City of Conway, Arkansas

Independent Auditor's Reports, Financial Statements, and Supplementary Information

For the Year Ended December 31, 2023

City of Conway, Arkansas
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December 31, 2023

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Independent Auditor's Report

The Mayor and City Council
City of Conway, Arkansas
Conway, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Conway, Arkansas (City), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Conway Corporation. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Conway Corporation, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Little Rock, Arkansas
September 27, 2024

The following discussion and analysis of the City of Conway, Arkansas' (City), financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. Readers should consider the information presented here in conjunction with the City's financial statements that follow this section.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2023 by $213,683,721. Of this amount, $198,071,287 represents the City's net investment in capital assets; $74,280,123 is restricted for debt service, capital improvements, and other purposes; and there is an unrestricted net deficit of $58,667,689. This deficit was primarily caused by the net pension liability of $80,312,285.

- The City's reported net position increased by $18,295,470 (9.4%) in 2023. Net position of the governmental activities increased $18,143,926 (11.14%). Net position of the City's business-type activities, consisting of sanitation and airport operations, increased by $151,544 (0.5%).

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $101,088,242. The combined governmental funds balances increased $333,053 (0.3%) from the prior year. The majority of governmental fund balances, $76,524,221, are considered restricted to specific purposes at December 31, 2023, and $24,549,229 is reported as unassigned and can be spent at the discretion of the City Council.

- The General Fund reported fund balance of $24,564,921 at the end of the current year. The unassigned fund balance for the General Fund was $24,550,129, or 51.7%, of total General Fund expenditures. There was a $1,368,047 increase in the total fund balance for the General Fund for the year ended December 31, 2023.

- The City's total debt decreased by $3,124,466 (4.7%) during the current year. The key factor in the decrease was scheduled principal payments.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future periods, *e.g.*, uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, police and fire, public works, and parks, and recreation. The business-type activities of the City consist of sanitation operations and municipal airport.

The government-wide financial statements include not only the City itself (known as the primary government) but also its component units, Conway Corporation and the City of Conway Advertising and Promotion Commission. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Street Fund, 2018 Street Sales & Use Tax Fund, Sales Tax Capital Improvement Fund, 2022 Capital Projects Fund, and Grant Fund which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two enterprise funds, which are a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sanitation operations and airport operations.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Pension Trust Fund is used to report resources held in trust for retirees and beneficiaries covered by the Nonuniformed Employees' Defined Benefit Pension Plan. The Custodial Fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund, Street Fund, 2018 Street Sales and Use Tax Fund, Sales Tax Capital Improvement Fund, Grant Fund budgets, and the City and Conway Corporation's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $213,683,721 at December 31, 2023.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	$ 117,546,916	$ 120,802,459	$ 18,574,508	$ 18,162,332	$ 136,121,424	$ 138,964,791
Noncurrent assets	448,245	206,178	6,654,315	6,293,565	7,102,560	6,499,743
Capital assets	205,372,560	192,077,905	34,439,963	34,219,677	239,812,523	226,297,582
Total assets	323,367,721	313,086,542	59,668,786	58,675,574	383,036,507	371,762,116
Total deferred outflows of resources	19,255,505	11,374,824	641,561	1,542,026	19,897,066	12,916,850
Total assets and deferred outflows of resources	$ 342,623,226	$ 324,461,366	$ 60,310,347	$ 60,217,600	$ 402,933,573	$ 384,678,966
Current liabilities	$ 13,112,384	$ 15,709,269	$ 1,633,746	$ 1,018,505	$ 14,746,130	$ 16,727,774
Noncurrent liabilities	135,823,858	123,022,592	22,896,810	23,337,953	158,720,668	146,360,545
Total liabilities	148,936,242	138,731,861	24,530,556	24,356,458	173,466,798	163,088,319
Total deferred inflows of resources	12,693,138	22,879,585	3,089,916	3,322,811	15,783,054	26,202,396
Net position						
Net investment in capital assets	164,231,324	152,684,927	33,839,963	34,219,677	198,071,287	186,904,604
Restricted	74,280,123	77,285,308	-	-	74,280,123	77,285,308
Unrestricted (deficit)	(57,517,601)	(67,120,315)	(1,150,088)	(1,681,346)	(58,667,689)	(68,801,661)
Total net position	180,993,846	162,849,920	32,689,875	32,538,331	213,683,721	195,388,251
Total liabilities, deferred inflows of resources and net position	$ 342,623,226	$ 324,461,366	$ 60,310,347	$ 60,217,600	$ 402,933,573	$ 384,678,966

The largest portion of the City's net position, $198,071,287, reflects its investment in capital assets, *e.g.*, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be utilized to liquidate these liabilities. An additional portion of the City's net position, $74,280,123, represents resources that are subject to restrictions as to how they may be used, and remaining is an unrestricted net deficit of $58,667,689. This deficit is primarily caused by the net pension liability of $80,312,285.

As a result of 2023 operations, the City's net position increased $18,283,299 from the prior year. The reasons for the overall increase are discussed in the following sections for the governmental activities and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	$ 5,054,898	$ 5,130,879	$ 13,090,073	$ 13,055,708	$ 18,144,971	$ 18,186,587
Operating grants and contributions	100,000	645,900	333,737	24,858	433,737	670,758
Capital grants and contributions	1,810,551	6,303,950	-	309,299	1,810,551	6,613,249
General revenues						
Property, sales, and use tax	59,351,012	61,413,871	-	-	59,351,012	61,413,871
Franchise fees	4,646,957	4,781,977	-	-	4,646,957	4,781,977
Grants and contributions not restricted to specific programs	3,733,115	793,001	-	-	3,733,115	793,001
General state revenue turnback	979,018	956,684	-	-	979,018	956,684
Investment income	5,613,680	1,718,536	1,173,449	538,188	6,787,129	2,256,724
Other	429,377	1,891,602	19,395	-	448,772	1,891,602
Total Revenues	81,718,608	83,636,400	14,616,654	13,928,053	96,335,262	97,564,453
Expenses						
General government	10,128,107	9,853,808	-	-	10,128,107	9,853,808
Police	18,732,011	15,269,104	-	-	18,732,011	15,269,104
Fire	13,537,863	10,789,965	-	-	13,537,863	10,789,965
Public works	13,115,390	9,931,730	-	-	13,115,390	9,931,730
Parks and recreation	6,105,833	5,483,751	-	-	6,105,833	5,483,751
Airport	-	-	-	-	-	-
Interest expense on long-term debt	2,475,478	2,847,735	-	-	2,475,478	2,847,735
Sanitation	-	-	10,666,594	11,042,326	10,666,594	11,042,326
Airport	-	-	3,278,516	3,343,735	3,278,516	3,343,735
Total Expenses	64,094,682	54,176,093	13,945,110	14,386,061	78,039,792	68,562,154
Increase in net position before transfers	17,623,926	29,460,307	671,544	(458,008)	18,295,470	29,002,299
Transfers, net	520,000	520,000	(520,000)	(520,000)	-	-
Change in Net Position	18,143,926	29,980,307	151,544	(978,008)	18,295,470	29,002,299
Net Position – Beginning of Year	162,849,920	132,869,613	32,538,331	33,516,339	195,388,251	166,385,952
Net Position – End of Year	$ 180,993,846	$ 162,849,920	$ 32,689,875	$ 32,538,331	$ 213,683,721	$ 195,388,251

Governmental Activities. Governmental activities increased the City's net position by $18,143,926 from the prior year for an ending balance of $178,451,112. The increase was the result of revenues exceeding expenses by $17,623,926 in 2023 and net transfers of $520,000. This is primarily due to revenues from Coronavirus State and Local Fiscal Recovery Funds in the amount of $3,733,115 and investment income of $5,613,680.

Business-Type Activities. Business-type activities increased the City's net position by $151,544 to an ending net position of $32,689,875. The increase is primarily due to investment income of $1,173,449.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of December 31, 2023, the City's governmental funds reported combined ending fund balances of $101,088,242, an increase of $333,053 during the year. $76,524,229 is reported as *restricted fund balance* for capital projects and debt service; and $24,549,229 constitutes *unassigned fund balance* and is available for spending at the government's discretion.

The *General Fund* is the chief operating fund of the City. At the end of the year, unassigned fund balance of the general fund was $24,550,129, an increase of $1,353,838 from prior year. Unassigned fund balance represents 51.69% of total general fund expenditures.

The *Street Fund*, a major fund, had an increase of $867,640 to an overall Street Fund balance of $5,034,259 at the end of the year, which is restricted for street maintenance and construction.

The *2018 Street Sales & Use Tax Fund*, a major fund, had an increase of $2,349,806 to an overall 2018 Street Sales & Use Tax Fund balance of $23,149,367 at the end of the year, which is restricted for street improvements. The City intends to use these funds for certain projects to be completed with the Arkansas Department of Transportation.

The *Sales Tax Capital Improvement Fund*, a major fund, had an increase of $3,620,522 to an overall fund balance of $13,566,579 at the end of the year, which is restricted for street improvements and police and fire vehicles.

The 2022 *Capital Projects Fund*, a major fund, had a decrease of $6,446,765 to an overall fund balance of $22,108,167 at the end of the year, which is restricted for city projects.

The *Grant Fund*, a major fund, had an increase of $253,344 to an overall Grant Fund balance of $618,188 at the end of the year. The Grant Fund includes revenue of approximately $3,733,000 from the *American Rescue Plan Act*. Revenue included in this fund is recorded as earned revenue as applicable costs are incurred. Any funds received in advance are recorded as unearned revenue.

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

Net position at the end of the year amounted to $3,941,413 for sanitation operations, an increase of $895,833 from the prior year. Net position at the end of the year amounted to $28,748,462 for airport operations, a decrease of $744,289.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. The final amended General Fund budget had total appropriations of $5,835,965 (13.41%) more than the original budget of $43,518,470. The primary purposes of the amendments were for bonuses and salaries for police officers and for the construction of a new fire station. The final amended General Fund budget had total revenues of $1,617,462 (3.83%) more than the original budget of $42,225,350.

Final Budget Compared to Actual Results. Actual General Fund expenditures for the year were $1,857,351 (3.76%) less than final budgeted expenditures. In addition, actual General Fund revenues were more than final budgeted revenues by $3,927,833 (8.96%) primarily due to the sales and use taxes being more than the final budget.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2023 amounts to $239,812,523 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and infrastructure. The total increase in the City's investment in capital assets for 2023 was 6.0%.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 19,898,049	$ 19,700,876	$ 2,268,805	$ 2,268,805	$ 22,166,854	$ 21,969,681
Buildings and improvements	62,860,618	53,715,867	6,111,374	6,522,041	68,971,992	60,237,908
Equipment	4,393,983	4,770,853	3,724,538	2,745,585	8,118,521	7,516,438
Infrastructure	84,794,686	88,847,141	21,963,453	22,683,246	106,758,139	111,530,387
Construction in progress	33,425,224	25,043,168	371,793	-	33,797,017	25,043,168
Total	$ 205,372,560	$ 192,077,905	$ 34,439,963	$ 34,219,677	$ 239,812,523	$ 226,297,582

Major capital asset events during 2023 included the following:

- Construction of a new fire station totaled approximately $3,070,000.
- Construction projects for Parks and Recreation totaled approximately $12,180,000.
- Sanitation equipment was purchased during the year for a total of approximately $2,127,623.
- Depreciation expense totaled $11,233,311 for governmental activities and $2,715,722 for business-type activities.

Long-Term Debt. At December 31, 2023, the City's primary government had $63,103,210 of long-term bonds outstanding secured solely by specified revenue sources, *i.e.*, revenue bonds.

	Governmental Activities	
	2023	2022
Bonds payable	$ 63,103,210	$ 66,168,246
Notes payable	-	59,430
Total	$ 63,103,210	$ 66,227,676

Total long-term debt at December 31, 2023 decreased by $3,124,466, or 4.72%. The decrease is the result of scheduled principal payments.

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. The City had no outstanding general obligation bonds at December 31, 2023. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. The City had no short-term financings outstanding at December 31, 2023.

Economic Factors and Next Year's Budgets and Rates

City sales tax revenue in 2023 grew 5.2% when compared to revenue in 2022. The average growth in sales tax revenue over the past three years has been 10.4% and for the 2024 budget growth was projected at 3%. Management feels like this is a safe target to aim for that is both attainable and also allows departments to slowly increase budgeted expenditures to keep pace with cost-of-living raises, inflation, etc.

The City's budget for 2024 is balanced with total resources greater than or equal to total expense appropriation within each fund, as well as in the aggregate. Total estimated revenues amount to $80,996,805, and total expenditures amount to $77,523,974. This leaves a $3,472,831 surplus to be used for appropriating Special Revenue Fund revenue for projects within the scope of the uses of those Funds.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1111 Main Street, Conway, Arkansas 72032.

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Conway Corporation	A & P Commission
ASSETS					
Current Assets					
Cash and cash equivalents	$ 74,056,208	$ 17,409,313	$ 91,465,521	$ 18,075,688	$ 2,726,832
Investments	7,359,890	-	7,359,890	29,888,212	491,753
Restricted cash and cash equivalents – current	18,899,406	-	18,899,406	-	-
Accounts receivable, net of allowance	15,488,186	319,719	15,807,905	11,405,072	551,095
Grants receivable	264,420	-	264,420	-	-
Lease receivable, net – current	83,954	-	83,954	-	-
Due from component units	1,132,541	980,675	2,113,216	-	-
Internal balances	247,519	(247,519)	-	-	-
Other current assets	14,792	112,320	127,112	21,498,680	-
Prepaid items	-	-	-	2,404,954	-
Total Current Assets	117,546,916	18,574,508	136,121,424	83,272,606	3,769,680
Noncurrent Assets					
Restricted Assets					
Cash and cash equivalents	-	6,654,315	6,654,315	19,330,636	-
Investments	-	-	-	447,530	-
Total Restricted Assets	-	6,654,315	6,654,315	19,778,166	-
Capital assets – nondepreciable	53,323,273	2,640,598	55,963,871	58,440,735	-
Capital assets – depreciable, net	152,049,287	31,799,365	183,848,652	361,464,293	-
Capital assets, net	205,372,560	34,439,963	239,812,523	419,905,028	-
Other assets					
Land held for resale	-	-	-	410,296	-
Long-term portion of lease receivable, net	448,245	-	448,245	-	-
Long-term portion of note receivable from related organization	-	-	-	2,158,141	-
Total Other Assets	448,245	-	448,245	2,568,437	-
Total Noncurrent Assets	205,820,805	41,094,278	246,915,083	442,251,631	-
Total Assets	323,367,721	59,668,786	383,036,507	525,524,237	3,769,680
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	-	-	-	804,697	-
Deferred amounts for other postemployment benefits	954,983	195,738	1,150,721	816,988	-
Deferred amounts for pension items	13,689,318	445,823	14,135,141	6,183,975	-
Deferred outflow – pension contributions	4,611,204	-	4,611,204	-	-
Total Deferred Outflows of Resources	19,255,505	641,561	19,897,066	7,805,660	-
Total Assets and Deferred Outflows of Resources	$ 342,623,226	$ 60,310,347	$ 402,933,573	$ 533,329,897	$ 3,769,680

City of Conway, Arkansas
Statement of Net Position (Continued)
December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Conway Corporation	A & P Commission
LIABILITIES					
Current Liabilities					
Accounts payable	$ 3,195,285	$ 1,078,960	$ 4,274,245	$ 5,721,128	$ -
Accrued expenses and other liabilities	1,034,505	168,222	1,202,727	1,459,902	-
Due to primary government	-	-	-	1,263,289	849,927
Due to fiduciary funds	98,187	-	98,187	-	-
Customer deposits	-	-	-	4,749,974	-
Unearned revenue	4,268,948	256,944	4,525,892	242,519	-
Accrued interest payable	290,478	-	290,478	702,261	-
Developer deposits	-	-	-	244,079	-
Right to use subscription liability	-	-	-	394,176	-
Notes payable – current portion	-	-	-	52,724	-
Compensated absences – current portion	2,349,981	129,620	2,479,601	128,425	-
Bonds payable – current portion	1,875,000	-	1,875,000	6,681,632	-
Total Current Liabilities	13,112,384	1,633,746	14,746,130	21,640,109	849,927
Noncurrent Liabilities					
Notes payable	-	600,000	600,000	1,606,696	-
Bonds payable, net	61,228,210	-	61,228,210	124,525,756	-
Compensated absences	1,379,618	155,422	1,535,040	727,753	-
Retainage payable	501,647	-	501,647	-	-
Right to use - subscription liability	-	-	-	175,166	-
Net pension liability	68,348,734	11,963,551	80,312,285	15,408,642	-
Total other postemployment benefits liability	4,365,649	894,803	5,260,452	3,158,825	-
Estimated liability for landfill closure and postclosure care costs	-	9,283,034	9,283,034	-	-
Total Noncurrent Liabilities	135,823,858	22,896,810	158,720,668	145,602,838	-
Total Liabilities	148,936,242	24,530,556	173,466,798	167,242,947	849,927
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	-	-	-	66,920	-
Deferred amounts for pension items	9,972,648	2,805,804	12,778,452	1,712,083	-
Deferred amounts for other postemployment					-
benefits	1,386,149	284,112	1,670,261	1,563,898	-
Deferred amounts for leases	1,334,341	-	1,334,341	-	-
Total Deferred Inflows of Resources	12,693,138	3,089,916	15,783,054	3,342,901	-
NET POSITION					
Net investment in capital assets	164,231,324	33,839,963	198,071,287	297,615,986	-
Restricted – expendable					
Debt service	4,314,760	-	4,314,760	3,219,617	-
Capital improvements	27,504,687	-	27,504,687	-	-
Public works	41,750,205	-	41,750,205	-	-
Public safety	709,309	-	709,309	-	-
Other purposes	1,162	-	1,162	-	-
Advertising and promotion	-	-	-	-	2,919,753
Total Restricted – Expendable	74,280,123	-	74,280,123	3,219,617	2,919,753
Unrestricted (Deficit)	(57,517,601)	(1,150,088)	(58,667,689)	61,908,446	-
Total Net Position	180,993,846	32,689,875	213,683,721	362,744,049	2,919,753
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 342,623,226	$ 60,310,347	$ 402,933,573	$ 533,329,897	$ 3,769,680

