



## Regular Meeting of the Board of Directors

City of Texarkana, Arkansas

216 Walnut Street

Agenda - Monday, February 07, 2022 - 6:00 PM

### \*\*\*AUDIT WORKSHOP - 5:00 PM\*\*\*

Call to Order

Roll Call

Invocation given by Director Barbara Miner.

Pledge of Allegiance led by Bi-State Building Manager Kristine Barron.

#### CITIZEN COMMUNICATION

*A limit of five (5) minutes per person is allotted for citizens to express their concerns to the Board of Directors, with a maximum of fifty (50) minutes reserved for Citizens Communication. The Board of Directors cannot respond to citizens' concerns during this time.*

*Be respectful of the Board of Directors, city staff, and the public by refraining from abusive conduct, personal charges, or verbal attacks.*

#### PRESENTATION(S)

1. Presentation of the City of Texarkana, Arkansas Employee Service Awards. (CCD)
2. AR-TX REDI Video presentation. (Admin)
3. Audit Presentation given by Cynthia Burns, BKD, LLP. (FIN)

#### CONSENT

4. Approval of the minutes of the rescheduled regular meeting January 18, 2022. (CCD) City Clerk Heather Soyars
5. Adopt a Resolution rescheduling the Juneteenth City Holiday and the Board of Directors' second meeting in June. (CCD) City Clerk Heather Soyars
6. Adopt a Resolution authorizing the City Manager to enter into a contract for the US Highway 82 East 8" Sewer Main Extension Phase I. (TWU) Interim Executive Director Gary Smith

7. Adopt a Resolution authorizing the City Manager to enter into an agreement with the City of Texarkana, Texas for Police Criminal Investigation Division (CID) services. (FIN) Finance Director TyRhonda Henderson
8. Adopt a Resolution to purchase a Ford Edge for Narcotics Task Force Operations. (TAPD) Captain Bobby Jordon
9. Adopt a Resolution authorizing the City Manager to purchase a New Holland TS6.110 Tractor for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards
10. Adopt a Resolution authorizing the City Manager to purchase a John Deere Mini Excavator for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards
11. Adopt a Resolution authorizing the City Manager to purchase a Used Water Truck for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards
12. Adopt a Resolution authorizing the City Manager to purchase a Used Pneumatic Roller for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards
13. Adopt a Resolution amending the 2022 Budget to include the reallocation of 2021 funding for Nix Creek Improvements. (PWD) Public Works Director Tyler Richards

#### **REGULAR**

14. Adopt a Resolution accepting the year end 2020 Audit Report. (FIN) Finance Director TyRhonda Henderson
15. Adopt a Resolution for the City Manager to enter into a lease agreement on behalf of the Texarkana Regional Airport with Flight Solutions, LLC, for the construction of 3 aircraft hangers. (Airport) Airport Director Paul Mehrlich
16. Adopt a Resolution authorizing the City Manager to enter into a contract with Spears Engineering Company for the design of the US HWY 71 North 42" Water Main Relocation Project. (TWU) Interim Executive Director Gary Smith
17. Adopt an Ordinance for the updating and repair of the City's Storm Siren System. (TAFD) Chief David Fletcher

*An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.*

18. Adopt an Ordinance authorizing the City Manager to enter into an Interlocal Agreement with Miller County for housing Municipal Prisoners at the Miller County Detention Center. (Admin)

*An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.*

**BOARD OF DIRECTORS' COMMENTARY**

**CITY MANAGER REPORT**

**NEXT MEETING DATE: Tuesday, February 22, 2022**

**ADJOURN**

**2022 City Calendar**

**Ribbon Cutting at the Rec Center - Thursday, February 17, 2022**

**Grand Opening for Rec Center - Saturday, February 19, 2022**

**President's Day - City Holiday - Monday, February 21, 2022**

**Annual Chili Cook-Off - Friday, February 25, 2022**

**Twin City Black History Association Parade - Saturday, February 26, 2022**



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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**AGENDA TITLE:** Presentation of the City of Texarkana, Arkansas Employee Service Awards. (CCD)

**AGENDA DATE:** February 7, 2022

**ITEM TYPE:** Ordinance  Resolution  Other : Presentation

**DEPARTMENT:** City Clerk Department

**PREPARED BY:** Heather Soyars, City Clerk

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**REQUEST:** Presentation of employee service awards.

**EMERGENCY CLAUSE:** N/A

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**SUMMARY:** Employee Service Awards:

Christopher Manley	Bi-State	25 Years
Patrick Nelson	Bi-State	25 Years
Jason A. Cherry	TAFD	20 Years
Montri Jones	TAFD	30 Years
Kristopher Bocox	TAPD – Computer Services Technician	20 Years
Michael Lynch	TWU	5 Years
David Mills, Jr.	TWU	15 Years
Michael Sorrell	TWU	20 Years

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**EXPENSE REQUIRED:** N/A

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**AMOUNT BUDGETED:** N/A

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**APPROPRIATION  
REQUIRED:** N/A

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**RECOMMENDED  
ACTION:** N/A

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**EXHIBITS:** None





experience **BKD**  
CPAs & ADVISORS



**CPAs & ADVISORS**

experience **perspective** //

# City of Texarkana, Arkansas

December 31, 2020 Audit Presentation

# Agenda

Objectives of Audit

Auditor Communications

2020 Financial Highlights

Single Audit and State  
Compliance



# Objectives of the Audit

To provide opinion on whether financial statements are fairly stated, in all *material* respects

Reporting on compliance with certain laws & regulations (*Government Auditing Standards*)

Issuing report on internal controls over financial reporting and compliance requirements (no opinion) (*Government Auditing Standards*)

Issuing report on compliance for the major federal program and internal controls over compliance

Issuing report on compliance with certain state laws



# Management vs. Auditor's Responsibility

Financial statements are  
the responsibility of  
management



BKD's responsibility is to  
express opinions on the  
financial statements  
based on our audit



# Required Communication to the Board



# Award For Excellence in Financial Reporting

## Certificate of Achievement for Excellence in Financial Reporting

- Awarded by Government Finance Officers Association (GFOA)
- ACFR\* must be easily readable, efficiently organized, in accordance with GAAP and meet legal requirements

City received 2019 award

\* Annual Comprehensive Financial Report



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Texarkana  
Arkansas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# Annual Comprehensive Financial Report (ACFR)

## Introductory Section

- Table of Contents
- Letter of Transmittal
- GFOA certificate
- Organizational Chart
- List of Elected or Appointed Officials

## Financial Section

- Independent Auditor's Report
- Management Discussion & Analysis
- Basic Financial Statements & Notes
- Required Supplementary Information
- Other Supplementary Information

## Statistical Section

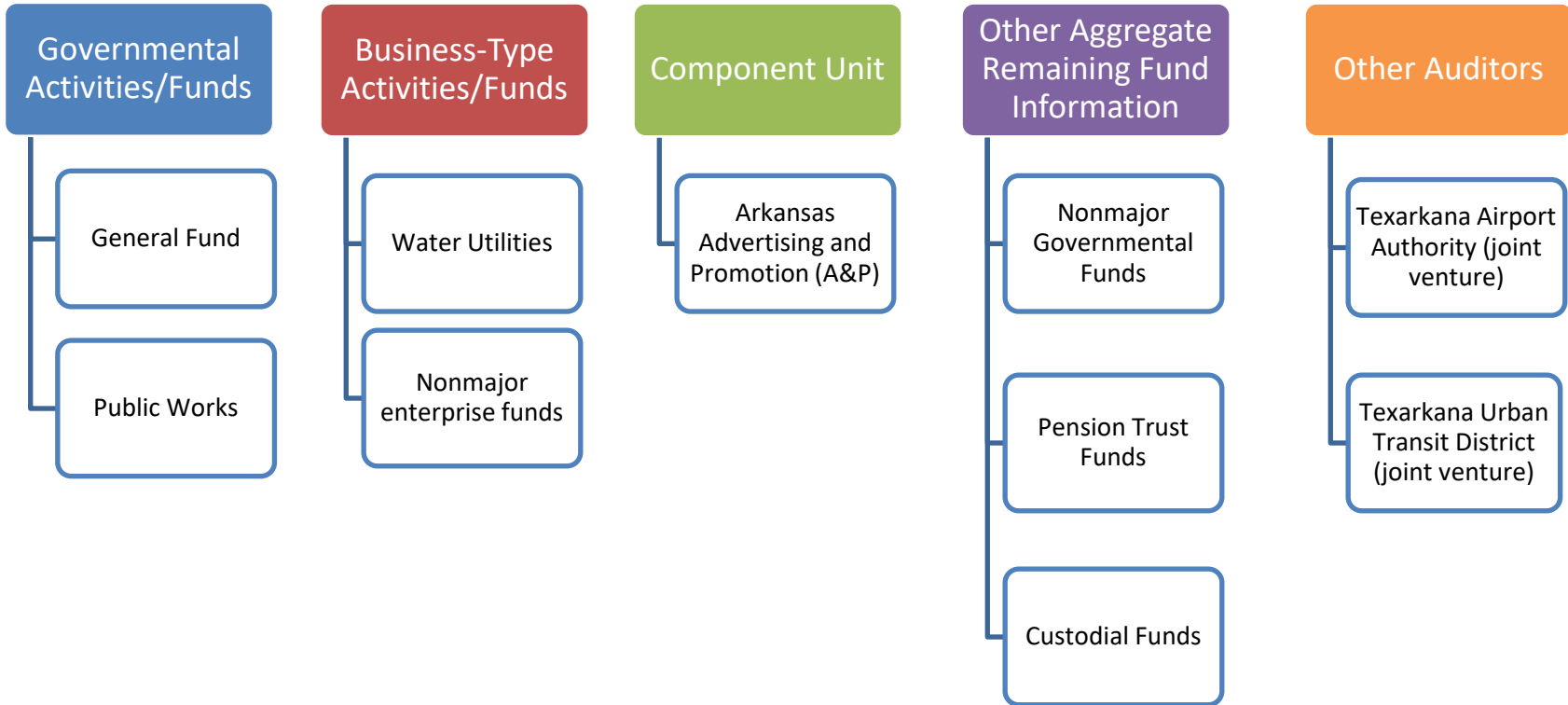
- Financial Trends
- Revenue Capacity
- Debt capacity
- Demographic and Economic information
- Operating Information

## Single Audit

- Schedule of Expenditures of Federal Awards
- Report on Internal Control over Financial Reporting and on Compliance and on other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report on Compliance for Major Federal Program and Report on Internal Control over Compliance
- Schedule of Findings and Questioned Costs



# Financial Statements Audit





# Financial Highlights

## Net Position – Governmental Activities

Over time, increases or decreases may be a useful indicator of whether financial position is improving or deteriorating

*Governmental activities' net position increased 1.68% from 2019 to 2020*

	Governmental Activities	
	2020	2019
Current and other assets	\$ 35,468,177	\$32,640,970
Capital assets	34,354,470	34,100,317
Other assets	-	-
Total assets	69,822,647	66,741,287
Deferred outflows of resources	6,395,705	8,929,435
Long-term liabilities	58,780,865	62,358,064
Other liabilities	3,778,768	2,136,004
Total liabilities	62,559,633	64,494,068
Deferred inflows of resources	2,640,406	340,366
Net position:		
Net investment in capital assets	11,573,523	11,887,149
Restricted	5,021,170	3,778,615
Unrestricted	(5,576,380)	(4,829,476)
Total net position	\$ 11,018,313	\$10,836,288

# Financial Highlights

## Changes in Net Position – Governmental Activities

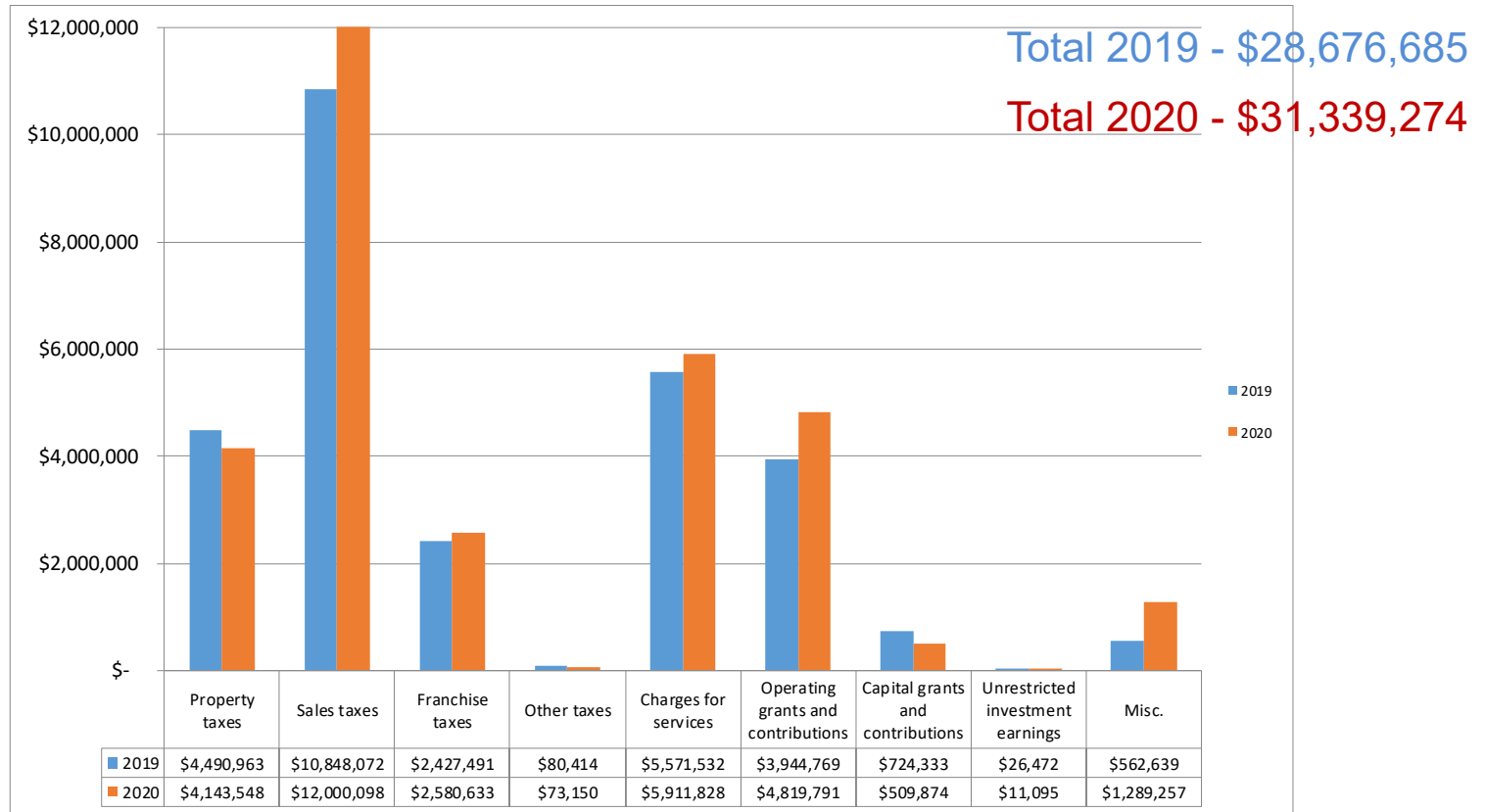
This table summarizes the operations of the City's governmental activities by fiscal year

*From 2019 to 2020, revenues increased by \$2,662,589 and expenses increased by \$1,620,884.*

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 5,911,828	\$ 5,571,532
Operating grants and contributions	4,819,791	3,944,769
Capital grants and contributions	509,874	724,333
General revenues:		
Property taxes	4,143,548	4,490,963
Other taxes	14,653,881	13,275,563
Other revenue	1,300,352	669,525
Total revenues	<u>31,339,274</u>	<u>28,676,685</u>
Expenses:		
General administration	3,585,283	2,431,094
Police department	10,057,223	9,147,662
Fire department	6,316,894	6,424,089
Other public safety	1,083,063	1,807,769
Protective inspection	602,488	542,856
Public works	7,125,056	6,931,855
Public services	71,343	61,695
Health and welfare	696,837	609,728
Cultural and recreation	1,260,562	1,214,342
Interest on long-term debt	762,801	769,576
Water and sewer	-	-
Total expenses	<u>31,561,550</u>	<u>29,940,666</u>
Increase (decrease) in net position before transfers	(222,276)	(1,263,981)
Transfers	<u>404,301</u>	<u>560,828</u>
Increase (Decrease) in net position	182,025	(703,153)

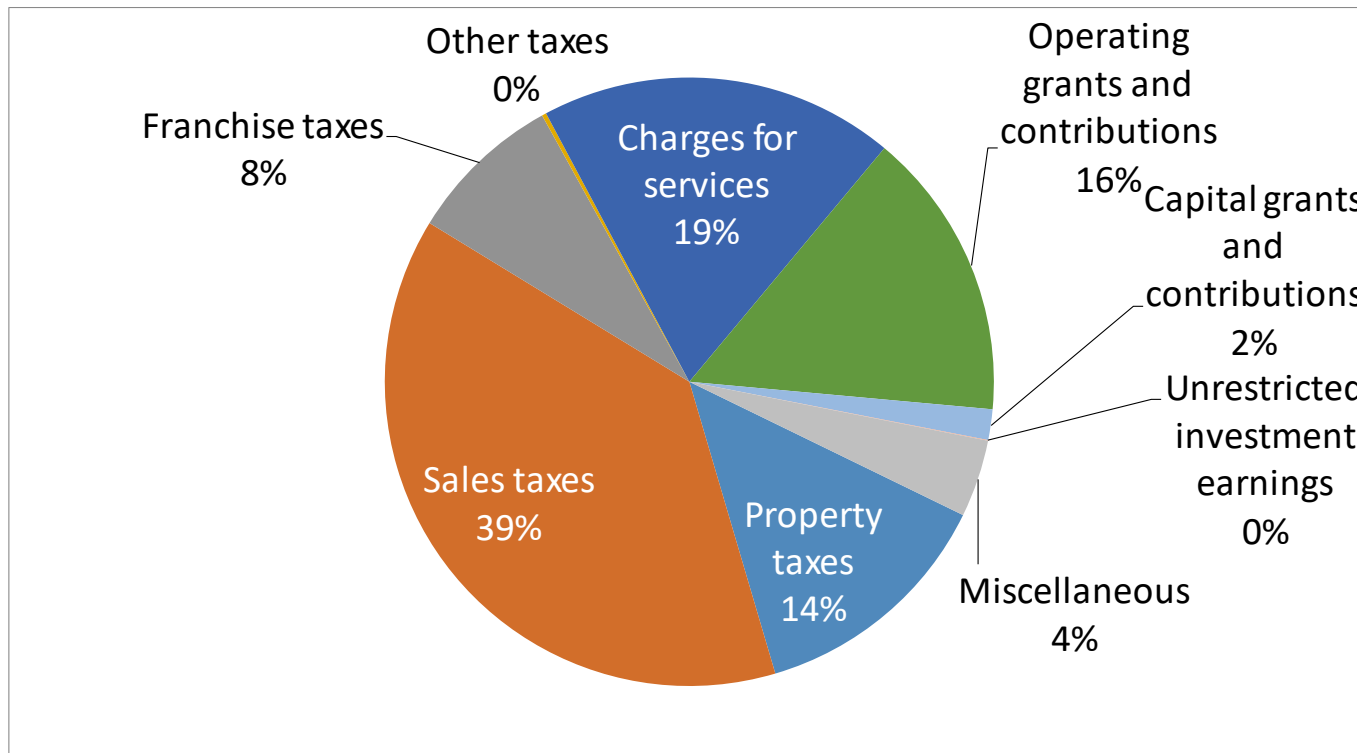


# Revenue – Governmental Activities

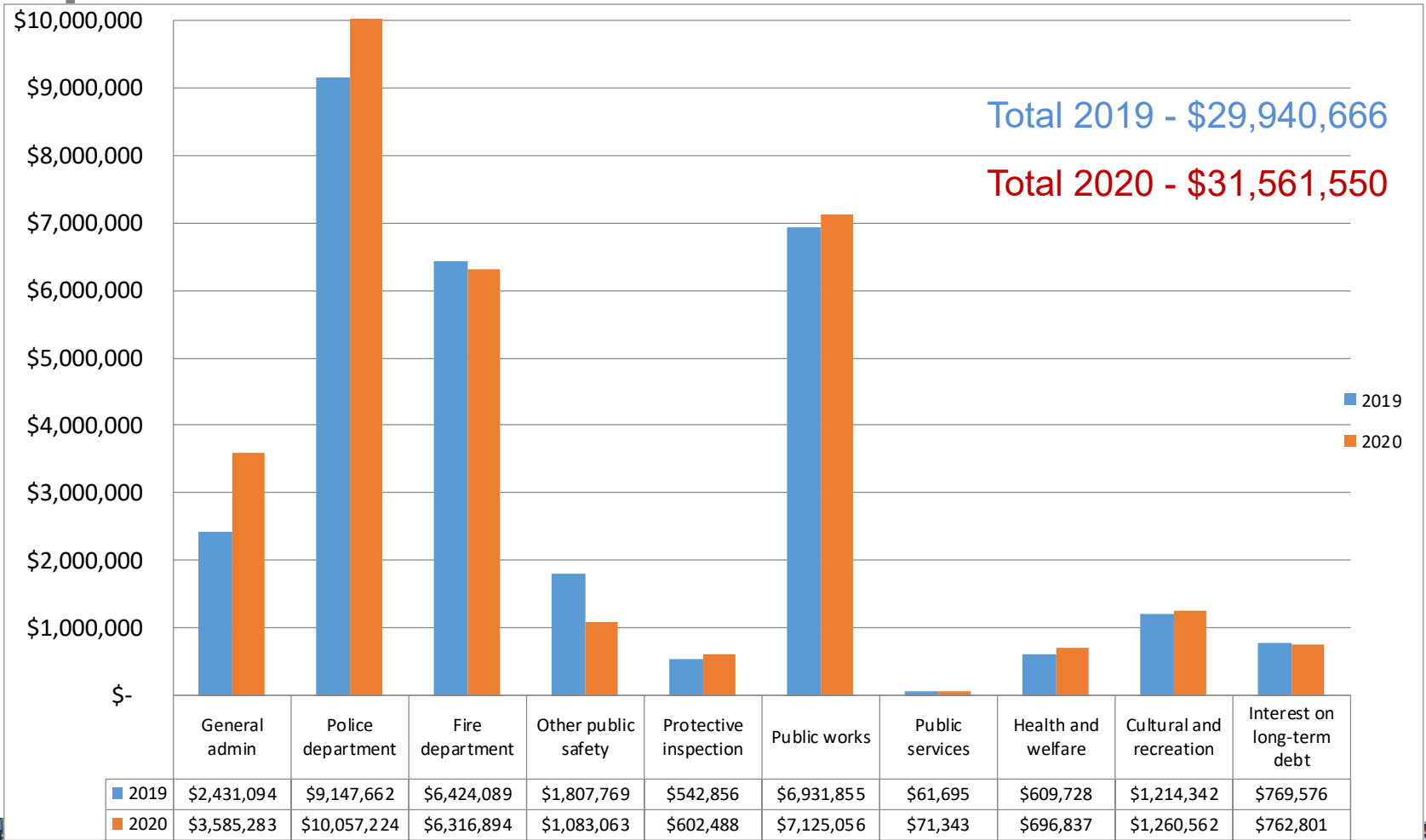




# 2020 Governmental Activities Revenue by Source

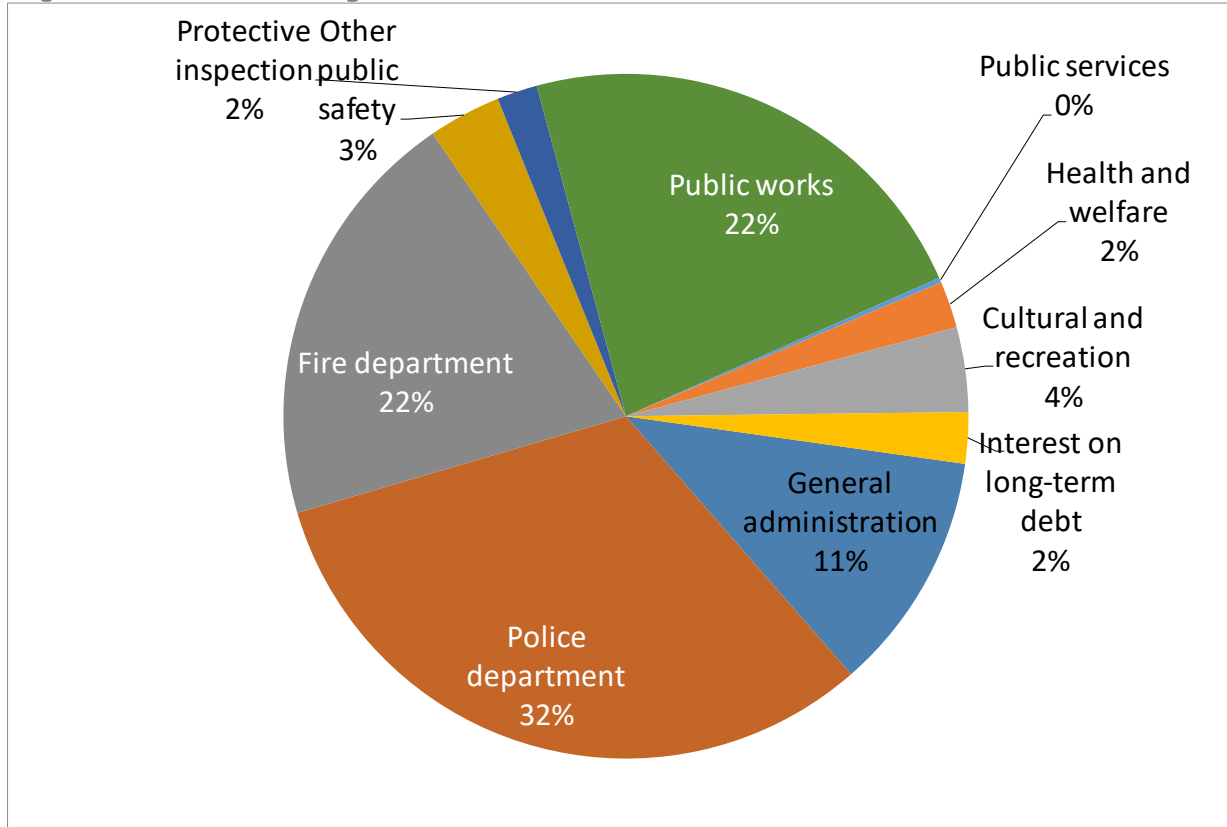


# Expenses – Governmental Activities





# 2020 Expenses by Source Governmental Activities







# Financial Highlights

## Number of Days Expenditures in General Fund Unrestricted Fund Balance

The adequacy of unassigned fund balance in the general fund should be assessed based upon a government's own specific circumstances.

*Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unassigned fund balance in their general fund of no less than two months (or 60 days) of regular general fund operating revenues or regular general fund operating expenditures*

	<u>2020</u>	<u>2019</u>
Total expenditures	\$19,463,906	\$17,972,476
Average expenditures per day	\$53,326	\$49,240
Unassigned general fund balance	\$6,993,171	\$6,652,827
Number of days expenditures in unassigned general fund balance	131	135

# Single Audit Reports

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

- No material weaknesses or significant deficiencies noted

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

- No material weaknesses or significant deficiencies noted





## Other Auditor's Reports

Examination  
of City's  
Compliance  
With Certain  
Arkansas  
State Acts

- Unmodified opinion on City's compliance with specific state requirements





experience **BKD**  
CPAs & Advisors



CPAs & ADVISORS

experience **perspective** //

Questions?



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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<b>AGENDA TITLE:</b>	Approval of the minutes of the rescheduled regular meeting January 18, 2022. (CCD) City Clerk Heather Soyars
<b>AGENDA DATE:</b>	February 7, 2022
<b>ITEM TYPE:</b>	Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Other <input checked="" type="checkbox"/> : Minutes
<b>DEPARTMENT:</b>	City Clerk Department
<b>PREPARED BY:</b>	Heather Soyars, City Clerk
<b>REQUEST:</b>	Approval of meeting minutes.
<b>EMERGENCY CLAUSE:</b>	N/A
<b>SUMMARY:</b>	Approval of meeting minutes
<b>EXPENSE REQUIRED:</b>	N/A
<b>AMOUNT BUDGETED:</b>	N/A
<b>APPROPRIATION REQUIRED:</b>	N/A
<b>RECOMMENDED ACTION:</b>	The City Clerk recommends Board approval.
<b>EXHIBITS:</b>	Meeting minutes.



## **Rescheduled Regular Meeting of the Board of Directors**

City of Texarkana, Arkansas  
216 Walnut Street

**Minutes - Tuesday, January 18, 2022 - 6:00 PM**

Mayor Brown called the meeting to order at 6:00 PM.

PRESENT: Mayor Allen Brown, Ward 1 Director Terry Roberts, Ward 2 Director Laney Harris, Assistant Mayor Ward 3 Steven Hollibush, Ward 4 Director Ulysses Brewer, Ward 5 Director Barbara Miner and Ward 6 Director Jeff Hart.

ALSO, PRESENT: City Manager E. Jay Ellington, City Attorney George Matteson, City Clerk Heather Soyars and Deputy City Clerk Jenny Narens.

Invocation given by Director Ulysses Brewer.

Pledge of Allegiance led by Animal Care and Adoption Center Director Lenor Teague.

### **CITIZEN COMMUNICATION**

Prissy Hickerson, 2805 Forrest Avenue, stated she had most of her questions answered today while speaking to Animal Care and Adoption Center Director Lenor Teague. Ms. Hickerson asked if the citizens could get an update regarding everything going on at the animal shelter.

Salena Ford said she worked with Passion for Pooches Rescue and wondered why the Animal Care and Adoption Center was not reaching out to the rescues in the Texarkana area. She also asked for help from the Police Department and Animal Control with picking up stray animals.

Dr. James Raker, 1414 Arkansas Boulevard, wanted to let the City know he was available to speak to someone regarding possible healthcare savings.

A citizen, who did not identify himself, came to speak about the stray cats in his neighborhood. He said he called Animal Control four different times and asked them to bring cages for the stray cats, but they did not.

Amy Wurtele voiced her concerns regarding the breakdown in communication with the Animal Care and Adoption Center and the lack of response from the Animal Control Officers.

Mandy Abernathy, Ray of Hope Rescue, wanted to know how the million-dollar donation was used and why the new animal shelter had not been opened. She wanted to know why the City had not collaborated with the rescue groups to help save the animals.

Director Harris read a press release regarding his appointment to serve on the National League of Cities' Human Development Committee. See attached statement.

## **CONSENT**

Director Hart made the motion to adopt the Consent agenda, Seconded by Director Brewer. The motion carried and the following items were approved:

1. Approval of the minutes of the rescheduled regular meeting January 4, 2022. (CCD) City Clerk Heather Soyars
2. Resolution No. 2022-2 amended the FY2022 General Fund Budget to include the reallocation of FY2021 General Fund Budget funding for Interstate 30 median lights electrical replacement. (PWD) Public Works Director Tyler Richards
3. Resolution No. 2022-3 authorized the Depository Board to execute the 2022 depository agreement with Commercial National Bank. (FIN) Finance Director TyRhonda Henderson

## **REGULAR**

4. Ordinance No. 2-2022 authorized the purchase of a new breathing air compressor system. (TAFD) Chief David Fletcher

Fire Chief David Fletcher gave a brief explanation of how the new air compressor system would benefit the Fire Department.

Director Roberts made the motion to suspend the rules and place the ordinance on its first reading in abbreviated form, Seconded by Director Brewer.

Voting Yea: Mayor Brown, Director Roberts, Director Harris, Assistant Mayor Hollibush, Director Brewer, Director Miner, and Director Hart.

The motion carried 7-0 and the ordinance was read the first time in abbreviated form.

Motion to suspend the rules and place the ordinance on its second reading in abbreviated form made by Director Brewer, Seconded by Director Roberts.

Voting Yea: Mayor Brown, Director Roberts, Director Harris, Assistant Mayor Hollibush, Director Brewer, Director Miner, and Director Hart.

The motion carried 7-0 and the ordinance was read the seconded time in abbreviated form.

Motion to suspend the rules and place the ordinance on its third and final reading in abbreviated form made by Assistant Mayor Hollibush, Seconded by Director Roberts.

Voting Yea: Mayor Brown, Director Roberts, Director Harris, Assistant Mayor Hollibush, Director Brewer, Director Miner, and Director Hart.

The motion carried 7-0 and the ordinance was read the third and final time in abbreviated form.

Motion to adopt the ordinance made by Director Hart, Seconded by Assistant Mayor Hollibush.

Mayor Brown asked if anyone would like to speak for or against this ordinance.

No one came forward.

Voting Yea: Mayor Brown, Director Roberts, Director Harris, Assistant Mayor Hollibush, Director Brewer, Director Miner, and Director Hart.

The motion carried 7-0 and the Mayor declared the ordinance adopted.

### **BOARD OF DIRECTORS' COMMENTARY**

None.

### **CITY MANAGER REPORT**

City Manager E. Jay Ellington gave the following report:

- He said the Chamber of Commerce Joint Meeting had been postponed.
- The two comprehensive plan meetings were still on schedule.
- He was working on a naming policy
- He attended the Martin Luther King, Jr., parade and thanked the community for hosting it.
- Meeting regarding the Miller County Jail and the Juvenile Detention Center would be arranged.
- He was still working on updating the water situation.
- The Advertising and Promotion meeting was postponed.

**NEXT MEETING DATE: Monday, February 7, 2022**

### **ADJOURN**

Motion to adjourn made by Director Brewer, Seconded by Director Roberts.

Voting Yea: Mayor Brown, Director Roberts, Director Harris, Assistant Mayor Hollibush, Director Brewer, Director Miner, and Director Hart.

The meeting adjourned at 6:39 PM.

**APPROVED** this the 7<sup>th</sup> day of February 2022.

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Allen L. Brown, Mayor

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Heather Soyars, City Clerk

**FOR IMMEDIATE RELEASE**

January 18, 2022

**Press Contact:**

Laney Harris  
Texarkana  
(903)2442298  
laneyharris.ward2@yahoo.com

**City Director Harris Appointed to Serve on National League of Cities'  
Human Development Committee**

**Washington, D.C — January 18, 2022** —City Director , Laney Harris of Texarkana, Ar. has been appointed to the National League of Cities (NLC) 2022 Human Development (HD) Federal Advocacy Committee. City Director Harris was elected to a one-year term and will provide strategic direction and guidance for NLC's federal advocacy agenda and policy priorities. The appointment was announced by NLC President Mayor Vince Williams of Union City, Georgia.

"I am very excited of being part of an collected approach for issues and concerns throughout this nation." said Harris.

As a member of NLC's HD committee, City Director Harris will play a key role among a diverse group of local leaders in shaping NLC's policy positions and advocating on behalf of America's municipalities before Congress, with the administration and at home.

"NLC's federal advocacy committees are a key tool for gathering insights directly from the communities that our members serve," said **NLC President Mayor Vince Williams of Union City, Georgia**. "I am excited to have Director Harris serve on the Human Development Committee and look forward to working with him to fulfill the promise of America's cities, towns and villages."

The full leadership of this year's committee will consist of Chair Kacy Kostiuik, Councilmember, Takoma Park, MD, Vice Chair Denise D. Adams, Mayor Pro Tempore, Winston-Salem, NC, and Vice Chair Adriana Rocha Garcia, Councilmember, San Antonio, TX.

For more information on NLC's federal advocacy committees, visit:  
[www.nlc.org/advocacy/committees](http://www.nlc.org/advocacy/committees).

###

*The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions. Stay connected with NLC on Facebook, Twitter, LinkedIn and Instagram.*



## CITY OF TEXARKANA, AR BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt a Resolution rescheduling the Juneteenth City Holiday and the Board of Directors' second meeting in June. (CCD) City Clerk Heather Soyars

**AGENDA DATE:** February 7, 2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** City Clerk

**PREPARED BY:** Heather Soyars

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**REQUEST:** Reschedule City Holiday and Board of Directors' meeting.

**EMERGENCY CLAUSE:** N/A

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**SUMMARY:** Juneteenth City Holiday to be rescheduled from Friday, June 17, 2022, to Monday, June 20, 2022.

The Board of Directors' meeting to be rescheduled from Monday, June 20, 2022, to Tuesday, June 21, 2022.

Juneteenth is Sunday, June 19, 2022, The Employee Handbook 4.10 Holidays - states holidays falling on Sunday are observed on the following Monday. Due to this change, the Board of Directors meeting will need to be rescheduled.

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**EXPENSE REQUIRED:** N/A

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**AMOUNT BUDGETED:** N/A

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**APPROPRIATION  
REQUIRED:** N/A

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**RECOMMENDED  
ACTION:** The City Manager and staff recommend approval.

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**EXHIBITS:** Resolution and 2022 Calendar



**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, a certain holiday being Juneteenth Day will conflict with the scheduled Board of Directors meeting on June 20, 2022; and

**WHEREAS**, the meeting should be rescheduled to avoid conflict;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, the meeting scheduled for June 20, 2022, is hereby rescheduled to June 21, 2022, due to the Juneteenth Day holiday.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney

# City of Texarkana, Arkansas 2022 Calendar



**January**

Sun	Mo	Tue	We	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10		12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**February**

Sun	Mo	Tue	We	Thu	Fri	Sat
		1	2	3	4	5
6	7		9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

**March**

Su	Mo	Tue	We	Thu	Fri	Sat
		1	2	3	4	5
6	7		9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**April**

Sun	Mo	Tue	We	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11		13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**May**

Sun	Mo	Tue	We	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9		11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**June**

Sun	Mo	Tue	We	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13		15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**July**

Sun	Mo	Tue	We	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11		13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**August**

Sun	Mo	Tue	We	Thu	Fri	Sat
	1	2	3	4	5	6
7	8		10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**September**

Su	Mo	Tue	We	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12		14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**October**

Sun	Mo	Tue	We	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10		12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**November**

Sun	Mo	Tue	We	Thu	Fri	Sat
		1	2	3	4	5
6	7		9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

**December**

Sun	Mo	Tue	We	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12		14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

	City Holiday
	Board of Directors 6 PM
	Planning Commission 6 PM
	Staff Meeting 10 AM Agenda Deadline 5 PM
	Historic District Commission 9:30 AM
	A&P Commission 4 PM Board of Adjustment 6 PM
	Board of Adjustment 6 PM
	Historic District Commission 9:30 AM Staff Meeting 10 AM Agenda Deadline 5 PM
	Annual Christmas Parade

## City Holidays

- January 3—New Year's Day
- January 17—Martin Luther King Jr. Day
- February 21—President's Day
- April 15—Good Friday
- May 30—Memorial Day
- June 17—Juneteenth
- July 4—Independence Day
- September 5—Labor Day
- November 11—Veterans Day
- November 24—Thanksgiving Day
- November 25—Day after Thanksgiving
- December 23—Christmas Eve
- December 26—Christmas Day
- December 30—New Year's Eve



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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<b>AGENDA TITLE:</b>	Adopt a Resolution authorizing the City Manager to enter into a contract for the US Highway 82 East 8" Sewer Main Extension Phase I. (TWU) Interim Executive Director Gary Smith
<b>AGENDA DATE:</b>	February 7, 2022
<b>ITEM TYPE:</b>	Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Other <input type="checkbox"/> : _____
<b>DEPARTMENT:</b>	Texarkana Water Utilities
<b>PREPARED BY:</b>	Gary Smith, P.E., Interim Executive Director

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<b>REQUEST:</b>	Resolution authorizing the City Manager to enter into a contract for the US Hwy 82 East 8" Sewer Main Extension Phase I.
<b>EMERGENCY CLAUSE:</b>	N/A

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<b>SUMMARY:</b>	Resolution authorizing the City Manager to enter into a contract for the US Hwy 82 East 8" Sewer Main Extension Phase I Project in an amount not to exceed \$118,341.00. Bids were received Tuesday, January 18, 2022, for the US Hwy 82 East 8" Sewer Main Extension Phase I Project. Two contractors bid on the project. RBIS, LLC of Texarkana, Arkansas was the apparent low bidder with a low Base Bid of \$118,341.00. This project consists of the placement of approximately 760 linear feet of eight-inch (8") sewer main by open cut, 60 linear feet of eight-inch (8") sewer main by bore, three (3) manholes, and all associated work and appurtenances. Funds are budgeted in the Utility's 2021-2022 Budget in the Arkansas Capital Improvement Fund at \$145,000.
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<b>EXPENSE REQUIRED:</b>	\$118,341.00
<b>AMOUNT BUDGETED:</b>	\$145,000.00
<b>APPROPRIATION REQUIRED:</b>	\$118,341.00

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<b>RECOMMENDED ACTION:</b>	Utility staff recommends approval.
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<b>EXHIBITS:</b>	Resolution, ATTH 01 Bid Summary, ATTH 02 Bid Tabulation
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# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, upon advertisement, a low bid in the amount of \$118,341.00 was submitted by RBIS, LLC, for the US Highway 82 East 8” Sewer Main Extension Phase 1 Project; and

**WHEREAS**, funds are budgeted and available; and

**WHEREAS**, the City Manager and Utility staff recommend approval;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Manager is authorized to execute a contract with RBIS, LLC, as described above and upon the terms so indicated.

