 777,105 |
| Total Expenditures | 2,953,221 | 1,734,733 | 1,150,784 | 830,891 | 760,592 |
| Total Other Financing Sources/Uses | | 6,795,000 | | | |



KERR CPA FIRM PLLC

CERTIFIED PUBLIC ACCOUNTANT

2414 WEST CENTER STREET

BEEBE, ARKANSAS 72012

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Vilonia, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Vilonia, Arkansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Vilonia, Arkansas' basic financial statements, and have issued our report thereon dated December 30, 2022.

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) to determine the 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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.

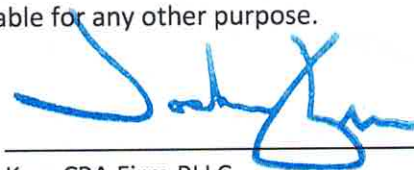
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness 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 laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Kerr CPA Firm PLLC

Joshua Kerr, Certified Public Accountant

Beebe, Arkansas 72012
December 30, 2022