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government			Component Units	
Functions/Programs Primary Government	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Conway Corporation**	**A & P Commission**
Governmental Activities									
General government	$ 10,128,107	$ 2,536,145	$ -	$ 495,308	$ (7,096,654)	$ -	$ (7,096,654)		
Police	18,732,011	846,258	100,000	298,142	(17,487,611)	-	(17,487,611)		
Fire	13,537,863	140,605	-	-	(13,397,258)	-	(13,397,258)		
Public works	13,115,390	582,967	-	1,017,101	(11,515,322)	-	(11,515,322)		
Parks and recreation	6,105,833	948,923	-	-	(5,156,910)	-	(5,156,910)		
Interest expense on long-term debt	2,475,478	-	-	-	(2,475,478)	-	(2,475,478)		
Total Governmental Activities	64,094,682	5,054,898	100,000	1,810,551	(57,129,233)	-	(57,129,233)		
Business-Type Activities									
Sanitation	10,666,594	10,908,978	-	-	-	242,384	242,384		
Airport	3,278,516	2,181,095	333,737	-	-	(763,684)	(763,684)		
Total Business-Type Activities	13,945,110	13,090,073	333,737	-	-	(521,300)	(521,300)		
Total Primary Government	$ 78,039,792	$ 18,144,971	$ 433,737	$ 1,810,551	(57,129,233)	(521,300)	(57,650,533)		
Component Units									
Conway Corporation	$ 125,587,418	$ 135,055,324	$ -	$ 5,622,301				$ 15,090,207	$ -
A & P Commission	742,807	-	-	-				-	(742,807)
Total Component Units	$ 126,330,225	$ 135,055,324	$ -	$ 5,622,301				15,090,207	(742,807)
General Revenues									
General property taxes					7,012,743	-	7,012,743	-	-
Sales and use taxes					52,338,269	-	52,338,269	-	1,334,234
Franchise fees					4,646,957	-	4,646,957	-	-
Grants and contributions not restricted to specific programs					3,733,115	-	3,733,115	-	-
General state revenue turnback					979,018	-	979,018	-	-
Investment income					5,613,680	1,173,449	6,787,129	3,170,126	154,852
Other					429,377	19,395	448,772	22,966	-
Transfers					520,000	(520,000)	-	-	-
Total General Revenues And Transfers					75,273,159	672,844	75,946,003	3,193,092	1,489,086
Change in Net Position					18,143,926	151,544	18,295,470	18,283,299	746,279
Net Position, Beginning of Year					162,849,920	32,538,331	195,388,251	344,460,750	2,173,474
Net Position, End of Year					$ 180,993,846	$ 32,689,875	$ 213,683,721	$ 362,744,049	$ 2,919,753

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

	General Fund	Street Fund	2018 Street Sales & Use Tax Fund	Sales Tax Capital Improvement Fund	2022 Capital Projects	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 20,555,393	$ 4,743,221	$ 23,150,749	$ 13,034,212	$ 15,342,415	$ 5,039,356	$ 11,090,268	$ 92,955,614
Investments	-	-	-	-	7,359,890	-	-	7,359,890
Accounts receivable, net of allowance	11,364,287	2,523,756	-	1,043,972	-	-	556,171	15,488,186
Lease receivable, net	532,199	-	-	-	-	-	-	532,199
Grants receivable	-	-	-	201,214	-	63,206	-	264,420
Inventory	14,792	-	-	-	-	-	-	14,792
Due from other funds	548,115	20,481	34,616	49,399	-	-	8,193	660,804
Due from component units	233,169	-	-	-	-	-	899,372	1,132,541
Total Assets	$ 33,247,955	$ 7,287,458	$ 23,185,365	$ 14,328,797	$ 22,702,305	$ 5,102,562	$ 12,554,004	$ 118,408,446
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 1,158,383	$ 202,774	$ 35,998	$ 613,538	$ 594,138	$ 116,750	$ 473,704	$ 3,195,285
Accrued wages payable and related liabilities	961,205	68,305	-	-	-	-	1,190	1,030,700
Unearned revenue	-	-	-	-	-	4,240,529	28,419	4,268,948
Due to other funds	188,263	177,253	-	18,736	-	127,095	125	511,472
Other liabilities	-	-	-	-	-	-	3,805	3,805
Total Liabilities	2,307,851	448,332	35,998	632,274	594,138	4,484,374	507,243	9,010,210
Deferred Inflows of Resources								
Deferred inflow from leases	1,469,873	-	-	-	-	-	-	1,469,873
Unavailable revenues–property taxes	4,905,310	1,804,867	-	129,944	-	-	-	6,840,121
Total Deferred Inflows of Resources	6,375,183	1,804,867	-	129,944	-	-	-	8,309,994
Fund Balances								
Nonspendable	14,792	-	-	-	-	-	-	14,792
Restricted	-	5,034,259	23,149,367	13,566,579	22,108,167	618,188	12,047,661	76,524,221
Unassigned (deficit)	24,550,129	-	-	-	-	-	(900)	24,549,229
Total Fund Balances	24,564,921	5,034,259	23,149,367	13,566,579	22,108,167	618,188	12,046,761	101,088,242
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 33,247,955	$ 7,287,458	$ 23,185,365	$ 14,328,797	$ 22,702,305	$ 5,102,562	$ 12,554,004	$ 118,408,446

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

Total Fund Balances – Total Governmental Funds	$ 101,088,242
Amounts Reported for the Governmental Activities in the Statement of Net Position Are Different Because:	
Capital assets, net used in governmental activities are not financial resources and are not reported in the funds.	205,372,560
Property tax receivables not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,840,121
Difference in the amount of deferred inflows of resources reported in the funds related to the direct financing.	135,532
Long-term liabilities and related deferred inflows/outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:	
Accrued interest payable on long-term debt	(290,478)
Accrued compensated absences	(3,729,599)
Total OPEB liability	(4,365,649)
Net pension liability	(68,348,734)
Bonds payable, net	(63,103,210)
Retainage payable	(501,647)
Deferred inflows/outflows of resources related to OPEB	(431,166)
Deferred inflows/outflows of resources related to pensions	8,327,874
Total Net Position – Governmental Activities	$ 180,993,846

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

	General Fund	Street Fund	2018 Street Sales & Use Tax Fund	Sales Tax Capital Improvement Fund	2022 Capital Projects	Grant Fund	Other Governmental Funds	Total
Revenues								
General property taxes	$ 4,749,852	$ 1,778,033	$ -	$ -	$ -	$ -	$ 43,229	$ 6,571,114
Sales and use taxes	30,155,526	413,611	1,904,986	5,442,255	-	-	7,705,141	45,621,519
Licenses and permits	689,108	540	-	-	-	-	-	689,648
Charges for services	2,082,175	7,900	-	-	-	-	800,117	2,890,192
Fines and forfeitures	1,305,822	-	-	-	-	-	169,236	1,475,058
Franchise fees	4,053,614	-	-	-	-	-	593,343	4,646,957
Intergovernmental	2,754,331	5,262,300	-	1,017,101	-	3,813,394	492,308	13,339,434
Investment income	1,310,831	238,119	1,238,775	593,365	1,251,099	365,371	616,120	5,613,680
Miscellaneous	669,386	129,758	-	-	-	-	5,345	804,489
Total Revenues	47,770,645	7,830,261	3,143,761	7,052,721	1,251,099	4,178,765	10,424,839	81,652,091
Expenditures								
Current								
General government	7,288,556	-	-	-	-	52,172	219,966	7,560,694
Police	18,148,201	-	-	-	-	-	-	18,148,201
Fire	12,778,300	-	-	-	-	-	-	12,778,300
Public works	-	4,759,238	-	-	-	-	-	4,759,238
Parks and recreation	4,490,177	-	-	-	-	-	-	4,490,177
Information technology	1,503,012	-	-	-	-	-	-	1,503,012
Capital outlay				-				
General government	613,392	-	-	-	-	2,772,105	328,741	3,714,238
Police	-	-	-	244,161	-	-	71,877	316,038
Fire	2,615,402	-	-	250,283	-	140,134	-	3,005,819
Public works	-	2,227,983	793,955	2,937,755	-	961,010	1,068,173	7,988,876
Parks and recreation	-	-	-	-	7,697,864	-	4,621,923	12,319,787
Debt service								
Principal	59,430	-	-	-	-	-	2,990,000	3,049,430
Interest	614	-	-	-	-	-	2,531,835	2,532,449
Agent fees	-	-	-	-	-	-	25,765	25,765
Total Expenditures	47,497,084	6,987,221	793,955	3,432,199	7,697,864	3,925,421	11,858,280	82,192,024
Excess of Revenues over Expenditures	273,561	843,040	2,349,806	3,620,522	(6,446,765)	253,344	(1,433,441)	(539,933)
Other Financing Sources (Uses)								
Proceeds from sale of capital assets	328,386	24,600	-	-	-	-	-	352,986
Transfers in	766,100	-	-	-	-	-	2,246,322	3,012,422
Transfers out	-	-	-	-	-	-	(2,492,422)	(2,492,422)
Total Other Financing Sources (Uses)	1,094,486	24,600	-	-	-	-	(246,100)	872,986
Net Change in Fund Balances	1,368,047	867,640	2,349,806	3,620,522	(6,446,765)	253,344	(1,679,541)	333,053
Fund Balances, Beginning of Year	23,196,874	4,166,619	20,799,561	9,946,057	28,554,932	364,844	13,726,302	100,755,189
Fund Balances, End of Year	$ 24,564,921	$ 5,034,259	$ 23,149,367	$ 13,566,579	$ 22,108,167	$ 618,188	$ 12,046,761	$ 101,088,242

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

Net Change in Fund Balances – Total Governmental Funds	$	333,053
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		
Capital asset purchases		25,256,064
Depreciation expense		(11,233,311)
The net effect of various miscellaneous transactions involving capital assets (*i.e.* , sales and loss on disposal) is to change net position		(728,098)
Net change in property tax receivables that do not provide current financial resources are not reported as revenues in the funds.		441,629
Difference in the change in amount of deferred inflows of resources related to direct financing.		(2,884)
Bond and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal paid on bonds		3,049,430
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the net change in these items this year.		
Accrued interest		7,700
Accrued compensated absences		926,576
Amortization of bond discount/premium		75,036
Retainage payable		(501,647)
Total OPEB liability and related deferred outflows and inflows		(284,463)
Net pension liability and related deferred outflows and inflows		804,841
Change in Net Position of Governmental Activities	$	18,143,926

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

	Business-Type Activities		
	Sanitation	**Airport**	**Total**
ASSETS			
Current Assets			
Cash and cash equivalents	$ 15,507,120	$ 1,902,193	$ 17,409,313
Accounts receivable	-	319,719	319,719
Due from component unit	980,675	-	980,675
Due from other funds	44,387	10,682	55,069
Inventory	2,122	110,198	112,320
Total Current Assets	16,534,304	2,342,792	18,877,096
Noncurrent Assets			
Restricted cash and cash equivalents	6,654,315	-	6,654,315
Capital Assets			
Land	1,014,332	1,254,473	2,268,805
Construction in progress	-	371,793	371,793
Buildings and improvements	3,918,210	7,229,692	11,147,902
Equipment	19,233,002	1,301,979	20,534,981
Infrastructure	1,874,645	28,883,018	30,757,663
Less accumulated depreciation	(19,242,641)	(11,398,540)	(30,641,181)
Capital assets, net	6,797,548	27,642,415	34,439,963
Total Noncurrent Assets	13,451,863	27,642,415	41,094,278
Total Assets	29,986,167	29,985,207	59,971,374
Deferred Outflows of Resources			
Deferred amounts for pension items	445,823	-	445,823
Deferred amounts for other postemployment benefits	193,091	2,647	195,738
Total Deferred Outflows of Resources	638,914	2,647	641,561

City of Conway, Arkansas
Statement of Net Position
Proprietary Funds (Continued)
Year Ended December 31, 2023

	Business-Type Activities		
	Sanitation	Airport	Total
LIABILITIES			
Current Liabilities			
Accounts payable	$ 739,904	$ 339,056	$ 1,078,960
Accrued wages payable and related liabilities	157,124	11,098	168,222
Due to other funds	298,388	4,200	302,588
Compensated absences	122,666	6,954	129,620
Unearned revenue	-	256,944	256,944
Total Current Liabilities	1,318,082	618,252	1,936,334
Noncurrent Liabilities			
Compensated absences	150,223	5,199	155,422
Landfill closure and postclosure care costs	9,283,034	-	9,283,034
Notes payable	-	600,000	600,000
Net pension liability	11,963,551	-	11,963,551
OPEB liability	882,704	12,099	894,803
Total Noncurrent Liabilities	22,279,512	617,298	22,896,810
Total Liabilities	23,597,594	1,235,550	24,833,144
Deferred Inflows of Resources			
Deferred amounts for pension items	2,805,804	-	2,805,804
Deferred amounts for other postemployment benefits	280,270	3,842	284,112
Total Deferred Inflows of Resources	3,086,074	3,842	3,089,916
Net Position			
Net investment in capital assets	6,797,548	27,042,415	33,839,963
Unrestricted (deficit)	(2,856,135)	1,706,047	(1,150,088)
Total Net Position	$ 3,941,413	$ 28,748,462	$ 32,689,875

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

	Business-Type Activities		
	Sanitation	**Airport**	**Total**
Operating Revenues			
Charges for services	$ 10,908,978	$ 2,181,095	$ 13,090,073
Total Operating Revenues	10,908,978	2,181,095	13,090,073
Operating Expenses			
Personnel services	6,033,687	319,887	6,353,574
Materials and supplies	2,456,009	44,532	2,500,541
Utilities	91,908	45,690	137,598
Fuel for resale	-	1,486,106	1,486,106
Contracted services	656,093	-	656,093
Other services and charges	258,137	31,742	289,879
Depreciation	1,378,851	1,336,871	2,715,722
Total Operating Expenses	10,874,685	3,264,828	14,139,513
Operating Gain (Loss)	34,293	(1,083,733)	(1,049,440)
Nonoperating Revenues			
Investment income	1,173,449	-	1,173,449
Grant revenue	-	333,737	333,737
Gain on sale of assets	208,091	19,395	227,486
Interest expense	-	(13,688)	(13,688)
Net Nonoperating Revenues	1,381,540	339,444	1,720,984
Income (Loss) Before Transfers	1,415,833	(744,289)	671,544
Transfers Out	(520,000)	-	(520,000)
Change in Net Position	895,833	(744,289)	151,544
Net Position, Beginning of Year	3,045,580	29,492,751	32,538,331
Net Position, End of Year	$ 3,941,413	$ 28,748,462	$ 32,689,875

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

	Business-Type Activities		
	Sanitation	Airport	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 10,867,084	$ 1,841,195	$ 12,708,279
Payments to employees	(6,071,962)	(369,475)	(6,441,437)
Payments to suppliers	(2,480,302)	(1,293,942)	(3,774,244)
Other operating payments	(65,466)	-	(65,466)
Net Cash Provided by Operating Activities	2,249,354	177,778	2,427,132
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(520,000)	-	(520,000)
Net Cash Used in Noncapital Financing Activities	(520,000)	-	(520,000)
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(2,684,821)	(421,869)	(3,106,690)
Proceeds from the sale of capital assets	378,773	19,395	398,168
Receipts of federal and state grants	-	333,737	333,737
Interest paid on long-term debt	-	(13,688)	(13,688)
Net Cash Used in Capital and Related Financing Activities	(2,306,048)	(82,425)	(2,388,473)
Cash Flows from Investing Activities			
Interest income	1,173,449	-	1,173,449
Net Cash Provided by Investing Activities	1,173,449	-	1,173,449
Increase in Cash and Cash Equivalents	596,755	95,353	692,108
Cash and Cash Equivalents, Beginning of Year	21,564,680	1,806,840	23,371,520
Cash and Cash Equivalents, End of Year	$ 22,161,435	$ 1,902,193	$ 24,063,628
Reconciliation of Cash and Cash Equivalent to the Statement of Net Position			
Cash and cash equivalents	$ 15,507,120	$ 1,902,193	$ 17,409,313
Restricted cash	6,654,315	-	6,654,315
Total Cash and Cash Equivalents	$ 22,161,435	$ 1,902,193	$ 24,063,628