**PASSED AND APPROVED** this the 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney

## Bid Summary

US HWY 82 East  
8" Sewer Main Extension Phase I

2:00 P.M. Tuesday, January 18, 2022

	<u>Base Bid</u>
1. Stone Construction Texarkana, Texas	\$ 120,001.00
2. RBIS, LLC Texarkana, Arkansas	\$ 118,341.00

Time First Bid Opened: 2:00 P.M

Number of Bidders: 2

Apparent Low Bidder: RBIS, LLC

Bid Tabulation  
 US82 East 8in Sewer Main Extension Phase I  
 Project No. 61-000-135131-A122141  
 JANUARY 18, 2022

BASE BID:							
				RBIS, LLC		Stone Construction	
				Texarkana, AR		Texarkana, TX	
Item	Quantity	Unit	Description	Unit Price	Total Bid		
1	1	LS	Mobilization, Bonds, & Submittals	\$11,300.00	\$11,300.00	\$11,310.00	\$11,310.00
2	8.2	STA	Right of Way Preparation	\$600.00	\$4,920.00	\$2,000.00	\$16,400.00
3	710	LF	8" PVC SDR-26 Sewer Pipe by Open Cut	\$53.00	\$37,630.00	\$45.00	\$31,950.00
4	60	LF	8" PVC Certa-Lok Sewer Pipe by Bore	\$110.00	\$6,600.00	\$77.50	\$4,650.00
5	50	LF	8" Ductile Iron Sewer Pipe by Open Cut	\$85.00	\$4,250.00	\$85.00	\$4,250.00
6	1	EA	Concrete Manhole #1	\$5,100.00	\$5,100.00	\$6,500.00	\$6,500.00
7	1	EA	Concrete Manhole #2	\$5,200.00	\$5,200.00	\$6,000.00	\$6,000.00
8	1	EA	Concrete Manhole #3	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
9	1	EA	Cleanout	\$1,500.00	\$1,500.00	\$1,000.00	\$1,000.00
10	3	EA	4" Sewer Service (Short Side)	\$1,000.00	\$3,000.00	\$950.00	\$2,850.00
11	1	LS	Trench Protection	\$3,000.00	\$3,000.00	\$2,000.00	\$2,000.00
12	1	LS	Clean and Test Manholes	\$1,800.00	\$1,800.00	\$2,000.00	\$2,000.00
13	1	LS	Clean and Test Sewer Mains	\$2,360.00	\$2,360.00	\$2,400.00	\$2,400.00
14	1	LS	Remove and Replace Existing Gravel Drive	\$3,500.00	\$3,500.00	\$6,000.00	\$6,000.00
15	1	LS	Traffic Control, Signage, & Barricades	\$600.00	\$600.00	\$1,000.00	\$1,000.00
16	492	SY	Bermuda Block Sod	\$9.00	\$4,428.00	\$10.00	\$4,920.00
17	875	SY	Cellulose Fiber Mulch Seeding	\$7.00	\$6,125.00	\$5.00	\$4,375.00
18	816	LF	Silt Fence	\$8.00	\$6,528.00	\$6.00	\$4,896.00
19	50	LF	Type 3 Rock Filter Dam	\$50.00	\$2,500.00	\$20.00	\$1,000.00
20	1	LS	Maintain Erosion Control Measures	\$3,000.00	\$3,000.00	\$1,500.00	\$1,500.00
<b>TOTAL BASE BID</b>					<b>\$118,341.00</b>		<b>\$120,001.00</b>

Prepared by Kenneth L. Icenhower, P.E.

Certified Correct

Kenneth L. Icenhower, Design Engineer, TWU



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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<b>AGENDA TITLE:</b>	Adopt a Resolution authorizing the City Manager to enter into an agreement with the City of Texarkana, Texas for Police Criminal Investigation Division (CID) services. (FIN) Finance Director TyRhonda Henderson
<b>AGENDA DATE:</b>	February 7, 2022
<b>ITEM TYPE:</b>	Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Other <input type="checkbox"/> : _____
<b>DEPARTMENT:</b>	Finance Department
<b>PREPARED BY:</b>	TyRhonda Henderson, Finance Director

---

<b>REQUEST:</b>	N/A
<b>EMERGENCY CLAUSE:</b>	N/A

---

<b>SUMMARY:</b>	Board approval is requested for the 2022 agreement with the City of Texarkana, Texas, for the shared position of CID Secretary. This service is provided by a Texarkana, Texas employee, and we pay half of the personnel costs for this position each year. Approval of this contract is recommended. This contract was executed by the City of Texarkana, Texas' City Manager, David Orr. There is a 3% increase associated with this expense.
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<b>EXPENSE REQUIRED:</b>	\$26,944.62
<b>AMOUNT BUDGETED:</b>	\$26,544.00
<b>APPROPRIATION REQUIRED:</b>	\$400.62

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<b>RECOMMENDED ACTION:</b>	City Manager and staff recommend approval
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<b>EXHIBITS:</b>	Resolution
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# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, the City of Texarkana, Arkansas, previously entered into an agreement with the City of Texarkana, Texas for Police Criminal Investigation Division (CID) secretarial services; and

**WHEREAS**, the agreement should be renewed and the amounts adjusted; and

**WHEREAS**, \$26,544.00 was budgeted for this expense, however, the actual expense is \$26,944.62, and

**WHEREAS**, the City Manager and staff recommend approval;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City is hereby authorized and directed to enter into an agreement with the City of Texarkana, Texas, for police (CID) secretarial services in the amount of \$26,944.62 for fiscal year 2022, and, further, the FY2022 Budget is amended to reflect the additional appropriation and expense.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney



**THE STATE OF ARKANSAS**

**COUNTY OF MILLER**

**CITY OF TEXARKANA**

**AGREEMENT**

**THIS AGREEMENT** entered into to be effective the 1<sup>st</sup> day of January 2022, by and between the City of Texarkana, Texas (hereinafter called the “Contractor”), and the City of Texarkana, Arkansas, (herein called the “City”).

**WITNESSETH**

**WHEREAS**, the Contractor has employed a full time Criminal Investigation Division Secretary/Receptionist; and

**WHEREAS**, the City desires to engage the Contractor’s Criminal Investigation Division Secretary/Receptionist to render certain services of a similar nature therewith;

**NOW, THEREFORE**, the parties hereto mutually agree as follows:

1. Scope of Services. The Contractor’s Secretary/Receptionist shall, in a satisfactory and proper manner as determined by the City, perform the following service:
  - a. Provide Secretarial/Receptionist services for the Criminal Investigation Division.
2. Time of Performance. The services of the Contractor are to commence January 1, 2022, and continue for a period of one year, at which time the contract may be continued by mutual agreement of both parties.
3. Compensation. The City agrees to pay the Contractor one half of the salary and benefits which shall constitute full and complete compensation for the Contractor’s Secretarial/Receptionist services and expenses incurred under this contract. Such sum shall be paid to Contractor upon the receipt of the properly recognized invoice of same by the City and in no case shall the total payment exceed \$26,944.62 for the fiscal billing year of the Contractor.
4. Compliance with Rules and Regulations. It is further agreed that Contractor will abide by all Federal, State, and Local Laws, Ordinances, Rules, and Regulations that are commonly imposed on Secretarial/Receptionist services.

5. Insurance, Other Costs. The Contractor herein agrees to provide adequate insurance limits, and all related employee benefits as prescribed by law for all employees who will act as the Contractor's agent in performing Secretarial/Receptionist services in Texarkana, Arkansas.

**IN WITNESS WHEREOF**, the City and the Contractor have hereunto set our hands on this the \_\_\_\_ day of \_\_\_\_\_, and do hereby affirm and ratify the effective date of this agreement to be the 1<sup>st</sup> day of January 2022.

CITY OF TEXARKANA, ARKANSAS

\_\_\_\_\_  
City Manager

ATTEST:

\_\_\_\_\_  
City Clerk

CITY OF TEXARKANA, TEXAS

  
\_\_\_\_\_  
City Manager

ATTEST:

  
\_\_\_\_\_  
City Secretary



## CITY OF TEXARKANA, AR BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt a Resolution to purchase a Ford Edge for Narcotics Task Force Operations. (TAPD) Captain Bobby Jordon

**AGENDA DATE:** February 07, 2022

**ITEM TYPE:** Ordinance  Resolution  Other :

**DEPARTMENT:** Police

**PREPARED BY:** Capt. Bobby Jordan

---

**REQUEST:** Per the Cities Purchasing Policy, this purchase request requires board approval due to cost.

**EMERGENCY CLAUSE:** N/A

---

**SUMMARY:** In 2021 the City of Texarkana, Arkansas entered into a lease agreement to purchase a Ford Fusion for Narcotics enforcement operations. That vehicle was to be paid for using BJA and DCF grant funds administered through the Arkansas Department of Finance and Administration. That vehicle was wrecked by an employee of the police department and paid for by the cities vehicle insurance policy.

Due to Ford no longer producing a Fusion, the next cost-effective model is a Ford Edge.

Included are three competitive bids with the least being submitted by McLarty Ford, 3232 Summerhill Road, Texarkana, Texas. In the amount of \$30,427.42.

\$17,490.19 of that will be financed on the Ford Lease to Purchase plan previously entered into by the City. The remaining \$12,962.23 will be paid for using funds received from the payoff of the wrecked Fusion and funds received from the insurance payoff of the Lexus. Any excess funding required should be taken from the equitable sharing account.

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**EXPENSE REQUIRED:** \$30,427.42 Quoted price of Ford Edge  
\$25.00 Title Fee  
\$30,452.42 Total Amount

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**AMOUNT BUDGETED:** See Summary

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**APPROPRIATION  
REQUIRED:** See Above

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**RECOMMENDED  
ACTION:**

With Board approval, the PD will purchase the Ford Edge (In Stock #B1634) described above and immediately place it into service.

---

**EXHIBITS:**

Resolution and Attached Documents

## RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, upon advertisement, a low bid in the amount of \$30,452.42 (including a title fee), was submitted by McLarty Ford for the purchase of a Ford Edge to be used for narcotics task force operations to replace one (1) of three (3) Ford Fusion vehicles purchased via lease-purchase through McLarty Ford and approved by previous ordinance; and

**WHEREAS**, the Ford Fusion being replaced was rendered inoperable and a total-loss due to an accident; and

**WHEREAS**, the Ford Fusion is no longer in production and the next cost-effective model is the Ford Edge; and

**WHEREAS**, insurance proceeds from the vehicle being replaced will be applied first to the payoff of such vehicle and then to remaining payments coming due under the previous lease-purchase that will remain in place and include the replacement vehicle; and

**WHEREAS**, the City Manager and staff recommend approval;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that replacement of the vehicle on the terms above is approved, the City Manager is to execute such documentation as is necessary to complete such transaction, and the FY2022 Budget is amended accordingly.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney

January 5<sup>th</sup>, 2022

McLarty Ford  
3232 Summerhill Road  
Texarkana, Texas 75503  
Attn: Mike Terrell

Formal Pricing for Purchase

Attn: Bobby Jordan  
Texarkana Arkansas Police Department  
100 North State Line Ave  
Texarkana, Texas 75501

re: Price Quote 2021 Fusion replacement with 2021 Ford Edge .....**IN STOCK**  
**Stock #B1634**

Dear Sir:

Price Quote  
according to the specifications that you have provided

(1ea).....2021 Ford Edge – SE Model  
Iconic Silver  
VIN.....2FMPK3G91MBA38822

Quote Price. ....**\$30,427.42**  
(Plus applicable fees)

***This unit is immediately available***

Let me know if this bid is acceptable and we will be glad  
to place order

Sincerely,

Mike Terrell



Disclaimer: This window sticker is only representative of the information contained on an actual window sticker, and may or may not match the actual window sticker on the vehicle itself. Please see your retailer for further information.

Vehicle Description

**EDGE**

**2021 EDGE FWD-SE  
TWIN-SCRL 2.0L ECOBOOST ENG  
8-SPD AUTO TRANSMISSION**

VIN 2FMPK3G91MB A38822

**Exterior**

ICONIC SILVER

**Interior**

EBONYCLOTH BUCKET SEATS

**Standard Equipment INCLUDED AT NO EXTRA CHARGE**

**EXTERIOR**

- . DOOR HANDLES - BODY COLOR
- . GRILLE - CHROME
- . HEADLAMPS - AUTO HIGH BEAM
- . MIRRORS - POWER GLASS/
- . PRIVACY GLASS - REAR DOORS
- . TAILLAMPS-LED

**INTERIOR**

- . 60/40 SPLIT FOLD REAR SEAT
- . CARGO TIE-DOWN HOOK(S)
- . CRUISE CONTROL
- . DUAL ILLUM VIS VANITY MIRR
- AUTO CLIMATE CONTROL
- . ROTARY GEAR SHIFT DIAL
- . USB A (1) AND C (1)

**FUNCTIONAL**

- . AUTO START STOP TECH
- . FORD CO-PILOT360
- HOTSPOT TELEMATICS MODEM
- BUTTON START
- . REVERSE SENSING SYSTEM
- . SYNC4@4A W/EVR & 12" SCREEN

**SAFETY/SECURITY**

- . AIRBAG-DRIVER/PASS KNEE
- . AIRBAGS - FRONT SEAT
- . AIRBAGS - SAFETY CANOPY@
- . LATCH CHILD SAFETY SYSTEM
- . SECURILOCK@ ANTI-THEFT SYS

**WARRANTY**

- . 5YR/60,000 POWERTRAIN

- . BELTLINE MOLDING - BLACK
- . EASY FUEL@ CAPLESS FILLER
- . HEADLAMPS - AUTO BI-LED
- . HEADLAMPS -WIPER ACTIVATED
- MANUAL FOLD
- . REAR INT WIPER/WASH/DFRST
- . 1TOUCH UP/DOWN DR/PASS WIN
- . CARGO MANAGEMENT SYSTEM
- . CLOTH BUCKET FRONT SEATS
- . CUPHOLDERS - 8
- . DUAL-ZONE ELECTRONIC
- . POWERPOINTS - 12V
- . TILT/TELESCOPE STR COLUMN
- . AM/FM/MP3, 6 SPEAKERS
- . ELECTRONIC PWR ASST STEER
- . FORDPASS CONNECT 4GWI-FI
- . INTELLIGENT ACCESS W/PUSH
- . REAR VIEW CAMERA W/WASHER
- . SIRIUSXM@ W/360L- NA AK&HI
- . ADVANCETRAC@ WITH RSC@
- . AIRBAGS - DUAL STAGE FRONT
- MOUNTED SIDE IMPACT
- . INDIV TIRE PRESS MONIT SYS
- . PERSONAL SAFETY SYSTEM
- . SOS POST-CRASH ALERT SYS
- . 3YR/36,000 BUMPER / BUMPER
- . 5YR/60,000 ROADSIDE ASSIST

**Price Information**

**MSRP**

**STANDARD VEHICLE PRICE \$32,750**

**Included on this Vehicle**

EQUIPMENT GROUP 100A

**Optional Equipment**

- 2021 MODEL YEAR
- ICONIC SILVER
- EBONY CLOTH SEATS
- .SE
- .18" SPARKLE SLVR PTD ALUM
- WHL
- .TWIN-SCRL 2.0L ECOBOOST ENG
- .8-SPD AUTO TRANSMISSION
- .245/60R18 A/S BSW TIRES
- 50 STATE EMISSIONS
- MINI SPARE WHL/TIRE
- FRONT LICENSE PLATE BRACKET

100

TOTAL VEHICLE & OPTIONS 32,850  
DESTINATION & DELIVERY 1,245

**TOTAL MSRP \$34,095**

Disclaimer: Option pricing will be blank for any item that is priced as 0 or "No Charge".

**Vehicle Engine Information**

Actual mileage will vary with options, driving conditions, driving habits and vehicle's condition. Results reported to EPA indicate that the majority of vehicles with these estimates will achieve between \_ and \_ mpg in the city and between \_ and \_ mpg on the highway. For Comparison Shopping all vehicles classified as \_ have been issued mileage ratings from \_ to \_ mpg city and \_ to \_ mpg highway.



**CITY MPG  
21  
HIGHWAY  
MPG  
29**

Estimated Annual Fuel Cost: \$



Ford Extended Service Plan is the ONLY service contract backed by Ford and honored by the Ford and Lincoln dealers. Ask your dealer for prices and additional details or see our website at [www.Ford-ESP.com](http://www.Ford-ESP.com).

BIA SUBMITTED  
11/11/22

32595<sup>00</sup> GOOD UNTIL 1/31/22  
PENDING AVAILABILITY

HOPE ACCTD CO.  
1400 NORTH HERVEY  
HOPE, AR 71801





Preview Order 1111 - K3G FWD SE: Order Summary Time of Preview: 01/13/2022 16:22:29

Dealership Name: Johnston Ford

Sales Code : F52424

Dealer Rep. Scott McCool

Type Fleet

Vehicle Line Edge

Order Code 1111

Customer Name TEXARKANA

Priority Code K2

Model Year 2021

Price Level 135

DESCRIPTION

K3G0 EDGE FWD-SE

MSRP

DESCRIPTION

MSRP

\$32750

.245/60R18 A/S BSW TIRES

\$0

TOTAL BASE VEHICLE

\$32750

50 STATE EMISSIONS

\$0

ICONIC SILVER

\$0

MINI SPARE WHL/TIRE

\$100

CLOTH BUCKET SEATS

\$0

ROOF-RACK SIDE RAILS - BLACK

\$165

EBONY

\$0

FRONT LICENSE PLATE BRACKET

\$0

EQUIPMENT GROUP 100A

\$0

SPECIAL FLEET ACCOUNT CREDIT

\$0

.SE

\$0

FUEL CHARGE

\$0

.18" SPARKLE SLVR PTD ALUM WHL

\$0

PRICED DORA

\$0

TWIN-SCRL 2.0L ECOBOOST ENG

\$0

ADVERTISING ASSESSMENT

\$0

8-SPD AUTO TRANSMISSION

\$0

DESTINATION & DELIVERY

\$1245

TOTAL BASE AND OPTIONS

MSRP

DISCOUNTS

\$34260

TOTAL

NA

\$34260

ORDERING FIN: QA775 END USER FIN: QA775

Customer Name:

Customer Email:

Customer Address:

Customer Phone:

Customer Signature

Date

This order has not been submitted to the order bank.

This is not an invoice.

A 31,400



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

---

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to purchase a New Holland TS6.110 Tractor for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Public Works Department

**PREPARED BY:** Tracie Lee, Assistant Public Works Director

---

**REQUEST:** Purchase a New Holland TS6.110 Tractor for the Public Works Department Streets Division.

**EMERGENCY CLAUSE:** N/A

---

**SUMMARY:** The Public Works Department would like to purchase a New Holland TS6.110 Tractor for the Public Works Department Streets Division in the amount of \$74,275.35 from Vernon Dell Tractor through Source Well Government Buy Board.

Purchase from this source meets all bidding requirements. Funds were budgeted and are available for the purchase of this vehicle in the Streets Capital Outlay Fund.

---

**EXPENSE REQUIRED:** \$74,275.35

---

**AMOUNT BUDGETED:** \$74,275.35

---

**APPROPRIATION  
REQUIRED:** \$0.00

---

**RECOMMENDED  
ACTION:** City Manager and staff recommend board approval.

---

**EXHIBITS:** Resolution and bid from Stribling Equipment.

# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, request is made to purchase one (1) New Holland TS6.110 Tractor from Vernon Dell Tractor in the amount of \$74,275.35 via the Source Well Government Buy Board; and

**WHEREAS**, the funds were budgeted and available; and

**WHEREAS**, the City Manager and staff recommend approval; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to purchase one (1) New Holland TS6.110 Tractor on the terms set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney



2871 Broadway  
 Grove City, OH  
 (614)991-5057

Date: 10/28/2021  
 Name: Tyler Richards  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City/State: \_\_\_\_\_  
 Zip Code: \_\_\_\_\_

**Deliver To:**

Phone: (903) 824-7302

Fax: \_\_\_\_\_

Delivery Required	Delivery Quoted	Salesman	P.O.S
-------------------	-----------------	----------	-------

**TERMS - CASH ON DELIVERY**

QTY	Item	Description	Cost
1		New Holland TS6.110 Cab Creeper 16X8 Power Shift 40KPH Heavy Duty Rear Flange Axle Loader Ready High Visibility Window A/C & Heater Radio 540/1000 PTO Shafts 2 Fixed External Rear Mirrors	\$ 72,193.35
		Tilttable & Telescoping Steering Colum 4 Front & Rear Lights MSRP \$98895.00 Source Well Pricing 27% Off List	
		Set Up and Frieght Charges	\$ 2,082.00
			<b>SUBTOTAL \$ 74,275.35</b>
			<b>DELIVERY \$ -</b>
			<b>TOTAL \$ 74,275.35</b>
			<b>SALES TAX %</b>
			<b>TOTAL COST \$ 74,275.35</b>
			<b>TRADE-IN VALUE</b>
			<b>CASH DOWN</b>

<b>Accepted By:</b>	<b>Total Due</b>	<b>\$ 74,275.35</b>
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# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

---

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to purchase a John Deere Mini Excavator for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Public Works Department

**PREPARED BY:** Tracie Lee, Assistant Public Works Director

---

**REQUEST:** Purchase a John Deere Mini Excavator for the Public Works Department Streets Division.

**EMERGENCY CLAUSE:** N/A

---

**SUMMARY:** The Public Works Department would like to purchase a John Deere Mini Excavator for the Public Works Department Streets Division in the amount of \$53,941.00 from Stribling Equipment through the Source Well Buy Board.

Purchase from this source meets all bidding requirements. Funds were budgeted and are available for the purchase of this equipment in the in Streets Capital Outlay Fund.

---

**EXPENSE REQUIRED:** \$53,941.00

---

**AMOUNT BUDGETED:** \$53,941.00

---

**APPROPRIATION  
REQUIRED:** \$0.00

---

**RECOMMENDED  
ACTION:** City Manager and staff recommend board approval.

---

**EXHIBITS:** Resolution and bid from Stribling Equipment.

# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, request is made to purchase one (1) John Deere Mini Excavator from Stribling Equipment, LLC, in the amount of \$53,941.00 via the Source Well Government Buy Board; and

**WHEREAS**, the funds were budgeted and available; and

**WHEREAS**, the City Manager and staff recommend approval; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to purchase one (1) John Deere Mini Excavator on the terms set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney

**CUSTOMER'S ORDER**

**STRIBLING EQUIPMENT, LLC ("SE")**

Jackson	MS 601-939-1000	Gulfport	MS 228-864-9282
Natchez	MS 601-442-3613	Brookhaven	MS 601-835-4400
Greenwood	MS 662-453-7556	Philadelphia	MS 601-656-1997
Meridian	MS 601-482-5575	Tupelo	MS 662-844-3212
Columbus	MS 662-328-0820	Memphis	TN 901-345-5294
Hattiesburg	MS 601-268-2103	Jackson	TN 731-422-2542



**JOHN DEERE**

HOME OFFICE  
POST OFFICE BOX 6038  
HIGHWAY 49 SOUTH  
JACKSON, MISSISSIPPI 39288-6038

Little Rock	AR 501-455-2540
Monticello	AR 870-367-3496
Camden	AR 870-574-0290
Texarkana	AR 870-772-9321
Fort Smith	AR 479-646-8381
Springdale	AR 479-756-9779
Arkadelphia	AR 870-246-8678

DATE WRITTEN: 1-3 2022 SHIP ON OR ABOUT \_\_\_\_\_ 20 \_\_\_\_\_ to City of Texarkana  
Arkansas, UCC Address 316 Walnut  
 City Texarkana County Miller State Ark 75504

Delivery Point:  Same as UCC Address  Instructions: \_\_\_\_\_ Via:  SE's Truck  Buyer's Truck  
 Other \_\_\_\_\_

Qty	Model-Description	Ref. or Serial #	Price
1	New John Deere 35' Long Boom/Angle Probe	294845	53,941 <sup>00</sup>
1	36' Ditching Bucket		
1	24' H-D - Bucket		
✓	5 year - 2500 Hour Full Machine Warranty		

For which the undersigned agrees to pay FOB Sourcewell/NSPP Contract 032515-JDC U.S.A.  
City of Texarkana #157293 Dollars (\$) 53,941<sup>00</sup>

Plus Sales Tax - Municipal Tax Exempt or Tax No. \_\_\_\_\_

**WARRANTY EXTENDED BY MANUFACTURER**

New John Deere Machine  USED Machine - NO WARRANTY, EXPRESSED OR IMPLIED, "AS IS, WHERE IS"  
 Used Machine Warranty \_\_\_\_\_ Days  Other \_\_\_\_\_

THIS ORDER IS MADE SUBJECT TO THE TERMS AND CONDITIONS HEREBY PRINTED BELOW AND ON THE REVERSE SIDE OF THIS SHEET. ALL OTHER WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED AND EXCLUDED.

INSURANCE:  Accept  Reject

**NOTICE TO THE CUSTOMER:** Do not sign this contract before you read it or if it contains blank spaces. You are entitled to a copy of the contract you sign. Customer acknowledges that he was quoted a cash sale price and a time sale price and has elected to make the purchase on a cash or time basis as shown above.

Submitted For Acceptance [Signature] Date 1-2-22 Customer \_\_\_\_\_

ACCEPTED - STRIBLING EQUIPMENT, LLC, SELLER  
 JACKSON, MISSISSIPPI By \_\_\_\_\_ Title \_\_\_\_\_

Mailing Address \_\_\_\_\_  
 Date \_\_\_\_\_  
 Manager \_\_\_\_\_

**GENERAL TERMS AND CONDITIONS OF CUSTOMER'S ORDER**

The conditions and terms stated below, together with the agreement set forth on the reverse side hereof, and the simultaneously executed warranty agreement between the parties named therein.

- SE reserves the right to accept or reject this order and shall not be required to give any reason for non-acceptance.
- This order when accepted shall become a binding contract between the parties, but shall be subject to strike, lockouts, accidents, fire, delays in manufacture, transportation or delivery of material, acts of God, action of the Government, and other causes beyond control of SE and any of such causes, whether or not similar to any of the causes specifically enumerated, shall absolutely absolve SE from any liability to the Customer under the terms hereof.



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

---

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to purchase a Used Water Truck for the Public Works Department Streets Division. (PWD)  
Public Works Director Tyler Richards

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Public Works Department

**PREPARED BY:** Tracie Lee, Assistant Public Works Director

---

**REQUEST:** Purchase a Water Truck for the Public Works Department Streets Division.

**EMERGENCY CLAUSE:** N/A

---

**SUMMARY:** The Public Works Department would like prior authorization to purchase a used Water Truck for the Public Works Department Streets Division in the amount of \$60,000.00 from Unknown Vendor either by advertised bid or through a Government Buy Board. Prior authorization will allow City staff to purchase immediately if one is found as used equipment sale fairly quickly because of price.

Purchase from this source will meet all bidding requirements. Funds were budgeted in General Fund and are available for the purchase of this equipment.

---

**EXPENSE REQUIRED:** \$60,000.00

---

**AMOUNT BUDGETED:** \$60,000.00

---

**APPROPRIATION  
REQUIRED:** \$0.00

---

**RECOMMENDED  
ACTION:** City Manager and staff recommend board approval.

---

**EXHIBITS:** Resolution



# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, request is made to purchase one (1) used or second-hand water truck via advertised bid, proposal, auction, or government buy-board in an amount not to exceed \$60,000.00; and

**WHEREAS**, due to statutory amendment, competitive bidding is no longer required for such purchase; and

**WHEREAS**, current conditions cause certain equipment, machinery and used or second-hand motor vehicles to be scarce and difficult to source and, in many instances, it is necessary to immediately have approved funds available to purchase the same; and

**WHEREAS**, the funds are budgeted and available; and

**WHEREAS**, the City Manager and staff recommend approval; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to purchase one (1) used or second-hand water truck on the terms set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

---

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to purchase a Used Pneumatic Roller for the Public Works Department Streets Division. (PWD) Public Works Director Tyler Richards

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Public Works Department

**PREPARED BY:** Tracie Lee, Assistant Public Works Director

---

**REQUEST:** Purchase a Pneumatic Roller for the Public Works Department Streets Division.

**EMERGENCY CLAUSE:** N/A

---

**SUMMARY:** The Public Works Department would like prior authorization to purchase a used Pneumatic Roller for the Public Works Department Streets Division in the amount of \$90,000.00 from Unknown Vendor either by advertised bid or through a Government Buy Board. Prior authorization will allow City staff to purchase immediately if one is found as used equipment sale fairly quickly because of price.

Purchase from this source will meet all bidding requirements. Funds were budgeted in General Fund and are available for the purchase of this equipment.

---

**EXPENSE REQUIRED:** \$90,000.00

---

**AMOUNT BUDGETED:** \$90,000.00

---

**APPROPRIATION  
REQUIRED:** \$0.00

---

**RECOMMENDED  
ACTION:** City Manager and staff recommend board approval.

---

**EXHIBITS:** Resolution

# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, request is made to purchase one (1) used or second-hand pneumatic roller via advertised bid, proposal, auction, or government buy-board in an amount not to exceed \$90,000.00; and

**WHEREAS**, due to statutory amendment, competitive bidding is no longer required for such purchase; and

**WHEREAS**, current conditions cause certain equipment, machinery and used or second-hand motor vehicles to be scarce and difficult to source and, in many instances, it is necessary to immediately have approved funds available to purchase the same; and

**WHEREAS**, the funds are budgeted and available; and

**WHEREAS**, the City Manager and staff recommend approval; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to purchase one (1) used or second hand pneumatic roller on the terms set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

---

**AGENDA TITLE:** Adopt a Resolution Amending the FY2022 General Fund Budget to Include the Reallocation of the FY2021 General Fund Budget funding for Nix Creek Improvements. (PWD)

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other :

**DEPARTMENT:** Public Works Department

**PREPARED BY:** Tracie Lee, Assistant Public Works Director

---

**REQUEST:** Adopt a Resolution Amending the FY2022 General Fund Budget to Include the Reallocation of the FY2021 General Fund Budget funding for Nix Creek Improvements.

**EMERGENCY CLAUSE:** This item will be approved by a resolution; therefore, it will not need an emergency clause.

---

**SUMMARY:** A resolution for the reallocation of the FY2021 General Fund Budget funding for Nix Creek Improvements in the amount of two hundred twenty-two thousand eighty-eight dollars and forty-two cents (\$222,088.42) for Nix Creek Improvements.

The project was unable to be completed in 2021.

---

**EXPENSE REQUIRED:** \$222,088.42

---

**AMOUNT BUDGETED:** \$0.00

---

**APPROPRIATION REQUIRED:** \$222,088.42

---

**RECOMMENDED ACTION:** City Manager and staff recommend board approval.

---

**EXHIBITS:** Resolution

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, it is necessary to amend the FY2022 General Fund Budget to include the reallocation of the FY2021 General Fund Budget funding for the Nix Creek Improvements; and

**WHEREAS**, specifically, the total reallocation is \$222, 088.42; and

**WHEREAS**, the City Manager and staff recommend approval of said budget amendment; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the FY2022 General Fund Budget is amended to allocate \$222, 088.42 as described and for the purposes set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney



## CITY OF TEXARKANA, AR BOARD OF DIRECTORS

---

<b>AGENDA TITLE:</b>	Adopt a Resolution accepting the year end 2020 Audit Report. (FIN) Finance Director TyRhonda Henderson
<b>AGENDA DATE:</b>	February 7, 2022
<b>ITEM TYPE:</b>	Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Other <input type="checkbox"/> : _____
<b>DEPARTMENT:</b>	Finance Department
<b>PREPARED BY:</b>	TyRhonda Henderson, Finance Director
<b>REQUEST:</b>	N/A
<b>EMERGENCY CLAUSE:</b>	N/A
<b>SUMMARY:</b>	The year end 2020 audit is presented for acceptance by the Board of Directors. All audit recommendations will be seriously reviewed considering the costs and benefits of implementation. Copies of the audit report and auditor's management letter have been made available for Directors prior to the meeting.
<b>EXPENSE REQUIRED:</b>	\$0
<b>AMOUNT BUDGETED:</b>	\$0
<b>APPROPRIATION REQUIRED:</b>	\$0
<b>RECOMMENDED ACTION:</b>	City Manager and staff recommend approval
<b>EXHIBITS:</b>	Resolution and Year End 2020 Audit Report

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, the 2020 Audit has been prepared; and

**WHEREAS**, the audit has been reviewed by the Board of Directors; and

**WHEREAS**, the City Manager and staff recommend approval;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, the 2020 Audit is accepted.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney

# City of Texarkana, Arkansas

## Annual Comprehensive Financial Report

For the Year Ended December 31, 2020



Finance Department

TyRhonda Henderson  
Finance Director



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**City of Texarkana, Arkansas**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended December 31, 2020**

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**City of Texarkana, Arkansas**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended December 31, 2020**

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**City of Texarkana, Arkansas**  
**Annual Comprehensive Financial Report**  
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## **Introductory Section**

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## **CITY OF TEXARKANA ARKANSAS**

FINANCE DEPARTMENT

216 WALNUT ST 71854-6024

P O BOX 2711 TEXARKANA ARKANSAS 75504-2711

PHONE (870) 779-4954 FAX (870) 772-8182

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

The Annual Comprehensive Financial Report (ACFR) of the City of Texarkana, Arkansas (the City) for the year ended December 31, 2020, is submitted in accordance with State statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

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

BKD, LLP has issued unmodified opinions on the City of Texarkana, Arkansas' financial statements for the year ended December 31, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

### **Profile of the Government**

The City of Texarkana, Arkansas was founded in 1873 and incorporated in 1880 and is located on the Arkansas - Texas state line in the southwest corner of the State of Arkansas. The City is 28 miles south of Oklahoma and 25 miles north of the Louisiana boundary line. The City currently occupies a land area of 42 square miles and serves a population of 30,104. The City of Texarkana, Arkansas is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Board of Directors.

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

**We are on the web @ [www.txkusa.org/ar](http://www.txkusa.org/ar)**



The City of Texarkana, Arkansas provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; education; health and social services; planning and zoning; and general administrative services. Water and sewer distribution and collection activities are provided by Texarkana Water Utilities (TWU). The Arkansas activity of the Texarkana Water Utilities is accounted for as if it were part of the operations of the primary government. Texarkana, Arkansas Water Utilities is not a legally separate entity from the City. The Texarkana, Arkansas Water Utilities is included as an enterprise fund of the City with its fiscal year end of September 30, 2020.

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

### **Local Economy**

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

Many developments have taken place in 2020 and 2021 within the City. Fifty-nine certificates of occupancy were issued in 2021. New construction projects are ongoing for a new subdivision on East 44<sup>th</sup> Street. Major remodeling projects are ongoing at the Miller County Courthouse, FedEx, and Advanced Interventional Pain Management.

### **Relevant Financial Policies**

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

The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures are generally recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on an accrual basis.

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

anticipated revenues and any unencumbered funds from prior years. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Public Works Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information section of this report.

### **Long Term Financial Plans**

On December 22, 2020 the City of Texarkana, Arkansas Public Facilities Board issued \$5,000,000 in Taxable Lease Revenue Bonds for the purpose of acquiring an industrial site and ancillary property to be utilized in securing and developing industry which will be leased to the City of Texarkana, Arkansas. The Bonds are payable solely from the rent payments and other amounts derived from the project. The bond bears an interest of 3.95%.

On January 19, 2021, the City issued \$3,165,000 in Franchise Fee Secured Refunding Revenue Bonds, Series 2021-A for the purpose of refunding the Issuer's \$3,770,000 Franchise Fee Secured Refunding Revenue Bonds, Series 2015, of which \$3,250,000 remains outstanding, funding a debt service reserve fund, and to pay the costs of issuing the series 2021-A Bonds. The City also issued \$8,420,000 in Franchise Fee Secured Refunding Revenue Bonds, Taxable Series 2021-B for the purpose of advance refunding of the issue's \$10,300,000 original principal amount Franchise Fee Secured Refunding Revenue Bonds, Series 2012, of which \$7,920,000 remains outstanding, funding a debt service reserve fund, and to pay the cost of issuing the Taxable Series 2021-B Bonds. The Bonds are not general obligations of the Issuer but are special obligations payable solely from the revenues received by the Issuer from all franchise fees charged to public utilities for the privilege of using the City's streets and rights-a-way and from fund and moneys pledged to the payment of the Bonds under a Trust Indenture, dated as of January 19, 2021 between the City and Bank OZK Trustee. The bonds bear interest between 0.50% and 2.785%.

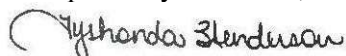
### **Awards and Acknowledgements**

**Awards:** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Texarkana, Arkansas for its annual comprehensive financial reports (ACFR) for the fiscal year ended December 31, 2019. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectively submitted,



TyRhonda Henderson  
Finance Director

January 14, 2022



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Texarkana  
Arkansas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

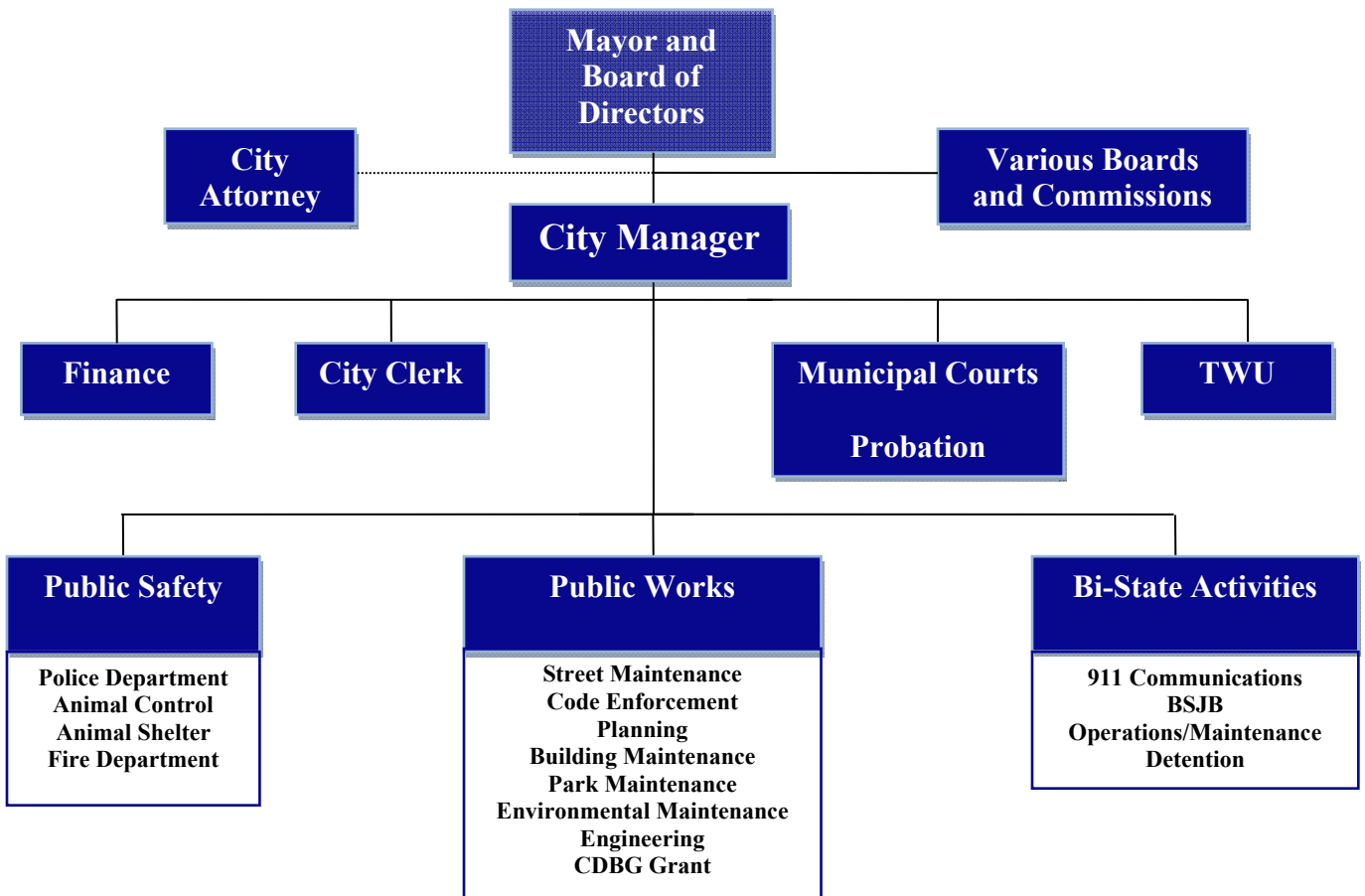
December 31, 2019

*Christopher P. Morrill*

Executive Director/CEO



# CITY OF TEXARKANA, ARKANSAS ORGANIZATIONAL CHART



# City of Texarkana, Arkansas

## Elected Officials:

Allen L. Brown	Mayor
Terry Roberts	Director – Ward 1
Laney J. Harris	Director – Ward 2
Steven Hollibush	Assistant Mayor, Director – Ward 3
Ulysses Brewer	Director – Ward 4
Barbara S. Miner	Director – Ward 5
Jeff Hart	Director – Ward 6
Wren Autrey	District Court Judge

## Appointed Officials:

E.J. Ellington	City Manager
George M. Matteson	City Attorney

## **Financial Section**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Texarkana, Arkansas as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Texarkana Airport Authority, a joint venture of the City included in the governmental activities opinion unit. The City's investment in Texarkana Airport Authority reported at December 31, 2020, is \$12,739,458, which includes a current year increase of \$472,144. We also did not audit the financial statements of Texarkana Urban Transit District, a joint venture of the City included in the governmental activities opinion unit. The City's investment in Texarkana Urban Transit District reported at December 31, 2020, is \$880,572 which includes a current year decrease of \$79,431. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Texarkana Airport Authority and Texarkana Urban Transit District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Texarkana, Arkansas as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and public works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

***Other 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 introductory section, the combining and individual fund financial statements and schedules, the statistical section and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information in the introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated January 14, 2022, 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.

**BKD, LLP**

Rogers, Arkansas  
January 14, 2022

# **City of Texarkana, Arkansas**

## **Management's Discussion and Analysis**

### **December 31, 2020**

As management of the City of Texarkana, Arkansas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Texarkana, Arkansas exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,030,349 (net position).
- The City's total net position decreased by \$666,030 from operations during fiscal year 2020.
- Governmental funds reported combined ending fund balances of \$14,628,982.
- At the end of the current fiscal year, unassigned fund balance was \$6,993,171.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, police department, fire department, protective inspection, public works, public service, health and welfare, and cultural and recreation. The business-type activities of the City include water and sewer operations.

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

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

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

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

The City maintains 18 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Public Works Fund, both of which are considered to be major funds. Data from the other 16 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Public Works Fund. Budgetary comparison statements have been provided for the General Fund and the Public Works Fund to demonstrate compliance with this budget.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Texarkana, Arkansas Water Utilities since it is considered to be a major fund of the City. Individual fund data for the two non-major proprietary funds are provided in the form of combining statements elsewhere in this report. These statements are as of September 30, 2020, which is the year-end for the proprietary funds.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Texarkana, Arkansas' own programs.

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

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

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Texarkana, Arkansas, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,030,349 as of December 31, 2020. The largest portion of the City's net position, 89.58% (\$46,607,001), reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, infrastructure, water rights, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position represents resources that are subject to restriction on how they may be used. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Texarkana, Arkansas**

**Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 35,468,177	\$ 32,640,970	\$ 11,315,776	\$ 11,827,145	\$ 46,783,953	\$ 44,468,115
Capital assets	34,354,470	34,100,317	53,459,166	54,844,400	87,813,636	88,944,717
Other assets	-	-	2,035,558	1,805,922	2,035,558	1,805,922
Total assets	69,822,647	66,741,287	66,810,500	68,477,467	136,633,147	135,218,754
Deferred outflows of resources	6,395,705	8,929,435	382,543	951,718	6,778,248	9,881,153
Long-term liabilities	58,780,865	62,358,064	20,984,068	24,695,387	79,764,933	87,053,451
Other liabilities	3,778,768	2,136,004	4,039,523	1,970,046	7,818,291	4,106,050
Total liabilities	62,559,633	64,494,068	25,023,591	26,665,433	87,583,224	91,159,501
Deferred inflows of resources	2,640,406	340,366	1,157,416	903,661	3,797,822	1,244,027
Net position:						
Net investment in capital assets	11,573,523	11,887,149	35,033,478	34,951,626	46,607,001	46,838,775
Restricted	5,021,170	3,778,615	2,035,558	1,805,922	7,056,728	5,584,537
Unrestricted	(5,576,380)	(4,829,476)	3,943,000	5,102,543	(1,633,380)	273,067
Total net position	\$ 11,018,313	\$ 10,836,288	\$ 41,012,036	\$ 41,860,091	\$ 52,030,349	\$ 52,696,379

**Analysis of the City's Operations** - The following table provides a summary of the City's operations for the year ended December 31, 2020. Governmental activities increased the City's net position by \$182,025. From 2019 to the 2020 revenues increased by \$2,662,589 and expenses increased by \$1,620,884. The increase in revenue can be attributed to the increases in sales tax, grant entitlements, and miscellaneous. The increase in expenses can be attributed to an increase in general administration expenses of \$1,154,189 primarily due to demolition of Regency Building, Hazard Pay, an increase in insurance premiums, and Economic Development from CDBG funds and an increase in police department expenditures of \$909,561 primarily due to Hazard Pay and expenditures due to Stop School Violence Grant. These increases were offset by a decrease of \$724,706 in other public safety expense primarily due to decrease in BiState expenditures. Business-type activities decreased the City's net position by \$848,055. For the business type activities, the revenues from 2019 to 2020 increased by \$459,614. Expenses (excluding transfers out) from 2019 to 2020 increased by \$847,361 (8.8%).

In addition, deferred outflows for the governmental-type activities decreased by \$2,533,730 while the deferred inflows increased \$2,300,040, due to the annual activity within the various pension and other postemployment benefit plans of the City, which are shown in detail within *Notes 9 and 11*. Long term liabilities for the governmental activities decreased \$3,577,199 due to scheduled payments and the decrease in net pension liabilities and for the business-type activities decreased by \$3,711,319 due to annual payments and a decrease in the net pension liability of \$1,104,640. Additional information on the City of Texarkana, Arkansas' debt can be found in *Note 5* of this report.

**City of Texarkana, Arkansas**  
**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,911,828	\$ 5,571,532	\$ 9,689,488	\$ 9,285,223	\$15,601,316	\$ 14,856,755
Operating grants and contributions	4,819,791	3,944,769	-	-	4,819,791	3,944,769
Capital grants and contributions	509,874	724,333	-	-	509,874	724,333
General revenues:						
Property taxes	4,143,548	4,490,963	-	-	4,143,548	4,490,963
Other taxes	14,653,881	13,275,563	-	-	14,653,881	13,275,563
Other revenue	1,300,352	669,525	234,884	179,535	1,535,236	849,060
Total revenues	<u>31,339,274</u>	<u>28,676,685</u>	<u>9,924,372</u>	<u>9,464,758</u>	<u>41,263,646</u>	<u>38,141,443</u>
Expenses:						
General administration	3,585,283	2,431,094	-	-	3,585,283	2,431,094
Police department	10,057,223	9,147,662	-	-	10,057,223	9,147,662
Fire department	6,316,894	6,424,089	-	-	6,316,894	6,424,089
Other public safety	1,083,063	1,807,769	-	-	1,083,063	1,807,769
Protective inspection	602,488	542,856	-	-	602,488	542,856
Public works	7,125,056	6,931,855	-	-	7,125,056	6,931,855
Public services	71,343	61,695	-	-	71,343	61,695
Health and welfare	696,837	609,728	-	-	696,837	609,728
Cultural and recreation	1,260,562	1,214,342	-	-	1,260,562	1,214,342
Interest on long-term debt	762,801	769,576	-	-	762,801	769,576
Water and sewer	-	-	10,479,232	9,631,871	10,479,232	9,631,871
Total expenses	<u>31,561,550</u>	<u>29,940,666</u>	<u>10,479,232</u>	<u>9,631,871</u>	<u>42,040,782</u>	<u>39,572,537</u>
Increase (decrease) in net position before transfers	(222,276)	(1,263,981)	(554,860)	(167,113)	(777,136)	(1,431,094)
Transfers	404,301	560,828	(293,195)	(609,087)	111,106	(48,259)
Increase (Decrease) in net position	182,025	(703,153)	(848,055)	(776,200)	(666,030)	(1,479,353)
Net position - beginning of year	<u>10,836,288</u>	<u>11,539,441</u>	<u>41,860,091</u>	<u>42,636,291</u>	<u>52,696,379</u>	<u>54,175,732</u>
Net position - end of year	<u>\$11,018,313</u>	<u>\$10,836,288</u>	<u>\$41,012,036</u>	<u>\$41,860,091</u>	<u>\$52,030,349</u>	<u>\$ 52,696,379</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

At the end of the current fiscal year, the City of Texarkana, Arkansas' governmental funds reported combined ending fund balances of \$14,628,982.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$6,993,171. Unassigned fund balance represents approximately 35.93% of the total General Fund expenditures. There are 131 days of expenditures in unassigned fund balance, representing a decrease of 4 days from 2019.

For the City's General Fund, from 2019 to 2020, total revenue increased by 15.15% due to an increase in sales tax, grants and entitlement, and miscellaneous and total expenditures increased by 8.02%. The City's General Fund balance increased by \$1,332,360 and resulted in an ending fund balance of \$8,188,368.

For the City's Public Works Fund, from 2019 to 2020, total revenue decreased by 3.14% primarily due to a decrease in intergovernmental and miscellaneous. Total expenditures increased by 1.83% due to an overall increase in protective inspections and capital outlay. The Public Works Fund reported a net decrease and change in fund balance of \$156,804, which resulted in an ending fund balance of \$1,855,815.

**Proprietary funds** - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of Texarkana, Arkansas Water Utilities at the end of the year amounted to \$3,553,634. The total decrease in net position for Texarkana, Arkansas Water Utilities was \$950,965. The decrease for the Texarkana, Arkansas Water Utilities was primarily attributable to a mild, wet summer and the COVID-19 pandemic.

### **General Fund Budgetary Highlights**

The City made revisions to the original appropriations approved by the Board of Directors. Overall, actual results reflected a net increase and positive change in fund balance of \$1,332,360 or ending fund balance of \$8,188,368. Significant variances between the final amended budget and actuals occurred as a result of various factors and reflected a net increase in fund balance of \$3,539,158. This is mostly a result of expenditures being under budget by \$3,323,233 and revenues being over budget by \$1,099,497. This was offset by other financing uses being over budget by \$883,572. Capital Outlay expenditures were under budget by \$704,875. This is primarily due various budgeted capital outlay projects that were not completed during 2020 due to time constraints or planned multi-year projects. Other Public Safety expenditures were under budget by \$374,181. This is primarily due to contributions to the Bi-State Justice Center being under budget. Total revenues were over budget due to miscellaneous revenue being over budget by \$908,313.

### **Capital Assets**

The City of Texarkana, Arkansas' investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$87,813,636 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, water rights, and construction in progress.



**Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,563,907	\$ 2,563,907	\$ 832,844	\$ 864,911	\$ 3,396,751	\$ 3,428,818
Buildings	5,547,080	5,683,908	1,510,246	1,608,101	7,057,326	7,292,009
Improvements other than buildings	3,366,928	3,942,204	31,051,110	32,349,037	34,418,038	36,291,241
Machinery and equipment	3,722,094	3,570,206	1,853,811	1,882,863	5,575,905	5,453,069
Infrastructure	16,355,342	16,906,415	-	-	16,355,342	16,906,415
Water rights	-	-	17,784,128	17,784,128	17,784,128	17,784,128
Construction in progress	2,799,119	1,433,677	427,027	355,360	3,226,146	1,789,037
<b>Total</b>	<b>\$ 34,354,470</b>	<b>\$ 34,100,317</b>	<b>\$ 53,459,166</b>	<b>\$ 54,844,400</b>	<b>\$ 87,813,636</b>	<b>\$ 88,944,717</b>

Major capital asset additions for the governmental activities during 2020 included approximately \$1 million for various construction in progress projects. The decrease in business-type activities capital assets is due to depreciation expense exceeding capital purchases in the current year. Additional information on the City of Texarkana, Arkansas' capital assets can be found in *Note 3* of this report.

## DEBT ADMINISTRATION

At the end of the current fiscal year, the governmental activities of the City of Texarkana, Arkansas had total bonded debt of \$20,003,223. Of this amount, \$6,846,208 comprises bonded debt backed by the full faith and credit of the government and \$13,157,015 represents bonds secured solely by franchise fees charged to public utilities for the privilege of using the City's streets and right-of-ways. Business-type activities long-term debt of \$5,429,525 represents bonds secured solely by water and sewer revenues.

**General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 6,846,208	\$ 7,509,672	\$ -	\$ -	\$ 6,846,208	\$ 7,509,672
Revenue bonds	13,157,015	13,727,370	5,429,525	6,728,413	18,586,540	20,455,783
<b>Total</b>	<b>\$ 20,003,223</b>	<b>\$ 21,237,042</b>	<b>\$ 5,429,525</b>	<b>\$ 6,728,413</b>	<b>\$ 25,432,748</b>	<b>\$ 27,965,455</b>

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

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

The cost of housing inmates continues to be an issue for the City and will continue to be a budget issue for 2021 and beyond.

The coronavirus began to impact the United States population in or about February 2020. There is no doubt this pandemic will negatively impact economic conditions in 2021. The specific impact on the financial position of the City will be determined by the length and magnitude of the pandemic, which will in result in the overall economic results experienced by the City.

## **REQUEST FOR INFORMATION**

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

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## **Basic Financial Statements**

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**City of Texarkana, Arkansas**  
**Statement of Net Position**  
**December 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Texarkana Advertising & Promotion
<b>Assets</b>				
Cash	\$ 3,899,268	\$ 2,656,738	\$ 6,556,006	\$ 403,675
Investments	1,515,742	2,241,242	3,756,984	-
Accounts receivable, net of allowance				
Property taxes	5,264,006	-	5,264,006	-
Accounts	1,307,560	1,413,338	2,720,898	-
Other government agencies	3,639,151	180,756	3,819,907	-
Accrued interest	-	1,852	1,852	-
Other	1,857	-	1,857	132,566
Due from fiduciary funds	-	-	-	-
Due from component units	8,642	-	8,642	-
Internal balances	-	27,074	27,074	-
Inventories	-	294,631	294,631	-
Prepaid items	137,874	97,429	235,303	-
Restricted assets				
Cash	5,583,801	1,248,516	6,832,317	-
Investments	-	102,239	102,239	-
Accounts receivable	-	4,382	4,382	-
Prepaid capital improvement deposits	-	536,188	536,188	-
Net investment in direct financing lease:				
Due within one year	-	327,137	327,137	-
Due in more than one year	-	2,184,254	2,184,254	-
Investment in joint ventures	14,110,276	-	14,110,276	-
Capital assets - non-depreciable	5,363,026	19,043,999	24,407,025	-
Capital assets - depreciable, net	28,991,444	34,415,167	63,406,611	-
Net pension asset	-	2,035,558	2,035,558	-
	69,822,647	66,810,500	136,633,147	536,241
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension	3,877,469	28,804	3,906,273	-
Deferred outflows - pension contributions	1,840,844	312,130	2,152,974	-
Deferred outflows - other postemployment benefits	677,392	41,609	719,001	-
	6,395,705	382,543	6,778,248	-

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Texarkana Advertising & Promotion
<b>Liabilities</b>				
Accounts payable	\$ 1,332,098	\$ 550,364	\$ 1,882,462	\$ 68,695
Accrued liabilities	468,685	734,467	1,203,152	-
Due to other governments	92,557	107,887	200,444	-
Due to fiduciary funds	487,263	-	487,263	-
Due to primary government	-	-	-	8,642
Customer deposits	-	601,536	601,536	-
Capital improvement deposits	-	661,437	661,437	-
Other liabilities	-	12,538	12,538	-
Long-term liabilities				
Due within one year:				
Bonds payable	825,000	1,175,539	2,000,539	-
Installment loans payable	203,558	-	203,558	-
Obligations under capital leases	6,700	-	6,700	-
Accrued compensated absences	151,235	31,844	183,079	-
Contracts payable	-	163,911	163,911	-
Other postemployment benefits liability	211,672	-	211,672	-
Due in more than one year				
Bonds payable	19,178,223	4,253,986	23,432,209	-
Installment loans payable	1,358,109	-	1,358,109	-
Accrued compensated absences	2,117,710	226,543	2,344,253	-
Net pension and other postemployment benefits liability	36,126,823	2,320,532	38,447,355	-
Contracts payable	-	14,183,007	14,183,007	-
Total liabilities	<u>62,559,633</u>	<u>25,023,591</u>	<u>87,583,224</u>	<u>77,337</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension	2,545,866	571,827	3,117,693	-
Deferred inflows - other postemployment benefits	94,540	585,589	680,129	-
Total deferred inflows of resources	<u>2,640,406</u>	<u>1,157,416</u>	<u>3,797,822</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	11,573,523	35,033,478	46,607,001	-
Restricted				
General administration	9,944	-	9,944	-
Police department	41,057	-	41,057	-
Fire department	89,227	-	89,227	-
Public works	952,685	-	952,685	-
Pension	-	2,035,558	2,035,558	-
Animal Shelter	1,000,000	-	1,000,000	-
Cultural and recreation	30,754	-	30,754	458,904
Debt service	2,897,503	-	2,897,503	-
Unrestricted (deficit)	<u>(5,576,380)</u>	<u>3,943,000</u>	<u>(1,633,380)</u>	<u>-</u>
Total net position	<u>\$ 11,018,313</u>	<u>\$ 41,012,036</u>	<u>\$ 52,030,349</u>	<u>\$ 458,904</u>



**City of Texarkana, Arkansas**  
**Statement of Activities**  
**Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Texarkana Advertising & Promotion
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Governmental Activities</b>								
General administration	\$ 3,585,283	\$ 217,574	\$ 1,328,820	\$ 134,277	\$ (1,904,612)	\$ -	\$ (1,904,612)	
Police department	10,057,223	588,851	1,559,119	-	(7,909,253)	-	(7,909,253)	
Fire department	6,316,894	-	-	-	(6,316,894)	-	(6,316,894)	
Other public safety	1,083,063	-	-	-	(1,083,063)	-	(1,083,063)	
Protective inspection	602,488	-	-	-	(602,488)	-	(602,488)	
Public works	7,125,056	4,697,194	1,753,678	-	(674,184)	-	(674,184)	
Public services	71,343	408,209	110,961	375,597	823,424	-	823,424	
Health and welfare	696,837	-	-	-	(696,837)	-	(696,837)	
Cultural and recreation	1,260,562	-	67,213	-	(1,193,349)	-	(1,193,349)	
Interest on long-term debt	762,801	-	-	-	(762,801)	-	(762,801)	
<b>Total governmental activities</b>	<b>31,561,550</b>	<b>5,911,828</b>	<b>4,819,791</b>	<b>509,874</b>	<b>(20,320,057)</b>	<b>-</b>	<b>(20,320,057)</b>	
<b>Business-Type Activities</b>								
Water and sewer	10,479,232	9,689,488	-	-	-	(789,744)	(789,744)	
<b>Total business-type activities</b>	<b>10,479,232</b>	<b>9,689,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(789,744)</b>	<b>(789,744)</b>	
<b>Total primary government</b>	<b>\$ 42,040,782</b>	<b>\$ 15,601,316</b>	<b>\$ 4,819,791</b>	<b>\$ 509,874</b>	<b>(20,320,057)</b>	<b>(789,744)</b>	<b>(21,109,801)</b>	

Functions/Programs Primary Government Component Unit	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Texarkana Advertising & Promotion
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Texarkana Advertising & Promotion	\$ 1,151,206	\$ -	\$ 16,245	\$ -				\$ (1,134,961)
General revenues								
Property taxes				\$ 4,143,548	\$ -	\$ 4,143,548		-
Sales taxes				12,000,098	-	12,000,098		-
Franchise taxes				2,580,633	-	2,580,633		-
Other taxes				73,150	-	73,150		1,149,666
Unrestricted investment earnings				11,095	234,884	245,979		323
Miscellaneous				1,289,257	-	1,289,257		-
Transfers				404,301	(293,195)	111,106		-
Total general revenues and transfers				20,502,082	(58,311)	20,443,771		1,149,989
Change in Net Position				182,025	(848,055)	(666,030)		15,028
Net Position, Beginning of Year				10,836,288	41,860,091	52,696,379		443,876
Net Position, End of Year				\$ 11,018,313	\$ 41,012,036	\$ 52,030,349		\$ 458,904

**City of Texarkana, Arkansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2020**

	General	Public Works	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 3,899,268	\$ 2,085,887	\$ 3,497,914	\$ 9,483,069
Investments	599,422	-	916,320	1,515,742
Receivables				
Property taxes, net of allowance for uncollectible accounts of \$303,123	3,410,804	30,046	1,823,156	5,264,006
Accounts	1,307,560	-	-	1,307,560
Other government agencies	3,119,511	494,752	24,888	3,639,151
Other	203	1,414	240	1,857
Due from other funds	47,255	113,926	2,168	163,349
Due from component units	-	8,642	-	8,642
Prepaid items	129,438	334	8,102	137,874
	<u>\$ 12,513,461</u>	<u>\$ 2,735,001</u>	<u>\$ 6,272,788</u>	<u>\$ 21,521,250</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 448,127	\$ 798,284	\$ 85,687	\$ 1,332,098
Accrued liabilities	186,034	22,392	672	209,098
Due to other governments	92,557	-	-	92,557
Due to other funds	596,409	47,420	6,783	650,612
	<u>1,323,127</u>	<u>868,096</u>	<u>93,142</u>	<u>2,284,365</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	2,963,707	11,090	1,591,850	4,566,647
Unavailable revenue-grants	38,259	-	2,997	41,256
	<u>3,001,966</u>	<u>11,090</u>	<u>1,594,847</u>	<u>4,607,903</u>
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	129,438	334	8,102	137,874
Restricted				
General administration	-	-	1,842	1,842
Police department	-	-	41,057	41,057
Fire department	-	-	46,697	46,697
Public works	-	-	952,685	952,685
Debt service	-	-	2,098,635	2,098,635
Animal Shelter	1,000,000	-	-	1,000,000
Cultural and recreation	-	-	904,535	904,535
Committed				
Public works	-	389,125	-	389,125
Cultural and recreation	10,577	-	-	10,577
Assigned				
Police department	24,890	-	141,598	166,488
Public works	30,292	1,466,356	389,648	1,886,296
Unassigned	6,993,171	-	-	6,993,171
	<u>8,188,368</u>	<u>1,855,815</u>	<u>4,584,799</u>	<u>14,628,982</u>
Total fund balances	<u>8,188,368</u>	<u>1,855,815</u>	<u>4,584,799</u>	<u>14,628,982</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,513,461</u>	<u>\$ 2,735,001</u>	<u>\$ 6,272,788</u>	<u>\$ 21,521,250</u>

**City of Texarkana, Arkansas**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**December 31, 2020**

<b>Total fund balances - total governmental funds</b>	\$ 14,628,982
 <b>Amounts reported for the governmental activities in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	34,354,470
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	3,755,299
The City's equity investment in joint ventures is not a financial resource and is, therefore, not reported in the funds.	14,110,276
Other long-term assets, such as property tax and grant receivables, are not available to pay for current-period expenditures and, therefore, are presented as deferred inflows in the funds.	4,607,903
Long-term liabilities are not due and payable in the current period and, therefore, are not report in the funds. Those liabilities are as follows:	
Accrued interest payable	(259,587)
Accrued compensated absences	(2,268,945)
Net pension and other postemployment benefits liability	(36,338,495)
Bonds payable, net of unamortized premiums	(20,003,223)
Obligations under installment loans and capital lease	(1,568,367)
<b>Total net position - governmental activities</b>	<b>\$ 11,018,313</b>

**City of Texarkana, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2020**

	<b>General</b>	<b>Public Works</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>				
Property taxes	\$ 2,454,392	\$ 103,889	\$ 1,361,878	\$ 3,920,159
Sales taxes	11,082,601	917,497	-	12,000,098
Other taxes	73,150	-	-	73,150
Utility franchise	2,579,878	-	-	2,579,878
Licenses and permits	57,782	228,038	-	285,820
Fines, forfeitures and penalties	565,576	-	23,160	588,736
Charges for services	175,288	4,469,156	-	4,644,444
Grants and entitlements	1,542,664	434,563	587,677	2,564,904
Intergovernmental	1,462,461	1,334,731	-	2,797,192
Investment income	3,177	1,967	5,951	11,095
Miscellaneous	1,096,046	168,759	24,452	1,289,257
	<u>21,093,015</u>	<u>7,658,600</u>	<u>2,003,118</u>	<u>30,754,733</u>
<b>Expenditures</b>				
Current:				
General government	2,654,196	-	335,503	2,989,699
Police department	8,647,948	-	-	8,647,948
Fire department	5,256,566	-	-	5,256,566
Other public safety	1,064,126	-	18,141	1,082,267
Protective inspection	-	515,739	-	515,739
Public works	-	5,282,603	1,760	5,284,363
Public services	-	-	60,953	60,953
Health and welfare	593,169	-	-	593,169
Cultural and recreation	542	331,318	447,819	779,679
Capital outlay	1,038,484	1,387,721	120,000	2,546,205
Debt service:				
Principal retirement	185,759	-	1,257,000	1,442,759
Interest and fiscal charges	23,116	-	761,853	784,969
Bond issuance costs	-	-	2,038	2,038
	<u>19,463,906</u>	<u>7,517,381</u>	<u>3,005,067</u>	<u>29,986,354</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,629,109</u>	<u>141,219</u>	<u>(1,001,949)</u>	<u>768,379</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	852,571	190,572	1,041,510	2,084,653
Transfers out	(1,149,320)	(488,595)	(42,437)	(1,680,352)
Issuance of debt	-	-	810,000	810,000
	<u>(296,749)</u>	<u>(298,023)</u>	<u>1,809,073</u>	<u>1,214,301</u>
<b>Net Change in Fund Balances</b>	1,332,360	(156,804)	807,124	1,982,680
<b>Fund Balances, Beginning of Year</b>	<u>6,856,008</u>	<u>2,012,619</u>	<u>3,777,675</u>	<u>12,646,302</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,188,368</u>	<u>\$ 1,855,815</u>	<u>\$ 4,584,799</u>	<u>\$ 14,628,982</u>

**City of Texarkana, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**Year Ended December 31, 2020**

**Net change in fund balances - total governmental funds** \$ 1,982,680

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

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

Capital asset purchases	2,546,205
Depreciation expense	(2,292,052)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	191,713
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Gains from the change in the equity investment in joint ventures do not provide current financial resources are not reported in the funds.	392,828
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The issuance of long-term debt ( <i>e.g.</i> , bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	641,578
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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	15,387
Accrued compensated absences	(91,529)
Net pension liability	2,239,849
Other postemployment benefits liability	(610,864)
Net change in deferred inflows/outflows of resources related to pensions and other postemployment benefits liability	(4,833,770)

<b>Change in net position of governmental activities</b>	<b>\$ 182,025</b>
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**City of Texarkana, Arkansas**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balances – Budget and Actual – General Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 2,591,600	\$ 2,349,400	\$ 2,454,392	\$ 104,992
Sales taxes	10,328,153	10,870,937	11,082,601	211,664
Other taxes	-	-	73,150	73,150
Utility franchise	2,614,575	2,618,000	2,579,878	(38,122)
Licenses and permits	68,450	60,930	57,782	(3,148)
Fines, forfeitures and penalties	799,880	703,264	565,576	(137,688)
Charges for services	228,430	206,830	175,288	(31,542)
Grants and entitlements	315,480	1,609,061	1,542,664	(66,397)
Intergovernmental	1,426,500	1,387,363	1,462,461	75,098
Investment income	-	-	3,177	3,177
Miscellaneous	396,130	187,733	1,096,046	908,313
	<u>18,769,198</u>	<u>19,993,518</u>	<u>21,093,015</u>	<u>1,099,497</u>
<b>Expenditures</b>				
Current:				
General government	2,060,199	3,384,398	2,604,196	780,202
Police department	8,828,841	8,928,268	8,662,143	266,125
Fire department	5,171,794	5,300,996	5,256,566	44,430
Other public safety	1,387,191	1,438,307	1,064,126	374,181
Health and welfare	445,953	478,073	593,169	(115,096)
Cultural and recreation	235,286	235,286	542	234,744
Capital outlay	1,895,573	1,729,164	1,024,289	704,875
Debt service:				
Principal retirement	166,333	166,333	185,759	(19,426)
Interest and fiscal charges	22,225	22,225	23,116	(891)
	<u>20,213,395</u>	<u>21,683,050</u>	<u>19,413,906</u>	<u>2,269,144</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,444,197)</u>	<u>(1,689,532)</u>	<u>1,679,109</u>	<u>3,368,641</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	773,570	536,823	852,571	315,748
Transfers out	(1,054,179)	(1,054,179)	(1,199,320)	(145,141)
	<u>(280,609)</u>	<u>(517,356)</u>	<u>(346,749)</u>	<u>170,607</u>
<b>Net Change in Fund Balances</b>	(1,724,806)	(2,206,888)	1,332,360	3,539,248
<b>Fund Balances, Beginning of Year</b>	<u>6,856,008</u>	<u>6,856,008</u>	<u>6,856,008</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,131,202</u>	<u>\$ 4,649,120</u>	<u>\$ 8,188,368</u>	<u>\$ 3,539,248</u>

**City of Texarkana, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Balances – Budget and Actual - Public Works Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 110,700	\$ 99,600	\$ 103,889	\$ 4,289
Sales taxes	715,000	721,000	917,497	196,497
Licenses and permits	302,600	160,050	228,038	67,988
Charges for services	4,548,500	4,653,000	4,469,156	(183,844)
Grants and entitlements	700,706	903,791	434,563	(469,228)
Intergovernmental	1,379,500	1,403,500	1,334,731	(68,769)
Investment income	2,000	1,850	1,967	117
Miscellaneous	324,362	322,497	168,759	(153,738)
<b>Total revenues</b>	<u>8,083,368</u>	<u>8,265,288</u>	<u>7,658,600</u>	<u>(606,688)</u>
<b>Expenditures</b>				
Current:				
Protective inspection	554,353	543,199	515,739	27,460
Public works	5,856,272	5,587,908	5,282,603	305,305
Cultural and recreation	376,125	338,392	331,318	7,074
Capital outlay	1,962,978	2,001,522	1,387,721	613,801
<b>Total expenditures</b>	<u>8,749,728</u>	<u>8,471,021</u>	<u>7,517,381</u>	<u>953,640</u>
<b>Excess (Deficiencies) of Revenues Over (Under) Expenditures</b>	<u>(666,360)</u>	<u>(205,733)</u>	<u>141,219</u>	<u>346,952</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	33,951	162,631	190,572	27,941
Transfers out	(482,040)	(476,000)	(488,595)	(12,595)
<b>Total other financing sources (uses)</b>	<u>(448,089)</u>	<u>(313,369)</u>	<u>(298,023)</u>	<u>15,346</u>
<b>Net Change in Fund Balances</b>	(1,114,449)	(519,102)	(156,804)	362,298
<b>Fund Balances, Beginning of Year</b>	<u>2,012,619</u>	<u>2,012,619</u>	<u>2,012,619</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 898,170</u>	<u>\$ 1,493,517</u>	<u>\$ 1,855,815</u>	<u>\$ 362,298</u>



**City of Texarkana, Arkansas**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2020**

	<b>Texarkana Water Utilities</b>		<b>Total Enterprise Funds</b>
	<b>Water Utilities</b>	<b>Nonmajor Enterprise Funds</b>	
<b>Assets</b>			
<b>Current assets</b>			
Cash	\$ 2,221,984	\$ 434,754	\$ 2,656,738
Investments	2,197,425	43,817	2,241,242
Receivables:			
Accounts (net of allowance for uncollectible)	1,370,104	43,234	1,413,338
Accrued interest	1,118	734	1,852
Due from other funds	31,941	293	32,234
Due from other governments	180,034	722	180,756
Inventories	294,631	-	294,631
Prepaid items	96,297	1,132	97,429
Net investment in direct financing leases - current	327,137	-	327,137
Total current assets	<u>6,720,671</u>	<u>524,686</u>	<u>7,245,357</u>
<b>Noncurrent assets</b>			
<b>Restricted assets</b>			
Cash	1,104,724	143,792	1,248,516
Investments	-	102,239	102,239
Receivables			
Interest	2,670	1,712	4,382
Total restricted assets	<u>1,107,394</u>	<u>247,743</u>	<u>1,355,137</u>
<b>Capital assets (net of accumulated depreciation)</b>			
Land	817,397	15,447	832,844
Buildings	1,025,600	968	1,026,568
Improvements other than buildings	21,292,151	1,967,812	23,259,963
Machinery and equipment	1,833,618	20,260	1,853,878
Property under capital leases	8,274,758	-	8,274,758
Water rights	17,784,128	-	17,784,128
Construction in progress	410,899	16,128	427,027
Net capital assets	<u>51,438,551</u>	<u>2,020,615</u>	<u>53,459,166</u>
<b>Other assets</b>			
Prepaid capital improvement deposits	534,951	1,237	536,188
Net pension asset	2,035,558	-	2,035,558
Net investment in direct financing leases	2,184,254	-	2,184,254
Total other assets	<u>4,754,763</u>	<u>1,237</u>	<u>4,756,000</u>
Total noncurrent assets	<u>57,300,708</u>	<u>2,269,595</u>	<u>59,570,303</u>
Total assets	<u>64,021,379</u>	<u>2,794,281</u>	<u>66,815,660</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension	28,351	453	28,804
Deferred outflows - pension contributions	307,227	4,903	312,130
Deferred outflows - OPEB	41,609	-	41,609
Total deferred outflows of resources	<u>377,187</u>	<u>5,356</u>	<u>382,543</u>

	<u>Texarkana Water Utilities</u>		<u>Total Enterprise Funds</u>
	<u>Water Utilities</u>	<u>Nonmajor Enterprise Funds</u>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 532,389	\$ 17,975	\$ 550,364
Construction contracts payable	163,911	-	163,911
Accrued liabilities	253,115	7,939	261,054
Accrued interest payable	454,860	18,553	473,413
Due to other funds	293	4,867	5,160
Due to other governments	99,048	8,839	107,887
Other payables	11,234	1,304	12,538
Compensated absences - current portion	31,844	-	31,844
Bonds payable - current portion	926,989	248,550	1,175,539
	<u>2,473,683</u>	<u>308,027</u>	<u>2,781,710</u>
Total current liabilities			
<b>Noncurrent liabilities</b>			
Customer deposits	559,657	41,879	601,536
Capital improvement deposits	651,836	9,601	661,437
Contracts payable	14,183,007	-	14,183,007
Compensated absences	226,543	-	226,543
Net pension and OPEB liability	2,298,475	22,057	2,320,532
Revenue bonds	3,257,084	996,902	4,253,986
	<u>21,176,602</u>	<u>1,070,439</u>	<u>22,247,041</u>
Total noncurrent liabilities			
Total liabilities	<u>23,650,285</u>	<u>1,378,466</u>	<u>25,028,751</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension	561,216	10,611	571,827
Deferred inflows - other postemployment benefits	585,589	-	585,589
	<u>1,146,805</u>	<u>10,611</u>	<u>1,157,416</u>
Total deferred inflows of resources			
<b>Net Position</b>			
Net investment in capital assets	34,012,284	1,021,194	35,033,478
Restricted for pensions	2,035,558	-	2,035,558
Unrestricted	3,553,634	389,366	3,943,000
	<u>39,601,476</u>	<u>1,410,560</u>	<u>41,012,036</u>
Total net position			

**City of Texarkana, Arkansas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2020**

	<b>Texarkana Water Utilities</b>		
	<b>Water Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>			
Water sales	\$ 3,750,103	\$ 483,465	\$ 4,233,568
Wholesale water sales	57,800	-	57,800
Water connection fees	3,200	1,100	4,300
Sewer charges	3,926,605	-	3,926,605
Penalties and service charges	252,497	18,233	270,730
Other income	1,186,741	9,744	1,196,485
<b>Total operating revenues</b>	<b>9,176,946</b>	<b>512,542</b>	<b>9,689,488</b>
<b>Operating Expenses</b>			
Administrative	226,619	-	226,619
Finance	494,588	10,364	504,952
Customer service	343,712	48,992	392,704
Water production	1,528,125	121,416	1,649,541
Waster distribution	522,512	33,282	555,794
Sewer collection	437,886	-	437,886
Wastewater treatment	1,615,078	-	1,615,078
Environmental service	135,485	-	135,485
Engineer design	269,592	1,045	270,637
Geographical information systems	130,870	-	130,870
Composting	117,173	-	117,173
Operations administration	105,075	-	105,075
Service center	340,349	-	340,349
Field service	209,504	32,564	242,068
Construction oversight	234,643	840	235,483
Depreciation	2,253,533	121,348	2,374,881
Other expenses	-	719	719
Contract water & sewer expense - International Paper	336,087	1,959	338,046
Other managed systems	14,218	-	14,218
Legal services	2,600	-	2,600
<b>Total operating expenses</b>	<b>9,317,649</b>	<b>372,529</b>	<b>9,690,178</b>
<b>Operating Income (loss)</b>	<b>(140,703)</b>	<b>140,013</b>	<b>(690)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income - investments	58,359	5,671	64,030
Interest income - capital leases	170,854	-	170,854
Interest expense and paying agent fees	(732,682)	(42,774)	(775,456)
Loss on disposal of capital assets	(13,598)	-	(13,598)
<b>Total nonoperating revenues (expenses)</b>	<b>(517,067)</b>	<b>(37,103)</b>	<b>(554,170)</b>
<b>Income (loss) Before Transfers</b>	<b>(657,770)</b>	<b>102,910</b>	<b>(554,860)</b>
<b>Transfers Out</b>	<b>(293,195)</b>	<b>-</b>	<b>(293,195)</b>
<b>Changes in Net Position</b>	<b>(950,965)</b>	<b>102,910</b>	<b>(848,055)</b>
<b>Net Position, Beginning of Year</b>	<b>40,552,441</b>	<b>1,307,650</b>	<b>41,860,091</b>
<b>Net Position, End of Year</b>	<b>\$ 39,601,476</b>	<b>\$ 1,410,560</b>	<b>\$ 41,012,036</b>

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**City of Texarkana, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2020**

	<u>Texarkana Water Utilities</u>		
	<u>Water Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 9,424,683	\$ 559,405	\$ 9,984,088
Cash paid to suppliers	(5,106,924)	(186,077)	(5,293,001)
Cash paid to employees	(2,400,649)	(61,040)	(2,461,689)
Net cash provided by operating activities	<u>1,917,110</u>	<u>312,288</u>	<u>2,229,398</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers to City general fund	(293,195)	-	(293,195)
Net cash used for noncapital financing activities	<u>(293,195)</u>	<u>-</u>	<u>(293,195)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(959,865)	(43,381)	(1,003,246)
Principal paid on bonds	(1,058,224)	(240,664)	(1,298,888)
Interest paid on bonds	(583,614)	(46,358)	(629,972)
Principal received on direct financing leases	355,248	-	355,248
Interest received on direct financing leases	170,854	-	170,854
Capital improvement deposits paid	544,206	-	544,206
Capital improvement deposits received	-	15,356	15,356
Net cash used for capital and related financing activities	<u>(1,531,395)</u>	<u>(315,047)</u>	<u>(1,846,442)</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of investments	(1,596,401)	(45,787)	(1,642,188)
Proceeds from sale and maturities of investments	1,593,596	43,434	1,637,030
Interest received on investments	58,359	3,620	61,979
Net cash provided by investing activities	<u>55,554</u>	<u>1,267</u>	<u>56,821</u>
<b>Increase (Decrease) in Cash</b>	148,074	(1,492)	146,582
<b>Cash, Beginning of Year</b>	<u>3,178,634</u>	<u>580,038</u>	<u>3,758,672</u>
<b>Cash, End of Year</b>	<u>\$ 3,326,708</u>	<u>\$ 578,546</u>	<u>\$ 3,905,254</u>
<b>Cash of Proprietary Funds, as Presented, on the "Statement of Fund Net Position - Proprietary Funds" is as follows:</b>			
Cash	\$ 2,221,984	\$ 434,754	\$ 2,656,738
Restricted cash	1,104,724	143,792	1,248,516
	<u>\$ 3,326,708</u>	<u>\$ 578,546</u>	<u>\$ 3,905,254</u>

**City of Texarkana, Arkansas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended December 31, 2020**

	Texarkana Water Utilities		
	Water Utilities	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ (140,703)	\$ 140,013	\$ (690)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	2,253,533	121,348	2,374,881
(Increase) decrease in assets:			
Accounts receivable	223,667	44,114	267,781
Due from other governments	584	-	584
Due from other funds	(88,800)	(454)	(89,254)
Inventories	22,379	-	22,379
Prepaid expenses	(20,082)	(26)	(20,108)
Net pension asset	(229,636)	-	(229,636)
Decrease in deferred outflows	(151,264)	(3,116)	(154,380)
Increase (decrease) in liabilities:			
Accounts payable	(186,049)	3,333	(182,716)
Accrued liabilities	199,266	4,308	203,574
Due to other funds	99,341	(2,049)	97,292
Accrued compensated absences	(199)	-	(199)
Customer deposits	40,304	3,794	44,098
Net pension and postemployment benefits liabilities	(1,022,596)	(18,342)	(1,040,938)
Other payables	(40,171)	(409)	(40,580)
Increase in deferred inflows	957,536	19,774	977,310
	<u>\$ 1,917,110</u>	<u>\$ 312,288</u>	<u>\$ 2,229,398</u>
Net cash provided by operating activities	<u>\$ 1,917,110</u>	<u>\$ 312,288</u>	<u>\$ 2,229,398</u>

**City of Texarkana, Arkansas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2020**

	<b>Pension Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 651,838	\$ 121,544
Investments		
U. S. government obligations	264,705	-
Mortgage backed securities	330,000	-
Corporate bonds and notes	681,103	-
Mutual funds and other investments	8,809,046	-
Interest receivable	18,504	3,556
Due from other funds	487,263	-
Total assets	11,242,459	125,100
<b>Liabilities</b>		
Accounts payable	6,254	-
Escrow deposits	-	-
Due to other funds	2,321	-
Total liabilities	8,575	-
<b>Net Position</b>		
Restricted for:		
Pensions	11,233,884	-
Other governments	-	125,100
Net position restricted for pensions	\$ 11,233,884	\$ 125,100

**City of Texarkana, Arkansas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended December 31, 2020**

	<b>Pension Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions</b>		
Contributions		
Employer	\$ 689,095	\$ -
Employee	13,093	-
Intergovernmental	313,739	-
Other	26,894	-
Total contributions	1,042,821	-
Receipt of police bond funds	-	818,475
Investment income		
Net increase in fair value of investments	430,383	-
Interest and dividends	214,371	263
	644,754	263
Less investment expense	20,207	-
Net investment income	624,547	263
Total additions	1,667,368	818,738
<b>Deductions</b>		
Benefits paid directly to participants	1,695,455	-
Return of police bond funds	-	891,595
Administrative expenses	68,769	-
Total deductions	1,764,224	891,595
<b>Net Decrease in Net Position</b>	(96,856)	(72,857)
<b>Net Position, Beginning of Year (as restated)</b>	11,330,740	197,957
<b>Net Position, End of Year</b>	\$ 11,233,884	\$ 125,100



# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

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

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

#### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the City of Texarkana and its component unit. The component unit is a legally separate entity for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. Component units can be further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

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

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

#### ***Discretely Presented Component Unit***

***Texarkana Advertising and Promotion Commission (Commission)*** – The Commission is governed by a seven member board appointed by the City Board of Directors. The Commission is comprised of four owners or managers of businesses in the tourism industry, two members of the City Board of Directors, and one member not associated with the tourism industry or the City Board of Directors. The Commission is primarily funded by a City tax imposed on gross receipts from hotel/motel and restaurant sales. Arkansas state statutes require this to be collected by the City. The proceeds of the tax are used for advertising and promoting the City. The City performs all accounting functions for the Commission. The City tax provided to the Commission during the year ended December 31, 2020, totaled \$1,149,666. The Commission does not have separately issued financial statements.