City of Conway, Arkansas
Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended December 31, 2023

	Business-Type Activities		
	Sanitation	Airport	Total
Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities			
Operating gain (loss)	$ 34,293	$ (1,083,733)	$ (1,049,440)
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities			
Depreciation expense	1,378,851	1,336,871	2,715,722
Changes in			
Receivables, net	(41,894)	(284,832)	(326,726)
Deferred inflows/outflows of resources, pension	700,310	-	700,310
Deferred inflows/outflows of resources, OPEB	(29,172)	(3,568)	(32,740)
Due to/due from other funds, net	269,776	(9,198)	260,578
Net pension liability	(765,561)	-	(765,561)
Total OPEB liability	27,427	(22,909)	4,518
Accounts payable	325,752	314,128	639,880
Unearned revenue	-	(31,200)	(31,200)
Accrued expenses	349,572	(37,781)	311,791
Net Cash Provided by Operating Activities	$ 2,249,354	$ 177,778	$ 2,427,132

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

	Nonuniformed Employees' Pension Plan	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 1,646,289	$ 101,593
Investments		
Corporate bonds	2,374,001	-
Equities and mutual funds	12,430,488	-
U.S. government obligations	1,005,625	-
Receivables		
Ad valorem taxes receivable	498,987	-
Due from other funds	98,689	-
Interest and dividends	26,470	-
Total Assets	$ 18,080,549	$ 101,593
LIABILITIES		
Due to other funds	$ -	$ 502
Total Liabilities	-	502
NET POSITION		
Restricted for		
Pensions	$ 18,080,549	$ -
Individuals	-	101,091
	$ 18,080,549	$ 101,091

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

	Nonuniformed Employees' Pension Plan	Custodial Fund
Additions		
Contributions		
Employer	$ 2,393,365	$ -
Plan members	1,047,184	-
Ad valorem taxes	499,583	-
Total Contributions	3,940,132	-
Seized Cash and Other Financial Assets	-	84,052
Investment Income		
Net increase in fair value of investments	2,095,907	-
Interest	173,916	-
Dividends	172,097	-
Total investment income	2,441,920	-
Less investment expense	65,170	-
Net Investment Income	2,376,750	-
Total Additions	6,316,882	84,052
Deductions		
Benefits paid directly to participants	2,308,023	-
Return of seized cash and other financial assets	-	96,663
Refunds of contributions	374,839	-
Administrative expense	440	-
Total Deductions	2,683,302	96,663
Change in Net Position	3,633,580	(12,611)
Net Position, Beginning of Year	14,446,969	113,702
Net Position, End of Year	$ 18,080,549	$ 101,091

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

The City of Conway, Arkansas (City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under an elected mayor-council form of government. Eight elected council members and the Mayor set policy for the City. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member governing council (Council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between Blended Component Units, presented as part of the primary government, Discretely Presented Component Units, presented separately, or Fiduciary Component Units presented as funds in the fiduciary funds statements.

The City's Nonuniformed Employees' Defined Benefit Pension Plan is reported as a fiduciary component unit as a fiduciary fund in the fiduciary funds statements. The other benefit plans are maintained by the Arkansas Local Police and Fire Retirement System (LOPFI) and are properly excluded from the financial statements.

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

Discretely Presented Component Units

Conway Corporation (the Corporation) – The Corporation provides electric, water, wastewater treatment, cable, internet, and telephone services to industrial, residential, commercial, and institutional customers in the city of Conway, Arkansas. Appointments to the Corporation's Board of Directors, issues of additional indebtedness, rate changes, and changes in services are subject to approval of the City Council. Complete financial statements of the Corporation can be obtained from its administrative offices at 1307 Prairie Street, Conway, Arkansas 72034.

The City of Conway Advertising and Promotion Commission (A & P Commission) – The governing body of A & P Commission is appointed by the Mayor of Conway subject to City Council approval. The City has the power to impose its will on A & P Commission. A & P Commission acts autonomously and serves as the sales and advertising office for the City's convention and tourism industry. Complete financial statements of A & P Commission can be obtained from the City of Conway Finance Department, 1111 Main Street, Conway, Arkansas 72032.

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *street fund* accounts for gasoline and road taxes received from the state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks. This fund has been designated as a major fund by the City.

The *2018 street sales & use tax fund* accounts for taxes received from a three-eighths of 1% (0.375%) general citywide sales and use tax. Revenues are expended for the purpose of making improvements to streets within the City. The tax is no longer levied as of March 31, 2023.

The *sales tax capital improvement fund* accounts for taxes received from a quarter of 1% (0.25%) general citywide sales and use tax. Revenues are expended for the purpose of making improvements to streets within the City and for the purchase of police and fire vehicles.

The *2022 Capital Projects* accounts for the issuance of capital improvement bonds for the purpose of financing various capital improvements for the City.

The *grant fund* accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal or state program.

The City reports two major enterprise funds. They account for the City's Sanitation Department operations and the City's Airport operations, which are primarily supported by user charges.

Additionally, the City reports the following fund types:

The *pension trust fund* accounts for assets held in trust for the Nonuniformed Employees' Defined Benefit Pension Plan. The pension trust fund is accounted for in essentially the same manner as proprietary funds.

The *custodial fund* accounts for monies collected and held by the City until they are disbursed to various governmental agencies.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Funds

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

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

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

Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available.

The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and obligations for workers' compensation, which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are due to a plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Investments and Investment Income (Loss)

All investments in the City's pension funds are carried at fair value. Fair value is determined using quoted market prices for all investments with the exception of municipal bonds for which fair value is determined using the present value of future cash flows model.

Investment income (loss) includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income (loss) is assigned to funds with which the related investment asset is associated.

Leases

Lessor: The City is a lessor for noncancellable leases of property. The City's general fund recognizes a lease receivable and deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

The City amortization of the lease receivable and the recognition of the related interest revenue of each financing arrangement is determined using the effective interest method. The lease term includes the noncancellable period of the lease. Any payments received are allocated first to the interest receivable and then to the lease receivable. Deferred inflows of resources are recognized as inflows of resources (revenue) coinciding with the reduction in lease receivables determined by the effective interest method. Interest income resulting from the lease financing arrangements is presented in investment income in the government-wide statement of activities, statement of revenues, expenditures and changes in fund balances for governmental funds, and statement of revenues, expenses and changes in net position for proprietary funds.

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

Prepaid Items

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

Capital Assets

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

Capital assets are defined as assets with an initial value or cost greater than or equal to $5,000 and an estimated useful life of greater than one year. Exceptions are for buildings and improvements infrastructure assets, which are defined as having a constructed cost greater than $10,000.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 50 years for infrastructure; 10 to 50 years for buildings and improvements; and 3 to 20 years for furniture, vehicles, and equipment.

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

Long-Term Obligations

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

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

Compensated Absences

City employees earn sick pay and vacation leave benefits on the basis of length of service time. Subject to certain restrictions, City employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City’s employment. All sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. For governmental activities, the liability for compensated absences is generally liquidated from the general fund.

Unearned Revenue

Unearned revenue consists of grant funding received in advance. At December 31, 2023, $4,240,529 of unearned revenue is related to the City's remaining *American Rescue Plan Act* (ARPA) fund. The City received a total of $12,233,839 in ARPA funding. During 2023, the City recognized $3,733,115 of ARPA revenue as it allocated this amount toward eligible personnel expenditures and capital projects.

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category. Two items are related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other includes differences between expected and actual experience, difference related to change in assumptions, and the net difference between projected and actual earnings on pension plan investments. Deferred outflows related to contributions made after the measurement date will be used in the next year to reduce the net pension liability. The remaining amounts will be amortized to pension expense over the following years as shown within Note 11. Another item is a deferred charge on bond refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or refunding debt. The final item is related to the OPEB plan and consists of the difference in assumption changes and the difference between expected and actual experience. The remaining amounts are amortized over future periods to OPEB expense as shown in Note 13.

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has four items that qualify as deferred inflows of resources as of December 31, 2023. The items reported in the statements are related to pension, bond refunding, leases, and other postemployment benefits; and, as applicable, include changes in assumptions, difference between expected and actual experience, changes in proportion and differences between contribution and proportionate share of contributions, and difference between actual and expected investment earnings. Deferred inflows for both pension and other postemployment benefits are amortized over future periods. Deferred pension inflows are amortized to pension expense over future periods as shown within Note 11. Deferred OPEB inflows are amortized over future periods to OPEB expense as shown in Note 13.

Fund Balances – Governmental Funds

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

> *Nonspendable* – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.
>
> *Restricted* – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.
>
> *Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and street funds. All annual appropriations lapse at year-end and are re-established in the succeeding year.

Future Adoption of Accounting GASB Pronouncements

GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to 2023:

Statement No.		Adoption Required in Fiscal Year
99	*Omnibus 2022*	2024
100	*Accounting Changes and Error Corrections*	2024
101	*Compensated Absences*	2024
102	*Certain Risk Disclosures*	2025
103	*Financial Reporting Model Improvements*	2026

The City has not yet determined the potential impact, if any, that these statements could have on its financial statements.

Accounting Pronouncements Adopted

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

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

Conway Corporation, a discretely presented component unit of the City, also adopted GASB 96 for the year ended December 31, 2023. The adoption of this statement resulted in the recognition of right-to-use subscription assets and subscription liabilities.

Note 2. Deposits and Investments

Deposits

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

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

At December 31, 2023, the City's deposits were fully collateralized and, therefore, were not exposed to custodial credit risk. At December 31, 2023, none of City's component units' bank balances were uninsured or uncollateralized.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit.

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

The pension funds are authorized to invest in U.S. government and agency securities, bank certificates of deposit, common stocks, investment grade corporate bonds, and other appropriate securities.

Investments at December 31, 2023 consisted of the following:

Type	Fair Value	Maturities in Years: Less than 1	1–5	6–10	More than 10
Corporate bonds	$ 2,374,001	$ 197,170	$ 1,981,142	$ 195,689	$ -
U.S. Treasuries	1,005,625	-	1,005,625	-	-
Money market mutual funds	18,986,155	18,986,155	-	-	-
	22,365,781	$ 19,183,325	$ 2,986,767	$ 195,689	$ -
Equities and fixed income mutual funds	12,430,488				
	$ 34,796,269				

Interest Rate Risk – The City's investment policy does not specifically address interest rate risk. The pension fund investment policy does not specifically address interest rate risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The pension fund investment policy limits its investments to U.S. Treasury and Agency securities, "AAA" mortgage-backed investments, and corporate bond issues rated at "A" by either Moody's or Standard & Poor's at the time of purchase.

Investment Type	Rating Agency	Rating
Corporate bonds	S&P/Moody's	BBB-/Baa3 to AA-/A1
Money market mutual funds	S&P/Moody's	AAA/Aaa

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

Concentration of Credit Risk – The City defines the following ranges as suitable for portfolio asset allocation:

	Minimum	Maximum
Stocks	60%	80%
Fixed income	20%	40%
Cash equivalents	0%	10%

Summary of Carrying Values

The carrying values of deposits and investments are included in the financial statements as follows:

	Primary Government
Carrying value	
Deposits	$ 107,140,859
Investments	34,796,269
	$ 141,937,128
Included in the following statement of net position captions	
Cash and cash equivalents	$ 91,465,521
Investments	7,359,890
Restricted cash and cash equivalents – current	18,899,406
Restricted cash and cash equivalents – noncurrent	6,654,315
Included in the following fiduciary net position captions	
Cash and cash equivalents	1,747,882
Investments	15,810,114
	$ 141,937,128

Note 3. Disclosures About Fair Value of Assets and Liabilities

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

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate bonds	$ 2,374,001	$ 1,328,984	$ 1,045,017	$ -
Money market mutual funds	18,986,155	18,986,155	-	-
Equities	5,882,236	5,882,236	-	-
Fixed income mutual funds	6,548,252	6,548,252	-	-
U.S. Treasuries	1,005,625	1,005,625	-	-
Total Investments by Fair Value Level	$ 34,796,269	$ 33,751,252	$ 1,045,017	$ -

Note 4. Receivables

Accounts Receivable

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the major governmental funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General Fund	Street Fund	Sales Tax Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	$ 5,675,928	$ 2,094,638	$ -	$ 28,418	$ 7,798,984
Sales taxes	5,662,504	79,342	1,043,972	521,986	7,307,804
State insurance turnback	129,672	444,769	-	-	574,441
Other receivables	154,021	-	-	5,767	159,788
Gross receivable	11,622,125	2,618,749	1,043,972	556,171	15,841,017
Allowance	(257,838)	(94,993)	-	-	(352,831)
Net receivable	$ 11,364,287	$ 2,523,756	$ 1,043,972	$ 556,171	$ 15,488,186

Leases Receivable

The City leases space on a communications tower and a portion of its property to a third party who uses the space to conduct their operations, the terms of which expire from 2027 through 2030. Each of the leases have an interest rate of 4.00%. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City also entered into a 52-year lease agreement in 2018 with the Corporation for $1,050,000. The Corporation paid the entire lease balance ($1,050,000) at inception. Payments received in advance are record as a deferred inflow of resources and are recognized as revenue over the life of the lease term.

Revenue recognized under lease contracts in governmental activities for the year ended December 31, 2023 was $114,800, which includes both lease revenue and interest. The following is a schedule by year of minimum payments to be received under leases contracts that are included in the measurement of the lease receivable as of December 31, 2023.

Year Ending December 31	Total to Be Paid	Principal	Interest
2024	$ 90,394	$ 83,954	$ 6,440
2025	95,350	88,026	7,324
2026	98,450	85,729	12,721
2027	96,250	87,008	9,242
2028	76,450	70,349	6,101
2029–2030	121,235	117,133	4,102
	$ 578,129	$ 532,199	$ 45,930

Regulated Leases

The Airport leases a portion of its property to air carriers and other aeronautical users whose leases meet the definition of a regulated lease as defined in GASB Statement No. 87, *Leases* (GASB 87), and, therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire from 2042 to 2054. Revenue recognized for fixed payments under regulated lease contracts during the year ended December 31, 2023 was $51,458.

The following is a schedule by year of expected future minimum payments to be received under the Airport's regulated leases as of December 31, 2023:

Year Ending December 31	Lease Revenue
2024	$ 51,458
2025	51,458
2026	51,458
2027	51,458
2028	51,458
2029–2033	257,290
2034–2038	257,290
2039–2043	200,090
2044–2048	101,290
2049–2053	101,290
2054	12,661
	$ 1,187,201

Note 5. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023 is presented below:

Governmental Activities	Balance January 1, 2023	Additions	Retirements	Transfers	Balance December 31, 2023
Capital assets, nondepreciable					
Land	$ 19,700,876	$ 197,173	$ -	$ -	$ 19,898,049
Construction in progress	25,043,168	22,635,074	550,074	(13,702,944)	33,425,224
Total capital assets, nondepreciable	44,744,044	22,832,247	550,074	(13,702,944)	53,323,273
Capital assets, depreciable					
Buildings and improvements	77,300,465	-	245,828	11,600,023	88,654,660
Equipment	36,835,187	2,137,704	148,410	116,731	38,941,212
Infrastructure	183,238,379	286,113	8,783	1,986,190	185,501,899
Total capital assets, depreciable	297,374,031	2,423,817	403,021	13,702,944	313,097,771
Less accumulated depreciation					
Buildings and improvements	23,584,598	2,304,981	95,537	-	25,794,042
Equipment	32,064,334	2,612,355	129,460	-	34,547,229
Infrastructure	94,391,238	6,315,975	-	-	100,707,213
Total accumulated depreciation	150,040,170	11,233,311	224,997	-	161,048,484
Total governmental activities, net	$ 192,077,905	$ 14,022,753	$ 728,098	$ -	$ 205,372,560

Business-Type Activities	Balance January 1, 2023	Additions	Retirements	Transfers	Balance December 31, 2023
Capital assets, nondepreciable					
Land	$ 2,268,805	$ -	$ -	$ -	$ 2,268,805
Construction in progress	-	371,793	-	-	371,793
Total capital assets, nondepreciable	2,268,805	371,793	-	-	2,640,598
Capital assets, depreciable					
Buildings and improvements	11,147,902	-	-	-	11,147,902
Equipment	18,745,084	2,483,600	693,703	-	20,534,981
Infrastructure	30,506,365	251,298	-	-	30,757,663
Total capital assets, depreciable	60,399,351	2,734,898	693,703	-	62,440,546
Less accumulated depreciation					
Buildings and improvements	4,625,861	410,667	-	-	5,036,528
Equipment	15,999,499	1,333,964	523,020	-	16,810,443
Infrastructure	7,823,119	971,091	-	-	8,794,210
Total accumulated depreciation	28,448,479	2,715,722	523,020	-	30,641,181
Total business-type activities, net	$ 34,219,677	$ 390,969	$ 170,683	$ -	$ 34,439,963

Component Unit – Conway Corporation		Balance January 1, 2023		Additions and Transfers, Net		Retirements and Transfers, Net		Balance December 31, 2023
Capital assets, nondepreciable								
Land and land rights	$	20,873,166	$	757,543	$	-	$	21,630,709
Construction in progress		18,472,084		27,524,173		9,186,231		36,810,026
Total capital assets, nondepreciable		39,345,250		28,281,716		9,186,231		58,440,735
Capital assets, depreciable								
Building and improvements		410,420,012		13,691,829		1,001,365		423,110,476
Equipment		246,135,938		14,198,593		3,829,336		256,505,195
Undivided interest in coal-fired generating plants		54,053,999		323,987		-		54,377,986
Total capital assets, depreciable		710,609,949		28,214,409		4,830,701		733,993,657
Less accumulated depreciation		351,950,019		25,749,908		4,515,566		373,184,361
Total capital assets, depreciable, net		358,659,930		2,464,501		315,135		360,809,296
Capital Assets, amortizable								
Right to use subscription asset		744,762		366,279		-		1,111,041
Total capital assets, amortizable		744,762		366,279		-		1,111,041
Less accumulated amortization		240,313		215,731		-		456,044
Total capital assets, amortizable, net		504,449		150,548		-		654,997
Total component unit, net	$	398,509,629	$	30,746,217	$	9,501,366	$	419,905,028

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

Governmental activities		
General administration	$	470,931
Fire		883,135
Highways and streets		7,174,650
Parks and recreation		2,005,894
Law enforcement		634,674
Information technology		64,027
Total depreciation expense		11,233,311
Business-type activities		
Sanitation		1,378,851
Airport		1,336,871
Total depreciation expense		2,715,722
Total depreciation expense, primary government	$	13,949,033

Note 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2023 were as follows:

Governmental Activities	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable	$ 64,880,000	$ -	$ 2,990,000	$ 61,890,000	$ 1,875,000
Unamortized discount/premium	1,288,246	-	75,036	1,213,210	-
Note payable (financed purchase)	59,430	-	59,430	-	-
Compensated absences	4,656,175	1,423,405	2,349,981	3,729,599	2,349,981
Net pension liability	50,973,004	17,375,730	-	68,348,734	-
Other postemployment benefits	3,972,004	393,645	-	4,365,649	-
Total governmental activities long-term liabilities	$ 125,828,859	$ 19,192,780	$ 5,474,447	$ 139,547,192	$ 4,224,981

Business-Type Activities	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Compensated absences	$ 292,082	$ 122,580	$ 129,620	$ 285,042	$ 129,620
Notes payable (direct borrowings)	600,000	-	-	600,000	-
Net pension liability	12,729,113	-	765,562	11,963,551	-
Estimated liability for landfill closure and postclosure care costs	8,962,183	320,851	-	9,283,034	-
Other postemployment benefits	890,285	4,518	-	894,803	-
Total business-type activities long-term liabilities	$ 23,473,663	$ 447,949	$ 895,182	$ 23,026,430	$ 129,620

Component Unit – Conway Corporation	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable	$ 75,700,000	$ -	$ 4,540,000	$ 71,160,000	$ 3,205,000
Bonds payable (direct placement)	60,723,795	-	3,399,502	57,324,293	3,476,632
Unamortized discount/premium	2,951,504	-	228,409	2,723,095	-
Notes payable (direct borrowings)	1,710,421	-	51,001	1,659,420	52,724
Compensated absences	803,461	1,714,371	1,661,654	856,178	128,425
Net pension liability	21,305,901	-	5,897,259	15,408,642	-
Other postemployment benefits	2,858,464	300,361	-	3,158,825	-
Total component unit long-term liabilities	$ 166,053,546	$ 2,014,732	$ 15,777,825	$ 152,290,453	$ 6,862,781

Bonds outstanding at December 31, 2023 were as follows:

	Interest Rates	Final Maturity	Original Issue	Total Outstanding
Governmental Activities				
Franchise Fee Revenue Bonds, Series 2012	1–3.75%	2030	$ 4,440,000	$ 1,960,000
Sales and Use Tax Bonds, Series 2015	2–4%	2044	26,970,000	19,165,000
Franchise Fee Revenue Bonds, Series 2015	2–3.85%	2035	3,340,000	2,625,000
Restaurant Tax Bonds, Series 2022	4.00%	2052	38,785,000	38,140,000
				$ 61,890,000

	Interest Rates	Final Maturity	Original Issue	Total Outstanding
Component Unit – Conway Corporation				
Wastewater Revenue Improvement Bonds, Series 2015B	1.5%	2037	$ 10,000,000	$ 7,182,688
Wastewater Revenue Refunding Bonds, Series 2016	2–5%	2040	12,415,000	10,435,000
Wastewater Revenue Refunding Bonds, Series 2017	1.5%	2037	58,832,965	45,765,496
Wastewater Revenue Improvement Bonds, Series 2019A	2.25-5%	2039	9,370,000	8,460,000
Wastewater Revenue Refunding Bonds, Series 2019B	2.11–3.17%	2037	21,000,000	17,105,000
Wastewater Revenue Refunding Bonds, Series 2020	1.69%	2029	6,395,956	4,376,109
Electric Revenue Improvement Bonds, Series 2022A	4.00%	2043	24,165,000	24,165,000
Electric Revenue Improvement Bonds, Series 2022B	1.0%-3.0%	2030	13,360,000	10,995,000
				$ 128,484,293

Governmental Activities

Franchise Fee Revenue Bonds, Series 2012 – Bonds in the amount of $4,440,000 were issued with varying interest rates from 1.00% to 3.75% to refund the outstanding Franchise Fee Revenue Improvement Bonds, Series 2006, which had interest rates ranging from 4.00% to 4.375%. Principal payments are due annually on December 1. Interest payments are due semiannually on June 1 and December 1. The bonds are special obligations of the City secured by, and payable solely from, receipts of the franchise fees. Principal and interest paid for the current year and total franchise fee revenues were approximately $324,000 and $4,000,000, respectively. These bonds are subject to redemption in part by sinking fund installments beginning December 1, 2030. These bonds are also subject to redemption at direction of the City beginning June 1, 2017.

Sales and Use Tax Bonds, Series 2015 – Bonds in the amount of $26,970,000 were issued by the City in April 2015 for the purpose of financing the costs of constructing, extending and improving certain City streets and refunding of the City's outstanding Sales and Use Tax Capital Improvement Bonds, Series 2012. The bonds are special obligations of the City secured by, and payable solely from, receipts of the special sales and use tax and the general sales and use tax.

The interest rates on the bonds range from 2.00% to 4.00%. Principal payments are due annually on May 1. Interest payments are due semiannually on May 1 and November 1. Principal and interest paid for the current year and total gross receipts tax revenues were approximately $1,547,000 and $2,720,000, respectively. These bonds are subject to mandatory redemption from surplus tax receipts beginning May 1, 2016. These bonds are also subject to redemption at direction of the City beginning May 1, 2016.

Franchise Fee Revenue Bonds, Series 2015 – Bonds in the amount of $3,340,000 were issued with varying interest rates from 2.00% to 3.85% to finance the costs of acquiring and installing a mobile radio communications system and related improvements. Principal payments are due annually on December 1. Interest payments are due semiannually on June 1 and December 1. The bonds are special obligations of the City secured by, and payable solely from, receipts of the franchise fees. Principal and interest paid for the current year and total franchise fee revenues were approximately $275,000 and $4,000,000, respectively. These bonds are subject to redemption in part by sinking fund installments beginning December 1, 2025. These bonds are also subject to redemption at direction of the City beginning December 1, 2025.

Restaurant Gross Receipts Tax Capital Improvement and Refunding Bonds, Series 2022 – Bonds in the amount of $38,785,000 were issued with an interest rate of 4.00% for financing the costs of acquiring, constructing, and equipping a community center and soccer fields and refund the outstanding Restaurant Gross Receipts Tax Capital Improvement Bonds, Series 2017. The refunding resulted in an economic loss or difference between the present value of the old and new debt services payments of approximately $200,000.

Principal payments are due annually on June 1. Interest payments are due semiannually on June 1 and December 1. The bonds are special obligations of the City secured by, and payable by Advertising and Promotion taxes levied upon on the gross receipts received by restaurants and similar businesses. Total restaurant gross receipts tax revenues for the current year was approximately $4,975,000. These bonds are also subject to redemption at direction of the City beginning June 1, 2029.

<u>*Component Unit – Conway Corporation*</u>

Water Revenue Refunding Bonds, Series 2015 – Bonds in the amount of $10,185,000 were issued with varying interest rates from 3.00% to 4.00% to accomplish a refunding of the 2010 Series Bonds. The reacquisition price exceeded the net carrying amount of the old debt by $501,099. This amount is shown as a deferred loss on refunding of bonds payable and is amortized over the life of the new debt through 2023. This refunding transaction was undertaken to reduce the Water Department's total debt service payments by approximately $746,000 over nine years and resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately $627,000. Principal and interest are payable semiannually and are due through maturity on December 1, 2023. The bond was paid in total during 2023.

Wastewater Revenue Improvement Bonds, Series 2015B – Bonds in the amount of $10,000,000 were issued with an interest rate of 1.50% for the purpose of financing improvements to the wastewater collection and treatment facilities and to refund previously issued debt and revenue improvement bonds. Principal and interest are payable semiannually through maturity on April 15, 2037.

Wastewater Revenue Refunding Bonds, Series 2016 – Bonds in the amount of $12,415,000 were issued with varying interest rates from 2.00% to 5.00% to accomplish a current refunding of the 2010 Series Bonds. Principal and interest are payable semiannually and are due through maturity on October 1, 2040.

Wastewater Revenue Refunding Bonds, Series 2017 – Bonds in the amount of $58,832,965 were issued with an interest rate of 1.50% to accomplish a current refunding of the outstanding Wastewater Revenue Improvement Bonds, 2015 Series, which was initially issued for the purpose of financing improvements to the wastewater collection and treatment facilities and to refund previously issued debt and revenue improvement bonds. Principal and interest are payable semiannually and are due through maturity on October 15, 2037.

Wastewater Revenue Improvement Bonds, Series 2019A – Bonds in the amount of $9,370,000 were issued with varying interest rates from 2.25% to 5.0% for the purpose of financing improvements to the wastewater collection and treatment facilities. Principal is payable annually beginning October 1, 2020, and interest is payable semiannually through maturity on October 1, 2039.

Wastewater Revenue Refunding Bonds, Series 2019B – Bonds in the amount of $21,000,000 were issued with varying interest rates from 2.11% to 3.17% to refund the outstanding balance of $25,000,000 Wastewater Revenue Improvement Bonds, Series 2012A (2012A Series Bonds). The net proceeds along with other resources were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2012A Series Bonds. As a result, the remaining principal balance of the 2012A Series Bonds is considered defeased, and the Corporation has removed the liability from its accounts. The outstanding principal of the defeased bonds is $21,310,000 at December 31, 2019 and will be fully redeemed on April 1, 2022. The reacquisition price exceeded the net carrying amount of the old debt by $1,035,858. This amount is shown as deferred loss on refunding of bonds payable and amortized over the life of the new debt through 2037. This refunding transaction was undertaken to reduce the Corporation's total debt service payments by approximately $1,419,000 over 18 years and resulted in an economic gain (difference between present value of debt service payments on the old and new debt) of approximately $1,415,000.

Wastewater Revenue Refunding Bonds, Series 2020 – Bonds in the amount of $6,395,956 were issued with an interest rate of 1.69% to refund the outstanding balance of the $9,980,000 Wastewater Revenue Refunding Bonds, Series 2014 (2014 Series Bonds). The net proceeds along with other resources were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2014 Series Bonds. As a result, the remaining principal balance of the 2014 Series Bonds is considered defeased, and the Wastewater Department has removed the liability from its accounts. The outstanding principal of the defeased bonds is $6,855,000 at December 31, 2020 and will be fully redeemed on October 1, 2029. The reacquisition price exceeded the net carrying amount of the old debt by $17,245. This amount is shown as deferred loss on refunding bonds payable and amortized over the life of the new debt through 2025. This refunding transaction was undertaken to reduce the Department's total debt service payments by approximately $368,000 over nine years and resulted in an economic gain (difference between present value of debt service payments on the old and new debt) of approximately $344,000.

Electric Revenue Improvement Bonds, Series 2022A – Bonds in the amount of $24,165,000 were issued with an interest rate of 4.00% to finance the costs of betterments and improvements to the City's electric utility system. Principal is payable annually beginning December 1, 2030, and interest is payable semiannually through maturity on December 1, 2043.

Electric Revenue Improvement Bonds, Series 2022B – Bonds in the amount of $13,360,000 were issued with varying interest rates from 1.00% to 3.00% to refund the 2015 Series bonds. Principal is payable annually, and interest is payable semiannually through maturity on December 1, 2030.

Notes Payable

Notes payable at December 31, 2023 were as follows:

Governmental Activities

- An $847,463 financed-purchase agreement effective November 2008 was made to acquire energy efficiency improvements to city facilities: quarterly payments of $18,685 to $25,675 through July 1, 2023.

Business-Type Activities

- A $600,000 promissory note was issued by the City in June 2021 to finance the construction of a hangar at the airport. The note has an interest rate of 2.25% and is due in annual installments through June 10, 2026. The outstanding balance is $600,000 at December 31, 2023.

Component Unit – Conway Corporation

- A $723,417 promissory note to Mid-Arkansas Water Alliance for water storage rights; due in annual installments of approximately $41,000 through June 5, 2039; interest rate 4.125%. The outstanding balance is $470,947 at December 31, 2023.

- A $1,342,920 promissory note to Mid-Arkansas Water Alliance; due in annual installments of approximately $66,000 annually through June 5, 2049; interest rate 2.875%. The outstanding balance is $1,188,473 at December 31, 2023.

Annual Debt Service Requirements

The following schedules show the annual debt service requirements to pay principal and interest on revenue bonds, and notes payable outstanding at December 31, 2023:

Governmental Activities

	Bonds		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 1,875,000	$ 2,574,883	$ 4,449,883
2025	1,935,000	2,503,771	4,438,771
2026	2,015,000	2,430,093	4,445,093
2027	2,095,000	2,349,423	4,444,423
2028	2,170,000	2,265,212	4,435,212
2029-2033	11,260,000	9,983,130	21,243,130
2034-2038	12,125,000	7,656,719	19,781,719
2039-2043	11,780,000	5,164,513	16,944,513
2044-2048	8,515,000	2,700,507	11,215,507
2049-2053	8,120,000	828,000	8,948,000
	$ 61,890,000	$ 38,456,251	$ 100,346,251

Business-Type Activities

	Notes Payable		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ -	$ 13,500	$ 13,500
2025	-	13,500	13,500
2026	600,000	13,500	613,500
	$ 600,000	$ 40,500	$ 640,500

Component Unit – Conway Corporation

	Publicly Traded Bonds		Bonds from Direct Placement		Notes from Direct Borrowings		
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2024	$ 3,205,000	$ 2,420,507	$ 3,476,632	$ 1,380,411	$ 52,725	$ 53,595	$ 10,588,870
2025	3,285,000	2,343,687	3,558,887	1,298,726	54,506	51,812	10,592,618
2026	3,370,000	2,260,311	3,641,839	1,215,074	56,351	49,967	10,593,542
2027	3,460,000	2,166,516	3,724,410	1,129,429	58,261	48,058	10,586,674
2028	3,560,000	2,063,825	3,818,333	1,041,782	60,238	46,081	10,590,259
2029-2033	17,800,000	8,607,938	20,677,304	3,751,817	333,349	198,245	51,368,653
2034-2038	19,925,000	5,324,006	18,426,888	1,046,634	394,287	137,306	45,254,121
2039-2043	12,505,000	1,901,286	-	-	293,248	75,184	14,774,718
2044-2048	4,050,000	190,781	-	-	292,758	34,884	4,568,423
2049-2053	-	-	-	-	63,697	1,831	65,528
	$ 71,160,000	$ 27,278,857	$ 57,324,293	$ 10,863,873	$ 1,659,420	$ 696,963	$ 168,983,406

Notes Payable from Direct Borrowings and Bonds from Direct Placement

Component Unit – Conway Corporation

The Corporation's outstanding notes payable from direct borrowings of $1,659,420 contain a provision that in the event of default, the lender may file suit to enforce the terms of the note payable.

The Corporation's outstanding bonds from direct placement of $57,324,293 are compiled of the Series 2015B, 2017, and the 2020 bonds. The Series 2015B and 2017 bonds contain a provision that, in the event of default, the lender may apply to the courts to appoint a person to administer the Wastewater System on behalf of the bondholders with the power to charge and collect rates sufficient to provide the payment of the System's operations and the principal and interest on all indebtedness secured by revenues. The Series 2020 bond contains a provision that, in the event of default, the lenders may proceed file suit to enforce the terms of the bond agreement.

All long-term debt of the Corporation is secured by pledged revenues generated by the respective departments. The Series 2019A, Wastewater Revenue Improvement Bonds and the Series 2020, 2019B, and 2016 Wastewater Revenue Refunding Bonds are additionally secured by surplus revenues of the Electric Department.