# **City of Texarkana, Arkansas**

## **Notes to Financial Statements**

### **December 31, 2020**

#### ***Joint Ventures***

##### ***Texarkana Airport Authority***

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

Cumulative assets contributed to the Airport Authority as of December 31, 2019, consisted of \$2,063,827 by Texarkana, Arkansas and \$2,076,067 by Texarkana, Texas. The City of Texarkana, Arkansas' net investment and its share of operating results of the Airport Authority are reported in the City's financial statements within governmental activities as a joint venture. The City's equity interest in the Airport Authority was \$12,739,458 at December 31, 2019, which is the latest information available. Complete financial statements for the Authority can be obtained from the Texarkana Airport Authority's administrative office.

##### ***Bi-State Justice Center***

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

The City of Texarkana, Arkansas' net investment in the Bi-State Justice Center is reported in the City's governmental activities as a joint venture. The City's equity interest at December 31, 2020, was \$490,246. Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

# **City of Texarkana, Arkansas**

## **Notes to Financial Statements**

### **December 31, 2020**

#### ***Texarkana Urban Transportation Study (TUTS)***

The City of Texarkana, Arkansas is a participant with seven other entities in the TUTS Policy Committee, which is the designated metropolitan planning organization (MPO) for the Texarkana urbanized area. The MPO develops transportation plans and programs in cooperation with the participating entities and transit agencies. The governing body of the TUTS consists of fourteen members, three of whom are representatives of the City of Texarkana, Arkansas; three of whom are representatives of the City of Texarkana, Texas; the Bowie County Judge; the Miller County Judge; the Mayor of Wake Village, Texas; the Mayor of Nash, Texas; two representatives for the Arkansas State Highway and Transportation Department; and two representatives for the Texas Department of Transportation. The TUTS may receive federal, state, and local funding for metropolitan transportation planning for the integrated network of federal, state, and local roads and highways. The City has an ongoing financial responsibility of the TUTS since its continued existence depends on continued funding by the City. The City's equity interest at December 31, 2020, was \$0.

#### ***Texarkana Urban Transit District (TUTD)***

The City of Texarkana, Arkansas is a participant with three other cities in the TUTD. The purpose of the TUTD is to provide public transportation services within the Texarkana urban area. The TUTD is a political subdivision district under the laws of the State of Texas as defined by Chapter 458 of the Texas Transportation code and Chapter 791 of the Texas Government Code. Composition of the Transit District Board is as follows; the City of Texarkana, Arkansas – three members, one of whom is an elected official; the City of Texarkana, Texas – three members, one of whom is an elected official; the City of Wake Village, Texas – two members, one of whom is an elected official; and the City of Nash, Texas – two members, one of whom is an elected official. The TUTD receives federal, state, and local funding, as well as user charges generated by the public transportation system. The City has an ongoing financial responsibility for the TUTD since the TUTD's continued existence depends on continued funding by the City.

The City of Texarkana, Arkansas' net investment in the TUTD is reported in the City's governmental activities as a joint venture. The City's interest at September 30, 2019, which is the latest information available, was \$880,572.

#### ***Jointly Governed Organizations***

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

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

#### **Government-wide and Fund Financial Statements**

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

#### **Government-wide Financial Statements**

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

#### **Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

The City reports the following major enterprise fund:

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

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

Nonmajor funds of the City are comprised of the following:

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

*Debt Service Funds* – The debt service funds are used to account for financial resources that are restricted, committed or assigned to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

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

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

### ***Measurement Focus and Basis of Accounting***

#### **Government-wide, Proprietary and Fiduciary Funds**

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

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

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

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

#### **Governmental Fund Financial Statements**

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

# **City of Texarkana, Arkansas**

## **Notes to Financial Statements**

### **December 31, 2020**

#### ***Use of Estimates***

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

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include demand deposits, cash on hand and short-term instruments with original maturities at purchase of 90 days or less. At December 31, 2020, cash equivalents consisted primarily of money market accounts with brokers.

#### ***Investments and Investment Income***

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

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

#### ***Inventories***

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

#### ***Prepaid Items***

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

#### ***Restricted Assets***

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

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Capital Assets**

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

*Governmental activities and component units:*

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than two years. Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 10 – 30 years for infrastructure, 40 years for buildings, 20 years for improvements other than buildings and 5 – 20 years for machinery and equipment.

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

*Business-type activities:*

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

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

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

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



**City of Texarkana, Arkansas**  
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***Pensions***

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

***Postemployment Benefits Other than Pensions (OPEB)***

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

***Deferred Outflows/Inflows of Resources***

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

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

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

amounts are amortized over future periods as shown within *Note 9*. The third item, deferred inflows – OPEB, consists of changes of assumptions and the difference between expected and actual experience. Deferred inflows – OPEB are amortized to OPEB expense over future periods as shown in *Note 11*.

#### **Long-term Obligations**

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

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

#### **Compensated Absences**

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

#### **Net Position**

Net position of the City is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets and deferred outflows less remaining liabilities and deferred inflows that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

#### ***Fund Balance - Governmental Funds***

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

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

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

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

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

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

#### ***Restricted by Enabling Legislation***

The government-wide Statement of Net Position reports \$458,904 of restricted net position for Texarkana Advertising and Promotion which is restricted by enabling legislation. This amount consists of unspent hotel/motel taxes.

#### ***Budgetary Information***

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

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

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

#### ***Adoption of GASB Statement No. 84 (GASB 84), Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, a supersession of GASB Statement No. 32 (GASB 97)***

Effective January 1, 2020, the City implemented GASB 84 and GASB 97. These statements establish criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Adoption of GASB 84 and 97 resulted in activities meeting the criteria being presented in the City's statement of fiduciary net position and statement of changes in fiduciary net position. The adoption of GASB 84 and GASB 97 had no impact on the City's government-wide, governmental fund or proprietary fund financial statements. Adoption of GASB 84 had no effect on the City's fiduciary funds statements other than reporting the police bond fund and the drug seizure fund as a custodial funds rather than an agency funds which resulted in reporting a beginning net position of \$197,957, not previously reported.

#### ***Adoption of GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)***

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

#### ***New Governmental Accounting Standards Board (GASB) Pronouncements***

The GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2020:

GASB Statement No. 87 – *Leases* (GASB 87): GASB 87 addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizing inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activity. This statement is effective for periods beginning after June 15, 2021.

GASB Statement No 90 – *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this statement are to improve the consistency and comparability of reporting on a government's major equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements for this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91 - *Conduit Debt Obligations*: The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 with earlier application encouraged.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*: The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This statement is effective for periods beginning after June 15, 2020, with earlier application encouraged.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangement (APAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

GASB Statement No 96 – *Subscription-Based Information Technology Arrangements*: This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

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

## 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, 2020 and September 30, 2020, none of the City’s or Utilities’ bank balances were exposed to custodial credit risk, respectively.

### ***Investments***

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

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

At December 31, 2020, the City had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 264,705	\$ -	\$ 107,197	\$ 11,988	\$ 145,520
Corporate bonds	681,103	131,464	173,482	244,449	131,708
Money market mutual funds	2,505,831	2,505,831	-	-	-
Mortgage backed securities	330,000	-	1,547	57,446	271,007
International bond mutual funds	72,538	-	-	43,491	29,047
Bond mutual funds	3,951,977	612,741	231,750	2,004,213	1,103,273
		<u>\$ 3,250,036</u>	<u>\$ 513,976</u>	<u>\$ 2,361,587</u>	<u>\$ 1,680,555</u>
Equity mutual funds	<u>4,784,531</u>				
	<u>\$ 12,590,685</u>				

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

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

**City of Texarkana, Arkansas**  
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The City has the following recurring fair value measurements as of December 31, 2020:

- U.S. Treasury obligations of \$264,705 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Corporate bonds of \$681,103 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Money market mutual funds of \$2,505,831 are valued at amortized cost and are not considered a fair value measurement
- Mortgage backed securities of \$330,000 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Bond and equity mutual funds of \$3,951,977 and \$4,784,531, respectively, are valued using quoted market prices (Level 1 inputs)
- International bond mutual funds of \$72,538 are valued using quoted market prices (Level 1 inputs)

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to limit investments to the safest types of securities and to pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the City will do business. At December 31, 2020, the City’s and its component unit’s investments not directly guaranteed by the U.S. government were rated as follows:

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

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

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



**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Summary of Carrying Values**

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

	<b>Primary Government</b>	<b>Component Unit</b>
Carrying value		
Deposits	\$ 15,511,263	\$ 403,675
Cash on hand	3,834	-
Investments	12,590,685	-
	\$ 28,105,782	\$ 403,675
Included in the following statement of net position captions		
Cash	\$ 6,556,006	\$ 403,675
Investments	3,756,984	-
Restricted cash	6,832,317	-
Restricted investments	102,239	-
Included in the following fiduciary net position captions		
Cash and cash equivalents - Custodial Funds	121,544	-
Cash and cash equivalents - Pension Trust Funds	651,838	-
Investments-Pension Trust Funds		
U.S. government obligations	264,705	-
Mortgage backed securities	330,000	-
Corporate bonds and notes	681,103	-
Mutual funds and other investments	8,809,046	-
	\$ 28,105,782	\$ 403,675

**City of Texarkana, Arkansas**  
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**Note 3: Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2020, was as follows:

<b>Governmental Activities</b>	<b>Balance, January 1, 2020</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2020</b>
Capital assets, non-depreciable:				
Land	\$ 2,563,907	\$ -	\$ -	\$ 2,563,907
Construction in progress	1,433,677	1,823,553	(458,111)	2,799,119
Total capital assets, non-depreciable	<u>3,997,584</u>	<u>1,823,553</u>	<u>(458,111)</u>	<u>5,363,026</u>
Capital assets, depreciable				
Buildings	23,698,870	442,583	(10,696)	24,130,757
Improvements other than buildings	12,255,562	-	-	12,255,562
Machinery and equipment	9,857,711	648,764	(32,779)	10,473,696
Infrastructure	44,914,394	89,416	-	45,003,810
Total capital assets, depreciable	<u>90,726,537</u>	<u>1,180,763</u>	<u>(43,475)</u>	<u>91,863,825</u>
Less accumulated depreciation				
Buildings	18,014,962	579,411	(10,696)	18,583,677
Improvements other than buildings	8,313,358	575,276	-	8,888,634
Machinery and equipment	6,287,505	496,876	(32,779)	6,751,602
Infrastructure	28,007,979	640,489	-	28,648,468
Total accumulated depreciation	<u>60,623,804</u>	<u>2,292,052</u>	<u>(43,475)</u>	<u>62,872,381</u>
Total capital assets, depreciable	<u>30,102,733</u>	<u>(1,111,289)</u>	<u>-</u>	<u>28,991,444</u>
Total governmental activities, net	<u>\$ 34,100,317</u>	<u>\$ 712,264</u>	<u>\$ (458,111)</u>	<u>\$ 34,354,470</u>

**City of Texarkana, Arkansas**  
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Capital asset activity in the business-type activities for the year ended December 31, 2020, was as follows:

<b>Business-Type Activities</b>	<b>Balance January 1, 2020</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2020</b>
Capital Assets, non-depreciable				
Land	\$ 832,844	\$ -	\$ -	\$ 832,844
Water rights	17,784,128	-	-	17,784,128
Construction in progress	355,381	1,238,793	(1,167,147)	427,027
Total capital assets, non-depreciable	<u>18,972,353</u>	<u>1,238,793</u>	<u>(1,167,147)</u>	<u>19,043,999</u>
Capital assets, depreciable				
Buildings and improvements	4,389,478	-	-	4,389,478
Improvements other than buildings	68,794,551	-	523,209	69,317,760
Machinery and equipment	8,547,039	-	308,148	8,855,187
Total capital assets, depreciable	<u>81,731,068</u>	<u>-</u>	<u>831,357</u>	<u>82,562,425</u>
Less accumulated depreciation				
Buildings and improvements	2,749,310	129,922	-	2,879,232
Improvements other than buildings	36,445,535	1,824,983	(3,868)	38,266,650
Machinery and equipment	6,664,176	419,976	(82,776)	7,001,376
Total accumulated depreciation	<u>45,859,021</u>	<u>2,374,881</u>	<u>(86,644)</u>	<u>48,147,258</u>
Total capital assets, depreciable	<u>35,872,047</u>	<u>(2,374,881)</u>	<u>918,001</u>	<u>34,415,167</u>
Total business-type activities, net	<u>\$ 54,844,400</u>	<u>\$ (1,136,088)</u>	<u>\$ (249,146)</u>	<u>\$ 53,459,166</u>

**City of Texarkana, Arkansas**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General government	
General government	\$ 133,787
Police department	538,713
Fire department	234,337
Public works	1,026,056
Health	11,029
Culture and recreation	<u>348,130</u>
 Total depreciation expense – governmental activities	 <u><u>\$ 2,292,052</u></u>

**Business-Type Activities**

Water and sewer	<u>\$ 2,374,881</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 2,374,881</u></u>

**Note 4: Construction Projects**

At December 31, 2020, the City had the following commitments with respect to unfinished capital projects. These projects are being funded with grant funds, bond proceeds and franchise fees.

	<b>Project Authorization</b>	<b>Expended Through December 31, 2020</b>	<b>Required Future Financing</b>
Miller County Courthouse Parking Lot	\$ 457,295	\$ 5,749	\$ 451,546
Ed Worrell Creek Washout	14,000	13,415	585
Dentntion Pond-Crossroads Parkway	40,000	24,500	15,500
U of A Road Improvement	1,333,334	959,106	374,228
Nix Creek - Jackson St. Trail	92,140	79,479	12,661
Animal Shelter	875,000	477,611	397,389
E 50th St. Road Improvements	275,000	115,017	159,983
E 18th Street Repairs	286,000	122,661	163,339
Siebert St. Trail	39,842	30,602	9,240
Hastings Crossing Improvement	92,884	91,131	1,753
Texarkana Recreation Center	884,871	63,690	821,181
Park Trail Connections	<u>90,749</u>	<u>74,893</u>	<u>15,856</u>
 Total	 <u><u>\$ 4,481,115</u></u>	 <u><u>\$ 2,057,854</u></u>	 <u><u>\$ 2,423,261</u></u>

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Note 5: Long-term Liabilities**

Changes in long-term liabilities in the governmental activities for the year ended December 31, 2020, and for the business-type activities for the year ended December 31, 2020, were as follows:

<b>Governmental Activities</b>	<b>Balance January 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2020</b>	<b>Amounts Due in One Year</b>
Bonds payable					
Revenue bonds	\$ 13,725,000	\$ -	\$ 570,000	\$ 13,155,000	\$ 580,000
Less issuance discounts	33,507	-	1,635	31,872	-
Add issuance premiums	35,877	-	1,990	33,887	-
	<u>13,727,370</u>	<u>-</u>	<u>570,355</u>	<u>13,157,015</u>	<u>580,000</u>
General obligation bonds	7,315,000	-	655,000	6,660,000	245,000
Add issuance premiums	194,672	-	8,464	186,208	-
	<u>7,509,672</u>	<u>-</u>	<u>663,464</u>	<u>6,846,208</u>	<u>245,000</u>
Bonds payable, net	21,237,042	-	1,233,819	20,003,223	825,000
Notes payable (direct borrowing)	950,000	810,000	198,333	1,561,667	203,558
Capital lease obligation	26,126	-	19,426	6,700	6,700
Compensated absences	2,177,416	968,196	876,667	2,268,945	151,235
Net pension liability	34,425,456	-	2,239,849	32,185,607	-
Other postemployment benefits GASB 75	3,542,024	610,864	-	4,152,888	211,672
Total governmental activities long-term liabilities	<u>\$ 62,358,064</u>	<u>\$ 2,389,060</u>	<u>\$ 4,568,094</u>	<u>\$ 60,179,030</u>	<u>\$ 1,398,165</u>
<b>Business-Type Activities</b>	<b>Balance January 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2020</b>	<b>Amounts Due in One Year</b>
Bonds payable					
Revenue bonds	\$ 6,724,429	\$ -	\$ 1,298,217	\$ 5,426,212	\$ 1,175,539
Plus issuance premiums	3,984	-	671	3,313	-
Bonds payable, net	<u>6,728,413</u>	<u>-</u>	<u>1,298,888</u>	<u>5,429,525</u>	<u>1,175,539</u>
Compensated absences	258,586	227,316	227,515	258,387	31,844
Net pension liability	2,792,194	-	1,104,640	1,687,554	-
Contracts payable	14,506,625	-	159,707	14,346,918	163,911
Other postemployment benefits GASB 75	569,276	63,702	-	632,978	-
Total business-type activities long-term liabilities	<u>\$ 24,855,094</u>	<u>\$ 291,018</u>	<u>\$ 2,790,750</u>	<u>\$ 22,355,362</u>	<u>\$ 1,371,294</u>

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Governmental Activities**

**2012 Franchise Fee Secured Refunding Revenue Bonds** – Bonds in the amount of \$10,300,000 were issued with varying interest rates from 1.00% to 3.55% to refund the outstanding Franchise Fee Secured Capital Improvement and Refunding Revenue Bonds, Series 2008 which had interest rates ranging from 2.50% to 5.00%. Principal payments are due annually on September 1. Interest payments are due semiannually on March 1 and September 1.

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

**2015 Franchise Fee Secured Refunding Revenue Bonds** – Bonds in the amount of \$3,770,000 were issued with varying interest rates from 1.125% to 3.875% to refund the outstanding Franchise Fee Secured Capital Improvement and Refunding Revenue Bonds, Series 2010 which had interest rates ranging from 2.45% to 4.70%. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1.

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

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

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

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

***Business-type Activities***

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

***1998 City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds*** – Bonds in the amount of \$4,100,000 were issued with an interest rate of 3.75%.

***1998B City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds*** – Bonds in the amount of \$750,000 were issued with an interest rate of 3.75%.

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

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

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

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

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds and notes payable, outstanding at December 31, 2020.

Year	Primary Government					
	Governmental Activities				Business-Type	
	General Obligation Bonds and Revenue Bonds - Publicly Traded		Note Payable - Direct Borrowing		Revenue Bonds - Publicly Traded	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 825,000	\$ 722,718	\$ 203,558	\$ 20,986	\$ 1,175,539	\$ 197,771
2022	860,000	696,374	208,890	16,548	1,043,863	157,080
2023	885,000	668,157	214,332	11,998	1,082,894	118,121
2024	915,000	637,317	219,887	7,330	1,053,453	77,925
2025	940,000	603,959	38,000	2,542	941,595	38,972
2026-2030	4,590,000	2,472,649	207,000	10,767	128,868	2,094
2031-2035	5,185,000	1,535,993	244,000	7,055	-	-
2036-2040	4,950,000	459,597	226,000	2,472	-	-
2041-2044	665,000	35,910	-	-	-	-
	<u>\$ 19,815,000</u>	<u>\$ 7,832,674</u>	<u>\$ 1,561,667</u>	<u>\$ 79,698</u>	<u>\$ 5,426,212</u>	<u>\$ 591,963</u>

There are a number of limitation and restrictions contained in the various bond indentures. The City is in substantial compliance with all significant limitations and requirements. The City is also subject to a statutory limitation by the State of Arkansas for general bonded indebtedness. The limitation is 25 percent of the total assessed valuation of all real and personal property within the municipality subject to taxation. At December 31, 2020, the City met the statutory limitation for its general bonded indebtedness, leaving a sufficient legal debt margin. Also, for the governmental activities, the net pension liability and other postemployment benefit obligations have historically been the responsibility of the General Fund.

**Notes Payable from Direct Borrowings**

Governmental Activities

The City's outstanding notes payable from direct borrowings of \$1,561,667 contain a provision that in the event of default, the lender may make all or part of the note immediately due. The City has pledged general revenues as collateral for one note and a HUD guarantee for the other note.



# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

The following is a summary of pledged revenues of the City for the year ended December 31, 2020.

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
<b>Governmental Activities:</b>						
2012 Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	\$ 2,580,633	\$ 617,358	23.9%	\$ 11,101,985	Until 2038
2015 Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	2,580,633	229,047	8.9%	4,583,385	Until 2040
2018 Franchise Fee Secured Capital Improvement Revenue Bonds	Franchise Taxes	2,580,633	202,713	7.9%	2,406,356	Until 2032
<b>Business-Type Activities:</b>						
1998 City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds	Revenues of the Enterprise Fund	\$ 8,842,634	\$ 293,224	3.3%	\$ 146,627	Until 2021
1998B City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds	Revenues of the Enterprise Fund	8,842,634	53,638	0.6%	26,834	Until 2021
2001 City of Texarkana, Arkansas Sewer Facilities Construction Revenue Bonds	Revenues of the Enterprise Fund	8,842,634	68,390	0.8%	205,150	Until 2023
2004A City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Bonds	Revenues of the Enterprise Fund	512,542	148,406	29.0%	593,598	Until 2024
2004B City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Bonds	Revenues of the Enterprise Fund	512,542	261,932	51.1%	1,440,615	Until 2025
2007 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Refunding Bonds	Revenues of the Enterprise Fund	8,842,634	718,709	8.1%	3,605,351	Until 2025

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 6: Interfund Balances and Transfers**

Interfund receivables and payables as of December 31, 2020, are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 47,255	\$ 596,409
Public Works	113,926	47,420
Non-major governmental funds	2,168	6,783
Total governmental funds	163,349	650,612
Texarkana, Arkansas Water Utilities	31,941	293
Non-major proprietary funds	293	4,867
Total proprietary funds	32,234	5,160
Fiduciary Funds:		
Policeman's Relief & Pension	487,263	-
Total fiduciary funds	487,263	-
Total	\$ 682,846	\$ 655,772

The difference in the interfund receivables and payables of \$27,074 is due to the different year end of the Texarkana, Arkansas Water Utilities (September 30, 2020).

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

Transfers are used to move revenues from funds with collection authorization to debt service and pension funds and to move unrestricted revenues to various programs that the government must account for in other funds. Transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds as of December 31, 2020, are as follows:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
General	\$ 852,571	\$ 1,149,320
Public Works	190,572	488,595
Other Nonmajor Governmental Funds	1,041,510	42,437
Total governmental funds	\$ 2,084,653	\$ 1,680,352

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

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

Proprietary Funds		
Texarkana, Arkansas Water Utilities	\$ -	\$ 293,195
	<u>          </u>	<u>          </u>
Total proprietary funds	\$ -	\$ 293,195
	<u>          </u>	<u>          </u>
Total primary government	\$ 2,084,653	\$ 1,973,547
	<u>          </u>	<u>          </u>

The difference in the transfer in/out of \$111,106 is due to the different year end of the Texarkana, Arkansas Water Utilities (September 30, 2020).

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

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

This revised agreement relates to the matter of supplying treated water only and does not amend the prior agreement relating to sewerage service. The terms of the revised contract provide that Texarkana, Arkansas will pay the same amount per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Texas under its contractual arrangements with other area cities. The Arkansas Utilities made total transfers to the Texas Utilities for water purchases of \$642,252 and \$673,391 for 2020 and 2019, respectively. In addition, the Union Utility made total transfers to the Texas Utilities for water purchases of \$48,858 and \$50,497 for 2020 and 2019, respectively. The Mandeville Utility made total transfers to the Texas Utilities for water purchases of \$13,852 and \$12,994 for 2020 and 2019, respectively.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

The agreement further provides that, when the indebtedness of the Lake Texarkana Water Supply Corporation incurred in connection with the acquisition and construction of the system facilities has been discharged, the City of Texarkana, Texas will convey to the City of Texarkana, Arkansas an undivided interest in the system facilities used to serve Arkansas. Texarkana, Arkansas' undivided interest in the facilities shall be a pro rata portion of the total capital payments made on the system by both Texarkana, Texas and Texarkana, Arkansas. Capital payments are defined as payments made or to be made on the principal for the bond obligations of Texarkana Water Supply Corporation and Lake Texarkana Water Supply Corporation. The effective transfer of assets pursuant to this agreement has been recorded as a capital lease transaction between the Cities with the related asset recorded in the respective capital asset classification and the liability recorded as contracts payable. The Arkansas Utilities has made no transfers to the Texas Utilities debt service since 2001 when the capital lease debt was retired.

A water system agreement entered into on December 1, 1982, and amended on October 15, 1985, between the two Cities provides for the sale of water taken from the Millwood Reservoir and processed in the Millwood Water Treatment Facilities. The agreement provides that the previous existing contract shall remain in full force as it relates to water taken from the Texarkana Reservoir. The agreement further provides that the City of Texarkana, Arkansas will sell treated water to the City of Texarkana, Texas at the cost per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Arkansas. The Texas Utilities made total transfers to the Arkansas Utilities for water purchases of \$1,075,526 and \$742,792 for 2020 and 2019, respectively. In addition, the Union Utility made total transfers to the Arkansas Utilities for water purchases of \$45,434 and \$28,713 for 2020 and 2019, respectively. The Mandeville Utility made total transfers to the Arkansas Utilities for water purchases of \$13,272 and \$7,553 for 2020 and 2019, respectively.

Additionally, when the indebtedness the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the water treatment and transmission facilities has been discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total capital payments made on the system by both Texarkana, Arkansas and Texarkana, Texas. Capital payments are defined as payments made or to be made on the principal for the bond obligations of Texarkana, Arkansas. During 2020 and 2019, the Texas Utilities made total transfers to the Arkansas Utilities for debt service of \$307,701 and \$417,044, respectively. The effective transfer of assets pursuant to this agreement has been recorded as a capital lease transaction between the Cities.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

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

***South Regional Wastewater Facilities***

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

The agreement further provides that, when the indebtedness of the City of Texarkana, Texas incurred in connection with the acquisition and construction of the wastewater treatment facilities has been discharged, the City of Texarkana, Texas will convey to the City of Texarkana, Arkansas an undivided interest in the system facilities used to serve Arkansas. Texarkana, Arkansas' undivided interest in the facilities shall be a pro rata portion of the total payments on bond obligations made on the system by both Texarkana, Texas and Texarkana, Arkansas. The Texarkana, Arkansas Water Utilities has made no transfers to the Texarkana, Texas Water Utilities for debt service since 2013 when the capital lease debt was retired.

***McKinney Bayou Wastewater Facilities***

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

The agreement further provides that, when the indebtedness of the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the wastewater treatment facilities has been discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the system facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total payments on bond obligations made on the system by both Texarkana, Arkansas and Texarkana, Texas. During 2020 and 2019, the Texas Utilities made transfers to the Arkansas Utilities for debt service in the amounts of \$106,185 and \$107,654, respectively. The effective transfer of assets pursuant to this agreement has been recorded as a capital lease between the Utilities.

**City of Texarkana, Arkansas**  
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**Note 9: Pension Plans**

Substantially all of the City’s employees receive retirement benefits. The City sponsors three single employer defined benefit plans that are reported as pension trust funds. The plan year end for the Texarkana, Arkansas Public Employees Retirement System (TAPERS), and the Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS), is June 30, 2020. The other single employer defined benefit plans is the Police Relief and Pension Fund (PRPF). During 2016, the Firemen Relief and Pension Fund (FRPF) was transferred to the administration of LOPFI, and is now an agent multi-employer plan, which also has a December 31 year end. The City also contributes to the Local Police and Fire Retirement System (LOPFI), a statewide cost-sharing multiple-employer defined benefit pension plan and the District Judges’ division of Arkansas Public Employees Retirement System (APERS), a statewide cost-sharing multiple-employer public retirement system. Employees of the Enterprise funds (Utilities) participate in the Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The assets of the plans are maintained in legally separate trusts and each plan’s assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

**A. Summary of Significant Accounting Policies**

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

**B. Membership Information**

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

	June 30, 2020		December 31, 2020
	TAPERS	TWUPERS	PRPF
Retirees and beneficiaries			
receiving benefits	33	10	40
Active plan members	14	16	-
Terminated members	33	21	-
Transitioned members	14	-	-
Total	<u>94</u>	<u>47</u>	<u>40</u>

**City of Texarkana, Arkansas**  
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**C. Financial Information**

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

<b>Statement of Fiduciary Net Position</b>				
	June 30, 2020		December 31, 2020	
	TAPERS	TWUPERS	PRPF	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 294,583	\$ 81,291	\$ 275,964	\$ 651,838
Investments	2,720,655	2,880,647	4,483,552	10,084,854
Receivables	3,022	8,620	6,862	18,504
Due from other funds	-	-	487,263	487,263
Total assets	3,018,260	2,970,558	5,253,641	11,242,459
<b>Liabilities</b>				
Accounts payable	4,271	-	1,983	6,254
Due to other funds	2,321	-	-	2,321
Total liabilities	6,592	-	1,983	8,575
<b>Net Position</b>				
Net position restricted for pensions	\$ 3,011,668	\$ 2,970,558	\$ 5,251,658	\$ 11,233,884

<b>Statement of Changes in Fiduciary Net Position</b>				
<b>Additions</b>				
Contributions	\$ 162,865	\$ -	\$ 879,956	\$ 1,042,821
Net investment income (loss)	(28,531)	187,877	465,201	624,547
Total additions	134,334	187,877	1,345,157	1,667,368
<b>Deductions</b>				
Benefits paid directly to participants	487,188	33,046	1,175,221	1,695,455
Administrative expenses and other	37,690	24,879	6,200	68,769
Total deductions	524,878	57,925	1,181,421	1,764,224
<b>Net Increase (Decrease) in Net Position</b>	(390,544)	129,952	163,736	(96,856)
<b>Net Position Restricted For Pensions, Beginning of Year</b>	3,402,212	2,840,606	5,087,922	11,330,740
<b>Net Position Restricted For Pensions, End of Year</b>	\$ 3,011,668	\$ 2,970,558	\$ 5,251,658	\$ 11,233,884

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**D. Plan Descriptions and Funding Information**

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

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Outflows of Resources - Contributions	Deferred Inflows of Resources	Pension Expense
TAPERS	\$ -	\$ 8,680,018	\$ 206,973	\$ 31,188	\$ -	\$ 1,667,143
TWUPERS	2,035,558	-	-	-	-	(229,636)
PRPF	-	7,098,844	472,741	-	-	609,251
LOPFI	-	15,987,658	3,182,730	1,809,656	2,255,252	3,952,183
APERS	-	90,213	15,025	-	1,859	17,102
FRPF	-	328,874	-	-	288,755	(91,468)
TMRS	-	1,687,554	28,804	312,130	571,827	351,833
Total	<u>\$ 2,035,558</u>	<u>\$ 33,873,161</u>	<u>\$ 3,906,273</u>	<u>\$ 2,152,974</u>	<u>\$ 3,117,693</u>	<u>\$ 6,276,408</u>

**Single-Employer Defined Benefit Pension Plans**

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

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



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

Contributions to the TAPERS are funded by the City of Texarkana, Arkansas. The annual contribution is guided by an annual cost valuation based on the frozen entry age cost method. However, since there is no longer any initial unfunded accrued liability, it is equivalent to the aggregate method. The Annual Required Contribution (ARC) is defined based on the aggregate cost method. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Administrative costs are financed from the trust. Employer contributions for the year ended December 31, 2020, were \$148,799.

The asset concentrations of over 5% are as follows:

Eaton Vance Floating Rate	\$ 198,401
Goldman Sachs Access Investment	354,559
JP Morgan Ultra Short Income ETF	200,130
Vanguard Short-Term Corporate Bond	305,429
Ishares Russell Midcap Growth Index Fund	177,094
Ishares Russell 1000 Growth Index Fund	216,904

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

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

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less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member's final salary. The PRPF also provides benefits for surviving spouses and dependent children in which widow's receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to 10 years. All policemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the PRPF is effectively closed to new members.

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a percentage of fines and forfeitures collected. Administrative costs are financed by the Policemen's Fund. Total 2020 contributions to the Policemen's Fund were \$879,956. The City's share of contributions was \$879,956 and included \$540,296 in property taxes, \$25,921 in other taxes and \$313,739 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

The asset concentrations of over 5% are as follows:

Federated ultrashort Bond	\$ 1,003,280
Metropolitan West Total Return Bond	338,832
Vanguard Short Term Federal FD	303,577
Western Asset Core Bond	440,924
Harbor Capital Appreciation	631,312
The Hartford Equity Income	683,088

The plan has elected to participate in the Deferred Retirement Option Plan effective December 20, 1993. Members who elect to participate have a DROP account that is increased by the monthly amount of their retirement as if they had retired as of the date DROP was elected. As of December 31, 2020, the balances of these DROP accounts were \$1,584,001.

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

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

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

The asset concentrations of over 5% are as follows:

MFS Value Fund	\$ 355,773
I Shares S + 500	372,444

***Actuarial Assumptions***

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Police Relief and Pension Fund. Actuarial evaluations are performed biennially, and the last evaluation was for the year ended December 31, 2020. Actuarial assumptions used in evaluating the fund and applicable to the PRPF include the following:

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Valuation date	December 31, 2020
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Open amortization period
Amortization period	5 years

Assumptions:

Inflation rate	2.50%
Investment rate of return	5.00%
Projected salary increases	N/A

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

	<b>TAPERS</b>	<b>TWUPERS</b>
Actuarial valuation date	6/30/2020	6/30/2020
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Not applicable
Remaining amortization period	20 years	Not applicable
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return*	6%	3.5%
Projected salary increases*	3.0%	N/A
*Includes inflation at	2.75%	0.4%
Cost-of-living adjustments	None	None
Mortality table	RP-2000	2018 Funding Target
Experience Study	N/A	N/A

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**Net Pension Asset/Liability**

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

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)	Plan Net Position as a % of Total Pension Asset/Liability
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2020	\$ 11,691,686	\$ 3,011,668	\$ (8,680,018)	25.76%
Police Relief and Pension Fund (PRPF)	12/31/2020	12,350,502	5,251,658	(7,098,844)	42.52%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2020	935,000	2,970,558	2,035,558	317.71%

**Long-term Expected Return on Plan Assets**

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

<b>Targeted Asset Allocation</b>			
Asset Class	TAPERS	PRPF	TWUPERS
Domestic Fixed Income		80.00%	
Domestic Equity	48.00%	10.00%	
Foreign Equity	6.00%		
Equities			44.10%
Fixed Income	39.00%		47.30%
Real Estate (REIT)	2.00%		
Marketable			4.60%
Cash	5.00%	10.00%	4.00%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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***Discount Rate***

***Texarkana, Arkansas Public Employees Retirement System (TAPERS)***

In the June 30, 2020 actuarial valuation, a blended discount rate of 2.58% (3.36% in the prior year) was used to measure the total pension liability. This blended discount rate was based on the expected rate of return on pension plan investments of 5.00% and a municipal bond rate of 2.45% (based on the Fidelity Index's 20-year Municipal GO AA Index as of June 30, 2020). Based on the stated assumptions and the projection of cash flows, the pension plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the 2026 fiscal year. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2026 fiscal year and the municipal bond rate was applied to all benefit payments after that date.

***Policemen's Relief and Pension Fund (PRPF)***

In the December 31, 2020 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)***

In the June 30, 2020 actuarial valuation, a single discount rate of 3.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 3.5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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***Changes in the Net Pension Liability***

***Texarkana, Arkansas Public Employees Retirement System (TAPERS)***

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at January 1, 2020</b>	\$ 10,413,366	\$ 3,402,212	\$ 7,011,154
<b>Changes for the year:</b>			
Service cost	118,256	-	118,256
Interest	343,890	-	343,890
Differences between expected and actual experience	109,323	-	109,323
Assumption changes	1,185,194	-	1,185,194
Contributions - employer	-	150,227	(150,227)
Contributions - employee	-	13,379	(13,379)
Net investment income	-	(38,807)	38,807
Benefit payments, including refunds of employee contributions	(478,343)	(478,343)	-
Administrative expense	-	(34,689)	34,689
Other changes	-	(2,311)	2,311
<b>Net changes</b>	<u>1,278,320</u>	<u>(390,544)</u>	<u>1,668,864</u>
<b>Balances at December 31, 2020</b>	<u>\$ 11,691,686</u>	<u>\$ 3,011,668</u>	<u>\$ 8,680,018</u>

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***Policemen's Relief and Pension Fund (PRPF)***

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at January 1, 2020</b>	\$ 12,424,758	\$ 5,087,922	\$ 7,336,836
<b>Changes for the year:</b>			
Service cost	-	-	-
Interest	594,394	-	594,394
Differences between expected and actual experience	398,320	-	398,320
Contributions - employer	-	678,497	(678,497)
Contributions - employee	-	-	-
Net investment income	-	559,509	(559,509)
Benefit payments, including refunds of employee contributions	(1,066,970)	(1,066,970)	-
Administrative expense	-	(7,300)	7,300
Benefit Change	-	-	-
Other changes	-	-	-
<b>Net changes</b>	<b>(74,256)</b>	<b>163,736</b>	<b>(237,992)</b>
<b>Balances at December 31, 2020</b>	<b>\$ 12,350,502</b>	<b>\$ 5,251,658</b>	<b>\$ 7,098,844</b>

***Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)***

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) (a) - (b)</b>
<b>Balances at January 1, 2020</b>	\$ 1,034,684	\$ 2,840,606	\$ (1,805,922)
<b>Changes for the year:</b>			
Interest	36,997	-	36,997
Differences between expected and actual experience	(8,635)	-	(8,635)
Assumption changes	(95,000)	-	(95,000)
Net investment income	-	187,877	(187,877)
Benefit payments, including refunds of employee contributions	(33,046)	(33,046)	-
Administrative expense	-	(17,156)	17,156
Other changes	-	(7,723)	7,723
<b>Net changes</b>	<b>(99,684)</b>	<b>129,952</b>	<b>(229,636)</b>
<b>Balances at December 31, 2020</b>	<b>\$ 935,000</b>	<b>\$ 2,970,558</b>	<b>\$ (2,035,558)</b>



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

The following table presents the net pension asset or liability for each plan 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:

		<b>Sensitivity of the Net Position Liability to the Single Discount Rate Assumption</b>		
		<b>Current Blended Rate Assumption</b>		
		<b>1% Decrease 1.58%</b>	<b>2.58%</b>	<b>1% Increase 3.58%</b>
<b>TAPERS</b>	Net Pension Liability	\$ 10,438,982	\$ 8,680,018	\$ 7,244,399
		<b>Current Single Rate Assumption</b>		
		<b>1% Decrease 4.00%</b>	<b>5.00%</b>	<b>1% Increase 6.00%</b>
<b>PRPF</b>	Net Pension Liability	\$ 8,005,942	\$ 7,098,844	\$ 6,310,691
		<b>Current Single Rate Assumption</b>		
		<b>1% Decrease 2.50%</b>	<b>3.50%</b>	<b>1% Increase 4.50%</b>
<b>TWUPERS</b>	Net Pension Asset	\$ (1,934,558)	\$ (2,035,558)	\$ (2,120,558)

***Money-Weighted Rate of Return***

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

Plan	FY Ended	Annual Return
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2020	-1.20%
Police Relief and Pension Fund (PRPF)	12/31/2020	11.61%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2020	6.64%

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

For the year ended December 31, 2020, the City recognized pension expense (income) of \$1,667,143 for TAPERS, (\$229,636) for TWUPERS and \$609,251 for PRPF. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

**TAPERS**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 206,973	\$ -
Contributions subsequent to the measurement date	<u>33,188</u>	<u>-</u>
Total	<u>\$ 240,161</u>	<u>\$ -</u>

**PRPF**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	<u>\$ -</u>	<u>\$ 472,741</u>
Total	<u>\$ -</u>	<u>\$ 472,741</u>

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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$33,188 will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**TAPERS**

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2021	\$ 32,727
2022	58,091
2023	69,623
2024	46,532
Total	\$ 206,973

**PRPF**

<b>Year Ending December 31</b>	<b>Net Deferred Inflows of Resources</b>
2021	\$ (139,353)
2022	(85,723)
2023	(188,945)
2024	(58,720)
Total	\$ (472,741)

***Cost Sharing Multiple-Employer Defined Benefit Pension Plans***

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

# City of Texarkana, Arkansas

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

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

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

*Contributions.* Contributions to APERS are made by both the members (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City contributed 15.05% of covered employee's salaries to the plan for the period January 1, 2020 to December 31, 2020. Contributions made to the plan the City for the year ended December 31, 2020, amounted to \$9,417. There were no contributions made by the Member.