Note 7. Construction Commitments

At December 31, 2023, the City had the following commitments:

	Project Authorization	Expended Through December 31, 2023	Remaining Commitment
Markham Street Jump Start Phase II	$ 1,782,414	$ 1,007,166	$ 775,248
Adaptive Signal Control	1,193,381	617,283	576,098
Soccer Complex Construction	10,226,349	8,455,390	1,770,959
Community Center Construction	27,083,789	2,617,754	24,466,035
Total	$ 40,285,933	$ 12,697,593	$ 27,588,340

Note 8. Interfund Balances and Transfers

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

	Interfund Receivables	Interfund Payables
General fund	$ 548,115	$ 188,263
Street fund	20,481	177,253
2018 Sales & Use Tax	34,616	-
Sales & Use Tax	49,399	18,736
Grant fund	-	127,095
Other governmental funds	8,193	125
Sanitation fund	44,387	298,388
Airport fund	10,682	4,200
Fiduciary funds	98,689	502
	$ 814,562	$ 814,562

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

Interfund transfers in and transfers out for the year ended December 31, 2023 are as follows:

	Transfers Out		
	Governmental Funds	Proprietary Funds	
Transfers In	Other Funds	Sanitation Fund	Total
Governmental funds			
General fund	$ 246,100	$ 520,000	$ 766,100
Other funds	2,246,322	-	2,246,322
	$ 2,492,422	$ 520,000	$ 3,012,422

During the year, a transfer was used to move sanitation fees to the general fund in the amount of $520,000 and to transfer $246,100 from a capital project fund to the general fund for Expo Center operations. In addition, $2,246,322 was transferred from a capital projects fund to the Debt Service Fund for debt service payments.

Note 9. Fund Balances

The City classified governmental fund balances as follows:

	General Fund	Street Fund	2018 Street Sales & Use Tax Fund	Street Sales & Use Tax Fund	2022 Capital Projects	Grant Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances								
Nonspendable								
Prepaids	$ 14,792	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,792
Restricted								
Debt service	-	-	-	-	-	-	4,605,238	4,605,238
Street maintenance	-	5,034,259	-	-	-	-	-	5,034,259
Street capital projects	-	-	23,149,367	13,566,579	-	-	1,809,855	38,525,801
Parks and recreation capital projects	-	-	-	-	22,108,167	-	3,396,365	25,504,532
Special projects	-	-	-	-	-	618,188	2,236,203	2,854,391
Unassigned (deficit)	24,550,129	-	-	-	-	-	(900)	24,549,229
Total Fund Balances	$ 24,564,921	$ 5,034,259	$ 23,149,367	$ 13,566,579	$ 22,108,167	$ 618,188	$ 12,046,761	$ 101,088,242

Note 10. Related Party Transactions

The City has entered into franchise agreements with the Corporation to operate City-owned utilities as follows:

Water Department and Wastewater Department – The Corporation operates the Water and Wastewater Departments for the City pursuant to an exclusive franchise agreement requiring the Corporation to assess each customer a 4.25% franchise fee on certain revenues. The Water and Wastewater Departments remitted approximately $1,390,000 in franchise fees to the City for the year ended December 31, 2023. At December 31, 2023, the Water and Wastewater Departments were indebted to the City in the amount of approximately $100,000, which is recorded as due from component units.

Cable Television Department – The Corporation operates the Cable Television Department for the City under an agreement that requires the Cable Television Department to pay the City a franchise fee of 5% of gross revenues. The Cable Television Department paid the City approximately $645,000 during the year ended December 31, 2023. At December 31, 2023, the Cable Television Department was indebted to the City in the amount of approximately $55,000, which is recorded as due from component units.

Electric Department – The Corporation operates the Electric Department for the City pursuant to an exclusive franchise agreement requiring the Electric Department to assess each customer a 2.5% franchise fee on certain revenues. The Electric Department remitted approximately $1,800,000 in franchise fees. At December 31, 2023, the Electric Department was indebted to the City in the amount of approximately $130,000, which is recorded as due from component units.

Sanitation Department – The City has entered into an agreement with the Corporation for collection of sanitation fees. The Corporation retains approximately 0.7% of the fees as compensation for the collection and billing services. The Corporation retained approximately $65,000 for billing and collection services and remitted approximately $10,100,000 to the City in gross receipts during the year ended December 31, 2023. At December 31, 2023, the Corporation was indebted to the Sanitation Department in the amount of approximately $980,000, which is recorded as due from component units.

The City paid the Corporation approximately $1,335,000 during 2023 for utility services provided to the City. The City also paid the Corporation approximately $285,000 during 2023 for construction services.

As of December 31, 2023, the Corporation has an outstanding note receivable from a related organization of $2,158,141. On September 7, 2022, the note was refunded thereby lowering the original interest rate from 7% to 4% with annual principal and interest payments of $135,029 required through February 1, 2050, beginning February 1, 2023. Accrued interest receivable and interest income were approximately $81,000 and $89,000, respectively, for the year ended December 31, 2023.

On August 16, 2005, Ordinance No. O-05-97 levied a 1% tax on prepared food for the benefit of the City (75%) and the Commission (25%). On the same date, Ordinance No. O-05-98 levied another 1% tax on prepared food for the benefit of the City. These taxes are collected by the Commission and remitted to the City. The Commission remitted approximately $5,035,000 to the City during the year ended December 31, 2023. At December 31, 2023, the Commission was indebted to the City in the amount of $849,927, which is recorded as due from component units.

Note 11. Pension Plans

The City participates in four defined benefit pension plans, which are comprised of two agent multiple-employer defined benefit pension plans, one cost-sharing multiple-employer defined benefit pension plan, and one single employer defined benefit plan, each of which is described and illustrated in detail below. Aggregate amounts for the four pension plans are as follows:

	Governmental Activities					Business-Type Activities	
	LOPFI	FRPF	PRPF	Nonuniformed	Total	Nonuniformed	Total
Net Pension Liability	$ (35,212,970)	$ (2,997,513)	$ (2,289,650)	$ (27,848,601)	$ (68,348,734)	$ (11,963,551)	$ (80,312,285)
Deferred Outflows – Pension	11,380,171	633,084	638,283	1,037,780	13,689,318	445,823	14,135,141
Deferred Outflows – Contributions	3,197,987	738,005	675,212	-	4,611,204	-	4,611,204
Pension Expense (income)	4,873,120	113,778	(63,037)	1,247,262	6,171,123	535,815	6,706,938
Deferred Inflows – Pension	(3,441,331)	-	-	(6,531,317)	(9,972,648)	(2,805,804)	(12,778,452)

Pensions items listed above for the Nonuniformed Plan have been allocated between governmental activities and business-type activities (also proprietary funds) on the basis of covered payroll.

Policemen's Relief and Pension Fund (PRPF)

Plan Description. The Policemen's Relief and Pension Fund (PRPF) is an agent multiple-employer defined benefit pension plan for employees of the police department who were hired prior to January 1, 1983. The plan was established in accordance with Arkansas statutes and was closed, by state law, to new employees effective January 1, 1983. On June 25, 2013, the City entered into an agreement with LOPFI, whereby LOPFI assumed responsibility for administration and a portion of the obligation of the plan pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas.

Per the agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the plan's net pension liability over a 30-year closed amortization period. The plan's benefit structure remains unchanged under the administration of LOPFI. The plan issues separate stand-alone financial statements and can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West 3rd Street, Little Rock, Arkansas 72201.

Benefits. The PRPF provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside the police department. The PRPF also provides benefits for surviving spouses and dependent children of deceased police officers. No participants' benefits vest until normal retirement age. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to five years. All police officers hired after January 1, 1983, participate in the LOPFI Retirement System created by Act 364 of 1981 and described later in the footnote. Therefore, the PRPF is effectively closed to new members.

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

	Policemen's Relief and Pension Plan
Inactive plan members or beneficiaries receiving benefits	27
Total	27

Contributions. Arkansas state statutes require yearly contributions at a level percentage of covered payroll sufficient to cover the costs of benefit commitments made to participants for their service rendered in that year (if any) and, over a reasonable period of time, to fully cover the unfunded costs of benefit commitments for services previously rendered. The City is required to contribute the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. Contributions by the City to the Plan for the year ended December 31, 2023 were $675,212.

Net Pension Liability

The City's net pension liability of $2,289,650 as of December 31, 2023 was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022.

Actuarial Assumptions

	Local Police & Fire
Actuarial valuation date	12/31/2022
Actuarial cost method	Entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization period	5 years
Asset valuation method	5-year smoothed market
Investment rate of return	7.50%
Projected salary increases	3.25%
Includes inflation at	2.50%
Cost-of-living adjustments	None

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

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of actuarial experience studies. The experience study in the PRPF was for the period January 1, 2012 through December 31, 2016 first used in the December 31, 2017 valuation. Assumptions are reviewed annually.

Long-Term Expected Return on Plan Assets

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

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
January 1, 2023	$ 8,902,755	$ 7,332,388	$ 1,570,367
Changes for the year:			
Interest	593,715	-	593,715
Difference between expected and actual experience	(95,931)	-	(95,931)
Changes of assumptions	(173,611)	-	(173,611)
Contributions – employer	-	679,728	(679,728)
Net investment income	-	(1,067,821)	1,067,821
Benefit payments, including refunds of employee contributions	(842,212)	(842,212)	-
Administrative expenses	-	(7,017)	7,017
Net changes	(518,039)	(1,237,322)	719,283
December 31, 2023	$ 8,384,716	$ 6,095,066	$ 2,289,650

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City’s net pension liability	$ 3,020,672	$ 2,289,650	$ 1,648,634

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report, which can be found at http://lopfi-prb.com/lopfi/reports/.

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

For the year ended December 31, 2023, the City recognized pension income of $63,037 related to this plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 638,283	$ -
Contributions subsequent to the measurement date	675,212	-
Total	$ 1,313,495	$ -

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $675,212 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024.

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

Year Ending December 31,	
2024	$ 6,401
2025	123,385
2026	193,465
2027	315,032
Total	$ 638,283

Firemen's Relief and Pension Fund (FRPF)

Plan Description. The Firemen's Relief and Pension Fund (FRPF) is an agent multiple-employer defined benefit pension plan for employees of the fire department who were hired prior to January 1, 1983. The plan was established in accordance with Arkansas statutes and was closed, by state law, to new employees effective January 1, 1983. On June 25, 2013, the City entered into an agreement with the LOPFI retirement system, whereby LOPFI assumed responsibility for administration and a portion of the obligation of the plan pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas. Per the agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the plan's net pension obligation over a 30-year closed amortization period.

The plan's benefit structure remains unchanged under the administration of LOPFI. The plan issues separate stand-alone financial statements and can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West 3rd Street, Little Rock, Arkansas 72201.

Benefits. The FRPF provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firefighters who become permanently disabled, unless the disability is the direct result of gainful employment performed outside the fire department. The FRPF also provides benefits for surviving spouses and dependent children of deceased firefighters. No participants' benefits vest until normal retirement age. At normal retirement, participants may elect to continue working and enter the DROP for up to five years.

All firefighters hired after January 1, 1983 participate in the LOPFI Retirement System created by Act 364 of 1981. Therefore, the FRPF is effectively closed to new members.

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

	Firemen's Relief and Pension Plan
Inactive plan members or beneficiaries receiving benefits	27

Contributions. Arkansas state statutes require yearly contributions at a level percentage of covered payroll sufficient to cover the costs of benefit commitments made to participants for their service rendered in that year and, over a reasonable period of time, to fully cover the unfunded costs of benefit commitments for services previously rendered. The City is required to contribute the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. Contributions by the City to the Plan for the year ended December 31, 2023 were $738,005.

Net Pension Liability

The City's net pension liability of $2,997,513 as of December 31, 2023 was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2022.

Actuarial Assumptions

	Local Police & Fire
Actuarial valuation date	12/31/2022
Actuarial cost method	Entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization period	5 years
Asset valuation method	5-year smoothed market
Investment rate of return	7.50%
Projected salary increases	3.25%
Includes inflation at	2.50%
Cost-of-living adjustments	None

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

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of actuarial experience studies. The experience study in FRPF was for the period January 1, 2012 through December 31, 2016 first used in the December 31, 2017 valuation. Assumptions are reviewed annually.

Long-Term Expected Return on Plan Assets

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

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
January 1, 2023	$ 9,301,579	$ 7,141,762	$ 2,159,817
Changes for the year:			
Interest	623,284	-	623,284
Difference between expected and actual experience	33,327	-	33,327
Contributions – employer		705,665	(705,665)
Changes of assumptions	(165,247)		(165,247)
Net investment income	-	(1,045,130)	1,045,130
Benefit payments, including refunds of employee contributions	(795,058)	(795,058)	-
Administrative expenses	-	(6,867)	6,867
Net changes	(303,694)	(1,141,390)	837,696
December 31, 2023	$ 8,997,885	$ 6,000,372	$ 2,997,513

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	**Current Single Rate Assumption 7.25%**	**1% Increase 8.25%**
City’s net pension liability	$ 3,693,708	$ 2,997,513	$ 2,388,904

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report, which can be found at http://lopfi-prb.com/lopfi/reports/.

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

For the year ended December 31, 2023, the City recognized pension expense of $113,778 related to this plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on earnings on pension plan investments	$ 633,084	$ -
Contributions subsequent to the measurement date	738,005	-
Total	$ 1,371,089	$ -

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $738,005 will be recognized as a reduction of the net pension liability for the year ending December 31, 2023.

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

Year Ending December 31,	
2024	$ 11,224
2025	123,027
2026	190,497
2027	308,336
Total	$ 633,084

Local Police and Fire Retirement System (LOPFI)

Plan Description. LOPFI is a statewide cost-sharing multiple-employer defined benefit plan administered by the LOPFI Board of Trustees. LOPFI provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. Employees hired after January 1, 1983 whose political subdivision had a retirement system in effect at July 1, 1981 are eligible to participate in the plan. On January 1, 2008, only firefighters of the City participated in the plan. Effective July 1, 2008, police officers of the City began participating in the plan. LOPFI issues a publicly available report, which may be obtained by writing to LOPFI, P.O. Drawer 34164, Little Rock, Arkansas 72203, or by calling 501.682.1745.

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

Contributions. Contributions to LOPFI are made by both the member and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 8.5% of covered payroll for police officers and firefighters. The City contributed 24.00% of covered employees' salaries to the plan for police officers and firefighters for the year ended December 31, 2023. Contributions by the City to the plan for the year ended December 31, 2023 were $3,197,987.

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

At December 31, 2023, the City reported a liability of $35,212,970 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the plan during the measurement period to the total employer contributions to the plan of the group for the measurement period. At December 31, 2022, the City's proportion was 3.2981%, which was a decrease of 0.0310% from the December 31, 2021 proportion of 3.3291%.

For the year ended December 31, 2023, the City recognized pension expense of $4,873,120 related to this plan. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,314,688	$ -
Change of assumptions	383,889	2,730,294
Change in proportion	110,143	711,037
Net difference between projected and actual earnings on earnings on pension plan investments	8,571,451	-
Contributions subsequent to the measurement date	3,197,987	-
Total	$ 14,578,158	$ 3,441,331

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $3,197,987 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024.

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

Year Ending December 31,		
2023	$	635,539
2024		1,325,564
2025		2,209,760
2026		3,767,977
Total	$	7,938,840

Actuarial Assumptions

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

	LOPFI
Actuarial valuation date	12/31/2022
Investment rate of return	7.25%, net of pension plan investment expense
Wage inflation	3.00%
Price inflation	2.25%

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2022 actuarial evaluation to more closely reflect actual experience. Assumptions are reviewed annually with no changes in the current year.

Long-Term Expected Return on Plan Assets

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

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

Discount Rate

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

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

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's proportional share of the net pension liability	$ 52,434,190	$ 35,212,970	$ 21,277,108

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report, which can be found at http://lopfi-prb.com/lopfi/reports/.

Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)

Plan Description. The Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan) is a single-employer, defined benefit pension plan that covers the City of Conway's employees except those covered by LOPFI, elected officials and the court clerk. The Nonuniformed Plan, administered by the City, provides retirement, disability and survivor benefits. Benefit and contributions are established by the Nonuniformed Employees' Pension Plan Board. The plan does not issue a stand-alone financial report but is included in the City's financial report. Effective May 1, 2018, there were significant changes to the terms and conditions of the Nonuniformed Plan. The grandfathered employees are participants who were employed by the City before May 1, 2018. All other employees will be nongrandfathered.

Benefits. The Nonuniformed Plan provides retirement, disability and death benefits.

Retirement benefits for grandfathered plan members are calculated as 50% of the member's final average salary compensation. Grandfathered plan members with 10 years of continuous service are eligible to retire at age 60 or may retire at any age after 20 years of service. For grandfathered plan members, the death benefit equals $50 per month to the surviving spouse for their lifetime, ending upon remarriage and dependent children, until the child reaches 16. A grandfathered plan member who terminates employment for any reason other than death or disability and the participant does not have at least 10 years of service under the plan, the member shall be entitled to only the member contributions.

Retirement benefits for nongrandfathered plan members are calculated as 2% of the member's final average salary compensation multiplied by the member's years of service. Nongrandfathered plan members are eligible to retire at the age of 65 and completion of at least six years of service, at the age of 62 and completion of at least 20 years of service or completion of at least 28 years of service. For nongrandfathered plan members the death benefit equals to the actuarial equivalent of 50% of the benefit that would have been payable to the member had the member survived to the member's normal retirement age. A nongrandfathered plan member who terminates employment for any reason other than death or disability and the participant does not have at least six years of service under the plan, the member shall be entitled to only the member contributions.

All plan members are eligible for disability benefits after five years of service. Disability retirement benefits are determined in the same manner as retirement benefits for grandfathered plan members but are payable immediately.

At the January 1, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

	Nonuniformed Employees' Defined Benefit
Inactive plan members or beneficiaries receiving benefits	132
Inactive plan members entitled to but not yet receiving benefits	29
Active plan members	275
Total	436

Contributions. The City contributes the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. In addition, active employees are required to make contributions equal to 6% (grandfathered) or 10% (nongrandfathered) of their gross salary. The City's required contributions for the 2023 fiscal year were $2,999,072; however, the City made contributions of $2,892,948, or 20.76%, of covered payroll.

Actuarial Assumptions

	Nonuniformed Employees' Defined Benefit Pension Plan
Actuarial valuation date	1/1/2024
Actuarial cost method	Entry age normal
Amortization method	Level percent open
Remaining amortization period	20 years
Asset valuation method	Market value
Investment rate of return	6.5%
Projected salary increases	3.5%
Includes inflation at	2.75%
Cost-of-living adjustments	None

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

For the Nonuniformed Plan, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table multiplied by 135% for males and 125% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Method Used to Determine Fair Value of Investments

The fair value of investments is determined using quoted market prices.

Net Pension Liability

The City's net pension liability for the Nonuniformed Plan was measured as of December 31, 2023 for the year ended December 31, 2023. The components of the net pension liability of the City at December 31, 2023 and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of January 1, 2024 and were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
January 1, 2023	$ 57,596,503	$ 14,446,969	$ 43,149,534
Changes for the year:			
Service cost	3,310,635	-	3,310,635
Interest	2,692,833	-	2,692,833
Difference between expected and actual experience	61,162	-	61,162
Assumption changes	(3,085,570)	-	(3,085,570)
Contributions – employer	-	2,892,948	(2,892,948)
Contributions – employees	-	1,047,185	(1,047,185)
Net investment income	-	2,376,750	(2,376,750)
Benefit payments, including refunds of employee contributions	(2,682,862)	(2,682,862)	-
Administrative expenses	-	(441)	441
Net changes	296,198	3,633,580	(3,337,382)
December 31, 2023	$ 57,892,701	$ 18,080,549	$ 39,812,152
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	31.23%		

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the Nonuniformed Plan's asset allocation as of December 31, 2023 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	7%	-0.90%
Corporate bonds	11%	-0.30%
Equities	82%	5.40%

Discount Rate

A single discount rate of 5.06% was used to measure the total pension liability as of December 31, 2023. The single discount rate of 5.06% is based on the expected rate of return on pension plan investments of 6.50% and a municipal bond rate based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index of 3.77%. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2040. Therefore, a single discount rate of 5.06% was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023. A single discount rate of 5.06% was used to measure the total pension liability as of December 31, 2023. The change in the single discount rate is presented as an assumption change in the changes to the net pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 4.06%	**Current Single Rate Assumption 5.06%**	**1% Increase 6.06%**
City's net pension liability	$ 47,832,893	$ 39,812,152	$ 33,284,751

Money-Weighted Rate of Return

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

	Year	Annual Return
Annual money-weighted rate of return, net of investment expense	2023	16.81%

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

For the year ended December 31, 2023, the City recognized pension expense of $1,783,077 related to this plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 132,373	$ -
Change of assumptions	851,832	9,337,121
Net difference between projected and actual earnings on pension plan investments	499,398	-
Total	$ 1,483,603	$ 9,337,121

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

Year Ending December 31,	
2024	$ (2,860,615)
2025	(2,964,415)
2026	(1,379,451)
2027	(649,037)
Total	$ (7,853,518)

Note 12. Component Unit Retirement Plans

Defined Benefit Pension Plan

Plan Description: The retirement plan of the Corporation (Plan) is a noncontributory, single-employer defined benefit pension plan administered by the Corporation with the Corporation’s chief executive officer serving as the Plan’s trustee. The Plan provides retirement benefits to eligible employees in the form of monthly pension payments over the life of the participant. The Corporation’s board of directors has been assigned the authority to establish and amend benefit provisions of the Plan. An actuarial valuation is prepared by an independent actuary as of the beginning of each plan year, which occurs on August 1.

Copies of this report may be obtained by contacting the Corporation. The Corporation does not issue a stand-alone financial report for the Plan.

Benefits Provided. The Plan provides retirement benefits for full-time employees of the Corporation with at least one year of service and are at least 21 years of age. Retirement benefits are calculated as 1.5% of the employee's final five-year average salary times the employee's years of service. All employees may retire on the latter of an employee's 65th birthday or the fifth anniversary of the first day of the plan year in which participation in the Plan commenced. An employee who retires after the age of 62, but before age 65, and has completed at least 10 years of service may withdraw their vested accrued benefit, subject to a 0.250% per month actuarial reduction (if hired on or after January 1, 1990) or 0.167% actual reduction (if hired before January 1, 1990) for early commencement.

At August 1, 2023, the following employees of the Corporation were covered by the benefit terms:

	Component Unit Nonuniformed Employees' Defined Benefit
Inactive plan members or beneficiaries receiving benefits	100
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	235
Total	391

Contributions. The Corporation's policy is to contribute at least 100% of the actuarially determined contribution, subject to approval by the Corporation's board of directors. The Corporation's contribution rate and required contributions for the year ended December 31, 2023 were 17.13% and $3,174,711, respectively. Actual contributions for all departments totaled $3,500,000, or 110.25%, of required contributions.

Net Pension Liability

The Corporation's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2023 and then projected forward to the measurement date. There have been no significant changes between the valuation date and the measurement date.

Total pension liability in the August 1, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

	Component Unit Nonuniformed
Actuarial valuation date	8/1/2023
Investment rate of return	7%
Projected salary increases	4%
Inflation	3.5%

Mortality rates were based on the Pub-G 2010 Healthy Mortality Table, projected generationally with Scale MP 2019.

The best-estimate range for the long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns. The target allocations and the expected real returns were developed based on consultation with the Plan's investment advisor. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of August 1, 2023 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Stock	70%	5.00%
Fixed income	25%	3.00%
Cash equivalents	5%	0.00%

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will total the actuarially determined contribution. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Changes in the Corporation's net pension liability for the year ended December 31, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
January 1, 2023	$ 62,226,000	$ 40,920,099	$ 21,305,901
Changes for the year:			
Service cost	1,070,738	-	1,070,738
Interest	4,308,812	-	4,308,812
Effect of economic/demographic gains or losses	(1,358,916)	-	(1,358,916)
Employer contributions	-	3,500,000	(3,500,000)
Net investment income	-	6,417,893	(6,417,893)
Benefit payments	(2,413,866)	(2,413,866)	-
Net changes	1,606,768	7,504,027	(5,897,259)
December 31, 2023	$ 63,832,768	$ 48,424,126	$ 15,408,642

The schedule of changes in the component unit's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents information about the changes in the net pension liability of the Plan, differences between the actuarially determined contributions and employer contributions and related ratios.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 6.00%	**Current Single Rate Assumption 7.00%**	**1% Increase 8.00%**
Corporation's net pension liability	$ 21,921,055	$ 15,408,642	$ 8,896,227

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

For the year ended December 31, 2023, the Corporation recognized pension expense of $2,981,188. At December 31, 2023, the Corporation reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,248,057	$ 1,712,083
Net difference between projected and actual earnings on pension plan investments	2,276,263	-
Changes of assumptions	659,655	-
Total	$ 6,183,975	$ 1,712,083

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

Year Ending December 31,	
2024	$ 1,237,117
2025	1,936,321
2026	2,049,247
2027	(571,307)
2028	14,645
Thereafter	(194,131)
Total	$ 4,471,892

Section 457 Deferred Compensation Plan

The Conway Corporation 457 Supplemental Retirement Plan was formed, effective January 1, 2000, as a supplemental defined contribution retirement program for employees. Employee participation in this plan is optional. The Corporation makes matching contributions for eligible employees who elect to participate up to 75% of the first 3% of each participant's gross pay. Matching contributions for all Corporation employees for the year ended December 31, 2023 totaled $269,500.

Note 13. Other Postemployment Benefits (OPEB)

Governmental and Business-Type Activities

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

Funding Policy: The benefit payment requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan.

As of December 31, 2023, the following employees were covered by benefit terms:

Retirees or beneficiaries currently receiving benefit payments	25
Active members	435
Total	460

Total OPEB Liability – The City's total OPEB liability of $5,260,452 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

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

Discount rate	3.77% based on the 20-year municipal GO AA bond rate from Fidelity.
Inflation rate	2.50%
Healthcare cost trend rates	7.00% declining to an ultimate rate of 4.25% after 15 years.
Cost method	Individual Entry-Age Normal
Mortality	For healthy retirees, the RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 135% and female rates multiplied by 125%. The rates were adjusted for mortality improvements using projection scale MP-2017 from 2006.

The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. Additionally, the healthcare trend rates were updated to better reflect the plans anticipated experience.

Changes in Total OPEB Liability

Total OPEB liability – January 1, 2023	$ 4,862,289
Service cost	189,096
Interest	197,934
Difference between expected and actual experience	2,630
Changes of assumptions or other inputs (discount rate)	147,645
Benefit payments	(139,142)
Net change in total OPEB liability	398,163
Total OPEB liability – December 31, 2023	$ 5,260,452

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease 2.77%	**Discount Rate 3.77%**	**1% Increase 4.77%**
Total OPEB liability	$ 5,834,698	$ 5,260,452	$ 4,758,029

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

	Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates		
	1% Decrease (6.00% decreasing to 3.25%)	**Healthcare Cost Trend Rates (7.00% decreasing to 4.25%)**	**1% Increase (8.00% decreasing to 5.25%)**
Total OPEB liability	$ 4,658,612	$ 5,260,452	$ 5,971,374

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the City recognized OPEB expense of $395,383. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 516,854	$ 1,010,982
Changes of assumptions	633,867	659,279
Total	$ 1,150,721	$ 1,670,261

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

Fiscal Year Ending December 31,		
2024	$	8,353
2025		8,353
2026		8,353
2027		8,353
2028		(192,124)
Thereafter		(360,828)
	$	(519,540)

Component Unit

Plan Description: The Corporation offers retiree medical benefits and life insurance to employees who retire from active employment under the OPEB plan, administered by the Corporation. The Corporation's board of directors has been assigned the authority to establish and amend benefits of the OPEB plan. An actuarial valuation was prepared by an independent actuary as of December 31, 2023. There were no assets of the OPEB plan that were accumulated in a trust during the year ended December 31, 2023.

Benefits Provided: The OPEB plan provides medical and life insurance benefits for retirees and their surviving spouses. An employee is eligible to elect medical coverage upon meeting the eligibility requirements of the Plan if the employee pays 100% of the retiree premium. The OPEB plan also provides retirees with life insurance coverage of one time their basic annual earnings immediately prior to retirement, up to a maximum of $200,000. This amount is reduced by 50% at age 65.

At January 1, 2023, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefit payments	68
Active members	223
Total	291

During the year ended December 31, 2023, the Corporation paid, as they came due, $68,383 of benefit payments for OPEB.

Total OPEB Liability – The Corporation's total OPEB liability of $3,158,825 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions – The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.0% based on the S&P Municipal Bond 20-Year High Grade Index
Inflation rate	2.00%
Annual salary increases	4.00%
Healthcare cost trend rates	0% for 2023, increased/decreased each year, to an ultimate rate of 4.25% for 2032 and later
Cost method	Entry age normal
Mortality	Pub-G 2010 Healthy Mortality Table, projected generationally with Scale MP 2019

Changes in Total OPEB Liability

Total OPEB liability – January 1, 2023	$ 2,858,468
Service cost	81,925
Interest	123,492
Differences between expected and actual experience	217,692
Changes of assumptions or other inputs	(54,369)
Benefit payments	(68,383)
Net change in total OPEB liability	300,357
Total OPEB liability – December 31, 2023	$ 3,158,825

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the Corporation, as well as what the Corporation's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (4.00%) than the current discount rate:

	Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
	1% Decrease 3.00%	**Discount Rate 4.00%**	**1% Increase 5.00%**
Total OPEB liability	$ 3,380,138	$ 3,158,825	$ 2,955,292

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

	Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates		
	1% Decrease (-1.00% increasing/ decreasing to 3.25%)	Healthcare Cost Trend Rates (0% increasing /decreasing to 4.25%)	1% Increase (1.00% increasing/ decreasing to 5.25%)
Total OPEB liability	$ 2,585,379	$ 3,158,825	$ 3,520,259

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the Corporation recognized OPEB expense of $56,991. At December 31, 2023, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 711,974	$ 846,882
Changes of assumptions	105,014	717,016
Total	$ 816,988	$ 1,563,898

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

Fiscal Year Ending December 31,	
2024	$ (80,043)
2025	(80,043)
2026	(80,043)
2027	(82,068)
2028	(100,275)
Thereafter	(324,438)
	$ (746,910)

Note 14. Risk Management

The City has various insurance policies to cover its potential liability risk areas, *e.g.*, automobile, personal property, contents and outside structures, and workers' compensation. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. The AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by the AML based on such factors as claims experience, employee class multipliers and population. For risks covered by the AML, the City pays no deductible; however, the City pays a $2,000 fee to the AML for each legal matter it handles. There have been no significant reductions in coverage from 2022 to 2023; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

Note 15. Contingencies

The City is a member of the Arkansas Municipal Legal Defense Program (Program), which provides extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and their officials and employees, which will not exceed 25% of the Program's available funds at the time the lawsuit was filed or the judgment becomes final, or $1 million, whichever is less.

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

Note 16. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site for two years after certified closure at one landfill site and 30 years after certified closure at the current landfill site. Although closure and postclosure care costs will be paid only near or after the date that the current landfill stops accepting waste, the City recognizes a portion of these closure and postclosure care costs as an operating expense in each year based on landfill capacity used as of each statement of net position date.

The estimated liability for landfill closure and postclosure care costs was $9,283,034 as of December 31, 2023, which is based on the amount of the landfill site currently being used.

The City will recognize additional cost of closure and postclosure care as the remaining estimated capacity is filled. The City expects to close the landfills in the year 2028. Actual costs are subject to change due to inflation, deflation, changes in technology or changes in applicable laws or regulations.

The City is required by state and federal laws and regulations to establish financial assurance for the cost of closure and postclosure care. The City Council approved the establishment of a trust fund in which annual contributions would be made, commencing in 2003. At December 31, 2023, the trust held funds of approximately $6,654,000. The financial assurance is funded by a capital improvement sanitation surcharge that also funds sanitation capital improvements.

Note 17. Conduit Debt Obligations

From time to time, the City has issued economic development and other revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial, healthcare facilities, and other deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the state nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of December 31, 2023, the aggregate principal amount payable on these bonds was approximately $316,000,000.

Note 18. Tax Abatements

The City provides tax reductions under an economic development program with local businesses. The objective of the economic development program is to encourage the development and rehabilitation of new and existing industrial and commercial property throughout the City by offering a real estate tax incentive. Upon approval by the City, the applicant is eligible to receive a tax incentive by which the property will typically be charged 35% of the aggregate amount of the ad valorem taxes that would be paid. This incentive results in significant tax savings for eligible applicants. For the current fiscal year, the amount of property tax revenue forgone by the City due to these incentives is estimated at approximately $770,000.

Note 19. Subsequent Events

Conway Corporation (Corporation), a discretely presented component unit of the City, entered into a bond purchase agreement to issue $31,713,371 Water Revenue Improvement Bond, Series 2024A and a $7,579,609 Water Revenue Improvement Bond, Series 2024B for the purpose of financing improvements to the water system. Principal and interest is payable monthly through maturity on March 1, 2047, beginning approximately April 1, 2027, after the final disbursement of funds for improvements. The 2024A Bond bears an interest rate of 0.75% and a servicing fee of 1.00%, and the 2024B Bond bears no interest rate or servicing fee. The 2024B Bond principal will be forgiven as disbursements are made to fund improvements to the water system. The bonds are secured by a pledge of revenues generated by the Water Department of the Corporation.

Additionally, the Corporation entered into a loan agreement with a local financial institution for $6,000,000 for the purpose of financing construction costs for the New Operations Center. Principal payments will be paid annually beginning August 1, 2025, through August 1, 2029, and interest payments will be paid semi-annually beginning January 15, 2025. The note bears an interest rate of 7.09% and is secured by certificates of deposit at local financial institutions.