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

At December 31, 2020, the City reported a liability of \$90,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was .00315034 percent, which was an increase of .00017287 percent from the prior year.

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For the year ended December 31, 2020, the City recognized pension expense of \$17,102. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,198	\$ 60
Change of assumptions	1,130	1,546
Changes in proportion	3,151	253
Net difference between projected and actual earnings on pension plan investments	9,546	-
Total	\$ 15,025	\$ 1,859

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

	<b>Year Ending December 31</b>
2021	\$ 797
2022	2,750
2023	3,894
2024	5,725
Total	\$ 13,166

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 6.96 percent, average, including inflation
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

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

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The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2020 actuarial evaluation to more closely reflect actual experience.

**Long-term Expected Return on Plan Assets**

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

<b>Long-term Expected Real Rate of Return</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fund	18%	0.57%
Total	100%	

**Discount Rate**

In the June 30, 2020 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows, 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.

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

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

	<b>Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption</b>		
	<b>1% Decrease 6.15%</b>	<b>Current Single Rate Assumption 7.15%</b>	<b>1% Increase 8.15%</b>
City's proportionate share of the net pension liability	\$ 137,401	\$ 90,213	\$ 51,272

**Pension Plan Fiduciary Net Position**

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

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

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

*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.

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*Contributions.* Contributions to LOPFI are made by both the members and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 8.5 percent of covered payroll for policemen and firemen. The City contributed 20.13% of covered employee's salaries to the plan for policeman and 23.50% of covered employees' salaries to the plan for firemen for the year ended December 31, 2020. Contributions made to the plan by employees and the City for the year ended December 31, 2020 amounted to \$980,987 and \$828,669, respectively.

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

At December 31, 2020, the City reported a liability of \$15,987,658 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2019, the City's proportion was 2.06896 percent, which was a decrease of .04143 percent from the prior year.

For the year ended December 31, 2020, the City recognized pension expense of \$3,952,183. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,573,087	\$ -
Change of assumptions	1,380,597	-
Net difference between projected and actual earnings on pension plan investments	-	1,930,845
Changes in proportion	229,046	324,407
Contributions subsequent to the measurement date	1,809,656	-
Total	\$ 4,992,386	\$ 2,255,252



**City of Texarkana, Arkansas**  
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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,809,656 will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as:

<b>Year Ending December 31</b>		
2021	\$	1,237,957
2022		383,561
2023		163,060
2024		<u>(857,100)</u>
Total	\$	<u>927,478</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	3.75 to 18.25 percent, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016

**City of Texarkana, Arkansas**  
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**Long-term Expected Return on Plan Assets**

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

<b>Long-term Expected Real Rate of Return</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	30%	1.30%
Domestic Equity	42%	5.40%
Foreign Equity	18%	7.80%
Alternative Investments	10%	6.70%
Total	100%	

**Discount Rate**

In the December 31, 2019 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Texarkana, Arkansas**  
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**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption</b>		
	<b>1% Decrease 6.00%</b>	<b>Current Single Rate Assumption 7.00%</b>	<b>1% Increase 8.00%</b>
City's proportionate share of the net pension liability	\$ 25,474,535	\$ 15,987,658	\$ 8,337,341

**Pension Plan Fiduciary Net Position**

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

**Agent Multiple-Employer Defined Benefit Plans**

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

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The FRPF provides retirement benefits for firemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member’s final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member’s final salary. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member’s final salary. The FRPF also provides benefits for surviving spouses and dependent children in which widow’s receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to 10 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Fire and Fire Retirement System created by Act 364 of 1981. Therefore, the FRPF is effectively closed to new members.

Contributions to the Firemen’s Fund were previously set forth in Arkansas statute. The City’s contribution to the Firemen’s Fund previously consisted of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs were financed by the Firemen’s Fund. As the administration of the Plan was transferred to LOPFI in 2016, contributions from that point forth will now be actuarially determined annually. Contributions made to the plan by the City for the year ended December 31, 2020 amounted to \$35,832.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

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

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

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**Actuarial Assumptions**

Valuation date	December 31, 2019
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Closed amortization period
Amortization period	14 years
Assumptions:	
Inflation rate	2.50%
Investment rate of return	7.00%
Projected salary increases	N/A

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016

**Long-term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments is 7.00%. 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:

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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<b>Asset Allocation</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Fixed Income	30%	1.30%
Domestic Equity	42%	5.40%
Foreign Equity	18%	7.80%
Alternative Investments	10%	6.70%
<b>Total</b>	<b>100%</b>	

**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 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**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at January 1, 2020</b>	\$ 6,202,454	\$ 5,240,638	\$ 961,816
<b>Changes for the year:</b>			
Service cost	-	-	-
Interest	412,882	-	412,882
Differences between expected and actual experience	(67,576)	-	(67,576)
Assumption changes	-	-	-
Contributions - employer	-	60,790	(60,790)
Contributions - employee	-	-	-
Net investment income	-	925,598	(925,598)
Benefit payments, including refunds of employee contributions	(608,276)	(608,276)	-
Administrative expense	-	(8,140)	8,140
Other changes	-	-	-
<b>Net changes</b>	<b>(262,970)</b>	<b>369,972</b>	<b>(632,942)</b>
<b>Balances at December 31, 2020</b>	<b>\$ 5,939,484</b>	<b>\$ 5,610,610</b>	<b>\$ 328,874</b>

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
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**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate**

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

	<b>1% Decrease 6.00%</b>	<b>Current Single Rate Assumption 7.00%</b>	<b>1% Increase 8.00%</b>
Net Pension Liability/(Asset)	\$ 818,807	\$ 328,874	\$ (99,258)

**Pension Plan Fiduciary Net Position**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources**

For the year ended December 31, 2020, the City recognized pension income of \$91,468 related to this plan.

At December 31, 2020, the City reported deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 288,755
Total	\$ 288,755

**City of Texarkana, Arkansas**  
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The amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ (97,518)
2022	(71,921)
2023	(3,676)
2024	<u>(115,640)</u>
Total	<u>\$ (288,755)</u>

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

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

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

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



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

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

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms for the plan as a whole:

Inactive employees or beneficiaries currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	51
Active Employees	<u>161</u>
Total	<u><u>326</u></u>

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

Employees for the Utility were required to contribute 7% of their annual gross earnings during the fiscal year. The Utility's contributions to TMRS for the year ended December 31, 2020, were \$422,060, and were equal to the required contributions.

# City of Texarkana, Arkansas

## Notes to Financial Statements

### December 31, 2020

#### Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	3.50% per year to 11.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used, with slight adjustments. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2019 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2011 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

#### Long-term Expected Return on Plan Assets

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

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

<b>Long-term Expected Real Rate of Return</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

**Discount Rate**

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

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**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at January 1, 2020</b>	\$ 14,651,977	\$ 11,859,783	\$ 2,792,194
<b>Changes for the year:</b>			
Service cost	408,103	-	408,103
Interest	984,505	-	984,505
Differences between expected and actual experience	(108,853)	-	(108,853)
Assumption changes	20,628	-	20,628
Contributions - employer	-	400,134	(400,134)
Contributions - employee	-	174,297	(174,297)
Net investment income	-	1,845,333	(1,845,333)
Benefit payments, including refunds of employee contributions	(672,531)	(672,531)	-
Administrative expense	-	(10,428)	10,428
Other changes	-	(313)	313
<b>Net changes</b>	<u>631,852</u>	<u>1,736,492</u>	<u>(1,104,640)</u>
<b>Balances at December 31, 2020</b>	<u>\$ 15,283,829</u>	<u>\$ 13,596,275</u>	<u>\$ 1,687,554</u>

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

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

	<b>Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption</b>		
	<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
Utility's Net Pension Liability/(Asset)	<u>\$ 3,781,157</u>	<u>\$ 1,687,554</u>	<u>\$ (38,174)</u>

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

For the year ended December 31, 2020, the Utility recognized pension expense of \$351,833.

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At December 31, 2020, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 12,770	\$ 157,174
Change of assumptions	16,034	-
Net difference between projected and actual earnings on pension plan investments	-	414,653
Contributions subsequent to the measurement date	312,130	-
Total	\$ 340,934	\$ 571,827

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$312,130 will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Year Ending December 31</b>
2021	\$ (186,823)
2022	(157,803)
2023	18,529
2024	(216,926)
Total	\$ (543,023)

**City of Texarkana, Arkansas**  
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**Note 10: Deferred Compensation Plan**

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

The City has delegated administrative and investment responsibilities to a third party administrator, ICMA Retirement Corporation, and as such, the plan assets do not meet the requirements for inclusion in the City's financial statements as of December 31, 2020.

**Note 11: Other Postemployment Benefits**

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

	<b>Net OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB Expense (Income)</b>
Governmental Activities	\$ 4,152,888	\$ 677,392	\$ 94,540	\$ 239,951
Proprietary Funds	632,978	41,609	585,589	(104,894)
	<u>\$ 4,785,866</u>	<u>\$ 719,001</u>	<u>\$ 680,129</u>	<u>\$ 135,057</u>

**Governmental Activities**

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

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

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

As of December 31, 2020, there are 30 retirees participating in the postemployment health benefit program. Participant contributions totaled \$221,420 in 2020.

*Employees covered by benefit terms* – at December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Inactive plan members entitled to but not receiving benefit payments	-
Active members	215
 Total	 245

*Total OPEB Liability* – The City’s total OPEB liability of \$4,152,888 was measured as of December 31, 2020 and was determined by an actuarial valuation as December 31, 2020.

*Actuarial Methods and Assumptions* – The total OPEB liability in the December 31, 2020 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	1.93 percent based on the 20 year municipal bond rate from the S & P Municipal Bond index. Prior discount rate was 3.26 percent based on the 20 year municipal bond rate
Inflation rate	3.00 percent
Healthcare cost trend rates	8.00 percent for 2021 decreasing 0.5% annually, to an ultimate rate of 5.00 percent for 2028
Cost method	Entry age normal
Mortality	RP 2014 Mortality Table

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*Changes in Total OPEB Liability*

Total OPEB obligation - January 1, 2020	<u>\$ 3,542,024</u>
Service Cost	73,735
Interest	114,265
Differences between expected and actual experience	271,731
Changes of assumptions or other inputs	372,553
Benefit payments	<u>(221,420)</u>
Net change in total OPEB liability	<u>610,864</u>
Total OPEB obligation - December 31, 2020	<u><u>\$ 4,152,888</u></u>

*Sensitivity of the Total OPEB Liability to the Discount Rate* – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

	<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>		
	1% Decrease	Discount Rate	1% Increase
	0.93%	1.93%	2.93%
Other Postemployment Benefits Liability	<u>\$ 4,454,673</u>	<u>\$ 4,152,888</u>	<u>\$ 3,869,580</u>

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

	<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	(7.00% decreasing to 4.00%)	(8.00% decreasing to 5.00%)	(9.00% decreasing to 6.00%)
Other Postemployment Benefits Liability	<u>\$ 3,982,510</u>	<u>\$ 4,152,888</u>	<u>\$ 4,919,902</u>



**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

*OPEB Expense and Deferred Outflows/ Inflows of Resources Related to OPEB* – For the year ended December 31, 2020, the City recognized OPEB expense of \$239,951. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 256,717	\$ -
Changes of assumptions	420,675	94,540
<b>Total</b>	<b>\$ 677,392</b>	<b>\$ 94,540</b>

The balances as of December 31, 2020 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>
<b>December 31,</b>	
2021	\$ 51,951
2022	51,951
2023	51,951
2024	51,951
2025	51,951
Thereafter	323,097
	<b>\$ 582,852</b>

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

**Proprietary Funds**

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

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

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

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

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

At the September 30, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Actives	136
Retirees	11
Total	147

**Contributions**

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

**Total OPEB Liability**

The Utility’s Total OPEB Liability was measured as of September 30, 2020 and Total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation as of September 30, 2019.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

**Actuarial methods and assumptions**

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

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

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

Valuation Date	October 1, 2018
Measurement Date	September 30, 2020
Discount Rate for Valuing Liabilities	2.14% per annum, as required by GASB 75 (3.97% in prior year)
Mortality Rates	Non-Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general employees with mortality improvement scale MP-2019 Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general retirees with mortality scale MP-2019
Assumed Sick Leave Balance	Active participants assumed to have the maximum sick leave balance accrued at time of retirement. Retirees use actual sick leave balance.
Disability Rates	None
Payroll Increase	2.75%
Participation Assumption	100% of all employees who are eligible for retiree medical benefits are assumed to elect medical coverage in retirement.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

**Changes in Total OPEB Liability**

Balance as of January 1, 2020	\$	569,276
Changes for the year:		
Service cost		25,013
Interest on total OPEB liability		20,703
Difference between expected and actual experience		-
Effect of assumptions changes or inputs		49,931
Benefit payments		<u>(31,945)</u>
Balance as of December 31, 2020	\$	<u>632,978</u>

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

The following presents the total OPEB liability of the Utility calculated using the discount rate of 3.97%, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.97%) or 1% higher (4.97%) than the current rate. This is also calculated using healthcare cost trend rates.

<b>Discount Rate Sensitivity</b>			<b>Healthcare Cost Trend Rates</b>		
<i>1% Decrease</i>	<i>Discount Rate</i>	<i>1% Increase</i>	<i>1% Decrease</i>	<i>Current Rates</i>	<i>1% Increase</i>
<i>1.14%</i>	<i>2.14%</i>	<i>3.14%</i>	<i>4.31/4.42%</i>	<i>5.31/5.52%</i>	<i>6.31/6.52%</i>
\$ 670,670	\$ 632,978	\$ 597,781	\$ 629,627	\$ 632,978	\$ 635,744

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

For the year ended December 31, 2020, the Utility recognized the OPEB income of \$104,894.

At December 31, 2020, the Utility had deferred inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 7,904
Changes of assumptions	<u>41,609</u>	<u>577,685</u>
Total	<u>\$ 41,609</u>	<u>\$ 585,589</u>

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

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

<i>Year</i> <u>December 31</u>	<i>Amounts to be</i> <i>expenses in future</i> <i>expense calculations</i>
2021	\$ (150,609)
2022	(133,888)
2023	(133,888)
2024	(133,889)
2025	8,294
	<u>\$ (543,980)</u>

**Note 12: Risk Management**

***Insurance Coverage***

The City and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided through the Arkansas Public Entities Risk Management Association (APERMA), which is an association of local governments. APERMA provides the City with property coverage. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered City property.

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

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

There have been no significant reductions in coverage from 2019 to 2020; nor have settlement amounts exceeded insurance coverage for each of the past three years.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 13: Property Taxes**

City property taxes are levied each November on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Miller County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2020, property taxes receivable and related deferred inflows of resources of \$4,566,647 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

**Note 14: Tax Abatements**

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

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

For the fiscal year ended December 31, 2020, the City abated A&P taxes totaling approximately \$65,000, which account for approximately 5.6% of the A&P fund tax revenue. In addition to the annual rebate, the City has made other commitments in association with the agreement, which include an annual contribution of \$100,000 for 15 years (expiring in 2025) for maintenance and operation of the convention center and an annual contribution of \$250,000 for 20 years (expiring in 2030) for maintenance and operation of the Water Park. These annual contributions are contingent upon the continued operation of the facilities and the need for maintenance and are evaluated annually. For the fiscal year ended December 31, 2020, the City made an annual contribution of \$250,000 to the company.

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

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

**Note 15: Contingencies and Commitments**

***Contingencies***

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

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

In a federal court action, the City sought to compel the City of Texarkana, Texas to arbitrate various issues relating to the operation and management of Texarkana Water Utilities, a jointly-operated partnership between the two cities. The U.S. District Judge has recently rendered a decision in this action denying in part and granting in part the arbitration relief sought by the City. No provision has been made in the financial statements for any adverse outcome that might ultimately result from the potential arbitration, as the amount of loss, if any, is not reasonably estimable.

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

**City of Texarkana, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2020**

***Commitments***

On December 22, 2020, the City entered into a joint lease agreement with the City of Texarkana, Arkansas, Public Facilities Board and Bowie County. The lease agreement is for a one-year period with options to extend in annual increments through 2041. In the event that the extensions are exercised, the City will pay approximately \$306,000 annually beginning in 2022.

**Note 16: Subsequent Events**

In 2021, the City issued \$11,585,000 of City of Texarkana, Arkansas Franchise Fee Secured Refunding Revenue Bonds, Series 2021 consisting of Series 2021-A for \$3,165,000 and Taxable Series 2021-B \$8,420,000.



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## **Required Supplementary Information**

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**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

Fiscal year ended December 31,	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	594,394	408,721	628,849	659,269	751,303	878,014	888,913
Benefit Changes	-	-	-	-	-	(378,000)	-
Difference Between Actual & Expected Experience	398,320	193,934	57,548	195,575	(1,311,299)	(476,658)	14,625
Assumption Changes	-	-	-	-	-	-	-
Benefit Payments	(1,066,970)	(1,130,268)	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)	(1,177,920)
Refunds	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>(74,256)</b>	<b>(527,613)</b>	<b>(336,852)</b>	<b>(551,887)</b>	<b>(1,724,088)</b>	<b>(1,138,977)</b>	<b>(274,382)</b>
<b>Total Pension Liability - Beginning</b>	<b>12,424,758</b>	<b>12,952,371</b>	<b>13,289,223</b>	<b>13,841,110</b>	<b>15,565,198</b>	<b>16,704,175</b>	<b>16,978,557</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 12,350,502</b>	<b>\$ 12,424,758</b>	<b>\$ 12,952,371</b>	<b>\$ 13,289,223</b>	<b>\$ 13,841,110</b>	<b>\$ 15,565,198</b>	<b>\$ 16,704,175</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	678,497	759,151	734,533	893,926	895,983	854,698	827,917
Net Investment Income	559,509	742,303	(186,564)	469,539	365,678	(229,837)	201,657
Benefit Payments	(1,066,970)	(1,130,268)	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)	(1,177,920)
Administrative Expense	(7,300)	6,100	(6,000)	(5,850)	(5,750)	(5,650)	(4,500)
Reconciliation Adjustment	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>163,736</b>	<b>377,286</b>	<b>(481,280)</b>	<b>(49,116)</b>	<b>91,819</b>	<b>(543,122)</b>	<b>(152,846)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>5,087,922</b>	<b>4,710,636</b>	<b>5,191,916</b>	<b>5,241,032</b>	<b>5,149,213</b>	<b>5,692,335</b>	<b>5,845,181</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,251,658</b>	<b>\$ 5,087,922</b>	<b>\$ 4,710,636</b>	<b>\$ 5,191,916</b>	<b>\$ 5,241,032</b>	<b>\$ 5,149,213</b>	<b>\$ 5,692,335</b>
<b>Net Pension Liability (a) - (b)</b>	<b>\$ 7,098,844</b>	<b>\$ 7,336,836</b>	<b>\$ 8,241,735</b>	<b>\$ 8,097,307</b>	<b>\$ 8,600,078</b>	<b>\$ 10,415,985</b>	<b>\$ 11,011,840</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	42.52%	40.95%	36.37%	39.07%	37.87%	33.08%	34.08%
<b>Covered Payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 2,823,487	\$ 913,700	\$ 1,909,787	N/A	N/A
2013	2,719,883	859,774	1,860,109	N/A	N/A
2014	2,596,511	827,917	1,768,594	N/A	N/A
2015	2,572,506	854,698	1,717,808	N/A	N/A
2016	2,443,461	895,983	1,547,478	N/A	N/A
2017	2,034,940	893,926	1,141,014	N/A	N/A
2018	1,880,817	852,940	1,027,877	N/A	N/A
2019	1,935,832	759,151	1,176,681	N/A	N/A
2020	1,755,461	879,956	875,505	N/A	N/A

**Key Assumptions for ADC:**

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	1983 Group Annuity Mortality

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

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

<b>Fiscal Year Ended December 31,</b>	<b>Annual Return</b>
2014	3.79%
2015	-4.72%
2016	8.22%
2017	10.91%
2018	-6.22%
2019	21.37%
2020	11.61%

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 118,256	\$ 127,376	\$ 155,442	\$ 190,741	\$ 148,947	\$ 157,063	\$ 146,612
Interest	343,890	369,514	371,029	312,689	352,380	383,918	437,404
Difference Between Actual & Expected Experience	109,323	(773)	(189,311)	244,662	(12,438)	(303,978)	(680,274)
Assumption Changes	1,185,194	643,576	(37,703)	(567,285)	1,176,834	533,271	285,779
Benefit Payments	(478,343)	(467,864)	(333,624)	(284,717)	(427,407)	(599,657)	(1,134,456)
<b>Net Change in Total Pension Liability</b>	1,278,320	671,829	(34,167)	(103,910)	1,238,316	170,617	(944,935)
<b>Total Pension Liability - Beginning</b>	10,413,366	9,741,537	9,775,704	9,879,614	8,641,298	8,470,681	9,415,616
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 11,691,686</u>	<u>\$ 10,413,366</u>	<u>\$ 9,741,537</u>	<u>\$ 9,775,704</u>	<u>\$ 9,879,614</u>	<u>\$ 8,641,298</u>	<u>\$ 8,470,681</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 150,227	\$ 108,742	\$ 125,659	\$ 124,282	\$ 162,438	\$ 100,142	\$ 118,862
Contributions - Member	13,379	12,582	15,132	16,340	16,870	18,255	22,989
Net Investment Income	(38,807)	94,486	269,494	336,470	(23,036)	74,808	577,706
Benefit Payments	(478,343)	(467,864)	(333,624)	(284,717)	(427,407)	(599,657)	(1,134,456)
Administrative Expense	(34,689)	(30,884)	(28,179)	(46,899)	(29,946)	(59,688)	(54,386)
Other changes	(2,311)	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(390,544)	(282,938)	48,482	145,476	(301,081)	(466,140)	(469,285)
<b>Plan Fiduciary Net Position - Beginning</b>	3,402,212	3,685,150	3,636,668	3,491,192	3,792,273	4,258,413	4,727,696
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 3,011,668</u>	<u>\$ 3,402,212</u>	<u>\$ 3,685,150</u>	<u>\$ 3,636,668</u>	<u>\$ 3,491,192</u>	<u>\$ 3,792,273</u>	<u>\$ 4,258,413</u>
<b>Net Pension Liability (a) - (b)</b>	<u>\$ 8,680,018</u>	<u>\$ 7,011,154</u>	<u>\$ 6,056,387</u>	<u>\$ 6,139,036</u>	<u>\$ 6,388,422</u>	<u>\$ 4,849,025</u>	<u>\$ 4,212,268</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	25.76%	32.67%	37.83%	37.20%	35.34%	43.89%	50.27%
<b>Covered Payroll</b>	\$ 597,900	\$ 625,483	\$ 807,499	\$ 817,749	\$ 823,930	\$ 943,584	\$ 1,189,105
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	1451.75%	1120.92%	750.02%	750.72%	775.36%	513.89%	354.24%

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

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

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

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 382,196	\$ 104,565	\$ 277,631	\$ 1,045,650	10.00%
2015	383,177	86,486	296,691	864,860	10.00%
2016	424,388	133,570	290,818	835,690	15.98%
2017	416,373	121,286	295,087	817,749	14.83%
2018	440,488	125,659	314,829	807,499	15.56%
2019 (1)	433,759	108,742	325,017	625,483	17.39%
2020 (2)	440,502	148,799	291,703	597,900	24.89%

**Key Assumptions for ADC:**

Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	20 Years
Asset Valuation	Market Value
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	6.00%
Cost of Living Increases	None
Mortality	Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements

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

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

(1): Assumption changes for the 2019 valuation include a change in discount rate from 3.86% in 2018 to 3.36% in 2019

(2): Assumption changes for the 2020 valuation include a change in discount rate from 3.36% in 2019 to 2.58% in 2020



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

<b>Fiscal Year Ended June 30,</b>	<b>Annual Return</b>
2014	12.73%
2015	1.36%
2016	-1.12%
2017	9.70%
2018	7.59%
2019	2.68%
2020	-1.20%

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Interest	\$ 36,997	\$ 25,715	\$ 49,713	\$ 42,459	\$ 48,445	\$ 48,440	59,393
Difference Between Actual & Expected Experience	(8,635)	(29,670)	10,643	(14,236)	(113,096)	(17,519)	(26,078)
Assumption Changes	(95,000)	(5,000)	41,000	3,000	3,000	3,000	166,000
Benefit Payments	(33,046)	(68,697)	(172,696)	(121,267)	(87,302)	(66,248)	(128,315)
<b>Net Change in Total Pension Liability</b>	(99,684)	(77,652)	(71,340)	(90,044)	(148,953)	(32,327)	71,000
<b>Total Pension Liability - Beginning</b>	1,034,684	1,112,336	1,183,676	1,273,720	1,422,673	1,455,000	1,384,000
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 935,000</u>	<u>\$ 1,034,684</u>	<u>\$ 1,112,336</u>	<u>\$ 1,183,676</u>	<u>\$ 1,273,720</u>	<u>\$ 1,422,673</u>	<u>\$ 1,455,000</u>
<b>Plan Fiduciary Net Position</b>							
Net Investment Income	\$ 187,877	\$ 207,360	\$ 134,374	\$ 230,631	\$ 30,416	\$ 87,231	334,568
Benefit Payments	(33,046)	(68,697)	(172,696)	(121,267)	(87,302)	(66,248)	(128,315)
Administrative Expense	(17,156)	(27,370)	(16,053)	(21,467)	(44,277)	(19,991)	(26,642)
Reconciliation Adjustment	(7,723)	(7,560)	(8,082)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	129,952	103,733	(62,457)	87,897	(101,163)	992	179,611
<b>Plan Fiduciary Net Position - Beginning</b>	2,840,606	2,736,873	2,799,330	2,711,433	2,812,596	2,811,604	2,631,993
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 2,970,558</u>	<u>\$ 2,840,606</u>	<u>\$ 2,736,873</u>	<u>\$ 2,799,330</u>	<u>\$ 2,711,433</u>	<u>\$ 2,812,596</u>	<u>\$ 2,811,604</u>
<b>Net Pension Asset (a) - (b)</b>	<u>\$ (2,035,558)</u>	<u>\$ (1,805,922)</u>	<u>\$ (1,624,537)</u>	<u>\$ (1,615,654)</u>	<u>\$ (1,437,713)</u>	<u>\$ (1,389,923)</u>	<u>\$ (1,356,604)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	317.71%	274.54%	246.05%	236.49%	212.88%	197.70%	193.24%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Net Pension Asset as a Percentage of Covered Payroll</b>	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.

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

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

<b>Fiscal Year Ended June 30,</b>	<b>Annual Return</b>
2014	13.10%
2015	3.15%
2016	1.11%
2017	8.63%
2018	4.98%
2019	7.74%
2020	6.64%

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

City Fiscal year ended December 31,	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.00315034%	0.00298197%	0.00297747%	0.00302246%	0.00293398%	0.00292311%
City's proportionate share of the net pension liability	\$ 90,213	\$ 71,941	\$ 65,681	\$ 78,105	\$ 70,162	\$ 53,836
City's covered payroll	62,575	58,010	56,472	54,473	53,158	51,863
City's proportionate share of the net pension liability as a percentage of its covered payroll	144.17%	124.01%	116.31%	143.38%	131.99%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

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

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

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

<u>City Fiscal year ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,417	\$ 8,742	\$ 8,490	\$ 7,899	\$ 7,808	\$ 7,686
Contributions in relate to the contractually required contribution	<u>(9,417)</u>	<u>(8,742)</u>	<u>(8,490)</u>	<u>(7,899)</u>	<u>(7,808)</u>	<u>(7,686)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 62,575	\$ 58,010	\$ 56,472	\$ 55,168	\$ 53,849	\$ 52,545
Contributions as a percentage of covered payroll	15.05%	15.07%	15.03%	14.32%	14.50%	14.63%

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

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

City Fiscal year ended December 31,	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	(3) 2.06896000%	2.11039000% (2)	2.11065000%	2.02054000%	2.03802867% (1)	2.00463000%
City's proportionate share of the net pension liability	\$ 15,987,658	\$ 19,043,709	\$ 14,998,214	\$ 11,527,812	\$ 10,695,056	\$ 7,256,932
City's covered payroll	8,288,752	8,309,290	7,800,263	7,484,833	7,516,626	7,527,269
City's proportionate share of the net pension liability as a percentage of its covered payroll	192.88%	229.19%	192.28%	154.02%	142.29%	96.41%
Plan fiduciary net position as a percentage of the total pension liability	73.20%	66.09%	71.50%	72.90%	72.90%	79.14%

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

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

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

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

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

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

<u>City Fiscal year ended December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	(2) \$ 1,809,656	\$ 1,726,580	\$ 1,647,850	\$ 1,585,751	\$ 1,334,945	(1) \$ 1,262,355
Contributions in relate to the contractually required contribution	<u>(1,809,656)</u>	<u>(1,726,580)</u>	<u>(1,647,850)</u>	<u>(1,585,751)</u>	<u>(1,334,945)</u>	<u>(1,262,355)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,399,486	\$ 8,288,751	\$ 8,465,248	\$ 7,800,263	\$ 7,484,833	\$ 7,516,626
Contributions as a percentage of covered payroll	21.54%	20.83%	19.47%	20.33%	17.84%	16.79%

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

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

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

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17.0 years beginning January 1, 2019
Asset Valuation Method	5-Year smoothed market, 20% corridor
Wage Inflation	3.25%
Price Inflation	2.5
Salary Increases	3.75% to 18.25, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last update for the 2017 valuation pursuant to the experience study of the period 2012-2016
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

Fiscal year ended December 31,	2020	2019	2018	2017	2016**	2015**
<b>Total Pension Liability</b>						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	412,882	418,380	452,267	575,430	426,648	425,030
Benefit Changes	-	-	-	-	-	-
Difference Between Actual & Expected Experience	(67,576)	107,232	(20)	(967,290)	(635,022)	123,866
Assumption Changes	-	-	289,364	-	-	-
Benefit Payments	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
<b>Net Change in Total Pension Liability</b>	<b>(262,970)</b>	<b>(74,425)</b>	<b>140,749</b>	<b>(944,229)</b>	<b>(802,624)</b>	<b>(62,508)</b>
<b>Total Pension Liability - Beginning</b>	<b>6,202,454</b>	<b>6,276,879</b>	<b>6,136,130</b>	<b>7,080,359</b>	<b>7,882,983</b>	<b>7,945,491</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 5,939,484</b>	<b>\$ 6,202,454</b>	<b>\$ 6,276,879</b>	<b>\$ 6,136,130</b>	<b>\$ 7,080,359</b>	<b>\$ 7,882,983</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 60,790	\$ 50,880	\$ 122,010	\$ -	\$ 431,342	\$ 435,704
Contributions - Member	-	-	-	-	7,732	7,134
Net Investment Income	925,598	(162,044)	763,135	(340,441)	(258,063)	269,654
Benefit Payments	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
Administrative Expense	(8,140)	(10,743)	(9,784)	(5,753)	(5,650)	(4,500)
Reconciliation Adjustment	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>369,972</b>	<b>(721,944)</b>	<b>274,499</b>	<b>(898,563)</b>	<b>(418,889)</b>	<b>96,588</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>5,240,638</b>	<b>5,962,582</b>	<b>5,688,083</b>	<b>6,586,646</b>	<b>7,005,535</b>	<b>6,908,947</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,610,610</b>	<b>\$ 5,240,638</b>	<b>\$ 5,962,582</b>	<b>\$ 5,688,083</b>	<b>\$ 6,586,646</b>	<b>\$ 7,005,535</b>
<b>Net Pension Liability (a) - (b)</b>	<b>\$ 328,874</b>	<b>\$ 961,816</b>	<b>\$ 314,297</b>	<b>\$ 448,047</b>	<b>\$ 493,713</b>	<b>\$ 877,448</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	94.46%	84.49%	94.99%	92.70%	93.03%	88.87%
<b>Covered Payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

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

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



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

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013**	\$ 572,814	\$ 424,585	\$ 148,229	N/A	N/A
2014**	481,734	435,704	46,030	N/A	N/A
2015**	306,867	431,342	112,591	N/A	N/A
2016**	287,464	339,581	(82,641)	N/A	N/A
2017	75,881	75,881	-	N/A	N/A
2018	12,480	12,480	-	N/A	N/A
2019	12,636	12,636	-	N/A	N/A
2020	35,832	35,832	-	N/A	N/A

**Key Assumptions for ADC:**

Cost Method	Entry Age Normal
Amortization Method	Closed
Remaining Amortization	13 Years
Asset Valuation	Market Value
Investment Rate of Return	7.50%
Mortality	RP-2014 Combined Mortality Table, Projected to 2016

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

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**

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

Fiscal year ended December 31,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 408,103	\$ 381,055	\$ 363,212	\$ 358,959	\$ 351,625	\$ 341,893
Interest	984,505	956,913	891,945	869,957	871,573	849,350
Difference between actual & expected experience	(108,853)	23,346	(209,579)	(22,844)	(267,852)	(338,578)
Assumption Changes	20,628	-	-	-	55,137	-
Benefit payments	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
<b>Net Change in Total Pension Liability</b>	<b>631,852</b>	<b>608,104</b>	<b>444,606</b>	<b>550,666</b>	<b>507,397</b>	<b>304,494</b>
<b>Total Pension Liability - Beginning</b>	<b>14,651,977</b>	<b>14,043,873</b>	<b>13,599,267</b>	<b>13,048,601</b>	<b>12,541,204</b>	<b>12,236,710</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 15,283,829</b>	<b>\$ 14,651,977</b>	<b>\$ 14,043,873</b>	<b>\$ 13,599,267</b>	<b>\$ 13,048,601</b>	<b>\$ 12,541,204</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 400,134	\$ 394,682	\$ 359,350	\$ 347,118	\$ 378,344	\$ 408,640
Contributions - employee	174,297	161,954	155,275	153,495	158,492	161,609
Net investment income	1,845,333	(370,678)	1,498,658	707,849	15,397	564,425
Benefit payments	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
Administrative expense	(10,428)	(7,164)	(7,766)	(7,994)	(9,378)	(5,893)
Other	(313)	(376)	(396)	(431)	(463)	(484)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,736,492</b>	<b>(574,792)</b>	<b>1,404,149</b>	<b>544,631</b>	<b>39,306</b>	<b>580,126</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>11,859,783</b>	<b>12,434,575</b>	<b>11,030,426</b>	<b>10,485,795</b>	<b>10,446,489</b>	<b>9,866,363</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 13,596,275</b>	<b>\$ 11,859,783</b>	<b>\$ 12,434,575</b>	<b>\$ 11,030,426</b>	<b>\$ 10,485,795</b>	<b>\$ 10,446,489</b>
<b>Net Pension Liability (a) - (b)</b>	<b>\$ 1,687,554</b>	<b>\$ 2,792,194</b>	<b>\$ 1,609,298</b>	<b>\$ 2,568,841</b>	<b>\$ 2,562,806</b>	<b>\$ 2,094,715</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	88.96%	80.94%	88.54%	81.11%	80.36%	83.30%
<b>Covered Payroll</b>	\$ 2,320,661	\$ 2,234,955	\$ 2,234,955	\$ 2,192,788	\$ 2,194,045	\$ 2,308,702
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	72.72%	124.93%	72.01%	117.15%	116.81%	90.73%

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

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

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

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 378,344	\$ 378,344	\$ -	\$ 2,194,045	17.24%
2018	386,487	386,487	-	2,192,788	17.63%
2019	359,350	359,350	-	2,560,845	14.03%
2019	386,640	386,640	-	2,382,218	16.23%
2020	427,026	427,026	-	2,489,951	17.15%

**Key Assumptions for ADC:**

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	27 Years
Asset Valuation	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Utility's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

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

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Other Postemployment Benefit Plan**  
**Schedule of the City's Changes In Totin OPEB Liability and Related Ratios**  
**Retired Healthcare Plan**  
**Year Ended December 31, 2020**

<b>Total OPEB Liability</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB obligation - January 1	\$ 3,542,024	\$ 3,473,820	\$ 3,596,608
Service Cost	73,735	68,497	72,807
Interest	114,265	124,932	113,653
Differences between expected and actual experience	271,731	-	10,174
Changes of assumptions or other inputs	372,553	95,002	(126,052)
Benefit payments	<u>(221,420)</u>	<u>(220,227)</u>	<u>(193,370)</u>
Net change in total OPEB liability	<u>610,864</u>	<u>68,204</u>	<u>(122,788)</u>
Total OPEB obligation - December 31	<u>\$ 4,152,888</u>	<u>\$ 3,542,024</u>	<u>\$ 3,473,820</u>
 Covered-employee payroll	 \$ 12,363,492	 \$ 10,747,289	 \$ 10,549,097
Total OPEB liability as a percentage of covered-employee payroll	33.59%	32.96%	32.93%

Notes to Schedule:

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

Changes of Assumptions: The discount rate decreased from 4.18% in 2018 to 3.97% in 2019 to 1.93% in 2020.

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

**City of Texarkana, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Other Postemployment Benefit Plan**  
**Schedule of the TWU's Changes in Total OPEB Liability and Related Ratios**  
**Sick Leave**  
**Year Ended December 31, 2020**

<b>Total OPEB Liability</b>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Service Cost	\$ 25,013	\$ 42,095	\$ 60,997
Interest	20,703	57,405	49,673
Differences between expected and actual experience	-	(11,856)	-
Changes of assumptions or other inputs	49,931	(841,406)	(67,822)
Benefit payments	<u>(31,945)</u>	<u>(16,367)</u>	<u>(14,042)</u>
Net change in total OPEB liability	63,702	(770,129)	28,806
Total OPEB obligation - beginning of year	<u>569,276</u>	<u>1,339,405</u>	<u>1,310,599</u>
Total OPEB obligation - end of year	<u>\$ 632,978</u>	<u>\$ 569,276</u>	<u>\$ 1,339,405</u>
Covered-employee payroll	\$2,402,258	\$2,016,091	\$2,560,845
Total OPEB liability as a percentage of covered-employee payroll	26.35%	28.24%	52.30%

Notes to Schedule:

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

Changes of Assumptions: The discount rate decreased from 4.18 in to 2018 to 3.97% in 2019 to 2.14% in 2020.

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

## **Nonmajor Governmental Funds**

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## NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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



## NONMAJOR GOVERNMENTAL FUNDS

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

**2012 Franchise Fee Refunding Revenue** – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2012 Franchise Fee Refunding Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way.

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

**2015 Franchise Fee Refunding Revenue** – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2015 Franchise Fee Refunding Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way.

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

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

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

**Project Fund 2018 Franchise Fee Bonds** - This fund is used to account for the purchase of public safety equipment, consisting generally of fire trucks and police communications equipment.