Required Supplementary Information

City of Conway, Arkansas
Agent Multiple-Employer Plan
Schedule of Changes in the City's Net Pension Liability and Related Ratios – PRPF
Year Ended December 31, 2023

Fiscal Year Ended December 31,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Total Pension Liability									
Interest	$ 593,715	$ 588,133	$ 604,513	$ 656,020	$ 674,225	$ 693,297	$ 724,823	$ 764,021	$ 762,953
Difference between actual and expected experience	(95,931)	137,512	19,027	(518,945)	(42,791)	211,692	(261,942)	(276,923)	112,870
Assumption changes	(173,611)	204,236	-	-	-	669,113	-	167,104	-
Benefit payments	(842,212)	(858,062)	(857,014)	(888,746)	(894,267)	(881,909)	(857,419)	(846,418)	(878,531)
Net Change in Total Pension Liability	(518,039)	71,819	(233,474)	(751,671)	(262,833)	692,193	(394,538)	(192,216)	(2,708)
Total Pension Liability – Beginning	8,902,755	8,830,936	9,064,410	9,816,081	10,078,914	9,386,721	9,781,259	9,973,475	9,976,183
Total Pension Liability – Ending (a)	$ 8,384,716	$ 8,902,755	$ 8,830,936	$ 9,064,410	$ 9,816,081	$ 10,078,914	$ 9,386,721	$ 9,781,259	$ 9,973,475
Plan Fiduciary Net Position									
Contributions – employer	$ 679,728	$ 688,179	$ 711,465	$ 697,983	$ 622,034	$ 662,423	$ 706,602	$ 667,367	$ 714,536
Local plan administrative mergers	-	-	-	-	-	-	2,625	-	-
Net investment income	(1,067,821)	1,053,597	754,987	936,350	(154,431)	697,256	288,502	9,168	351,703
Benefit payments	(842,212)	(858,062)	(857,014)	(888,746)	(894,267)	(881,909)	(857,419)	(846,418)	(878,531)
Administrative expense	(7,017)	(8,746)	(9,337)	(8,235)	(10,238)	(8,939)	(9,686)	(11,907)	(8,357)
Net Change in Plan Fiduciary Net Position	(1,237,322)	874,968	600,101	737,352	(436,902)	468,831	130,624	(181,790)	179,351
Plan Fiduciary Net Position – Beginning	7,332,388	6,457,420	5,857,319	5,119,967	5,556,869	5,088,038	4,957,414	5,139,204	4,959,853
Plan Fiduciary Net Position – Ending (b)	$ 6,095,066	$ 7,332,388	$ 6,457,420	$ 5,857,319	$ 5,119,967	$ 5,556,869	$ 5,088,038	$ 4,957,414	$ 5,139,204
City's Net Pension Liability (a) – (b)	$ 2,289,650	$ 1,570,367	$ 2,373,516	$ 3,207,091	$ 4,696,114	$ 4,522,045	$ 4,298,683	$ 4,823,845	$ 4,834,271
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.69%	82.36%	73.12%	64.62%	52.16%	55.13%	54.20%	50.68%	51.53%
Covered Payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

Change in Assumptions:
(1) In 2018, the investment rate of return changed from 7.75% in 2017 to 7.00% in 2018.
(2) In 2016, the inflation rate decreased from 3.00% in 2015 to 2.75% in 2016; the investment rate of return decreased from 8.00% in 2015 to 7.75% in 2016; and the projected salary increases decreased from 4.00% in 2015 to 3.75% in 2016.

City of Conway, Arkansas
Agent Multiple-Employer Plan
Schedule of Contributions – PRPF
Year Ended December 31, 2023

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered
2014	$ 714,536	$ 714,536	$ -	$ -	N/A
2015	$ 667,367	$ 667,367	$ -	$ -	N/A
2016	$ 706,602	$ 706,602	$ -	$ -	N/A
2017	$ 662,873	$ 662,873	$ -	$ -	N/A
2018	$ 643,774	$ 643,774	$ -	$ -	N/A
2019	$ 698,429	$ 698,429	$ -	$ -	N/A
2020	$ 711,908	$ 711,908	$ -	$ -	N/A
2021	$ 688,635	$ 688,635	$ -	$ -	N/A
2022	$ 679,728	$ 679,728	$ -	$ -	N/A
2023	$ 675,212	$ 675,212	$ -	$ -	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Closed Amortization Period based on projected future payroll
Remaining Amortization	5 years beginning January 1, 2022
Asset Valuation	5-Year smoothed market; 20% corridor (for funding purposes)
Inflation	2.50%
Salary Increases	3.25%, which is the portion of the individual pay increase assumptions attributable to wage inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the City’s plan of benefits. Last updated for the 2017 valuation pursuant to an experience study of the period 2012–2016.
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2016.

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

City of Conway, Arkansas
Agent Multiple-Employer Plan
Schedule of Changes in the City's Net Pension Liability and Related Ratios – FRPF
Year Ended December 31, 2023

Fiscal Year Ended December 31, 2023	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Interest	$ 623,284	$ 621,733	$ 624,091	$ 624,166	$ 643,980	$ 662,921	$ 645,070	$ 669,923	$ 699,332
Difference between actual and expected experience	33,327	182,854	131,860	160,965	(146,987)	206,064	258,794	(197,714)	754
Assumption changes	(165,247)	10,795	-	-	-	500,772	-	162,206	-
Benefit payments	(795,058)	(791,392)	(787,884)	(784,530)	(775,564)	(672,156)	(674,923)	(695,006)	(1,440,380)
Net Change in Total Pension Liability	(303,694)	23,990	(31,933)	601	(278,571)	697,601	228,941	(60,591)	(740,294)
Total Pension Liability – Beginning	9,301,579	9,277,589	9,309,522	9,308,921	9,587,492	8,889,891	8,660,950	8,721,541	9,461,835
Total Pension Liability – Ending (a)	$ 8,997,885	$ 9,301,579	$ 9,277,589	$ 9,309,522	$ 9,308,921	$ 9,587,492	$ 8,889,891	$ 8,660,950	$ 8,721,541
Plan Fiduciary Net Position									
Contributions – employer	$ 705,665	$ 695,005	$ 664,290	$ 668,635	$ 557,661	$ 582,066	$ 759,393	$ 801,590	$ 729,371
Net investment income	(1,045,130)	1,021,302	726,885	894,865	(145,992)	648,789	259,280	7,802	309,822
Benefit payments	(795,058)	(791,392)	(787,884)	(784,530)	(775,564)	(672,156)	(674,923)	(695,006)	(1,440,380)
Administrative expense	(6,867)	(8,477)	(8,990)	(7,870)	(9,679)	(8,318)	(8,767)	(10,200)	(7,362)
Net Change in Plan Fiduciary Net Position	(1,141,390)	916,438	594,301	771,100	(373,574)	550,381	334,983	104,186	(408,549)
Plan Fiduciary Net Position – Beginning	7,141,762	6,225,324	5,631,023	4,859,923	5,233,497	4,683,116	4,348,133	4,243,947	4,652,496
Plan Fiduciary Net Position – Ending (b)	$ 6,000,372	$ 7,141,762	$ 6,225,324	$ 5,631,023	$ 4,859,923	$ 5,233,497	$ 4,683,116	$ 4,348,133	$ 4,243,947
City's Net Pension Liability (a) – (b)	$ 2,997,513	$ 2,159,817	$ 3,052,265	$ 3,678,499	$ 4,448,998	$ 4,353,995	$ 4,206,775	$ 4,312,817	$ 4,477,594
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.69%	76.78%	67.10%	60.49%	52.21%	54.59%	52.68%	50.20%	48.66%
Covered Payroll	$ -	$ -	$ -	$ -	$ 26,754	$ -	$ -	$ -	$ -
City's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	16629.28%	N/A	N/A	N/A	N/A

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

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

Change in Assumptions:
(1) In 2018, the investment rate of return changed from 7.75% in 2017 to 7.00% in 2018.
(2) In 2016, the inflation rate decreased from 3.00% in 2015 to 2.75% in 2016; the investment rate of return decreased from 8.00% in 2015 to 7.75% in 2016; and the projected salary increases decreased from 4.00% in 2015 to 3.75% in 2016.

City of Conway, Arkansas
Agent Multiple-Employer Plan
Schedule of Contributions – FRPF
Year Ended December 31, 2023

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered
2014	$ 729,371	$ 729,371	$ -	$ -	N/A
2015	$ 801,590	$ 801,590	$ -	$ -	N/A
2016	$ 759,393	$ 759,393	$ -	$ -	N/A
2017	$ 590,164	$ 590,164	$ -	$ -	N/A
2018	$ 557,460	$ 557,460	$ -	$ -	N/A
2019	$ 669,081	$ 669,081	$ -	$ -	N/A
2020	$ 665,217	$ 665,217	$ -	$ -	N/A
2021	$ 695,770	$ 695,770	$ -	$ -	N/A
2022	$ 703,115	$ 703,115	$ -	$ -	N/A
2023	$ 738,005	$ 738,005	$ -	$ -	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Closed Amortization Period based on projected future payroll
Remaining Amortization	5 years beginning January 1, 2022
Asset Valuation	5-Year smoothed market; 20% corridor (for funding purposes)
Inflation	2.50%
Salary Increases	3.25%, which is the portion of the individual pay increase assumptions attributable to wage inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2017 valuation pursuant to an experience study of the period 2012–2016.
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2016.

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

City of Conway, Arkansas
Cost-Sharing Plan
Schedule of the City's Proportionate Share of the Net Pension Liability – LOPFI
Year Ended December 31, 2023

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	3.2981%	3.3291%	3.3474%	3.5725%	3.6930%	3.7416%	3.8261%	3.9910%	4.0634%
City's proportionate share of the net pension liability	$ 35,212,970	$ 16,822,399	$ 23,012,814	$ 27,606,309	$ 33,325,120	$ 26,588,042	$ 21,829,154	$ 20,943,166	$ 14,710,048
City's covered payroll	$ 13,326,288	$ 12,865,043	$ 12,596,196	$ 12,686,515	$ 12,450,855	$ 11,704,504	$ 11,477,083	$ 9,375,666	$ 10,662,985
City's proportionate share of the net pension liability as a percentage of its covered payroll	264.24%	130.76%	182.70%	217.60%	267.65%	227.16%	190.20%	223.38%	137.95%
Plan fiduciary net position as a percentage of the total pension liability	84.67%	84.67%	77.68%	73.03%	65.84%	71.17%	72.46%	72.41%	78.42%

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

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

City of Conway, Arkansas
Cost-Sharing Plan
Schedule of Contributions – LOPFI
Year Ended December 31, 2023

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contribution	$ 3,198,309	$ 3,031,998	$ 3,023,285	$ 2,960,106	$ 2,981,331	$ 2,883,619	$ 2,676,599	$ 2,527,860	$ 3,250,175
Contributions in relation to the actuarially required contribution	(3,198,309)	(3,031,998)	(3,023,285)	(2,960,106)	(2,981,331)	(2,883,619)	(2,676,599)	(2,527,860)	(3,250,175)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 13,326,288	$ 13,310,583	$ 12,865,043	$ 12,596,196	$ 12,686,515	$ 12,450,855	$ 11,704,504	$ 11,477,083	$ 9,375,666
Contributions as a percentage of covered payroll	24.00%	22.78%	23.50%	23.50%	23.50%	23.16%	22.87%	22.03%	34.67%

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

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

City of Conway, Arkansas
Single Employer Plan
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Nonuniformed Plan
Year Ended December 31, 2023

Fiscal Year Ended December 31, 2023	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 3,310,635	$ 3,534,390	$ 4,124,830	$ 3,330,863	$ 3,148,928	$ 3,298,661	$ 3,032,617	$ 3,010,273	$ 2,967,258	$ 2,313,305
Interest	2,692,833	2,307,513	1,964,956	2,042,444	2,057,073	1,814,774	1,851,930	1,698,455	1,696,589	1,744,947
Difference between actual and expected experience	61,162	-	239,261	-	171,116	-	(4,321,636)	-	(2,678,338)	-
Assumption changes	(3,085,570)	(8,201,732)	(6,390,894)	5,288,468	4,234,678	(4,318,217)	5,717,042	(1,060,169)	349,465	5,707,257
Benefit payments	(2,308,023)	(2,176,972)	(2,102,311)	(2,043,653)	(1,834,286)	(1,673,539)	(1,614,983)	(1,499,010)	(1,345,879)	(1,224,717)
Refunds	(374,839)	(469,597)	(319,572)	(198,543)	(281,769)	(229,219)	(136,657)	(211,124)	(185,640)	(53,856)
Net Change in Total Pension Liability	296,198	(5,006,398)	(2,483,730)	8,419,579	7,495,740	(1,107,540)	4,528,313	1,938,425	803,455	8,486,936
Total Pension Liability – Beginning	57,596,503	62,602,901	65,086,631	56,667,052	49,171,312	50,278,852	45,750,539	43,812,114	43,008,659	34,521,723
Total Pension Liability – Ending (a)	$ 57,892,701	$57,596,503	$ 62,602,901	$ 65,086,631	$ 56,667,052	$ 49,171,312	$ 50,278,852	$ 45,750,539	$ 43,812,114	$ 43,008,659
Plan Fiduciary Net Position										
Contributions – employer	$ 2,892,948	$ 1,646,345	$ 1,813,571	$ 1,479,652	$ 1,464,014	$ 1,111,470	$ 1,029,340	$ 938,264	$ 940,301	$ 929,460
Contributions – employee	1,047,185	935,738	844,162	748,893	693,403	588,992	554,240	531,381	543,809	529,837
Net investment income	2,376,750	(2,392,338)	1,503,088	2,208,218	2,202,707	(1,131,389)	1,576,156	505,146	(185,133)	514,083
Benefit payments	(2,308,023)	(2,176,972)	(2,102,311)	(2,043,653)	(1,834,286)	(1,673,539)	(1,614,983)	(1,499,010)	(1,345,879)	(1,224,717)
Refunds	(374,839)	(469,597)	(319,572)	(198,543)	(281,769)	(229,219)	(136,657)	(211,124)	(185,640)	(53,856)
Administrative expense	(441)	(19,418)	(7,102)	(27,169)	(7,191)	(24,688)	(21,472)	(45,306)	(19,674)	(3,079)
Net Change in Plan Fiduciary Net Position	3,633,580	(2,476,242)	1,731,836	2,167,398	2,236,878	(1,358,373)	1,386,624	219,351	(252,216)	691,728
Plan Fiduciary Net Position – Beginning	14,446,969	16,923,211	15,191,375	13,023,977	10,787,099	12,145,472	10,758,848	10,539,497	10,791,713	10,099,985
Plan Fiduciary Net Position – Ending (b)	$ 18,080,549	$14,446,969	$ 16,923,211	$ 15,191,375	$ 13,023,977	$ 10,787,099	$ 12,145,472	$ 10,758,848	$ 10,539,497	$ 10,791,713
City's Net Pension Liability (a)–(b)	$ 39,812,152	$43,149,534	$ 45,679,690	$ 49,895,256	$ 43,643,075	$ 38,384,213	$ 38,133,380	$ 34,991,691	$ 33,272,617	$ 32,216,946
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	31.23%	25.08%	27.03%	23.34%	22.98%	21.94%	24.16%	23.52%	24.06%	25.09%
Covered Payroll	$ 13,933,650	$11,960,710	$ 11,291,620	$ 10,464,540	$ 10,314,210	$ 9,514,453	$ 9,237,333	$ 8,856,350	$ 8,443,332	$ 8,638,180
City's Net Pension Liability as a Percentage of Covered Payroll	285.73%	360.76%	404.55%	476.80%	423.14%	403.43%	412.82%	395.10%	394.07%	372.96%

Change in Assumptions:
(1) In 2017, the mortality table changed from the RP-2000 Combined Healthy mortality table projected to 2020 using Projection Scale BB, set forward two years for males and set forward one year for females. The disabled rates of mortality are set forward 10 years and are otherwise the same as the healthy rates.

City of Conway, Arkansas
Single Employer Plan
Schedule of City Contributions – Nonuniformed Plan
Year Ended December 31, 2023

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered
2014	$ 2,526,083	$ 929,460	$ (1,596,623)	$ 8,638,180	10.76%
2015	$ 2,681,954	$ 940,301	$ (1,741,653)	$ 8,443,332	11.14%
2016	$ 2,762,413	$ 938,264	$ (1,824,149)	$ 8,856,350	10.59%
2017	$ 2,845,285	$ 1,029,340	$ (1,815,945)	$ 9,237,333	11.14%
2018	$ 2,716,162	$ 1,111,470	$ (1,604,692)	$ 9,514,453	11.68%
2019	$ 9,797,647	$ 1,464,014	$ (8,333,633)	$ 10,314,210	14.19%
2020	$ 2,917,205	$ 1,479,652	$ (1,437,553)	$ 10,464,540	14.14%
2021	$ 3,004,721	$ 1,813,571	$ (1,191,150)	$ 11,291,620	16.06%
2022	$ 2,911,720	$ 1,646,345	$ (1,265,375)	$ 11,960,710	13.76%
2023	$ 2,999,072	$ 2,892,948	$ (106,124)	$ 13,933,650	20.76%

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization	20 years
Asset Valuation	Market Value
Inflation	2.75%
Salary Increases	3.50%
Investment Rate of Return	6.50%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2012 pursuant to an experience study of the period 2008–2011.
Mortality	RP-2014 Healthy Annuitant Mortality Table multiplied by 135% for males and 125% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006. For disabled retirees, RP-2014 Disabled Annuitant Mortality Table multiplied by 135% for males and 125% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

City of Conway, Arkansas
Single Employer Plan
Schedule of Investment Returns – Nonuniformed Plan
Year Ended December 31, 2023

Fiscal Year Ended December 31,	Annual Return
2014	5.60%
2015	-1.74%
2016	5.50%
2017	15.80%
2018	-10.00%
2019	21.60%
2020	17.80%
2021	10.30%
2022	-15.15%
2023	16.81%

City of Conway, Arkansas
Single Employer Plan
Schedule of Changes in the Component Unit's Net Pension Liability and Related Ratios – Conway Corporation Plan
Year Ended December 31, 2023

Fiscal Year Ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 1,070,738	$ 1,087,220	$ 1,063,084	$ 1,002,305	$ 929,828	$ 863,738	$ 836,923	$ 708,579	$ 677,103
Interest	4,308,812	4,003,983	3,737,756	3,616,015	3,049,700	2,858,010	2,662,858	2,504,323	2,337,528
Difference between actual and expected experience	(1,358,916)	1,461,450	819,967	(1,263,550)	3,848,145	810,058	434,692	(121,199)	152,673
Changes of assumptions	-	-	-	-	1,759,075	-	-	-	-
Benefit payments	(2,413,866)	(1,965,590)	(1,693,696)	(1,598,300)	(1,467,229)	(1,299,894)	(1,051,119)	(862,586)	(770,966)
Net Change in Total Pension Liability	1,606,768	4,587,063	3,927,111	1,756,470	8,119,519	3,231,912	2,883,354	2,229,117	2,396,338
Total Pension Liability – Beginning	62,226,000	57,638,937	53,711,826	51,955,356	43,835,837	40,603,925	37,720,571	35,491,454	33,095,116
Total Pension Liability – Ending (a)	$ 63,832,768	$ 62,226,000	$ 57,638,937	$ 53,711,826	$ 51,955,356	$ 43,835,837	$ 40,603,925	$ 37,720,571	$ 35,491,454
Plan Fiduciary Net Position									
Contributions – employer	$ 3,500,000	$ 2,400,000	$ 2,392,000	$ 2,200,000	$ 2,092,000	$ 1,980,000	$ 1,931,179	$ 1,852,707	$ 2,024,664
Net investment income (loss)	6,417,893	(7,014,178)	4,004,937	6,191,752	5,728,748	(2,629,350)	3,652,273	1,275,030	(168,046)
Benefit payments	(2,413,866)	(1,965,590)	(1,693,696)	(1,598,300)	(1,467,229)	(1,299,894)	(1,051,119)	(862,586)	(770,966)
Administrative expense	-	-	-	-	-	(11,212)	(11,215)	(11,239)	(11,110)
Net Change in Plan Fiduciary Net Position	7,504,027	(6,579,768)	4,703,241	6,793,452	6,353,519	(1,960,456)	4,521,118	2,253,912	1,074,542
Plan Fiduciary Net Position – Beginning	40,920,099	47,499,867	42,796,626	36,003,174	29,649,655	31,610,111	27,088,993	24,835,081	23,760,539
Plan Fiduciary Net Position – Ending (b)	$ 48,424,126	$ 40,920,099	$ 47,499,867	$ 42,796,626	$ 36,003,174	$ 29,649,655	$ 31,610,111	$ 27,088,993	$ 24,835,081
Corporation's Net Pension Liability (a)–(b)	$ 15,408,642	$ 21,305,901	$ 10,139,070	$ 10,915,200	$ 15,952,182	$ 14,186,182	$ 8,993,814	$ 10,631,578	$ 10,656,373
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.86%	65.76%	82.41%	79.68%	69.30%	67.64%	77.85%	71.81%	69.97%
Covered Payroll	$ 18,527,701	$ 18,724,972	$ 17,937,660	$ 16,799,942	$ 16,216,377	$ 15,147,188	$ 14,721,678	$ 13,824,271	$ 13,111,553
Corporation's Net Pension Liability as a Percentage of Covered Payroll	83.17%	113.78%	56.52%	64.97%	98.37%	93.66%	61.09%	76.91%	81.27%

Note: Information in this schedule has been determined as of the measurement date (August 1 of the most recent fiscal year-end) of the Corporation's net pension liability.

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

Change in Assumptions:
(1) In 2019, the inflation rate increased from 2.50% in 2018 to 3.50% in 2019.

City of Conway, Arkansas
Single Employer Plan
Schedule of Component Unit Contributions – Conway Corporation Plan
Year Ended December 31, 2023

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered
2015	$ 1,737,774	$ 2,024,664	$ 286,890	$ 13,111,553	15.44%
2016	$ 1,779,575	$ 1,852,707	$ 73,132	$ 13,824,271	13.40%
2017	$ 1,974,247	$ 1,931,179	$ (43,068)	$ 14,721,678	13.12%
2018	$ 1,971,278	$ 1,980,000	$ 8,722	$ 15,147,188	13.07%
2019	$ 2,090,124	$ 2,092,000	$ 1,876	$ 16,216,377	12.90%
2020	$ 2,510,257	$ 2,200,000	$ (310,257)	$ 16,799,942	13.10%
2021	$ 2,398,914	$ 2,392,000	$ (6,914)	$ 17,937,660	13.34%
2022	$ 2,106,543	$ 2,400,000	$ 293,457	$ 18,724,972	12.82%
2023	$ 3,174,711	$ 3,500,000	$ 325,289	$ 18,527,701	18.89%

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

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

City of Conway, Arkansas
Defined Benefit Other Postemployment Benefit Plan
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retired Healthcare Plan
Year Ended December 31, 2023

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability – January 1	$ 4,862,289	$ 6,082,625	$ 5,720,142	$ 3,754,696	$ 3,562,285	$ 4,369,035
Service cost	189,096	315,307	292,120	249,876	143,236	160,416
Interest	197,934	113,612	115,701	124,179	131,144	138,063
Difference between expected and actual experience	2,630	(763,757)	12,556	1,005,030	-	(757,219)
Changes of assumptions or other inputs	147,645	(754,021)	104,379	727,288	123,337	(154,639)
Benefit payments	(139,142)	(131,477)	(162,273)	(140,927)	(205,306)	(193,370)
Net change in total OPEB liability	398,163	(1,220,336)	362,483	1,965,446	192,411	(806,749)
Total OPEB liability – December 31	$ 5,260,452	$ 4,862,289	$ 6,082,625	$ 5,720,142	$ 3,754,696	$ 3,562,286
Covered-employee payroll	$ 29,336,054	$ 27,241,529	$ 25,180,957	$ 23,834,726	$ 22,669,043	$ 23,116,665
Total OPEB liability as a percentage of covered-employee payroll	17.93%	17.85%	24.16%	24.00%	16.56%	15.41%

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

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

Change in Assumptions:

(1) In 2020, due to changes in actuarial firms, all assumption and method changes other than the discount rate were included in the difference between expected and actual experience. These changes included: a change in inflation rate from 3.0% in 2019 to 2.5% in 2020; the mortality table used in 2019 was the RP-2014 Morality Table and it changed to the RP-2014 Healthy Annuitant Mortality Tables with male rates multiplied by 135% and female rates multiplied by 125%, and the rates were adjusted for mortality improvements using projection scale MP-2017 from 2006; the healthcare trend rate in 2019 was 8% for 2019 decreasing annually to an ultimate rate of 5% for 2025; and the healthcare trend rate in 2020 was an initial rate of 7% declining to an ultimate rate of 4.25% after 13 years.

Year	**Discount Rate**
2023	3.77%
2022	4.05%
2021	1.84%
2020	2.00%
2019	3.26%
2018	3.64%

City of Conway, Arkansas
Defined Benefit Other Postemployment Benefit Plan
Schedule of Changes in the Conway Corporation’s Total OPEB Liability and Related Ratios
Retired Healthcare and Life Insurance Plan
Year Ended December 31, 2023

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Total OPEB liability – January 1	$ 2,858,468	$ 3,693,910	$ 3,131,180	$ 3,580,074	$ 3,298,795	$ 2,950,791
Service cost	81,925	130,746	256,450	209,947	111,144	96,694
Interest	123,492	84,041	62,424	118,884	113,900	114,015
Difference between expected and actual experience	217,692	(366,408)	496,786	(859,723)	135,424	-
Changes of assumptions or other inputs	(54,369)	(635,543)	(202,951)	158,611	7,479	200,295
Benefit payments	(68,383)	(48,278)	(49,979)	(76,613)	(86,668)	(63,000)
Net change in total OPEB liability	300,357	(835,442)	562,730	(448,894)	281,279	348,004
Total OPEB liability – December 31	$ 3,158,825	$ 2,858,468	$ 3,693,910	$ 3,131,180	$ 3,580,074	$ 3,298,795
Covered-employee payroll	$ 18,527,701	$ 18,724,972	$ 17,937,660	$ 16,799,942	$ 16,216,377	$ 17,426,201
Total OPEB liability as a percentage of covered-employee payroll	17.05%	15.27%	20.59%	18.64%	22.08%	18.93%

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

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

Change in Assumptions:
(1) In 2019, the annual salary increases increased from 3.00% in 2018 to 4.00% in 2019. Additionally, healthcare trends increased from 3.40% to 3.90% from 2018 to 2019 to 4.00% to 5.00% in 2025.

Year	**Discount Rate**
2023	4.00%
2022	4.31%
2021	2.25%
2020	1.93%
2019	3.26%
2018	3.44%

City of Conway, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General property taxes	$ 4,220,000	$ 4,220,000	$ 4,749,852	$ 529,852
Sales and use taxes	28,800,000	28,800,000	30,155,526	1,355,526
Licenses and permits	43,500	553,500	689,108	135,608
Charges for services	1,610,500	1,849,029	2,082,175	233,146
Fines and forfeitures	1,123,500	1,123,500	1,305,822	182,322
Franchise fees	3,804,000	3,804,000	4,053,614	249,614
Intergovernmental	2,250,000	2,801,862	2,754,331	(47,531)
Investment income	123,000	123,000	1,310,831	1,187,831
Miscellaneous	250,850	567,921	669,386	101,465
Total Revenues	42,225,350	43,842,812	47,770,645	3,927,833
Expenditures				
Current				
General government	6,799,898	7,003,537	7,288,556	285,019
Police	17,760,273	19,040,995	18,148,201	(892,794)
Fire	12,456,124	12,742,263	12,778,300	36,037
Parks and recreation	4,306,625	4,387,977	4,490,177	102,200
Info tech	1,562,332	1,662,529	1,503,012	(159,517)
Capital outlay				
General government	33,000	135,261	613,392	478,131
Police	-	59,082	-	(59,082)
Fire	213,600	3,411,523	2,615,402	(796,121)
Parks and recreation	75,000	575,000	-	(575,000)
Info tech	250,000	274,650	-	(274,650)
Debt service				
Principal	60,192	60,192	59,430	(762)
Interest	1,426	1,426	614	(812)
Total Expenditures	43,518,470	49,354,435	47,497,084	(1,857,351)
Deficiency of Revenues Under Expenditures	(1,293,120)	(5,511,623)	273,561	5,785,184
Other Financing Sources				
Proceeds from sale of capital assets	-	298,657	328,386	29,729
Transfers in	820,000	820,000	766,100	(53,900)
Total Other Financing Sources	820,000	1,118,657	1,094,486	(24,171)
Net Change in Fund Balances	(473,120)	(4,392,966)	1,368,047	5,761,013
Fund Balances, Beginning of Year	23,196,874	23,196,874	23,196,874	-
Fund Balances, End of Year	$ 22,723,754	$ 18,803,908	$ 24,564,921	$ 5,761,013

City of Conway, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General property taxes	$ 1,506,000	$ 1,506,000	$ 1,778,033	$ 272,033
Sales and use taxes	400,000	400,000	413,611	13,611
Licenses and permits	-	-	540	540
Charges for services	15,000	15,000	7,900	(7,100)
Intergovernmental	5,479,000	5,479,000	5,262,300	(216,700)
Investment income	100,000	100,000	238,119	138,119
Miscellaneous	-	-	129,758	129,758
Total Revenues	7,500,000	7,500,000	7,830,261	330,261
Expenditures				
Current				
Public works	7,040,000	7,635,718	4,759,238	2,876,480
Capital outlay	460,000	902,022	2,227,983	(1,325,961)
Total Expenditures	7,500,000	8,537,740	6,987,221	1,550,519
Deficiency of Revenues Under Expenditures	-	(1,037,740)	843,040	1,880,780
Other Financing Sources				
Proceeds from sale of capital assets	-	-	24,600	24,600
Total Other Financing Sources	-	-	24,600	24,600
Net Change in Fund Balances	-	(1,037,740)	867,640	1,905,380
Fund Balances, Beginning of Year	4,166,619	4,166,619	4,166,619	-
Fund Balances, End of Year	$ 4,166,619	$ 3,128,879	$ 5,034,259	$ 1,905,380

City of Conway, Arkansas
Budgetary Comparison Schedule
2018 Street Sales & Use Tax Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Sales and use taxes	$ 1,950,000	$ 1,950,000	$ 1,904,986	$ (45,014)
Investment income	-	-	1,238,775	1,238,775
Total Revenues	1,950,000	1,950,000	3,143,761	1,193,761
Expenditures				
Capital outlay	1,950,000	1,950,000	793,955	(1,156,045)
Total Expenditures	1,950,000	1,950,000	793,955	(1,156,045)
Net Change in Fund Balances	-	-	2,349,806	2,349,806
Fund Balances, Beginning of Year	20,799,561	20,799,561	20,799,561	-
Fund Balances, End of Year	$ 20,799,561	$ 20,799,561	$ 23,149,367	$ 2,349,806

City of Conway, Arkansas
Budgetary Comparison Schedule
Sales Tax Capital Improvement Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Sales and use taxes	$ 5,000,000	$ 5,000,000	$ 5,442,255	$ 442,255
Intergovernmental	-	-	1,017,101	1,017,101
Investment income	100,000	100,000	593,365	493,365
Total Revenues	5,100,000	5,100,000	7,052,721	1,952,721
Expenditures				
Capital outlay	5,100,000	5,100,000	3,432,199	(1,667,801)
Total Expenditures	5,100,000	5,100,000	3,432,199	(1,667,801)
Net Change in Fund Balances	-	-	3,620,522	3,620,522
Fund Balances, Beginning of Year	9,946,057	9,946,057	9,946,057	-
Fund Balances, End of Year	$ 9,946,057	$ 9,946,057	$ 13,566,579	$ 3,620,522

Note 1. Budgets and Budgetary Accounting

Budgeted revenues and expenditures represent the formal operating budget adopted by the Council, as amended by the Council during the year. Budgetary control is maintained at the departmental level. Budgeted amounts not spent by year-end lapse in personnel services and operating accounts. Amounts for capital projects that are underway but not finished may be rolled forward to the following year if requested by the department head. Expenditures greater than budgeted amounts must be approved by Council voting to amend the budget. Department heads have the authority to submit a budget adjustment request to the finance department for approval if the adjustment is within a budget category and is within their approved total for the category. The chief financial officer may present the request to the mayor if the request seems unusual or noteworthy. The mayor may choose to take any request to the Council if it is one that may be unusual or highly visible. All budget transfers are documented by the budget analyst and tracked in the City's computerized financial system. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. All annual appropriations lapse at year-end.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The *Budgetary Comparison Schedules* present the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

Other Required Report

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Independent Accountant's Report on Compliance with Certain State Acts

The Mayor and City Council
City of Conway, Arkansas

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

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

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

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

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

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

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

Forvis Mazars, LLP

Little Rock, Arkansas
September 27, 2024

Single Audit Section

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

Independent Auditor's Report

The Mayor and City Council
City of Conway, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Conway, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated September 27, 2024. Our report includes a reference to other auditors who audited the financial statements of Conway Corporation, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Conway Advertising and Promotion Commission, included in the financial statements were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Little Rock, Arkansas
September 27, 2024

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

Independent Auditor's Report

The Mayor and City Council
City of Conway, Arkansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Forvis Mazars, LLP

Little Rock, Arkansas
September 27, 2024

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
CDBG – Entitlement Grants Cluster				
U.S. Department of Housing and Urban Development/Community Development Block Grants/Entitlement Grants	14.218		$ -	$ 492,308
Total CDBG – Entitlement Grants Cluster			-	492,308
Highway Planning and Construction Cluster				
U.S. Department of Transportation/ Arkansas State Highway Department/ Highway Planning and Construction (Federal-Aid Highway Program)	20.205	080566	-	1,017,101
Total Highway Planning and Construction Cluster			-	1,017,101
U.S. Department of Justice/Connect and Protect	16.745		-	217,863
U.S. Department of Transportation/ COVID-19 – Airport Improvement Program	20.106		-	333,737
U.S. Department of Treasury/COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		-	3,733,115
U.S. Department of Homeland Security/ Homeland Security Grant Program	97.067		-	80,279
Total Expenditures of Federal Awards			$ -	$ 5,874,403

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the primary government of the City under programs of the federal government for the year ended December 31, 2023. The City's reporting entity is defined in Note 1 in the City's basic financial statements for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for major federal programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

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

7. Identification of major federal programs:

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

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

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

Section II – Financial Statement Findings

Reference Number	Finding

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

No matters are reportable.

City of Conway, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	