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

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**City of Texarkana, Arkansas**  
**Combining Balance Sheet**  
**Governmental Funds – Nonmajor**  
**December 31, 2020**

	<u>Special Revenue</u>			
	<u>Community Development Block Grant</u>	<u>Police Fund</u>	<u>Front Street Project</u>	<u>Domestic Violence</u>
<b>Assets</b>				
Cash	\$ 8,732	\$ 10,045	\$ 10,746	\$ 1,508
Investments	-	-	-	-
Receivables (net of allowance)				
Property taxes	-	-	-	-
Other government agencies	-	-	-	-
Other	-	-	-	-
Due from other funds	2,018	-	-	-
Prepaid items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,750</u>	<u>\$ 10,045</u>	<u>\$ 10,746</u>	<u>\$ 1,508</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 461	\$ -	\$ 121	\$ -
Accrued liabilities	672	-	-	-
Due to other funds	3,050	-	-	-
	<u>3,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,183</u>	<u>-</u>	<u>121</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	-	-	-	-
Unavailable revenue-grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted				
General administration	-	-	-	-
Police department	-	10,045	-	1,508
Fire department	-	-	-	-
Public works	6,567	-	-	-
Debt service	-	-	-	-
Cultural and recreation	-	-	10,625	-
Assigned				
Police department	-	-	-	-
Public works	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,567</u>	<u>10,045</u>	<u>10,625</u>	<u>1,508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,750</u>	<u>\$ 10,045</u>	<u>\$ 10,746</u>	<u>\$ 1,508</u>

<b>Special Revenue</b>					
<b>Bail Bond</b>	<b>Library</b>	<b>Court Automation</b>	<b>North Texarkana Redevelopment District</b>	<b>Public Safety</b>	<b>Total</b>
\$ 1,123	\$ 25,584	\$ 5,831	\$ 938,378	\$ 4,736	\$ 1,006,683
-	-	-	-	-	-
-	487,258	-	117,753	-	605,011
-	-	-	-	-	-
240	-	-	-	-	240
-	-	150	-	-	2,168
-	-	8,102	-	-	8,102
<u>\$ 1,363</u>	<u>\$ 512,842</u>	<u>\$ 14,083</u>	<u>\$ 1,056,131</u>	<u>\$ 4,736</u>	<u>\$ 1,622,204</u>
\$ -	\$ 69,331	\$ 4,139	\$ -	\$ -	\$ 74,052
-	-	-	-	-	672
-	-	-	-	-	3,050
-	69,331	4,139	-	-	77,774
-	423,382	-	110,013	-	533,395
-	-	-	-	-	-
-	423,382	-	110,013	-	533,395
-	-	8,102	-	-	8,102
-	-	1,842	-	-	1,842
1,363	-	-	-	4,736	17,652
-	-	-	-	-	-
-	-	-	946,118	-	952,685
-	-	-	-	-	-
-	20,129	-	-	-	30,754
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,363</u>	<u>20,129</u>	<u>9,944</u>	<u>946,118</u>	<u>4,736</u>	<u>1,011,035</u>
<u>\$ 1,363</u>	<u>\$ 512,842</u>	<u>\$ 14,083</u>	<u>\$ 1,056,131</u>	<u>\$ 4,736</u>	<u>\$ 1,622,204</u>

**City of Texarkana, Arkansas**  
**Combining Balance Sheet**  
**Governmental Funds – Nonmajor (Continued)**  
**December 31, 2020**

	Debt Service				Total
	2012 Franchise Fee Refunding Revenue	2012 Cap Imp & Refunding Limited Tax GO Bonds	2015 Franchise Fee Refunding Revenue	2018 Franchise Fee Revenue Bonds	
<b>Assets</b>					
Cash	\$ 518,997	\$ -	\$ 272,289	\$ 231,339	\$ 1,022,625
Investments	-	916,320	-	-	916,320
Receivables (net of allowance)					
Property taxes	-	1,218,145	-	-	1,218,145
Other government agencies	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>518,997</u>	<u>2,134,465</u>	<u>272,289</u>	<u>231,339</u>	<u>3,157,090</u>
Total assets	<u>\$ 518,997</u>	<u>\$ 2,134,465</u>	<u>\$ 272,289</u>	<u>\$ 231,339</u>	<u>\$ 3,157,090</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	-	1,058,455	-	-	1,058,455
Unavailable revenues-grants	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>1,058,455</u>	<u>-</u>	<u>-</u>	<u>1,058,455</u>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	-	-	-	-	-
Restricted					
General administration	-	-	-	-	-
Police department	-	-	-	-	-
Fire department	-	-	-	-	-
Public works	-	-	-	-	-
Debt service	518,997	1,076,010	272,289	231,339	2,098,635
Culture and recreation	-	-	-	-	-
Assigned					
Police department	-	-	-	-	-
Public works	-	-	-	-	-
	<u>518,997</u>	<u>1,076,010</u>	<u>272,289</u>	<u>231,339</u>	<u>2,098,635</u>
Total fund balances	<u>518,997</u>	<u>1,076,010</u>	<u>272,289</u>	<u>231,339</u>	<u>2,098,635</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 518,997</u>	<u>\$ 2,134,465</u>	<u>\$ 272,289</u>	<u>\$ 231,339</u>	<u>\$ 3,157,090</u>

<b>Capital Projects Funds</b>				
<b>Capital Improvement Fund</b>	<b>Project Fund 2018 Franchise Fee Bonds</b>	<b>Section 108 Loan</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 558,375	\$ 23,405	\$ 886,826	\$ 1,468,606	\$ 3,497,914
-	-	-	-	916,320
-	-	-	-	1,823,156
24,888	-	-	24,888	24,888
-	-	-	-	240
-	-	-	-	2,168
-	-	-	-	8,102
<u>\$ 583,263</u>	<u>\$ 23,405</u>	<u>\$ 886,826</u>	<u>\$ 1,493,494</u>	<u>\$ 6,272,788</u>
\$ 590	\$ -	11,045	\$ 11,635	\$ 85,687
-	-	-	-	672
1,733	-	2,000	3,733	6,783
<u>2,323</u>	<u>-</u>	<u>13,045</u>	<u>15,368</u>	<u>93,142</u>
-	-	-	-	1,591,850
2,997	-	-	2,997	2,997
<u>2,997</u>	<u>-</u>	<u>-</u>	<u>2,997</u>	<u>1,594,847</u>
-	-	-	-	8,102
-	-	-	-	1,842
-	23,405	-	23,405	41,057
46,697	-	-	46,697	46,697
-	-	-	-	952,685
-	-	-	-	2,098,635
-	-	873,781	873,781	904,535
141,598	-	-	141,598	141,598
389,648	-	-	389,648	389,648
<u>577,943</u>	<u>23,405</u>	<u>873,781</u>	<u>1,475,129</u>	<u>4,584,799</u>
<u>\$ 583,263</u>	<u>\$ 23,405</u>	<u>\$ 886,826</u>	<u>\$ 1,493,494</u>	<u>\$ 6,272,788</u>

**City of Texarkana, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds – Nonmajor**  
**Year Ended December 31, 2020**

	<b>Special Revenue</b>			
	<b>Community Development Block Grant</b>	<b>Police Fund</b>	<b>Front Street Project</b>	<b>Domestic Violence</b>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	2,832
Grants and entitlements	375,597	5,204	-	-
Investment income	-	-	-	-
Miscellaneous	2,360	9,340	-	-
Total revenues	<u>377,957</u>	<u>14,544</u>	<u>-</u>	<u>2,832</u>
<b>Expenditures</b>				
Current				
General government	238,714	-	-	-
Other public safety	-	5,075	-	1,752
Public works	1,760	-	-	-
Public services	60,953	-	-	-
Cultural and recreation	-	-	1,235	-
Capital outlay	48,634	-	-	-
Debt service				
Principal retirement	32,000	-	-	-
Interest and fiscal charges	1,503	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>383,564</u>	<u>5,075</u>	<u>1,235</u>	<u>1,752</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,607)</u>	<u>9,469</u>	<u>(1,235)</u>	<u>1,080</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(3,186)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,186)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(5,607)	6,283	(1,235)	1,080
<b>Fund Balances, Beginning of Year</b>	<u>12,174</u>	<u>3,762</u>	<u>11,860</u>	<u>428</u>
<b>Fund Balances, End of Year</b>	<u>\$ 6,567</u>	<u>\$ 10,045</u>	<u>\$ 10,625</u>	<u>\$ 1,508</u>

**Special Revenue**

North Texarkana					
Bail Bond	Library	Court Automation	Redevelopment District	Public Safety	Total
\$ -	\$ 350,147	\$ -	\$ 135,977	\$ -	\$ 486,124
6,107	-	14,032	-	189	23,160
-	72,599	-	-	-	453,400
-	44	34	10	-	88
-	-	-	-	-	11,700
<u>6,107</u>	<u>422,790</u>	<u>14,066</u>	<u>135,987</u>	<u>189</u>	<u>974,472</u>
-	-	54,766	-	-	293,480
8,076	-	-	-	-	14,903
-	-	-	-	-	1,760
-	-	-	-	-	60,953
-	446,514	-	-	-	447,749
-	-	-	-	-	48,634
-	-	-	-	-	32,000
-	-	-	-	-	1,503
-	-	-	-	-	-
<u>8,076</u>	<u>446,514</u>	<u>54,766</u>	<u>-</u>	<u>-</u>	<u>900,982</u>
<u>(1,969)</u>	<u>(23,724)</u>	<u>(40,700)</u>	<u>135,987</u>	<u>189</u>	<u>73,490</u>
-	-	-	-	-	-
-	5,000	-	-	-	5,000
-	-	-	-	-	(3,186)
-	5,000	-	-	-	1,814
(1,969)	(18,724)	(40,700)	135,987	189	75,304
<u>3,332</u>	<u>38,853</u>	<u>50,644</u>	<u>810,131</u>	<u>4,547</u>	<u>935,731</u>
<u>\$ 1,363</u>	<u>\$ 20,129</u>	<u>\$ 9,944</u>	<u>\$ 946,118</u>	<u>\$ 4,736</u>	<u>\$ 1,011,035</u>



**City of Texarkana, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds – Nonmajor (Continued)**  
**Year Ended December 31, 2020**

	Debt Service				Total
	2012 Franchise Fee Refunding Revenue	2012 Cap Imp & Refunding Limited Tax GO Bonds	2015 Franchise Fee Refunding Revenue	2018 Franchise Fee Revenue Bonds	
<b>Revenues</b>					
Property taxes	\$ -	\$ 875,754	\$ -	\$ -	\$ 875,754
Fines, forfeitures and penalties	-	-	-	-	-
Grants and entitlements	-	-	-	-	-
Investment income	2,059	396	1,487	1,270	5,212
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>2,059</u>	<u>876,150</u>	<u>1,487</u>	<u>1,270</u>	<u>880,966</u>
<b>Expenditures</b>					
Current					
General government	-	-	-	-	-
Other public safety	-	-	-	-	-
Public works	-	-	-	-	-
Public services	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	315,000	655,000	115,000	140,000	1,225,000
Interest and fiscal charges	303,403	277,750	116,484	62,713	760,350
Bond issuance costs	-	-	-	2,038	2,038
<b>Total expenditures</b>	<u>618,403</u>	<u>932,750</u>	<u>231,484</u>	<u>204,751</u>	<u>1,987,388</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(616,344)</u>	<u>(56,600)</u>	<u>(229,997)</u>	<u>(203,481)</u>	<u>(1,106,422)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of debt	-	-	-	-	-
Transfers in	596,553	-	235,293	204,664	1,036,510
Transfers out	-	-	(635)	(551)	(1,186)
<b>Total other financing sources (uses)</b>	<u>596,553</u>	<u>-</u>	<u>234,658</u>	<u>204,113</u>	<u>1,035,324</u>
<b>Net Change in Fund Balances</b>	(19,791)	(56,600)	4,661	632	(71,098)
<b>Fund Balances, Beginning of Year</b>	<u>538,788</u>	<u>1,132,610</u>	<u>267,628</u>	<u>230,707</u>	<u>2,169,733</u>
<b>Fund Balances, End of Year</b>	<u>\$ 518,997</u>	<u>\$ 1,076,010</u>	<u>\$ 272,289</u>	<u>\$ 231,339</u>	<u>\$ 2,098,635</u>

<b>Capital Projects Funds</b>				
<b>Capital Improvement Fund</b>	<b>Project Fund 2018 Franchise Fee Bonds</b>	<b>Section 108 Loan</b>	<b>Total</b>	<b>Total Nonmajor Governmental Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,361,878
-	-	-	-	23,160
134,277	-	-	134,277	587,677
651	-	-	651	5,951
12,752	-	-	12,752	24,452
<u>147,680</u>	<u>-</u>	<u>-</u>	<u>147,680</u>	<u>2,003,118</u>
42,023	-	-	42,023	335,503
2,500	738	-	3,238	18,141
-	-	-	-	1,760
-	-	-	-	60,953
-	-	70	70	447,819
60,321	-	11,045	71,366	120,000
-	-	-	-	1,257,000
-	-	-	-	761,853
-	-	-	-	2,038
<u>104,844</u>	<u>738</u>	<u>11,115</u>	<u>116,697</u>	<u>3,005,067</u>
<u>42,836</u>	<u>(738)</u>	<u>(11,115)</u>	<u>30,983</u>	<u>(1,001,949)</u>
-	-	810,000	810,000	810,000
-	-	-	-	1,041,510
<u>(38,065)</u>	<u>-</u>	<u>-</u>	<u>(38,065)</u>	<u>(42,437)</u>
<u>(38,065)</u>	<u>-</u>	<u>810,000</u>	<u>771,935</u>	<u>1,809,073</u>
4,771	(738)	798,885	802,918	807,124
<u>573,172</u>	<u>24,143</u>	<u>74,896</u>	<u>672,211</u>	<u>3,777,675</u>
<u>\$ 577,943</u>	<u>\$ 23,405</u>	<u>\$ 873,781</u>	<u>\$ 1,475,129</u>	<u>\$ 4,584,799</u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Fund**  
**Year Ended December 31, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Grants and entitlements	\$ 477,169	\$ 522,503	\$ 375,597	\$ (146,906)
Miscellaneous	-	125	2,360	2,235
<b>Total revenues</b>	<u>477,169</u>	<u>522,628</u>	<u>377,957</u>	<u>(144,671)</u>
<b>Expenditures</b>				
Current:				
General government	49,928	204,934	238,714	(33,780)
Public works	60,000	21,000	1,760	19,240
Public services	84,964	100,324	60,953	39,371
Capital outlay	1,165,277	200,000	48,634	151,366
Debt service				
Principal retirement	-	-	32,000	(32,000)
Interest and fiscal charges	-	-	1,503	(1,503)
<b>Total expenditures</b>	<u>1,360,169</u>	<u>526,258</u>	<u>383,564</u>	<u>142,694</u>
<b>Net Change in Fund Balances</b>	(883,000)	(3,630)	(5,607)	(1,977)
<b>Fund Balances, Beginning of Year</b>	<u>12,174</u>	<u>12,174</u>	<u>12,174</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ (870,826)</u>	<u>\$ 8,544</u>	<u>\$ 6,567</u>	<u>\$ (1,977)</u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Police Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Grants and entitlements	\$ 9,590	\$ 5,074	\$ 5,204	\$ 130
Miscellaneous	6,700	9,000	9,340	340
Total revenues	<u>16,290</u>	<u>14,074</u>	<u>14,544</u>	<u>470</u>
<b>Expenditures</b>				
Current:				
Other public safety	11,290	6,774	5,075	1,699
Total expenditures	<u>11,290</u>	<u>6,774</u>	<u>5,075</u>	<u>1,699</u>
<b>Excess of Revenues Over Expenditures</b>	<u>5,000</u>	<u>7,300</u>	<u>9,469</u>	<u>2,169</u>
<b>Other Financing Uses</b>				
Transfers out	(3,186)	(3,186)	(3,186)	-
Total other financing uses	<u>(3,186)</u>	<u>(3,186)</u>	<u>(3,186)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,814	4,114	6,283	2,169
<b>Fund Balances, Beginning of Year</b>	<u>3,762</u>	<u>3,762</u>	<u>3,762</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,576</u>	<u>\$ 7,876</u>	<u>\$ 10,045</u>	<u>\$ 2,169</u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Domestic Violence Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 1,550	\$ 2,050	\$ 2,832	\$ 782
Total revenues	<u>1,550</u>	<u>2,050</u>	<u>2,832</u>	<u>782</u>
<b>Expenditures</b>				
Current:				
Other public safety	<u>1,752</u>	<u>1,752</u>	<u>1,752</u>	<u>-</u>
Total expenditures	<u>1,752</u>	<u>1,752</u>	<u>1,752</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(202)	298	1,080	782
<b>Fund Balances, Beginning of Year</b>	<u>428</u>	<u>428</u>	<u>428</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 226</u>	<u>\$ 726</u>	<u>\$ 1,508</u>	<u>\$ 782</u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Front Street Project Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Current:				
Cultural and recreation	8,868	2,175	1,235	940
Total expenditures	8,868	2,175	1,235	940
<b>Net Change in Fund Balances</b>	(8,868)	(2,175)	(1,235)	940
<b>Fund Balances, Beginning of Year</b>	11,860	11,860	11,860	-
<b>Fund Balances, End of Year</b>	\$ 2,992	\$ 9,685	\$ 10,625	\$ 940

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Bail Bond Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 5,750	\$ 5,100	\$ 6,107	\$ 1,007
Total revenues	<u>5,750</u>	<u>5,100</u>	<u>6,107</u>	<u>1,007</u>
<b>Expenditures</b>				
Current:				
Other public safety	<u>8,076</u>	<u>8,076</u>	<u>8,076</u>	<u>-</u>
Total expenditures	<u>8,076</u>	<u>8,076</u>	<u>8,076</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(2,326)	(2,976)	(1,969)	1,007
<b>Fund Balances, Beginning of Year</b>	<u>3,332</u>	<u>3,332</u>	<u>3,332</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,006</u></u>	<u><u>\$ 356</u></u>	<u><u>\$ 1,363</u></u>	<u><u>\$ 1,007</u></u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Court Automation Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 18,000	\$ 14,500	\$ 14,032	\$ (468)
Investment income	110	50	34	(16)
Total revenues	<u>18,110</u>	<u>14,550</u>	<u>14,066</u>	<u>(484)</u>
<b>Expenditures</b>				
Current:				
General government	<u>39,200</u>	<u>54,900</u>	<u>54,766</u>	<u>134</u>
Total expenditures	<u>39,200</u>	<u>54,900</u>	<u>54,766</u>	<u>134</u>
<b>Net Change in Fund Balances</b>	(21,090)	(40,350)	(40,700)	(350)
<b>Fund Balances, Beginning of Year</b>	<u>50,644</u>	<u>50,644</u>	<u>50,644</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 29,554</u>	<u>\$ 10,294</u>	<u>\$ 9,944</u>	<u>\$ (350)</u>



**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**North Texarkana Redevelopment District**  
**Year Ended December 31, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 120,701	\$ 123,000	\$ 135,977	\$ 12,977
Investment income	10	10	10	-
Total revenues	<u>120,711</u>	<u>123,010</u>	<u>135,987</u>	<u>12,977</u>
<b>Net Change in Fund Balances</b>	120,711	123,010	135,987	12,977
<b>Fund Balances, Beginning of Year</b>	<u>810,131</u>	<u>810,131</u>	<u>810,131</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 930,842</u></u>	<u><u>\$ 933,141</u></u>	<u><u>\$ 946,118</u></u>	<u><u>\$ 12,977</u></u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Library Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 350,000	\$ 333,000	\$ 350,147	\$ 17,147
Grants and entitlements	75,000	72,000	72,599	599
Investment income	30	30	44	14
Total revenues	<u>425,030</u>	<u>405,030</u>	<u>422,790</u>	<u>17,760</u>
<b>Expenditures</b>				
Current:				
Cultural and recreation	<u>430,030</u>	<u>410,030</u>	<u>446,514</u>	<u>(36,484)</u>
Total expenditures	<u>430,030</u>	<u>410,030</u>	<u>446,514</u>	<u>(36,484)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(23,724)</u>	<u>(18,724)</u>
<b>Other Financing Sources</b>				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	(18,724)	(18,724)
<b>Fund Balances, Beginning of Year</b>	<u>38,853</u>	<u>38,853</u>	<u>38,853</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 38,853</u>	<u>\$ 38,853</u>	<u>\$ 20,129</u>	<u>\$ (18,724)</u>

**City of Texarkana, Arkansas**  
**Budgetary Comparison Schedule**  
**Public Safety Fund**  
**Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ 300	\$ 200	\$ 189	\$ (11)
Total revenues	<u>300</u>	<u>200</u>	<u>189</u>	<u>(11)</u>
<b>Expenditures</b>				
Current:				
Other public safety	<u>3,341</u>	<u>3,341</u>	<u>-</u>	<u>3,341</u>
Total expenditures	<u>3,341</u>	<u>3,341</u>	<u>-</u>	<u>3,341</u>
<b>Net Change in Fund Balances</b>	(3,041)	(3,141)	189	3,330
<b>Fund Balances, Beginning of Year</b>	<u>4,547</u>	<u>4,547</u>	<u>4,547</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,506</u>	<u>\$ 1,406</u>	<u>\$ 4,736</u>	<u>\$ 3,330</u>

## **Nonmajor Enterprise Funds**

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## **NONMAJOR ENTERPRISE FUNDS**

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

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

**City of Texarkana, Arkansas**  
**Combining Statement of Net Position**  
**Enterprise Funds - Nonmajor**  
**December 31, 2020**

	Union Utilities	Mandeville Utilities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash	\$ 284,649	\$ 150,105	\$ 434,754
Investments	43,817	-	43,817
Receivables:			
Accounts (net of allowance for uncollectible)	32,746	10,488	43,234
Accrued interest	734	-	734
Due from other funds	149	144	293
Due from other governments	722	-	722
Prepaid items	907	225	1,132
Total current assets	<u>363,724</u>	<u>160,962</u>	<u>524,686</u>
<b>Noncurrent assets</b>			
Restricted assets			
Cash	127,025	16,767	143,792
Investments	102,239	-	102,239
Receivables			
Interest	1,712	-	1,712
Total restricted assets	<u>230,976</u>	<u>16,767</u>	<u>247,743</u>
Capital assets (net of accumulated depreciation)			
Land	13,750	1,697	15,447
Buildings	736	232	968
Improvements other than buildings	1,773,444	194,368	1,967,812
Machinery and equipment	15,470	4,790	20,260
Construction in progress	12,850	3,278	16,128
Net capital assets	<u>1,816,250</u>	<u>204,365</u>	<u>2,020,615</u>
Other assets			
Prepaid capital improvement deposits	-	1,237	1,237
Total other assets	<u>-</u>	<u>1,237</u>	<u>1,237</u>
Total noncurrent assets	<u>2,047,226</u>	<u>222,369</u>	<u>2,269,595</u>
Total assets	<u>2,410,950</u>	<u>383,331</u>	<u>2,794,281</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension	4,292	1,064	5,356
Total deferred outflows of resources	<u>4,292</u>	<u>1,064</u>	<u>5,356</u>

	<b>Union Utilities</b>	<b>Mandeville Utilities</b>	<b>Total</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 14,126	\$ 3,849	\$ 17,975
Accrued liabilities	7,236	703	7,939
Accrued interest payable	16,232	2,321	18,553
Due to other funds	3,868	999	4,867
Due to other governments	6,886	1,953	8,839
Other payables	327	977	1,304
Bonds payable - current portion	219,631	28,919	248,550
	<u>268,306</u>	<u>39,721</u>	<u>308,027</u>
Total current liabilities			
<b>Noncurrent liabilities</b>			
Customer deposits	32,474	9,405	41,879
Capital improvement deposits	9,601	-	9,601
Net pension and OPEB liability	17,039	5,018	22,057
Revenue bonds	870,058	126,844	996,902
	<u>929,172</u>	<u>141,267</u>	<u>1,070,439</u>
Total noncurrent liabilities			
Total liabilities	<u>1,197,478</u>	<u>180,988</u>	<u>1,378,466</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension	8,645	1,966	10,611
	<u>8,645</u>	<u>1,966</u>	<u>10,611</u>
Total deferred inflows of resources			
<b>Net Position</b>			
Net investment in capital assets	955,825	65,369	1,021,194
Unrestricted	253,294	136,072	389,366
	<u>1,209,119</u>	<u>201,441</u>	<u>1,410,560</u>
Total net position	<u>\$ 1,209,119</u>	<u>\$ 201,441</u>	<u>\$ 1,410,560</u>



**City of Texarkana, Arkansas**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Enterprise Funds - Nonmajor**  
**Year Ended December 31, 2020**

	<u>Union</u> <u>Utilities</u>	<u>Mandeville</u> <u>Utilities</u>	<u>Total</u>
<b>Operating Revenues</b>			
Water sales	\$ 405,328	\$ 78,137	\$ 483,465
Water connection fees	900	200	1,100
Penalties and service charges	14,343	3,890	18,233
Other income	<u>5,560</u>	<u>4,184</u>	<u>9,744</u>
Total operating revenues	<u>426,131</u>	<u>86,411</u>	<u>512,542</u>
<b>Operating Expenses</b>			
Finance	8,279	2,085	10,364
Customer service	39,095	9,897	48,992
Water production	94,292	27,124	121,416
Waster distribution	19,936	13,346	33,282
Engineer design	1,045	-	1,045
Field service	25,821	6,743	32,564
Construction oversight	671	169	840
Depreciation	108,135	13,213	121,348
Other expenses	719	-	719
Contract water & sewer expense - International Paper	748	1,211	1,959
Total operating expenses	<u>298,741</u>	<u>73,788</u>	<u>372,529</u>
<b>Operating Income</b>	<u>127,390</u>	<u>12,623</u>	<u>140,013</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income - investments	4,864	807	5,671
Interest expense and paying agent fees	<u>(37,444)</u>	<u>(5,330)</u>	<u>(42,774)</u>
Total nonoperating revenues (expenses)	<u>(32,580)</u>	<u>(4,523)</u>	<u>(37,103)</u>
<b>Income Before Transfers</b>	94,810	8,100	102,910
<b>Changes in Net Position</b>	94,810	8,100	102,910
<b>Net Position, Beginning of Year</b>	<u>1,114,309</u>	<u>193,341</u>	<u>1,307,650</u>
<b>Net Position, End of Year</b>	<u><u>\$ 1,209,119</u></u>	<u><u>\$ 201,441</u></u>	<u><u>\$ 1,410,560</u></u>

**City of Texarkana, Arkansas**  
**Combining Statement of Cash Flows**  
**Enterprise Funds - Nonmajor**  
**Year Ended December 31, 2020**

	<b>Union Utilities</b>	<b>Mandeville Utilities</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 469,751	\$ 89,654	\$ 559,405
Cash paid to suppliers	(141,551)	(44,526)	(186,077)
Cash paid to employees	(48,900)	(12,140)	(61,040)
Net cash provided by operating activities	279,300	32,988	312,288
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(24,099)	(19,282)	(43,381)
Principal paid on bonds	(212,664)	(28,000)	(240,664)
Interest paid on bonds	(40,612)	(5,746)	(46,358)
Capital improvement deposits received	13,053	2,303	15,356
Net cash used for capital and related financing activities	(264,322)	(50,725)	(315,047)
<b>Cash Flows From Investing Activities</b>			
Purchase of investments	(45,787)	-	(45,787)
Proceeds from sale and maturities of investments	43,434	-	43,434
Interest received on investments	2,812	808	3,620
Net cash provided by investing activities	459	808	1,267
<b>Increase (Decrease) in Cash</b>	15,437	(16,929)	(1,492)
<b>Cash, Beginning of Year</b>	396,237	183,801	580,038
<b>Cash, End of Year</b>	\$ 411,674	\$ 166,872	\$ 578,546
<b>Cash, as Presented, on the "Combining Statement of Net Position" is as follows:</b>			
Cash	\$ 284,649	\$ 150,105	\$ 434,754
Restricted cash	127,025	16,767	143,792
	\$ 411,674	\$ 166,872	\$ 578,546

**City of Texarkana, Arkansas**  
**Combining Statement of Cash Flows (Continued)**  
**Enterprise Funds - Nonmajor**  
**Year Ended December 31, 2020**

	Union Utilities	Mandeville Utilities	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 127,390	\$ 12,623	\$ 140,013
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	108,135	13,213	121,348
(Increase) decrease in assets:			
Accounts receivable	41,001	3,113	44,114
Due from other funds	(856)	402	(454)
Prepaid expenses	(22)	(4)	(26)
Decrease in deferred outflows	(2,818)	(298)	(3,116)
Increase (decrease) in liabilities:			
Accounts payable	1,300	2,033	3,333
Accrued liabilities	3,644	664	4,308
Due to other funds	(2,727)	678	(2,049)
Customer deposits	3,664	130	3,794
Net pension and postemployment benefits liabilities	(14,547)	(3,795)	(18,342)
Other payables	(703)	294	(409)
Increase in deferred inflows	15,839	3,935	19,774
Net cash provided by operating activities	\$ 279,300	\$ 32,988	\$ 312,288

## **Fiduciary Funds**

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## **FIDUCIARY FUNDS**

### **TRUST FUNDS**

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

### **CUSTODIAL FUNDS**

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

**City of Texarkana, Arkansas**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**December 31, 2020**

	<b>City Employee Retirement System</b>	<b>Water Utilities Employee Retirement System</b>	<b>Policemen's Relief and Pension</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 294,583	\$ 81,291	\$ 275,964	\$ 651,838
Investments				
U. S. government obligations	57,083	207,622	-	264,705
Mortgage backed securities	-	330,000	-	330,000
Corporate bonds and notes	-	681,103	-	681,103
Mutual funds and other investments	2,663,572	1,661,922	4,483,552	8,809,046
Interest receivable	3,022	8,620	6,862	18,504
Due from other funds	-	-	487,263	487,263
	<u>3,018,260</u>	<u>2,970,558</u>	<u>5,253,641</u>	<u>11,242,459</u>
<b>Liabilities</b>				
Accounts payable	4,271	-	1,983	6,254
Due to other funds	2,321	-	-	2,321
	<u>6,592</u>	<u>-</u>	<u>1,983</u>	<u>8,575</u>
<b>Net Position</b>				
Net position restricted for pensions	<u>\$ 3,011,668</u>	<u>\$ 2,970,558</u>	<u>\$ 5,251,658</u>	<u>\$ 11,233,884</u>

**City of Texarkana, Arkansas**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**Year Ended December 31, 2020**

	City Employee Retirement System	Water Utilities Employee Retirement System	Policemen's Relief and Pension	Total
<b>Additions</b>				
Contributions				
Employer	\$ 148,799	\$ -	\$ 540,296	\$ 689,095
Employee	13,093	-	-	13,093
Intergovernmental	-	-	313,739	313,739
Other	973	-	25,921	26,894
Total contributions	<u>162,865</u>	<u>-</u>	<u>879,956</u>	<u>1,042,821</u>
Investment income				
Net increase (decrease) in fair value of investments	(93,012)	108,104	415,291	430,383
Interest and dividends	64,481	79,773	70,117	214,371
	<u>(28,531)</u>	<u>187,877</u>	<u>485,408</u>	<u>644,754</u>
Less investment expense	-	-	20,207	20,207
Net investment income (loss)	<u>(28,531)</u>	<u>187,877</u>	<u>465,201</u>	<u>624,547</u>
Total additions	<u>134,334</u>	<u>187,877</u>	<u>1,345,157</u>	<u>1,667,368</u>
<b>Deductions</b>				
Benefits paid directly to participants	487,188	33,046	1,175,221	1,695,455
Administrative expenses	37,690	24,879	6,200	68,769
Total deductions	<u>524,878</u>	<u>57,925</u>	<u>1,181,421</u>	<u>1,764,224</u>
<b>Net Increase (Decrease) in Net Position</b>	(390,544)	129,952	163,736	(96,856)
<b>Net Position Restricted for Pensions, Beginning of Year</b>	<u>3,402,212</u>	<u>2,840,606</u>	<u>5,087,922</u>	<u>11,330,740</u>
<b>Net Position Restricted for Pensions, End of Year</b>	<u>\$ 3,011,668</u>	<u>\$ 2,970,558</u>	<u>\$ 5,251,658</u>	<u>\$ 11,233,884</u>



**City of Texarkana, Arkansas**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**December 31, 2020**

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Total Custodial Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 121,535	\$ 9	\$ 121,544
Interest receivable	3,556	-	3,556
Total assets	<u>125,091</u>	<u>9</u>	<u>125,100</u>
<b>Liabilities</b>			
Escrow deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>	<u>\$ 125,091</u>	<u>\$ 9</u>	<u>\$ 125,100</u>

**City of Texarkana, Arkansas**  
**Combining Statement Changes in Fiduciary Net Position**  
**Custodial Funds**  
**December 31, 2020**

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Total Custodial Funds</u>
<b>Additions</b>			
Receipt of police bond funds	\$ 818,475	\$ -	\$ 818,475
Interest	263	-	263
Total additions	<u>818,738</u>	<u>-</u>	<u>818,738</u>
<b>Deductions</b>			
Return of police bond funds	<u>891,595</u>	<u>-</u>	<u>891,595</u>
Total Deductions	<u>891,595</u>	<u>-</u>	<u>891,595</u>
<b>Change in Net Position</b>	(72,857)	-	(72,857)
<b>Net Position, Beginning of Year (as restated)</b>	<u>197,948</u>	<u>9</u>	<u>197,957</u>
<b>Net Position, End of Year</b>	<u>\$ 125,091</u>	<u>\$ 9</u>	<u>\$ 125,100</u>

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## **Statistical Section**

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# City of Texarkana, Arkansas

## Statistical Section

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

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<b>Financial Trends (Tables 1-5)</b>	
These schedules contain trend information to assist the reader in understanding how the City’s financial performance and well-being have changed over time. ....	185
<b>Revenue Capacity (Tables 6-11)</b>	
These schedules contain information to help the reader assess the City’s most significant revenue sources, local sales taxes and property taxes. ....	192
<b>Debt Capacity (Tables 12-16)</b>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. ....	199
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These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City’s financial activities take place. ....	204
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**City of Texarkana, Arkansas**  
**Net Position by Component**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**

**Table 1**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 13,405,075	\$ 14,107,659	\$ 14,788,840	\$ 13,177,214	\$ 13,418,445	\$ 12,228,378	\$ 12,173,375	\$ 12,149,281	\$ 11,887,149	\$ 11,573,523
Restricted	2,406,273	1,833,731	2,243,056	2,510,859	1,838,537	2,948,305	3,085,466	3,575,927	3,778,615	5,021,170
Unrestricted (deficit)	9,204,239	6,977,071	4,990,951	5,347,984	(2,521,327)	(2,174,520)	135,812	(4,185,767)	(4,829,476)	(5,576,380)
Total governmental activities net position	<u>25,015,587</u>	<u>22,918,461</u>	<u>22,022,847</u>	<u>21,036,057</u>	<u>12,735,655</u>	<u>13,002,163</u>	<u>15,394,653</u>	<u>11,539,441</u>	<u>10,836,288</u>	<u>11,018,313</u>
<b>Business-type activities:</b>										
Net investment in capital assets	27,882,314	27,877,180	28,478,111	29,067,354	29,689,707	32,066,618	32,849,130	33,457,909	34,951,626	35,033,478
Restricted	3,322,117	4,041,329	5,211,194	5,090,980	6,617,438	5,271,993	5,259,198	5,027,526	1,805,922	2,035,558
Unrestricted	10,050,575	9,601,508	8,383,953	8,060,243	6,107,274	5,867,366	5,543,209	4,150,856	5,102,543	3,943,000
Total business-type activities net position	<u>41,255,006</u>	<u>41,520,017</u>	<u>42,073,258</u>	<u>42,218,577</u>	<u>42,414,419</u>	<u>43,205,977</u>	<u>43,651,537</u>	<u>42,636,291</u>	<u>41,860,091</u>	<u>41,012,036</u>
<b>Primary government</b>										
Net investment in capital assets	41,287,389	41,984,839	43,266,951	42,244,568	43,108,152	44,294,996	45,022,505	45,607,190	46,838,775	46,607,001
Restricted	5,728,390	5,875,060	7,454,250	7,601,839	8,455,975	8,220,298	8,344,664	8,603,453	5,584,537	7,056,728
Unrestricted (deficit)	19,254,814	16,578,579	13,374,904	13,408,227	3,585,947	3,692,846	5,679,021	(34,911)	273,067	(1,633,380)
Total primary government net position	<u>\$ 66,270,593</u>	<u>\$ 64,438,478</u>	<u>\$ 64,096,105</u>	<u>\$ 63,254,634</u>	<u>\$ 55,150,074</u>	<u>\$ 56,208,140</u>	<u>\$ 59,046,190</u>	<u>\$ 54,175,732</u>	<u>\$ 52,696,379</u>	<u>\$ 52,030,349</u>

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



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

**Table 2**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Current:										
General administration	\$ 2,619,263	\$ 2,581,483	\$ 2,268,194	\$ 2,444,068	\$ 2,489,042	\$ 2,582,956	\$ 2,272,254	\$ 2,128,025	\$ 2,431,094	\$ 3,585,283
Police department	7,644,104	7,872,806	7,960,946	7,795,405	6,265,820	6,351,864	8,535,330	9,082,042	9,147,662	10,057,223
Fire department	4,493,231	4,776,959	4,605,814	4,569,164	3,606,197	4,577,604	5,930,240	6,369,763	6,424,089	6,316,894
Other public safety	3,869,368	3,639,484	3,383,828	3,053,598	3,205,227	2,877,212	2,106,118	1,909,304	1,807,769	1,083,063
Protective inspection	467,210	494,102	516,458	434,499	474,893	567,880	473,860	433,700	542,856	602,488
Public works	5,697,414	5,503,577	6,100,657	5,868,092	5,922,407	6,365,907	6,145,067	6,284,490	6,931,855	7,125,056
Public services	15,381	1,252	245,174	565,398	532,551	541,432	31,950	32,746	61,695	71,343
Health and welfare	361,460	436,639	394,764	426,422	410,477	459,236	573,179	386,403	609,728	696,837
Cultural and recreation	825,434	1,895,921	1,190,349	1,469,648	1,157,670	1,171,381	1,138,931	1,119,164	1,214,342	1,260,562
Interest on long-term debt	678,252	1,683,764	908,021	894,852	933,184	811,774	773,234	861,792	769,576	762,801
Total governmental activities expenses	26,671,117	28,885,987	27,574,205	27,521,146	24,997,468	26,307,246	27,980,163	28,607,429	29,940,666	31,561,550
Business-type activities:										
Water and sewer	8,828,758	9,383,771	9,239,788	8,883,064	8,827,599	8,724,209	9,016,083	9,221,277	9,631,871	10,479,232
Total business-type activities expenses	8,828,758	9,383,771	9,239,788	8,883,064	8,827,599	8,724,209	9,016,083	9,221,277	9,631,871	10,479,232
Total primary government expenses	35,499,875	38,269,758	36,813,993	36,404,210	33,825,067	35,031,455	36,996,246	37,828,706	39,572,537	42,040,782
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	5,444,642	5,463,368	5,421,842	5,340,907	5,338,355	5,485,953	8,458,140	5,154,080	5,571,532	5,911,828
Operating grants and contributions	4,722,269	4,113,562	3,124,576	3,293,167	3,153,469	3,320,465	3,673,664	3,625,951	3,944,769	4,819,791
Capital grants and contributions	1,028,843	1,309,384	1,812,264	1,260,110	1,199,000	1,078,636	851,360	750,793	724,333	509,874
Total governmental activities program revenues	11,195,754	10,886,314	10,358,682	9,894,184	9,690,824	9,885,054	12,983,164	9,530,824	10,240,634	11,241,493
Business-type activities:										
Charges for services	10,264,791	10,202,790	9,750,066	9,247,531	9,413,488	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488
Capital grants and contributions	78,337	-	-	37,484	27,748	-	-	-	-	-
Total business-type activities program revenues	10,343,128	10,202,790	9,750,066	9,285,015	9,441,236	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488
Total primary government program revenues	\$ 21,538,882	\$ 21,089,104	\$ 20,108,748	\$ 19,179,199	\$ 19,132,060	\$ 19,475,650	\$ 22,543,972	\$ 19,129,640	\$ 19,525,857	\$ 20,930,981

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

**Table 2**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (15,475,363)	\$ (17,999,673)	\$ (17,215,523)	\$ (17,626,962)	\$ (15,306,644)	\$ (16,422,192)	\$ (14,996,999)	\$ (19,076,605)	\$ (19,700,032)	\$ (20,320,057)
Business-type activities	1,514,370	819,019	510,278	401,951	613,637	866,387	544,725	377,539	(346,648)	(789,744)
Total primary government net expense	(13,960,993)	(17,180,654)	(16,705,245)	(17,225,011)	(14,693,007)	(15,555,805)	(14,452,274)	(18,699,066)	(20,046,680)	(21,109,801)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	3,102,615	3,132,701	3,420,043	3,595,334	3,868,690	3,902,704	4,161,676	3,752,005	4,490,963	4,143,548
Sales taxes	8,751,952	8,987,936	9,553,656	9,647,077	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098
Franchise taxes	2,688,227	2,649,392	2,748,310	2,898,182	2,859,259	2,640,381	2,528,697	2,637,048	2,427,491	2,580,633
Other taxes	76,338	76,764	81,189	70,308	67,975	57,884	79,969	81,351	80,414	73,150
Unrestricted investment earnings	14,105	59,233	12,775	9,603	15,444	5,885	10,570	19,591	26,472	11,095
Gain(loss) on sale of capital assets	47,145	18,426	-	-	-	-	-	-	-	-
Miscellaneous	248,202	146,005	257,213	182,129	289,351	100,279	541,419	471,372	562,639	1,289,257
Transfers	-	832,090	246,723	237,539	183,034	335,094	238,504	1,036,864	560,828	404,301
Total governmental activities	14,928,584	15,902,547	16,319,909	16,640,172	17,042,200	16,688,700	17,389,489	18,679,262	18,996,879	20,502,082
Business-type activities:										
Unrestricted investment earnings	318,080	299,162	291,104	266,596	267,423	152,922	156,212	174,072	179,535	234,884
Gain on sale of capital assets	(7,050)	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	1,723	-	-	-	-	-	-	-
Transfers	(255,035)	(853,170)	(249,864)	(236,198)	(233,566)	(227,751)	(255,377)	(853,431)	(609,087)	(293,195)
Total business-type activities	55,995	(554,008)	42,963	30,398	33,857	(74,829)	(99,165)	(679,359)	(429,552)	(58,311)
Total primary government general revenues and other changes in net position	14,984,579	15,348,539	16,362,872	16,670,570	17,076,057	16,613,871	17,290,324	17,999,903	18,567,327	20,443,771
<b>Change in Net Position</b>										
Governmental activities	(546,779)	(2,097,126)	(895,614)	(986,790)	1,735,556	266,508	2,392,490	(397,343)	(703,153)	182,025
Business-type activities	1,570,365	265,011	553,241	432,349	647,494	791,558	445,560	(301,820)	(776,200)	(848,055)
Total primary government changes in net position	\$ 1,023,586	\$ (1,832,115)	\$ (342,373)	\$ (554,441)	\$ 2,383,050	\$ 1,058,066	\$ 2,838,050	\$ (699,163)	\$ (1,479,353)	\$ (666,030)

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

**Table 3**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Function/ Program</b>										
Governmental activities:										
General administration	\$ 2,625,764	\$ 2,768,877	\$ 2,662,848	\$ 2,317,860	\$ 2,429,549	\$ 2,309,740	\$ 2,355,799	\$ 2,097,646	\$ 2,053,071	\$ 1,680,671
Police department	1,501,591	1,274,930	1,159,664	1,129,322	979,346	1,174,511	1,314,276	892,312	1,053,188	2,147,970
Fire department	7,782	5,694	1,600	8,740	7,481	5,870	-	-	-	-
Other public safety	1,501	1,501	1,501	1,501	1,501	178,555	-	-	-	-
Public works	5,656,598	5,755,338	5,626,372	5,933,325	5,930,278	5,862,094	5,699,490	6,489,157	6,791,276	6,450,872
Public services	1,334,235	993,090	826,299	418,254	263,869	274,870	3,510,486	(32,500)	263,804	894,767
Cultural and recreation	68,283	86,884	80,398	85,182	78,800	79,414	103,113	84,209	79,295	67,213
Subtotal governmental activities	<u>11,195,754</u>	<u>10,886,314</u>	<u>10,358,682</u>	<u>9,894,184</u>	<u>9,690,824</u>	<u>9,885,054</u>	<u>12,983,164</u>	<u>9,530,824</u>	<u>10,240,634</u>	<u>11,241,493</u>
Business-type activities:										
Water and sewer	<u>10,343,128</u>	<u>10,202,790</u>	<u>9,750,066</u>	<u>9,285,015</u>	<u>9,441,236</u>	<u>9,590,596</u>	<u>9,560,808</u>	<u>9,598,816</u>	<u>9,285,223</u>	<u>9,689,488</u>
Subtotal business-type activities	<u>10,343,128</u>	<u>10,202,790</u>	<u>9,750,066</u>	<u>9,285,015</u>	<u>9,441,236</u>	<u>9,590,596</u>	<u>9,560,808</u>	<u>9,598,816</u>	<u>9,285,223</u>	<u>9,689,488</u>
Total primary government	<u>\$ 21,538,882</u>	<u>\$ 21,089,104</u>	<u>\$ 20,108,748</u>	<u>\$ 19,179,199</u>	<u>\$ 19,132,060</u>	<u>\$ 19,475,650</u>	<u>\$ 22,543,972</u>	<u>\$ 19,129,640</u>	<u>\$ 19,525,857</u>	<u>\$ 20,930,981</u>

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

**Table 4**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable										
Prepaid items	\$ 276,177	\$ 339,756	\$ 7,922	\$ 124,629	\$ 180,061	\$ 263,696	\$ 5,087	\$ 10,961	\$ 124,016	\$ 129,438
Restricted										
Police department	-	-	4,885	330	-	19,105	-	-	13,796	-
Animal Shelter	-	-	-	-	-	-	-	-	-	1,000,000
Committed										
Cultural and recreation	13,855	14,956	15,101	16,998	17,723	17,254	14,106	13,175	14,175	10,577
Assigned										
Police department	164,470	210,776	77,016	38,594	33,090	18,646	18,646	39,173	20,902	24,890
Public works	194,394	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292
Unassigned	2,991,764	2,068,121	3,122,556	3,010,595	3,397,384	3,405,025	3,684,175	5,309,483	6,652,827	6,993,171
Total general fund	<u>\$ 3,640,660</u>	<u>\$ 2,663,901</u>	<u>\$ 3,257,772</u>	<u>\$ 3,221,438</u>	<u>\$ 3,658,550</u>	<u>\$ 3,754,018</u>	<u>\$ 3,752,306</u>	<u>\$ 5,403,084</u>	<u>\$ 6,856,008</u>	<u>\$ 8,188,368</u>
<b>All Other Governmental Funds</b>										
Nonspendable										
Prepaid items	\$ 36,249	\$ 45,966	\$ 2,346	\$ 6,125	\$ 35,044	\$ 32,878	\$ 9,084	\$ 10,338	\$ 8,650	\$ 8,436
Restricted										
General administration	92,050	63,547	64,023	73,662	76,600	74,710	69,204	55,803	42,913	1,842
Police department	9,192	10,512	9,163	11,845	15,332	6,167	4,422	44,602	36,212	41,057
Fire department	110,312	103,798	44,678	46,185	29,607	20,322	22,669	24,514	46,697	46,697
Public works	2,326,807	9,622,070	4,217,938	3,019,336	302,180	356,038	502,289	608,286	822,305	952,685
Debt service	1,567,579	1,151,164	1,539,365	1,689,089	1,734,277	1,768,212	1,820,312	2,085,820	2,169,733	2,098,635
Cultural and recreation	2,358	6,163	57,454	70,830	91,864	98,952	92,679	65,944	125,609	904,535
Committed										
Public works	260,346	277,816	215,191	284,701	307,575	240,855	309,211	302,820	375,357	389,125
Assigned										
General administration	156,683	-	-	-	-	-	-	-	-	-
Police department	287,796	214,670	155,086	316,855	321,472	406,223	371,024	371,024	180,005	141,598
Fire department	10,000	-	-	-	-	-	-	-	-	-
Public works	256,227	813,527	563,078	1,181,131	1,397,208	1,829,769	1,965,830	1,901,999	1,982,813	1,856,004
Unassigned	(4,390)	-	-	-	-	-	(769)	(1,223)	-	-
Total all other governmental funds	<u>\$ 5,111,209</u>	<u>\$ 12,309,233</u>	<u>\$ 6,868,322</u>	<u>\$ 6,699,759</u>	<u>\$ 4,311,159</u>	<u>\$ 4,834,126</u>	<u>\$ 5,165,955</u>	<u>\$ 5,469,927</u>	<u>\$ 5,790,294</u>	<u>\$ 6,440,614</u>

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

**Table 5**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property taxes	\$ 3,132,808	\$ 3,165,147	\$ 3,268,995	\$ 3,475,122	\$ 3,760,473	\$ 3,800,773	\$ 3,813,210	\$ 3,956,051	\$ 4,327,850	\$ 3,920,159
Sales taxes	8,751,952	8,987,936	9,553,656	9,647,077	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098
Other taxes	76,338	76,764	81,189	70,308	67,975	57,884	79,969	81,351	80,414	73,150
Utility franchise	2,688,227	2,649,392	2,748,310	2,929,319	2,856,455	2,627,570	2,431,741	2,603,390	2,427,491	2,579,878
Licenses and permits	183,504	242,339	184,516	187,247	204,483	179,075	183,444	328,393	374,198	285,820
Fines, forfeitures and penalties	774,149	752,300	676,331	716,361	619,982	609,268	648,141	561,880	726,567	588,736
Charges for services	4,217,443	4,168,390	4,246,164	4,299,877	4,356,935	4,350,491	4,330,757	4,601,125	4,702,053	4,644,444
Grants and entitlements	1,669,181	2,312,408	2,224,709	2,158,315	1,729,598	1,581,993	1,521,589	1,501,847	1,683,823	2,564,904
Intergovernmental	2,962,420	2,935,853	2,837,814	2,732,124	2,717,855	2,750,738	3,003,435	2,874,897	2,980,101	2,797,192
Investment income	14,105	59,233	12,775	9,603	15,444	5,885	10,570	19,591	26,472	11,095
Miscellaneous	493,117	418,828	452,206	366,519	499,274	354,056	541,419	471,372	562,639	1,289,257
Total revenues	24,963,244	25,768,590	26,286,665	26,591,872	26,586,921	25,964,206	26,392,929	27,680,928	28,739,680	30,754,733
<b>Expenditures</b>										
Current:										
General government	2,444,686	2,356,604	2,040,771	2,004,404	2,193,123	2,165,381	2,024,355	1,960,905	2,072,000	2,989,699
Police department	6,967,050	7,106,575	7,116,529	6,878,140	6,851,193	7,064,815	7,733,463	8,071,706	8,409,285	8,647,948
Fire department	4,303,165	4,413,736	4,347,838	4,385,773	4,366,156	4,485,336	4,777,857	4,948,694	5,104,631	5,256,566
Other public safety	2,817,739	2,808,193	2,963,397	3,052,005	3,188,823	2,864,078	2,098,897	1,906,756	1,797,876	1,082,267
Protective inspection	428,681	456,482	480,399	456,148	449,576	505,396	457,378	428,638	490,360	515,739
Public works	4,335,336	4,271,344	4,714,006	4,708,135	4,799,586	4,731,277	5,010,786	5,241,503	5,422,068	5,284,363
Public services	14,869	785	353	125,813	37,511	57,434	30,885	32,752	55,333	60,953
Health and welfare	321,430	395,843	352,719	396,664	379,360	388,328	539,384	372,137	555,753	593,169
Cultural and recreation	713,788	1,689,146	1,019,833	1,309,632	758,175	736,245	757,833	768,728	784,469	779,679
Capital outlay	1,894,667	4,779,583	8,035,692	1,932,752	3,767,389	735,436	971,816	3,470,847	1,812,390	2,546,205
Debt service:										
Principal retirement	830,337	1,770,728	484,585	876,214	4,765,324	1,112,724	1,111,675	1,021,044	1,173,453	1,442,759
Interest and fiscal charges	761,548	972,791	887,829	908,628	873,139	834,415	786,987	798,015	797,521	784,969
Bond issuance costs	-	-	-	-	75,684	-	-	61,778	2,078	2,038
Total expenditures	25,833,296	31,021,810	32,443,951	27,034,308	32,505,039	25,680,865	26,301,316	29,083,503	28,477,217	29,986,354
Excess (deficiency) of revenues over expenditures	(870,052)	(5,253,220)	(6,157,286)	(442,436)	(5,918,118)	283,341	91,613	(1,402,575)	262,463	768,379

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

**Table 5**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2020</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 1,235,622	\$ 12,797,118	\$ 1,736,001	\$ 2,071,853	\$ 5,799,742	\$ 2,232,441	\$ 2,140,719	\$ 5,273,045	\$ 2,460,006	\$ 2,084,653
Transfers out	(1,235,622)	(11,965,028)	(1,489,278)	(1,834,314)	(5,616,708)	(1,897,347)	(1,902,215)	(4,236,181)	(1,899,178)	(1,730,352)
Issuance of debt	-	281,859	1,063,523	-	54,460	-	-	2,316,606	950,000	810,000
Refunding bonds issued	-	20,460,000	-	-	3,770,000	-	-	-	-	-
Premium on refunding bonds issued	-	298,491	-	-	-	-	-	-	-	-
Discount on refunding bonds issued	-	-	-	-	(40,864)	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	3,855	-	-
Payment to refunded bond escrow agent	-	(10,397,955)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	11,474,485	1,310,246	237,539	3,966,630	335,094	238,504	3,357,325	1,510,828	1,164,301
Net change in fund balances	\$ (870,052)	\$ 6,221,265	\$ (4,847,040)	\$ (204,897)	\$ (1,951,488)	\$ 618,435	\$ 330,117	\$ 1,954,750	\$ 1,773,291	\$ 1,932,680
Debt Service as a percentage of noncapital expenditures	6.6%	10.5%	5.6%	7.1%	19.6%	7.8%	7.5%	7.1%	7.4%	8.1%

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

**Table 6**

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales and Use</b>	<b>Other</b>	<b>Utility Franchise</b>	<b>Total</b>
2011	\$ 3,132,808	\$ 8,751,952	\$ 76,338	\$ 2,688,227	\$ 14,649,325
2012	3,165,147	8,987,936	76,764	2,649,392	14,879,239
2013	3,268,995	9,553,656	81,189	2,748,310	15,652,150
2014	3,475,122	9,647,077	70,308	2,929,319	16,121,826
2015	3,760,473	9,758,447	67,975	2,856,455	16,443,350
2016	3,800,773	9,646,473	57,884	2,627,570	16,132,700
2017	3,813,210	9,828,654	79,969	2,431,741	16,153,574
2018	3,956,051	10,681,031	81,351	2,603,390	17,321,823
2019	4,327,850	10,848,072	80,414	2,427,491	17,683,827
2020	3,920,159	12,000,098	73,150	2,579,878	18,573,285

**City of Texarkana, Arkansas**  
**Assessed and Appraised Value of Taxable Property**  
**Last Ten Years**

**Table 7**

Year	Tax Roll Year	Real Property Assessed Value	Personal Property Assessed Value	Total Property Assessed Value	Tax Rate (1)	Total Tax Levy	Tax Distribution					
							General Fund (2)	Debt Service	Firemen's Pension (2)	Policemen's Pension (2)	Library Fund	TIF District
2012	2011	\$ 224,208,563	\$ 83,418,536	\$ 307,627,099	0.1050	\$ 3,230,085	\$ 1,538,135	\$ 769,068	\$ 307,627	\$ 307,627	\$ 307,627	\$ -
2013	2012	233,533,309	87,477,743	321,011,052	0.1050	3,370,616	1,605,055	802,528	321,011	321,011	321,011	-
2014	2013	241,850,510	94,205,657	336,056,167	0.1050	3,528,590	1,680,281	840,140	336,056	336,056	336,056	-
2015	2014	253,856,840	98,258,389	352,115,229	0.1050	3,697,210	1,760,576	880,288	352,115	352,115	352,115	-
2016	2015	253,696,935	106,190,069	359,887,004	0.1050	3,778,814	1,754,148	877,074	350,830	350,830	350,830	95,103
2017	2016	259,217,677	108,560,385	367,778,062	0.1050	3,861,670	1,792,736	896,368	358,547	358,547	358,547	96,924
2018	2017	263,840,379	117,889,390	381,729,769	0.1050	4,008,163	1,862,495	931,247	372,499	372,499	372,499	96,924
2019	2018	267,430,380	119,943,230	387,373,610	0.1050	4,067,423	1,890,714	945,357	378,143	378,143	378,143	96,924
2020	2019	271,050,681	117,981,340	389,032,021	0.1050	4,084,837	1,899,004	949,502	379,801	379,801	379,801	96,928
2021	2020	287,177,884	133,340,310	420,518,194	0.1050	4,415,441	2,057,090	1,025,545	411,418	411,418	411,418	95,552

Note:

- (1) Tax rate per \$100 of assessed value.
- (2) Firemen's Pension and Policemen's Pension are initially accounted for within the general fund.

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



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

**Table 8**

Year	City of Texarkana, Arkansas						County School District	County	Total	
	General Fund	Debt Service Fund	Firemen's Pension	Policemen's Pension	Library	Total				
<b>Real Property Tax Rates:</b>										
2011	\$ 5.00	\$ 2.50	\$ 1.00	\$ 1.00	\$ 1.00	\$ 10.50	\$ 38.90	\$ 5.50	\$ 54.90	
2012	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2013	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2014	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2015	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2016	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2017	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2018	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2019	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2020	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
<b>Personal Property Tax Rates:</b>										
2011	\$ 5.00	\$ 2.50	\$ 1.00	\$ 1.00	\$ 1.00	\$ 10.50	\$ 38.90	\$ 5.50	\$ 54.90	
2012	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2013	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2014	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2015	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2016	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2017	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2018	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2019	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	
2020	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90	

Source - Miller County Tax Records.

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

# **City of Texarkana, Arkansas**

## **Principal Sales Taxpayers**

### **December 31, 2020**

The City of Texarkana, Arkansas's largest own-source revenue is sales taxes. Sales taxes primarily come from three separate taxes; a two and one-half cent city tax based on point of sale, and a portion of the county's one and one-quarter cent tax based on an Interlocal Cooperation Agreement between Miller County, Arkansas and the municipal corporations of the State of Arkansas located within the county, and one-half cent road tax distribution from the State of Arkansas for the construction of four-lane highways to connect all four corners of the state. Per the agreement, the City of Texarkana receives forty-five percent of the county sales tax collections. In 2020, the city sales tax generated revenue of \$8,366,454. The City's portion of the county sales tax generated revenue of \$2,716,147 and the municipal four-lane highway tax received from the State of Arkansas and the state wholesale fuel tax totaled \$917,497.

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

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

**Table 9**

Taxpayer	2020			2011		
	Rank	2020 Assessed Valuation (1) (2)	Percentage of Total Assessed Valuation	Rank	2011 Assessed Valuation (1) (3)	Percentage of Total Assessed Valuation
Performance Proppants	1	\$ 13,811,730	3.28%			
Union Pacific System	2	13,569,370	3.23%	2	\$ 5,722,830	1.86%
Southwestern Electric Power co.	3	13,309,650	3.17%	4	4,191,600	1.36%
Southwest AR Electric Co-op	4	11,980,650	2.85%	1	7,724,680	2.51%
Cooper Tire & Rubber Co. - Plant	5	6,367,740	1.51%	7	2,902,242	0.94%
Southwest Ark Telephone Co-op	6	4,648,080	1.11%	8	2,675,492	0.87%
The Links at Texarkana	7	4,033,414	0.96%			
Valor Telecommunications TX LP	8	3,790,000	0.90%			
Goldercrest Farms LLC.	9	4,267,942	1.01%			
Tyson Foods Inc.	10	3,596,527	0.86%	10	2,515,875	0.82%
Natural Gas Pipe Line Co.				3	4,639,630	1.51%
Wal-Mart Stores Inc. #01-0468				5	3,962,100	1.29%
Valor Telecommunications				6	3,465,000	1.13%
AT&T Mobility LLC.				9	2,545,160	0.83%
Total principal taxpayers		<u>\$ 79,375,103</u>	<u>18.88%</u>		<u>\$ 40,344,609</u>	<u>13.12%</u>

Notes:

(1) Net of exemptions

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

(3) Source - City of Texarkana AR ACFR statistical section for fiscal year December 31, 2011

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

**Table 10**

<b>Fiscal Year</b>	<b>Tax Roll Year</b>	<b>Total Tax Levy(2)(3)</b>	<b>Current Taxes Collected(1)</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Taxes Collected(1)</b>	<b>Total Tax Collections</b>	<b>Percent Total Tax Collections to Tax Levy(3)</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent Delinquent Taxes to Tax Levy</b>
2011	2010	\$ 3,290,915	\$ 2,673,814	81.25%	\$ 228,175	\$ 2,901,989	88.18%	\$ 388,926	11.82%
2012	2011	3,230,085	2,689,537	83.27%	346,984	3,036,521	94.01%	193,563	5.99%
2013	2012	3,370,616	2,722,770	80.78%	336,231	3,059,001	90.75%	311,615	9.25%
2014	2013	3,528,590	2,938,121	83.27%	370,183	3,308,304	93.76%	220,286	6.24%
2015	2014	3,697,210	3,168,089	85.69%	495,408	3,663,497	99.09%	33,713	0.91%
2016	2015	3,778,814	3,219,125	85.19%	481,402	3,700,527	97.93%	78,287	2.07%
2017	2016	3,861,670	3,329,353	86.22%	483,855	3,813,208	98.75%	48,462	1.25%
2018	2017	4,008,163	3,507,408	87.51%	342,965	3,850,373	96.06%	157,790	3.94%
2019	2018	4,067,423	3,692,123	90.77%	581,343	4,273,466	105.07%	375,300	9.23%
2020	2019	4,415,441	3,359,499	76.09%	364,831	3,724,330	84.35%	1,002,305	22.70%

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

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

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

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

**Table 11**

<b>Year</b>	<b>City Direct Rate</b>	<b>Miller County Rate</b>
2011	2.50%	1.50%
2012	2.50%	1.50%/1.25% (1)
2013	2.50%	1.25%
2014	2.50%	1.25%
2015	2.50%	1.25%
2016	2.50%	1.25%
2017	2.50%	1.25%
2018	2.50%	1.25%
2019	2.50%	1.25%
2020	2.50%	1.25%

Source: Arkansas Department of Finance and Administration

(1) The rate changed effective 10/01/2012.

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

**Table 12**

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonds	Revenue Bonds	Installment loans	Capital Leases	Water Revenue Bonds	Capital Leases			
2011	\$ 1,660,000	\$ 13,510,000	\$ -	\$ -	\$ 15,245,457	\$ 103,558	\$ 30,519,015	5.01%	\$ 1,020
2012	10,413,920	14,059,571	197,154	34,402	14,360,581	61,012	39,126,640	6.07%	1,299
2013	10,405,456	13,787,857	1,062,233	18,261	13,441,214	15,319	38,730,340	6.18%	1,289
2014	10,066,992	13,511,143	807,927	1,353	12,566,848	-	36,954,263	5.74%	1,233
2015	9,623,528	13,184,382	548,454	39,962	11,483,954	-	34,880,280	5.42%	1,162
2016	9,135,064	12,834,303	283,498	22,194	10,359,438	-	32,634,497	5.08%	1,083
2017	8,661,600	12,434,224	55,509	3,508	9,192,660	-	30,347,501	4.72%	1,006
2018	8,118,136	14,282,725	-	44,579	7,982,470	-	30,427,910	4.56%	1,010
2019	7,509,672	13,727,370	950,000	26,126	6,728,413	-	28,941,581	4.06%	961
2020	6,846,208	13,157,015	1,561,667	6,700	5,429,525	-	27,001,115	3.73%	903

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

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

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

**Table 13**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
2011	29,919	\$ 307,627,099	\$ 1,660,000	\$ 833,633	\$ 826,367	0.27%	\$ 28
2012	30,117	321,011,052	10,413,920	390,932	10,022,988	3.12%	333
2013	30,049	336,056,167	10,405,456	824,611	9,580,845	2.85%	319
2014	29,972	352,115,229	10,066,992	765,392	9,301,600	2.64%	310
2015	30,015	359,887,004	9,623,528	767,335	8,856,193	2.46%	295
2016	30,127	367,778,062	9,135,064	830,435	8,304,629	2.26%	276
2017	30,155	381,729,769	8,661,600	898,787	7,762,813	2.03%	257
2018	30,120	387,373,610	8,118,136	948,354	7,169,782	1.85%	238
2019	30,104	389,032,021	7,509,672	949,123	6,560,549	1.69%	218
2020	29,901	420,518,194	6,846,208	916,320	5,929,888	1.41%	198

Notes:

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

**City of Texarkana, Arkansas**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2020**

**Table 14**

Jurisdiction	Debt Outstanding	Percentage of Debt Applicable to City of Texarkana	Amount Applicable to City of Texarkana
Direct:			
City of Texarkana, Arkansas	\$ 21,571,590 (2)	100.00%	<u>\$ 21,571,590</u>
Overlapping:			
Texarkana, Arkansas School District	73,336,755 (1)	78.62%	<u>57,657,357</u>
Subtotal - Overlapping debt			<u>57,657,357</u>
Total direct and overlapping			<u><u>\$ 79,228,947</u></u>
Per capita overlapping debt			<u><u>\$ 2,631.84</u></u>

Notes:

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

(1) Source - Texarkana Arkansas School District

(2) Including \$6,846,206 of general obligation , \$13,157,015 of revenue bonds, \$1,561,667 of notes payable, and \$6,700 of capital lease obligations



**City of Texarkana, Arkansas**  
**Legal Debt Margin Information**  
**Last Ten Years**

**Table 15**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 76,906,774	\$ 80,252,763	\$ 80,252,763	\$ 84,014,042	\$ 89,971,751	\$ 91,944,516	\$ 95,432,442	\$ 96,843,403	\$ 97,258,005	\$ 105,129,549
Total net debt applicable to limit	<u>826,367</u>	<u>9,769,068</u>	<u>9,335,389</u>	<u>9,301,600</u>	<u>8,856,193</u>	<u>8,147,993</u>	<u>7,762,813</u>	<u>7,169,782</u>	<u>6,560,549</u>	<u>5,929,888</u>
Legal debt margin	<u>\$ 76,080,407</u>	<u>\$ 70,483,695</u>	<u>\$ 70,917,374</u>	<u>\$ 74,712,442</u>	<u>\$ 74,712,442</u>	<u>\$ 83,796,523</u>	<u>\$ 87,669,629</u>	<u>\$ 89,673,621</u>	<u>\$ 90,697,456</u>	<u>\$ 99,199,661</u>
Total net debt applicable to the limit as a percentage of debt limit	1.09%	13.86%	13.16%	12.45%	11.85%	9.72%	8.85%	8.00%	7.23%	5.98%

**Legal Debt Margin Calculation for 2020**

Assessed value	\$ 420,518,194
Debt limit - 25% of assessed value:	
General obligation debt limitation	105,129,549
Debt applicable to limit:	
General obligation bonds	6,846,208
Less: Amount set aside for repayment in debt services funds	<u>916,320</u>
Total net debt applicable to limit	<u>5,929,888</u>
Legal debt margin	<u>\$ 99,199,661</u>

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

**Table 16**

<b>Fiscal Year Ended December 31</b>	<b>Gross Revenue(1)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available For Debt Service</b>	<b>Debt Service Requirements (3)</b>	<b>Coverage</b>
2011	\$ 10,864,429	\$ 6,285,498	\$ 4,578,931	\$ 1,547,899	2.96
2012	10,813,737	6,828,480	3,985,257	1,546,901	2.58
2013	10,284,874	6,656,481	3,628,393	1,735,295	2.09
2014	9,782,848	6,297,035	3,485,813	1,543,099	2.26
2015	9,948,542	6,215,070	3,733,472	1,542,258	2.42
2016	10,127,143	6,027,246	4,099,897	1,546,698	2.56
2017	10,118,750	6,285,420	3,833,330	1,498,806	2.56
2018	10,196,477	6,423,493	3,773,284	1,505,272	2.51
2019	9,904,342	6,788,047	3,116,295	1,467,442	2.12
2020	10,167,404	7,315,297	2,609,075	1,373,310	1.90

Notes:

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

**City of Texarkana, Arkansas**  
**Demographic and Economic Statistics**  
**Last Ten Years**

**Table 17**

Fiscal Year	Population (1)	Personal Income (3)	Median Age (1)	Per Capita Income(1)	Unemployment Rate(2)
2011	29,919	\$ 609,300,435	36.2	\$ 20,365	7.5%
2012	30,117	644,383,332	36.2	21,396	6.2%
2013	30,049	627,122,630	36.5	20,870	6.2%
2014	29,972	643,408,924	35.9	21,467	5.3%
2015	30,015	643,881,780	37.2	21,452	5.5%
2016	30,127	642,247,386	37.3	21,318	3.9%
2017	30,155	642,572,895	37.6	21,309	3.7%
2018	30,120	666,917,040	38.5	22,142	3.6%
2019	30,104	712,591,784	38.8	23,671	3.6%
2020	29,901	723,095,883	39.5	24,183	6.1%

Notes:

- (1) Source - U.S. Census Bureau
- (2) Source - U.S. Bureau of Labor Statistics
- (3) Personal Income is a calculation of per capital income multiplied by the population

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

**Table 18**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment (1)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment (2)</b>
Red River Army Depot & Tenants	3,887	1	6.76%	5,500	1	9.53%
Christus St. Michael Health Care	2,400	2	4.17%	2,055	2	3.56%
Cooper Tire & Rubber	1,744	3	3.03%	1,700	3	2.95%
Southern Refrigerated Transport	1,235	4	2.15%	750	9	1.30%
Texarkana, TX ISD	1,200	5	2.09%	1,100	4	1.91%
Graphic Packaging	840	6	1.46%			
Domtar, Inc.	700	7	1.22%	940	5	1.63%
Harte-Hanks	695	8	1.21%			
Wadley Regional Medical	672	9	1.17%	778	7	1.35%
AECOM/URS	645	10	1.12%			
Wal-Mart/Sam's				1,100	4	1.91%
Texarkana, Arkansas ISD				785	6	1.36%
International Paper				777	8	1.35%
City of Texarkana, Texas				600	10	1.04%
<b>Total</b>	<b>14,018</b>		<b>24.38%</b>	<b>16,085</b>		<b>27.89%</b>

Source:  
Chamber of Commerce  
Texas Workforce Commission LMI Tracer

Notes:  
(1) MSA employment for 2020 is 57,500  
(2) MSA employment for 2011 is 57,700

**City of Texarkana, Arkansas**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Years**

**Table 19**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration	4	4	3	3	3	5	4	4	4	4
Finance	8	8	8	9	9	8	8	8	8	8
City Clerk	3	3	2	2	2	2	2	2	2	2
Courts	5	5	5	5	5	5	5	5	5	5
Marketing & Communications	0	1	2	2	1	0	0	0	0	0
Police department										
Police General	71	71	76	76	76	76	77	77	77	77
Police Housing	3	3	2	2	2	2	2	2	2	2
Cops in School	1	1	1	1	1	1	0	0	0	0
Police Narcotics	5	5	5	5	5	5	5	5	5	5
Police Support	11	11	11	11	11	11	26	26	26	26
Police Animal	2	2	2	0	0	0	0	0	0	0
Probation	4	4	4	4	4	4	4	4	4	4
Police CHRP	4	4	0	0	0	0	0	0	0	0
Fire department										
Fire	59	59	59	59	59	59	59	59	59	59
Public works										
Street	17	17	17	17	17	13	13	13	13	13
Environmental	4	4	4	4	4	4	4	4	4	4
Engineering	1	1	1	1	1	1	1	1	1	1
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	6	6	6	6	6	6	6	6	6	6
Parks and recreation	4	5	5	4	4	4	4	4	4	4
Building maintenance	2	1	1	1	1	1	1	1	1	1
ADC	3	3	3	3	3	9	9	9	9	9
Refuse Operator	0	0	1	1	1	1	1	1	1	1
Public services										
HCD	0	0	0	0	0	0	0	0	0	0
RSVP - Arkansas	1	1	1	1	1	0	0	0	0	0
RSVP - Texas	1	1	1	1	1	0	0	0	0	0
Other										
Bi-State Maintenance	13	13	13	13	13	13	13	13	13	13
Bi-State CRC	1	1	1	1	1	1	1	1	1	1
Animal Shelter	8	7	7	7	5	5	5	5	6	6
	0	0	0	2	3	3	3	3	2	2
<b>Total</b>	<b>243</b>	<b>243</b>	<b>243</b>	<b>243</b>	<b>241</b>	<b>241</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>

Source: Various City Departments

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

**Table 20**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Public safety</b>										
<b>Police</b>										
Uniformed employees	90	88	84	84	84	84	84	84	82	81
<b>Fire</b>										
Firefighters	58	57	58	58	58	58	58	58	57	57
<b>Public works</b>										
Building permits issued	507	510	426	368	454	464	501	438	358	307
Building permits (\$)	\$ 20,275,238	\$ 51,053,360	\$ 26,447,687	\$ 22,747,181	\$ 18,909,224	\$ 24,230,960	\$ 28,894,884	\$ 20,822,418	\$ 47,446,145	\$ 23,671,824
<b>Water</b>										
Average daily consumption (millions of gallons)	4.016	4.134	4.902	4.437	4.703	6.317	4.372	3.814	4.111	2.930
Raw water production (millions of gallons)	6.430	5.509	5.509	4.941	5.076	6.563	4.481	3.783	4.061	7.525

Source: Various City Departments

## City of Texarkana, Arkansas Capital Asset Statistics by Function Last Ten Years

**Table 21**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police										
Stations	1	1	1	2	2	2	2	2	2	2
Total units	101	110	111	117	117	117	96	96	83	84
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles)	250	250	252	252	252	252	252	252	253	253
Recreation										
Number of parks	24	24	24	24	24	24	24	24	24	24
Acres	288.3	288.3	288.3	296.3	296.3	296.3	311	311	311	311
Pools	1	1	1	1	1	1	1	1	1	1
Ball Fields	15	15	15	15	15	15	16	16	16	16
Tennis courts:										
Lighted	3	3	3	3	3	3	4	4	4	4
Unlighted	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Soccer fields	1	1	1	1	1	1	1	1	1	1
Walking/biking trails (miles)	7.5	7.5	7.5	7.66	13.91	13.91	13.91	13.91	13.91	15.91
Utilities										
Plant capacity (million gallon average per day)	15	15	15	15	15	15	15	15	15	15
Water mains (miles)	408	406	395	416	407	412	405	405	408	408
Number of water meters	10,103	10,134	10,155	10,126	10,154	10,169	10,155	10,152	10,168	11,361
Sewer mains (miles)	212	219	214	213	216	233	218	218	219	218
Number of fire hydrants	1,438	1,441	1,431	1,450	1,469	1,409	1,447	1,482	1,486	1,507
Number of Mandeville water meters	322	327	321	318	316	315	315	314	316	320
Number of Union water meters	1,135	1,162	1,178	1,200	1,231	1,246	1,252	1,274	1,265	1,285

Source: Various City Departments

## **Single Audit Section**



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**City of Texarkana, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

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
<b>Department of Housing and Urban Development Programs</b>				
<i>CDBG - Entitlement Grants Cluster</i>				
U.S. Department of Housing and Urban Development/Community Development Block Grant/Entitlement Grants	14.218		\$ -	\$ 375,597
		<i>Cluster Total</i>	-	375,597
U.S. Department of Housing and Urban Development/Community Development Block Grant Section 108 Loan Guarantee	14.248	N/A	-	11,045
<b>Total Department of Housing and Urban Development Programs</b>			-	386,642
<b>Department of Transportation Programs</b>				
<i>Highway Safety Cluster</i>				
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/State and Community Highway Safety	20.600	OP-2020-02-02-28 OP-2019-02-02-29	-	18,104
U.S. Department of Transportation/Arkansas State Highway and Transportation Department/National Priority Safety Programs	20.616	M5X-2020-06-06-28 M5X-2019-06-06-29	-	25,664
		<i>Cluster Total</i>	-	43,768
<b>Total Department of Transportation Programs</b>			-	43,768
<b>Department of Justice Programs</b>				
U.S. Department of Justice/Arkansas Department of Finance and Administration/Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0257	-	26,145
U.S. Department of Justice/Crime Victim Assistance	16.575	N/A	-	42,812
U.S. Department of Justice/STOP Violence Against Women Formula Grant Program	16.588	N/A	-	56,101
U.S. Department of Justice/Bulletproof Vest Partnership Program	16.607	N/A	-	5,074
U.S. Department of Justice/Arkansas Department of Finance and Administration/Edward Byrne Memorial Justice Assistance Grant Program	16.738	J21-007-DF J20-007-19 2019-DJ-BX-0253 2017-DJ-BX-0837	-	92,707
U.S. Department of Justice/Arkansas Department of Finance and Administration/STOP School Violence	16.839	2019-YS-BX-00112	-	73,861
<b>Total Department of Justice Programs</b>			-	296,700
<b>Department of Commerce</b>				
<i>Economic Development Cluster</i>				
U.S. Department of Commerce/Economic Adjustment Assistance	11.307	N/A	-	254,958
		<i>Cluster Total</i>	-	254,958
<b>Total Department of Commerce</b>			-	254,958

**City of Texarkana, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2020**

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
<b>Department of Treasury</b>				
U.S. Department of Treasury/State of Arkansas/COVID-19 Coronavirus Relief Funding - COVID	21.019	CARES Act	\$ -	\$ 1,185,323
U.S. Department of Treasury/State of Arkansas/COVID-19 Coronavirus Relief Funding - Fire EMS Worker Payment Program, - COVID	21.019	CARES Act	-	53,550
		<i>Program Total</i>	-	1,238,873
		<b>Total Department of Treasury</b>	-	1,238,873
		<b>Total Expenditures of Federal Awards</b>	\$ -	\$ 2,220,941

**City of Texarkana, Arkansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

**Notes to Schedule**

1. This accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards activity of the City. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The Community Development Block Grant Section 108 Loan Guarantee (Federal Assistance Listing Number 14.248) is administered directly by the City, and the balance and transactions related to this program are included in the City’s basic financial statements. As of December 31, 2020, the City had expended \$11,149. The balance of the outstanding loan at December 31, 2020, was \$853,000.

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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 Honorable Mayor and Members of the City Council  
City of Texarkana, Arkansas  
Texarkana, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Texarkana, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2022, which contains a reference to reports of other auditors and an emphasis of matter paragraph regarding a change in accounting principles. Other auditors audited the financial statements of the Texarkana Airport Authority and the Texarkana Urban Transit District, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### ***Internal Control over Financial Reporting***

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

Rogers, Arkansas  
January 14, 2022

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

### **Independent Auditor's Report**

The Honorable Mayor and Members of the City Council  
City of Texarkana, Arkansas  
Texarkana, Arkansas

#### **Report on Compliance for the Major Federal Program**

We have audited the City of Texarkana, Arkansas' (the City) compliance with the types of compliance requirements described 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, 2020. 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.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.



## Opinion on the Major Federal Program

In our opinion, the City of Texarkana, Arkansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*BKD, LLP*

Rogers, Arkansas  
January 14, 2022

**City of Texarkana, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimed

2. The independent auditor’s report on internal control over financial reporting disclosed:

Significant deficiency(ies) identified?       Yes       None Reported

Material weakness(es) identified?       Yes       No

3. Noncompliance considered material to the financial statements noted?

Yes       No

*Federal Awards*

4. Internal control over compliance for major federal program:

Significant deficiency(ies) identified?       Yes       None Reported

Material weakness(es) identified?       Yes       No

5. Type of auditor’s report issued on compliance for major federal program:

Unmodified       Qualified       Adverse       Disclaimed

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes       No

**City of Texarkana, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2020**

7. Identification of major federal program:

<b>Cluster/Program</b>	<b>Assistance Listing Number</b>
COVID-19 Coronavirus Relief Funding	21.019

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

9. The City qualified as a low-risk auditee?

Yes

No

**City of Texarkana, Arkansas**  
**Schedule of Finding and Questioned Costs (Continued)**  
**Year Ended December 31, 2020**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**City of Texarkana, Arkansas**  
**Schedule of Prior Audit findings**  
**Year Ended December 31, 2020**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
	No matters are reportable.	

## **Other Required Reports**

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## Independent Accountants' Report on Compliance With Arkansas State Requirements

The Honorable Mayor and Members of City Council  
City of Texarkana, Arkansas  
Texarkana, Arkansas

We have examined management's assertions that the City of Texarkana, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2020.

- (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.

Management is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based upon 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 the City complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the requirements mentioned above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of Texarkana, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2020.

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

*BKD, LLP*

Rogers, Arkansas  
January 14, 2022



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## CITY OF TEXARKANA, AR BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt a Resolution for the City Manager to enter into a lease agreement on behalf of the Texarkana Regional Airport with Flight Solutions, LLC, for the construction of 3 aircraft hangers. (Airport) Airport Director Paul Mehrlich

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Airport

**PREPARED BY:** Paul Mehrlich, Airport Director

---

**REQUEST:** Lease agreement

**EMERGENCY CLAUSE:** N/A

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**SUMMARY:** Flight Solutions, LLC, has proposed building 3 aircraft hangers at the Texarkana Regional Airport with a capital investment of \$3,450,987. Lease will generate an additional \$23,112.96, annually towards the Operating and Maintenance Budget and has annual CPI adjustments. The Airport is recommending a 40-year lease based upon minimum standards \$2 million threshold. All lease agreements over 5 years require approval from both city councils.

---

**EXPENSE REQUIRED:**

---

**AMOUNT BUDGETED:**

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**APPROPRIATION  
REQUIRED:**

---

**RECOMMENDED  
ACTION:** The City Manager and staff recommend approval.

---

**EXHIBITS:** Resolution, Proposal from Flight Solutions, LLC, Airport Authority Ground Lease

---

# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, the Texarkana Airport Authority requests authority to enter into a lease with Flight Solutions, LLC, to allow for the construction and operation of three (3) aircraft hangers upon Airport property; and

**WHEREAS**, the proposed lease, as approved by the Authority after adherence by the Authority to all applicable processes and requirements and, further, after the Authority's consultation with its separate legal counsel, is presented with such proposal; and

**WHEREAS**, the City Manager and staff recommend approval;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the above described lease of property is approved.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney



**TEXARKANA AIRPORT AUTHORITY RESOLUTION No. 12722**  
**BE IT RESOLVED by the TEXARKANA AIRPORT AUTHORITY TO ENTER**  
**INTO A GROUND LEASE AGREEMENT WITH FLIGHT SOLUTIONS LLC**

WHEREAS, the Airport Authority is entrusted with the power of planning, developing, construction, enlargement, and improvement of the Texarkana Regional Airport; and

WHEREAS, the Texarkana Regional Airport Authority was formed under Arkansas Code § 14-361-101 to be jointly owned by the cities of Texarkana AR and Texarkana TX; and

WHEREAS, The city of Texarkana Arkansas Code § 6-31-1 indicates that except upon joint approval of the cities' governing bodies, no contractual obligation shall be entered by the authority for a term greater than five (5) years; and,

WHEREAS, The city of Texarkana Texas Code § 4-25-1 indicates that except upon joint approval of the cities' governing bodies, no contractual obligation shall be entered by the authority for a term greater than five (5) years; and,

WHEREAS, Flight Solutions LLC has provided a proposal to make a capital investment in excess of \$2 Million; and,

WHEREAS, Flight Solutions LLC intends to build no less than 3 hangars; and,

WHEREAS, Flight Solutions LLC proposal meets airport minimum standards for intended use;

**NOW, THEREFORE, BE IT RESOLVED BY THE TEXARKANA AIRPORT AUTHORITY THAT:**

**SECTION 1.** Mr. Ferdinand Mehrlich, Airport Executive Director is authorized to sign up to a 40-year ground lease agreement with Flight Solutions LLC and Mr. Tyler Brown is authorized to witness said signing.

**SECTION 2.** This Resolution shall take effect immediately upon adoption by both the City of Texarkana Arkansas and the City of Texarkana Texas.

Adopted this 27<sup>th</sup> day of January, 2022

ATTEST

  
\_\_\_\_\_  
Ferdinand P Mehrlich III, Director

SIGNED

  
\_\_\_\_\_  
David Baumgardner, Chairman



# FLIGHT SOLUTIONS, LLC

210 North State Line, Suite 507

Texarkana, Arkansas 71854

January 11, 2022

Paul Mehrlich, III C.M. ACE  
Executive Director of Aviation  
Texarkana Regional Airport  
201 Airport Drive  
Texarkana, Arkansas 71854

Mr. Mehrlich,

Please accept this letter as my land lease request by Flight Solution, LLC, or assigns. I am in receipt of your email dated October 6, 2021, outlining the application process. I have attached an aerial that shows the general location of the proposed project and multiple site plans for the addition of future hangars. It is my intention to work with you to develop an agreed upon site plan. To move forward with finalizing the site plans, we will need to order topo survey of the area.

I am also in receipt of the "DRAFT" lease agreement for the construction of a private hangar. I acknowledge the terms of the agreement and commit to abide by the terms of the Aeronautical Use Agreement of Lease.

Further, I am in receipt of and acknowledge the Recommendation of Minimum Standards for the Construction of Aircraft Hangars. I will abide by the Minimum Standards adopted by the Airport Authority in the construction of new hangars and the associated improvements. The plans will be developed with the use of professional architects and engineers. The plans will meet all local, state, and federal requirements. The plans will be submitted to the Airport Director for review and approval prior to submittal to the city for building permits. I will abide by not only to the letter of the standards, but in the spirit with which it was intended.

## **Executive Summary** (Explaining the Purpose of Proposal)

The purpose of this proposal is to develop construction ready pad sites for hangar construction with the immediate construction of two to three hangars with a fueling area.

## **Organizational Description** ("Who you are," potential employees for the development, management etc.)

Flight Solutions, LLC currently operates a hangar and fuel tank at the Texarkana Regional Airport and currently has a ground lease with the Airport. Flight Solutions, LLC, has recently expanded the size of our hangar following all the terms and conditions set forth by the Airport



Authority. We are proud of the expansion project and look forward to working with the Airport to construct several new hangars on the field. I will be the management contact and responsible for the construction of the hangars. Employees after construction consist of the future tenant's pilots and my maintenance personnel.

**Hangar Use Description** (i.e. Private, Business, Commercial etc.)

The proposal is for the development of private hangars.

**Number and Type of Aircraft and Equipment**

The number and type of aircraft to be hangared are not known at this time. Working with MCE, the initial drawings and specifications used for the site plan development were to accommodate aircraft as large as a Praetor 500.

**Provide Proof of Insurance Required by the DRAFT Lease Agreement**

Flight Solutions currently maintains all insurance policies required by the ground lease for the existing hangar on Globe Avenue. We maintain building insurance, general liability, hangar's keepers, and insurance covering the operation of the fuel tank. The new hangars will be added to the existing policies upon completion. Flight Solutions will abide by the terms of the lease, including the insurance provisions.

**Project Description**

All plans and specifications will be submitted to the Airport Director for approval. No buildings or other material shall be ordered without the approval of the ground lease by the Board and the approval of the Airport Director of all plans and specifications. Preliminary Cost Estimates will be provided. Upon completion of the plans and specifications, updated cost figures will be provided. The Airport Director, at the sole expense of the Airport, is welcome to audit the final construction figures.

**Construction Bond**

A personal guarantee or construction bond will be provided as needed prior to the start of construction by Flight Solutions, LLC.

**Capital Investment Breakdown**

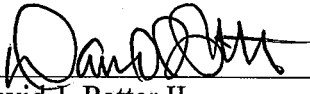
A complete Capital Investment Breakdown or construction take-off will be provided with the plans and specifications to the Airport Director upon completion of the plan set. Initial estimates of taxiways and ramp construction have already been provided by MCE.

## **Projected Cost Estimate**

The total projected cost of the completed project is projected to be \$3,450,987.

In closing, I am requesting approval from the Board for the ground lease of three hangar pad sites with associated improvements plus a fueling area. The exact square footage of the proposed ground lease to be determined by survey after approval of a site plan. If the Board chooses to approve this development concept, I will proceed with ordering a topo survey. We need the topo survey to further advance the site plan development.

With kindest regards,



---

David J. Potter II

Manager

Flight Solutions, LLC

**FLIGHT SOLUTIONS, LLC  
HANGAR PROJECT**

Hanger and Landside Improvements	\$2,487,261.00
Ramp (MCE Estimate)	\$400,000.00
Fuel Tank, Pad, and Access Road	\$250,000.00
Sub-Total Cost	\$3,137,261.00
OHP	<u>\$313,726.10</u>
<b>Total Cost</b>	<b>\$3,450,987.10</b>



## Job Budget List

## 202005 - Three New Hangers

Original Contract: .00

Original Estimate: .00

Phase No	Cost Code	Description	Bid Amount	Est. Quantity	UM	Class	Est. Dollars	Est. Units
<b>1</b>		<b>General Conditions</b>						
	1.120	Builders Risk	.00	.0000000	LS	7	2,500.00	.000
	1.130	General Liability Insurance	.00	.0000000	LS	7	6,500.00	.000
	1.160	Architectural Fees	.00	.0000000	LS	7	49,000.00	.000
	1.170	Engineering Fees	.00	.0000000	LS	7	21,000.00	.000
	1.175	Geotechnical	.00	.0000000	LS	7	15,000.00	.000
	1.180	Building Permit	.00	.0000000	LS	7	6,500.00	.000
	1.220	Plans	.00	.0000000	LS	7	750.00	.000
	1.260	Superintendent	.00	.0000000	LS	1	72,000.00	.000
	1.290	Superintendent Fuel Expense	.00	.0000000	LS	7	4,000.00	.000
	1.330	Project Management	.00	.0000000	LS	1	4,000.00	.000
	1.370	Field Office	.00	.0000000	LS	5	3,000.00	.000
	1.390	Temporary Toilet	.00	.0000000	LS	5	1,800.00	.000
	1.400	Temporary Utilities	.00	.0000000	LS	7	3,000.00	.000
	1.430	Daily Clean Up	.00	.0000000	LS	1	5,750.00	.000
	1.440	Dumpster Fees	.00	.0000000	LS	7	8,000.00	.000
	1.450	Final Clean Up	.00	.0000000	LS	3	1,500.00	.000
	1.500	Equipment Rental	.00	.0000000	LS	5	7,500.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>211,800.00</b>	
<b>2</b>		<b>Site Construction</b>						
	2.130	Termite Treatment	.00	.0000000		3	5,250.00	.000
	2.140	Concrete Paving	.00	.0000000	LS	3	478,270.00	.000
	2.190	Parking Bumpers & Striping	.00	.0000000	LS	3	1,975.00	.000
	2.200	Earthwork	.00	.0000000	LS	3	45,000.00	.000
	2.210	Landscaping	.00	.0000000	LS	3	15,000.00	.000
	2.260	Site Utilities	.00	.0000000	LS	7	10,500.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>555,995.00</b>	
<b>3</b>		<b>Concrete</b>						
	3.100	Slab on Grade	.00	.0000000	LS	3	168,000.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>168,000.00</b>	
<b>6</b>		<b>Wood &amp; Plastic</b>						
	6.110	Framing	.00	.0000000	LS	1	24,000.00	.000
					LS	2	4,770.00	.000
	6.115	Sheetrock	.00	.0000000	LS	2	2,100.00	.000
	6.140	Decking	.00	.0000000	LS	2	1,800.00	.000
	6.170	Cabinets	.00	.0000000	LS	3	6,300.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>38,970.00</b>	
<b>7</b>		<b>Thermal Moisture Protection</b>						
	7.140	Siding	.00	.0000000	LS	2	2,700.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>2,700.00</b>	
<b>8</b>		<b>Doors &amp; Windows</b>						
	8.100	Hollow Metal Doors & Frames	.00	.0000000	LS	2	3,300.00	.000
	8.120	Hardware	.00	.0000000	LS	2	1,950.00	.000

## Job Budget List

## 202005 - Three New Hangers

Original Contract: .00

Original Estimate: .00

Phase No	Cost Code	Description	Bid Amount	Est. Quantity	UM	Class	Est. Dollars	Est. Units
<b>8</b>		<b>Doors &amp; Windows</b>						
8.150		Overhead Door	.00	.0000000	LS	1	67,200.00	.000
					LS	3	248,499.00	.000
8.800		Glass & Glazing	.00	.0000000	LS	3	1,800.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>322,749.00</b>	
<b>9</b>		<b>Finishes</b>						
9.150		Floor	.00	.0000000	LS	3	5,700.00	.000
9.200		Ceiling	.00	.0000000	LS	3	4,800.00	.000
9.220		Float, Texture & Paint	.00	.0000000	LS	3	7,800.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>18,300.00</b>	
<b>10</b>		<b>Specialties</b>						
10.400		Signage	.00	.0000000	LS	2	750.00	.000
10.520		Fire Extinguishers & Cabinets	.00	.0000000	LS	2	750.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>1,500.00</b>	
<b>12</b>		<b>Furnishings</b>						
12.100		Blinds	.00	.0000000	LS	3	600.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>600.00</b>	
<b>13</b>		<b>Special Construction</b>						
13.100		Preengineered Metal Building	.00	.0000000	LS	3	707,523.00	.000
13.120		Erection - Metal Building	.00	.0000000	LS	3	175,000.00	.000
13.130		Insulation - Metal Building	.00	.0000000	LS	3	54,150.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>936,673.00</b>	
<b>15</b>		<b>Mechanical</b>						
15.100		Plumbing	.00	.0000000	LS	3	22,500.00	.000
15.200		HVAC System	.00	.0000000	LS	3	14,400.00	.000
15.860		Fans	.00	.0000000	EA	2	26,460.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>63,360.00</b>	
<b>16</b>		<b>Electrical</b>						
16.160		Electrical	.00	.0000000	LS	3	76,614.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>76,614.00</b>	
<b>18</b>		<b>Misc. Allowances</b>						
18.002		Unallocated Costs	.00	.0000000	EA	7	30,000.00	.000
18.100		Contingency	.00	.0000000	EA	7	60,000.00	.000
		<b>Phase Totals</b>	<b>0.00</b>				<b>90,000.00</b>	
		<b>Job Totals</b>	<b>0.00</b>				<b>90,000.00</b>	
		<b>Report Totals</b>	<b>.00</b>				<b>2,487,261.00</b>	

## **Recommendation of Minimum Standards for the Construction of Aircraft Hangars**

The following is a list of items that the Department of Aeronautics recommends be included in the construction of aircraft hangars:

### Hangars

- 1 Concrete floor with subgrade moisture barrier
- 2 Minimum concrete strength of 4000 psi
- 3 Metal Frame Which meets current State code requirements
- 4 Metal exterior siding 26 ga minimum
- 5 Interior insulation including ceiling and doors
- 6 Tracking for roller doors must be placed in concrete
- 7 Must be designed to prevent drainage infiltration
- 8 Termite/pest protection
- 9 Door opening must accommodate maximum aircraft size reasonably expected in 20 year plan.

All mechanical and electrical work should meet or exceed existing State codes. All hangars should also have a paved apron approach. Current State of Arkansas code requirements are as follows:

*70 mph wind loading*

*Seismic requirements depending upon Zone I, II, or III*

*Deflection Loading:*

Ceiling L/180

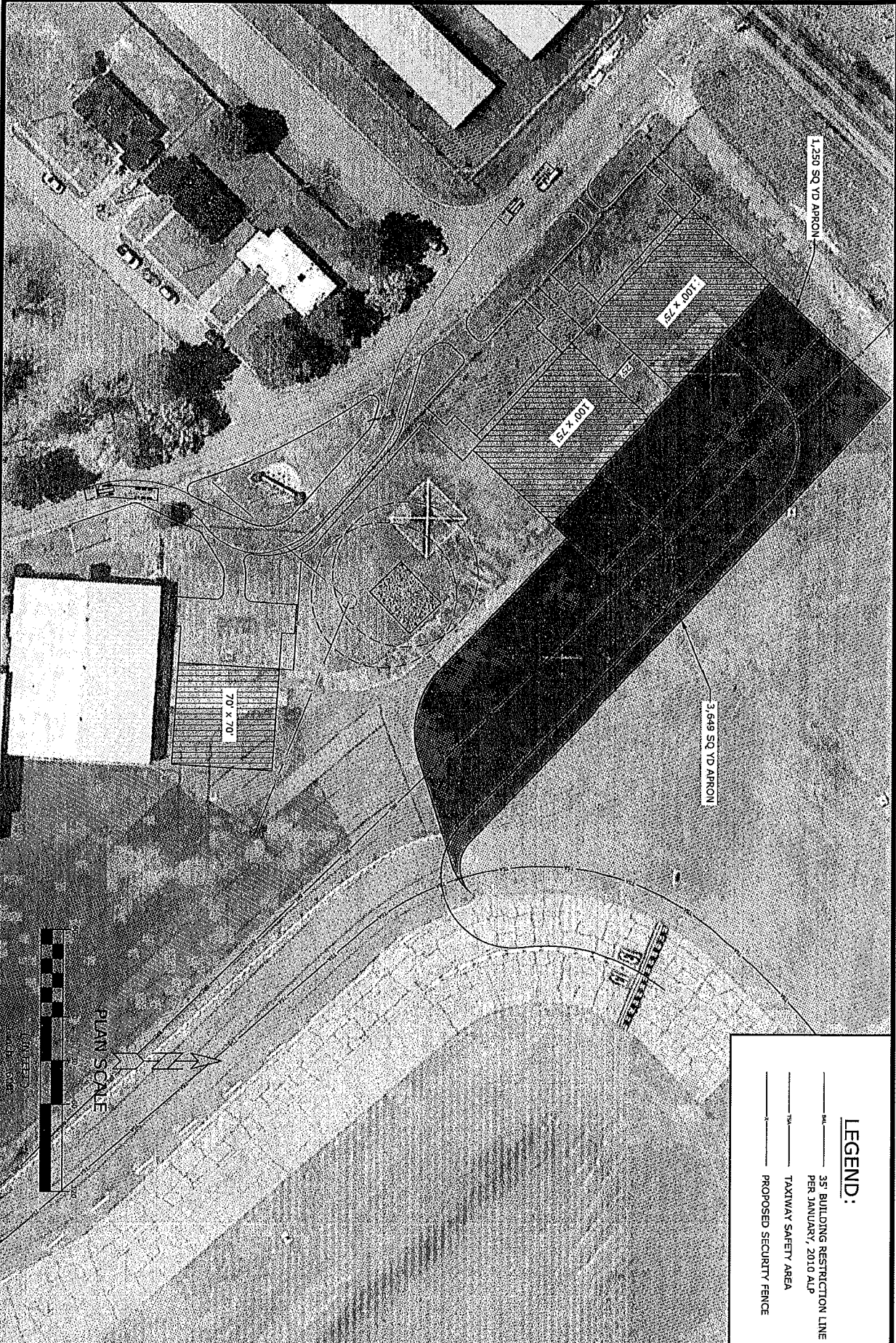
Dead + Live L/120

Lateral Drift L/120

Minimum collateral load + 3#/sq. ft.

Minimum Live Load 20#/sq. ft. except in southern most areas of the State.





**LEGEND:**

- 35' BUILDING RESTRICTION LINE PER JANUARY, 2010 ALP
- TAXIWAY SAFETY AREA
- PROPOSED SECURITY FENCE

DESIGNED BY:	DATE:
DRAWN BY:	REVISION:
CHECKED BY:	DATE:
SCALE:	1" = 60'

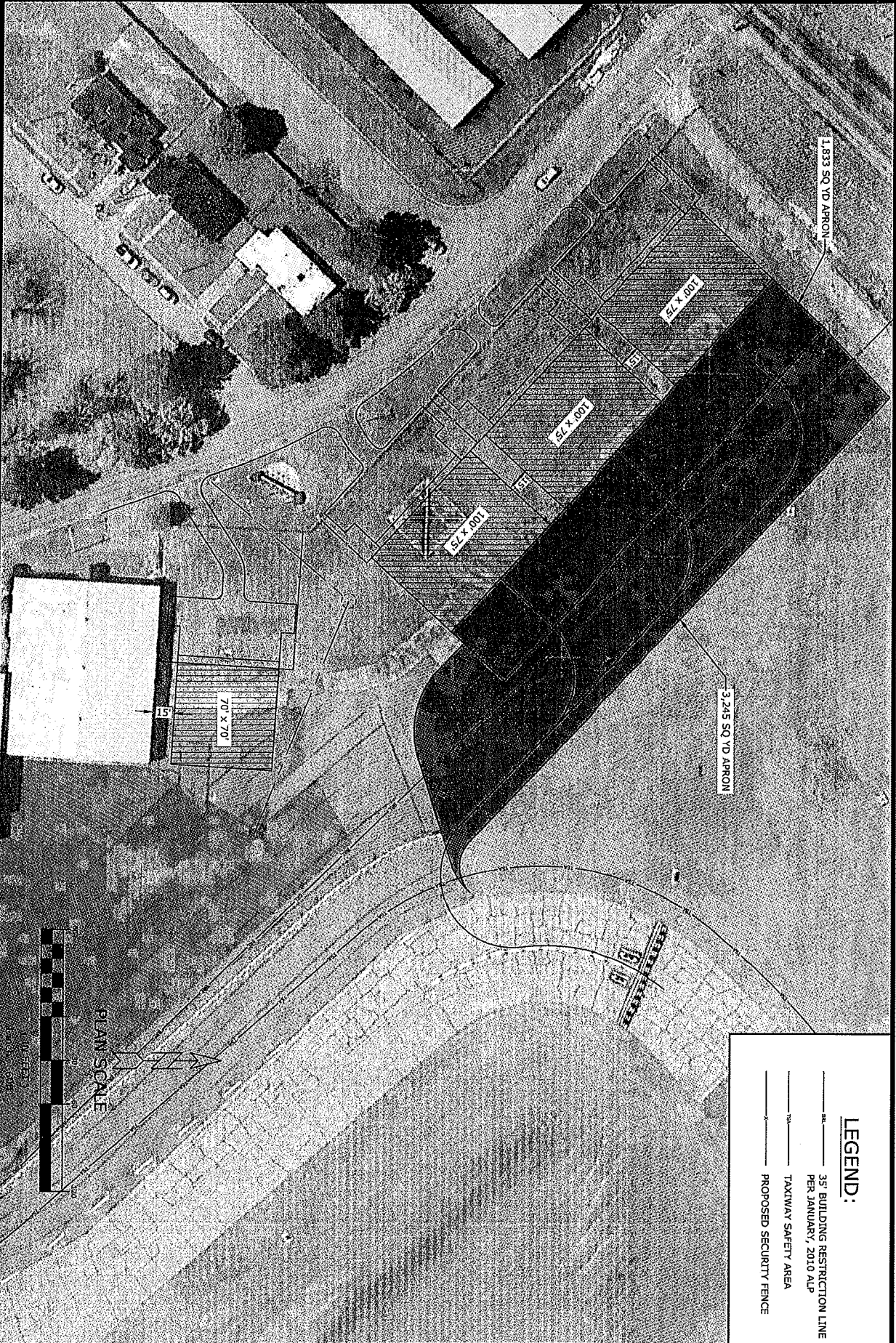
HANGAR LAYOUT

REVISIONS		
REF	DATE	DESCRIPTION

TEXARKANA REGIONAL AIRPORT (TXK)  
 HANGAR PROPOSAL  
 TEXARKANA, ARKANSAS

**MCE** McCLILLAND  
 CONSULTING  
 ENGINEERS, INC.  
 7302 KAHIS ROAD  
 LITTLE ROCK, ARKANSAS 72204  
 (501) 371-6372  
 HTTP://WWW.MCE.US.COM

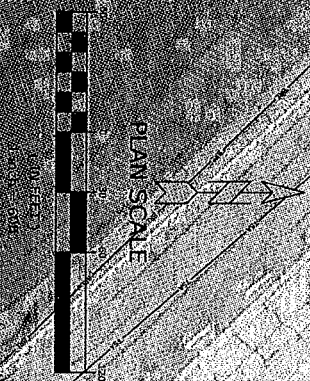




1,833 SQ. YD. APRON

3,245 SQ. YD. APRON

70' X 70'



**LEGEND:**

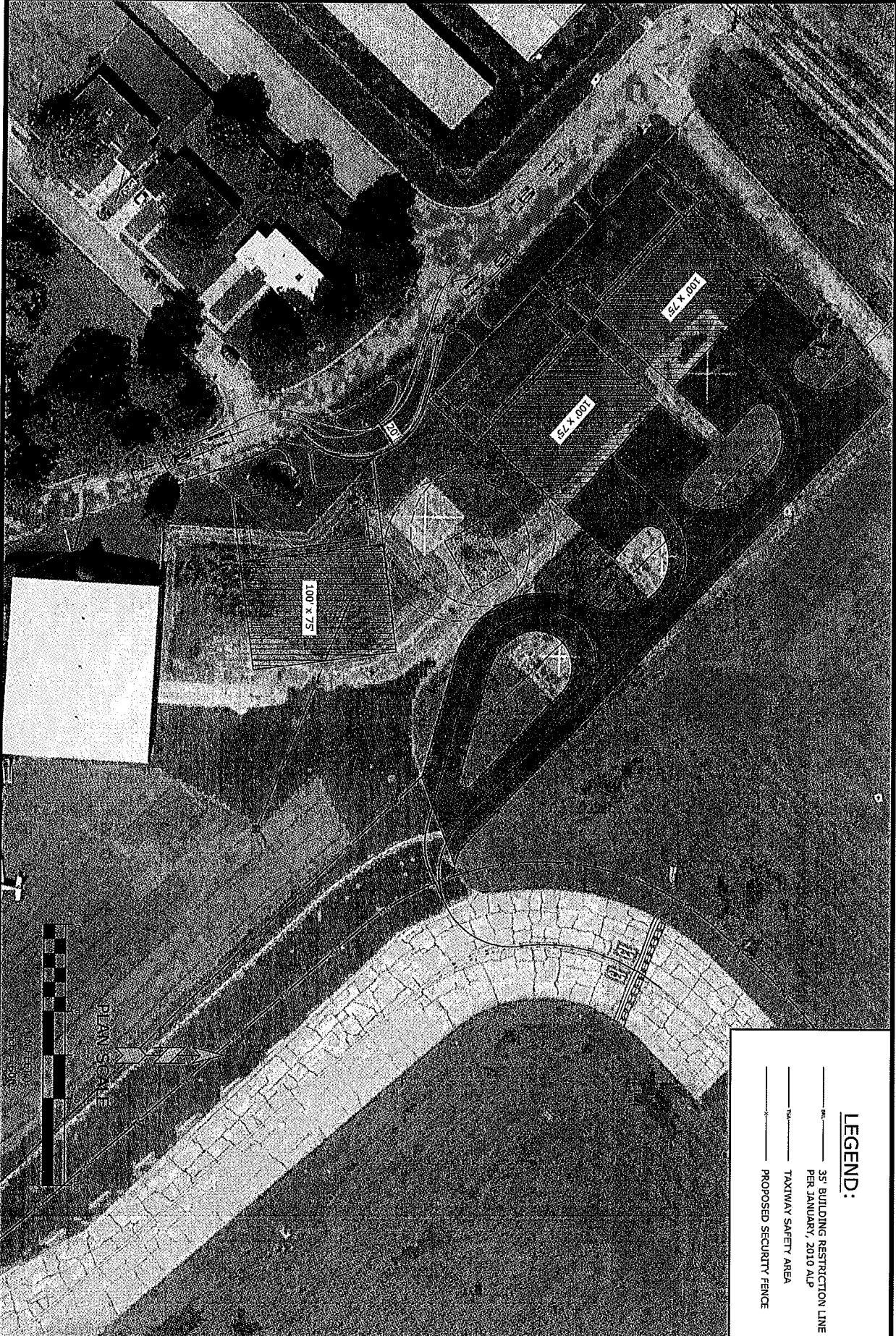
- 35' BUILDING RESTRICTION LINE
- PER JANUARY, 2010 ALP
- TAXIWAY SAFETY AREA
- PROPOSED SECURITY FENCE

DESIGNED BY:	DATE:
DRAWN BY:	REVISION:
CHECKED BY:	DATE:
SCALE:	AS SHOWN:
1" = 60'	

REVISIONS		
REF.	DATE	DESCRIPTION

TEXARKANA REGIONAL AIRPORT (TXK)  
 HANGAR PROPOSAL  
 TEXARKANA, ARKANSAS

**MCE** McCLINTOCK CONSULTING ENGINEERS, INC.  
 7302 KANIS ROAD  
 LITTLE ROCK, ARKANSAS 72204  
 (501) 371-0272  
 HTTP://WWW.MCE.US.COM



**LEGEND:**

- 35' BUILDING RESTRICTION LINE  
PER JANUARY, 2010 ALP
- TAXIWAY SAFETY AREA
- PROPOSED SECURITY FENCE

DESIGNED BY: CSM  
 DRAWN BY: CSM  
 DATE: OCTOBER, 2021  
 SCALE: AS SHOWN  
 1" = 60'

HANGAR LAYOUT

REVISIONS		
REV	DATE	DESCRIPTION

TEXARKANA REGIONAL AIRPORT (TXK)  
 HANGAR PROPOSAL  
 TEXARKANA, ARKANSAS

**MCE** MCKILLAND  
 CONSULTING  
 ENGINEERS, INC.  
 7302 KANIS ROAD  
 LITTLE ROCK, ARKANSAS 72204  
 (501) 371-0272  
 HTTP://WWW.MCE-LLR.COM

# AERONAUTICAL USE AGREEMENT OF LEASE

## BETWEEN

Name/Org.: **Flight Solutions, LLC**

Street Address: **210 N State Line Ave, Ste 507**

City/State/Zip Code: **Texarkana, AR, 71854**

(“LESSEE”)

&

**TEXARKANA REGIONAL AIRPORT  
AUTHORITY**

201 Airport Dr  
Texarkana, Arkansas 71854

(“LESSOR”)

DATED: \_\_\_\_\_



**TEXARKANA**  
— REGIONAL AIRPORT —



AGREEMENT OF LEASE  
BETWEEN  
TEXARKANA REGIONAL AIRPORT AUTHORITY  
AND  
FLIGHT SOLUTIONS, LLC

AGREEMENT OF LEASE  
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**AGREEMENT OF LEASE**

THIS AGREEMENT OF LEASE, made by and between the **TEXARKANA REGIONAL AIRPORT AUTHORITY** (“Lessor”) and **FLIGHT SOLUTIONS, LLC**, a corporation organized under the laws of the State of Arkansas, having offices at 210 North State Line Avenue, Suite 507 Texarkana, AR 71854, and authorized to do business in the State of Arkansas, as Lessee (“Lessee”).

RECITALS:

WHEREAS, Lessor owns, operates, and maintains the Texarkana Regional Airport, (“Airport”); and,

WHEREAS, Lessee is a **private corporation**; and,

WHEREAS, Lessor and Lessee now desire to set forth the terms, covenants, and conditions for Lessee to lease premises at the Airport for Lessee’s construction of multiple private aircraft hangars;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Parties agree as follows:

**SECTION 1. DEFINITIONS**

The following terms set forth below, when used in this Agreement, shall be defined as follows:

- (a) **Agreement** shall mean this Agreement of Lease, including any supplements, modifications, or amendments thereof.
- (b) **Aircraft Fuel Dispenser** shall mean each and every fuel facility that is now or hereafter located at the Premises.
- (c) **Airport** shall mean the Texarkana Regional Airport and all property located within its boundaries located in Texarkana, Arkansas and Texarkana, Texas.
- (d) **Airport Terminal and Terminal** means the passenger terminal building at the Airport.
- (e) **Assigned Area** shall mean the area or areas at the Airport designated by this Agreement described on **Exhibit A** and **Exhibit B** attached hereto and made part hereof subject to easements and rights-of-way of record, together with all buildings, structures, pavements, facilities, and other improvements now or hereafter constructed thereon, the equipment permanently affixed therein, such as electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, tubes, conduits, equipment and fixtures and all paving, drains, culverts, ditches, and catch basins.
- (f) **Commencement Date** shall mean March 1, 2022.
- (g) **Lessor** shall mean the Texarkana Regional Airport Authority through and by its Executive Director.
- (h) **Executive Director** shall mean the Executive Director of the Texarkana Regional Airport or their designee.

- (i) **Lessor's Associates** shall mean Lessor's officers, airport board of directors, engineers, consultants, contractors, commissioners, employees, and agents.
- (j) **FAA** shall mean the Federal Aviation Administration, or any successor agency.
- (k) **Improvements** shall mean any and all buildings, pavements, fixtures, permanently affixed equipment, facilities (both above ground and below ground), and all other structures now or hereafter constructed on the Premises, and all additions, alterations, modifications, renovations, and replacements thereto.
- (l) **Lease Year** shall mean the period beginning on the first day of **March**, ending on the last day of **February**, and each twelve-month period thereafter, until the termination of this Agreement
- (m) **Lessee** shall mean **Flight Solutions, LLC**, its successors or assigns, as permitted herein.
- (n) **Lessee's Associates** shall mean any of its sublessees, officers, employees, engineers, consultants, contractors, subcontractors, commissioners, invitees, guests, agents, or anyone acting by, through, or under Lessee's direction and/or control.
- (o) **Premises** shall mean the areas specifically and fully described in the Exhibits to this Agreement of Lease, between **Flight Solutions, LLC**, and Lessor and also referred to as the "Premises".
- (p) **Rent and Fees** shall mean the compensation paid to the Airport in order to conduct business or provide a service at the Airport.
- (q) **Tenant** shall mean any individual, company, corporation, partnership or other entity who has an agreement, lease, permit, or license to conduct business on the Airport.
- (r) **Termination Date** shall mean as set forth in **Section 3** of this Agreement.
- (s) **TSA** shall mean the Transportation Security Administration, or any successor agency.
- (t) **Term of this Agreement** or similar import shall mean the Term set forth in **Section 3** hereof, including the initial Term and any optional term(s), as applicable.

## **SECTION 2. LETTING**

- (a) Lessor hereby lets to Lessee and Lessee hereby leases from Lessor, the "Premises" as herein above defined in **Section 1** and shown on **Exhibit A** and **Exhibit B** at the Texarkana Regional Airport, subject to Lessee's strict adherence to the terms, covenants, and conditions of this Agreement of Lease ("Agreement"). The Premises must be used solely for the purposes as described in **Section 5** hereof and for no other purposes.
- (b) The parties agree that **Exhibit A** and **Exhibit B** show only an approximate depiction of the boundaries of the Premises. Accordingly, Lessee shall promptly obtain, if not already in possession of, at its own expense, and provide Lessor a copy of, a precise boundary survey of the Premises, prepared by a certified professional surveyor. Upon approval by Lessor, the survey shall be deemed incorporated by reference into this Agreement and will be the controlling interpretation of the boundaries of the Premises.

- (c) Lessor reserves the right to further develop and improve the Airport, including but not limited to all landing areas and taxiways of the Airport, as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.
- (d) Except to the extent required for the performance of any of the obligations of Lessee hereunder, nothing contained in this Agreement shall grant to Lessee any rights whatsoever in the air space above the Premises. In that regard, Lessor reserves the right to take any action whatsoever that it considers necessary to protect the aerial approaches of the Airport against obstructions, including but not limited to, demolition or removal of structures upon the Premises, together with the right to prevent Lessee from erecting or permitting to be erected any building or other structure at the Premises which, in the opinion of Lessor, would limit the usefulness of or interfere with the operations at the Airport, or constitute a hazard to aircraft.
- (e) This Agreement, and all provisions hereof, is subject and subordinate to the terms, covenants, and conditions of the instruments and documents under which Lessor acquired the Airport from the United States of America, State of Arkansas, and City of Texarkana, Arkansas, and shall be given only such effect as will not conflict or be inconsistent with the terms, covenants, and conditions contained in such instruments and documents and any existing or subsequent amendments thereto. This Agreement and all provisions hereof, is subject and subordinate to any ordinances, rules or regulations which have been, or may hereafter be adopted by Lessor pertaining to the Airport. This Agreement, and all provisions hereof, is subject and subordinate to the provisions of any agreement heretofore or hereafter made between Lessor and the United States Government relative to the operation or maintenance of the Airport, or the execution of which has been required as a condition precedent to the transfer of Federal rights or property to Lessor for Airport purposes, or the execution of which has been required as a condition precedent to the expenditure of Federal funds for the improvement or development of the Airport, including without limitation the expenditure of Federal funds for the development of the Airport under the provisions of the Federal Aviation Act of 1958, as codified in the United States Code, Title 49, as it has been amended from time to time. In addition, this Agreement is subordinate and subject to the provisions of all resolutions heretofore and hereafter adopted by Lessor in connection with any revenue bonds issued by Lessor with respect to the operations of the Airport, or any improvements to the Airport or any of its facilities, and to the provisions of all documents executed in connection with any such bonds, including without limitation, any pledge, transfer, hypothecation or assignment made at any time by Lessor to secure any such bonds.
- (f) Lessor reserves unto itself, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Premises together with the right to cause in said airspace such noise and other intrusions as may be inherent in the operations of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for aircraft landing on, taking off from, or operating at the Airport.
- (g) Lessee, Lessee's Associates, its successors and assigns, agrees to restrict the height of structures, objects of natural growth and other obstructions on the Premises to a height in order to comply with all provisions of this Agreement and all applicable Federal Aviation Regulations, including but not limited to 14 CFR Part 77.
- (h) Lessee expressly agrees, for itself, Lessee's Associates, its successors and assigns, to prevent any use of the Premises which would interfere with or adversely affect the operation or maintenance of the Airport, or otherwise constitute a hazard to aircraft or others.

- (i) Lessor reserves the right to maintain such utility easements on the Premises as may now or in the future be determined to be necessary to serve the needs of the Airport, and Lessee agrees to take the Premises subject to said easement requirements. Such easements will be used for, but not limited to, the installation of water distribution, sewage collection, underground electrical, telephone and telecommunications conduits, above ground street lighting and power poles. However, it is understood and agreed that Lessor will restore any improvements which Lessee has made, if such improvements are materially damaged by any installation made by Lessor. Furthermore, Lessor shall take reasonable steps to ensure that any such installation be the least disruptive to Lessee's operations.
- (j) **CONDITION AND USE OF THE PREMISES AND LEASEHOLD IMPROVEMENTS.** Lessor makes no representations or warranties whatsoever as to: (i) the condition of the Premises, or (ii) whether the Premises, or any part thereof, is in compliance with applicable Federal, State, and Municipal laws, ordinances, rules, or regulations, including without limitation, City ordinances, rules and regulations; or (iii) the permitted or available uses of the Premises under any applicable Federal, State, and Municipal laws, ordinances, rules, or regulations, including without limitation those of Lessor. Lessor makes no representations or warranties whatsoever as to the legality, permissibility, or availability of any use of the Premises that may be contemplated by Lessee. **Lessor makes no representations or warranties concerning habitability or fitness for any particular purpose.** Lessee specifically obligates itself to conduct its own due diligent investigation as to the Premises and the suitability thereof for Lessee's purposes. The Premises and all components thereof are hereby demised in "**AS IS CONDITION**" and "**WITH ALL FAULTS.**" Lessee represents, acknowledges, and agrees that it has had sufficient opportunity to inspect the Premises, and all components thereof, and hereby accepts the Premises, and all components thereof, in "**AS IS CONDITION**" and "**WITH ALL FAULTS.**" Lessee hereby **ASSUMES ALL RISK** of non-compliance of the Premises, or any part thereof, with any Federal, State, and Municipal laws, ordinances, rules, or regulations, including without limitation, any Lessor rules, or regulations. Upon receipt of notice of any non-compliance with any such laws, ordinances, rules or regulations, Lessee hereby agrees to make any and all repairs, alterations, and additions to the Premises and to take all corrective measures as may be necessary to bring the Premises into compliance with all laws, ordinances, rules and regulations. Lessee shall not be entitled to any adjustment of any rentals hereunder on account of the condition of the Premises or any failure of any of the component parts to be in working order or because of any necessity of Lessee to repair or take corrective actions with respect to any part thereof or because of the inability of obtaining or any delay in obtaining any required development approvals from any governmental body having jurisdiction, including but not limited to local agencies. Furthermore, Lessee hereby releases Lessor and Lessor's Associates of any and all claims and liabilities whatsoever on account of the condition of the Premises or any failure of any of the component parts to be in working order or because of any necessity of Lessee to repair or take corrective actions with respect to any part thereof, or the necessity for obtaining any development approvals from any governmental body, including without limitation local agencies. In the event of any conflict between these provisions and any other provisions of this Agreement, the provisions of this subparagraph (j) shall control. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that: (1) this subparagraph (j) is not intended to address or apply to the release of any "Materials" (as hereinafter defined in **Section 15**) at the Premises, and (2) with respect to any such Materials, the provisions of **Section 15** shall apply.

### SECTION 3. TERM

- (a) The **Term** of this Agreement shall be for ten (10) years, beginning on the Commencement Date of **March 1, 2022**, and shall terminate on **March 1, 2032**. (“Termination Date”), unless sooner terminated as provided herein.
- (b) Lessee shall, if not at the time in default under this Agreement, have the following extension option(s), as follows, on the same terms, covenants, and conditions as set forth herein and subject to adjustments in rental rates and fees, provided the option(s) are not in conflict with the needs of the Airport or with Lessor’s planning strategy, as decided by Lessor:
- [ ] One (1) ten (10) year extension option, provided Lessee has added or constructed permanent capital improvements on or to the Premises in the amount of not less than two hundred thousand dollars (\$200,000), during the **Term** of this Agreement.
- [ ] Up to two (2) ten (10) year extension options, provided Lessee has added or constructed permanent capital improvements on or to the Premises in the amount of not less than one million dollars (\$1,000,000), during the **Term** of this Agreement.
- [ ] Up to three (3) ten (10) year extension options, provided Lessee has added or constructed permanent capital improvements on or to the Premises in the amount of not less than two million dollars (\$2,000,000), during the **Term** of this Agreement.
- Lessee’s option to extend may be exercised only if Lessee provides written notice to Lessor, no later than one (1) year before the expiration of the **Term**, of their intent to extend this Agreement and shall provide documentation that such capital improvements have in fact been made and are valued equal to or more than the amount required above. Notwithstanding any provision in this Agreement, all improvements and additions so made shall become the property of Lessor, without any action or cost to Lessor at the end of the lease **Term** or any extension thereof.
- (c) Lessee covenants and agrees to yield and deliver peaceably and promptly to Lessor, possession of the Premises, on the date of cessation of the letting, whether such cessation be by termination, expiration or otherwise. Lessee shall surrender the Premises in the condition required under **Section 9**. All maintenance and repairs shall be completed prior to surrender. Lessee shall deliver to Lessor all keys to the Premises immediately upon surrender. Lessee shall at its expense take all actions required by Federal, State, and Municipal laws, ordinances, rules, or regulations to remove from the Premises any hazardous substances or other Materials, whether stored in drums, or found in vats, containers, distribution pipelines, or the like or discharged into the ground. All such substances shall be removed by Lessee in a manner that complies with all applicable Federal, State, and Municipal laws, rules and regulations and the provisions of **Section 15** shall be applicable.
- (d) Lessor, through its authorized agents or employees, at all reasonable times, and after notice to Lessee when practical, shall have the right to enter the Premises to show the Premises to potential interested tenants during Lessee’s regular business hours with at least twenty-four (24) hours advance notice, if Lessee is in default of this Agreement, or if Lessee has not exercised any remaining renewal option with less than one (1) year remaining on the term of the Agreement.
- (e) No agreement of surrender or to accept a surrender of this Agreement shall be valid unless and until same shall have been reduced to writing and signed by the duly authorized representatives of Lessor and of Lessee. Except as expressly provided in this Agreement, neither the doing of nor any omission

to do any act or thing by any of Lessor's Associates shall be deemed an acceptance of a surrender of letting under this Agreement.

- (f) In the event Lessee remains in possession of the Premises after expiration or termination of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement, nor waive any default under this Agreement and Lessor may terminate such occupancy as a tenancy at-will in accordance with State law. During such holdover tenancy, Lessee shall remain bound by all terms, covenants, and conditions of this Agreement, and Lessee shall pay the following rent: ground rent at the highest rate then charged at the Airport and rent for the improvements at fair market value based on Lessor's survey of rent for similarly situated facilities at the Airport and at other airports (which Lessor shall determine in its sole discretion). Said holdover tenancy shall be subject to Lessor's termination and repossession of the Premises at any time. Lessee shall be liable to Lessor for all loss or damage on account of any holding over against Lessor's will after the expiration or termination of this Agreement, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by Lessor from Lessee after the expiration, termination or cancellation of this Agreement or after the service of any notice, after the commencement of any suit, or after final judgment for possession of the Premises, shall reinstate, continue or extend the terms of this Agreement, or affect any such notice, demand or suit or imply consent for any action for which Lessor's consent is required or operate as a waiver of any right of Lessor to retake and resume possession of the Premises.
- (g) This Agreement may be modified, altered or expanded with the written approval of all parties signatory to this document.
- (h) Notwithstanding any contrary provision contained herein, Lessee shall have the period up until and including the date that is eighteen (18) months after the Commencement Date of this Agreement (the "Feasibility Period") to perform such studies, tests, and examinations of the Premises as Lessee may desire. In the event Lessee is not satisfied with the results of such studies, tests, and examinations or experiences complications with obtaining necessary governmental permits and approvals needed for construction, not including the cost thereof, Lessee may, at its option, terminate this Agreement, without penalty, by giving written notice to Lessor at any time prior to the expiration of the Feasibility Period. Lessor shall cooperate with Lessee with respect to such studies, tests, and examination.
- (i) The expiration or termination of this Agreement shall not relieve Lessee of any liabilities or obligations hereunder which shall have accrued on or prior to the effective termination date. Upon the expiration or termination of this Agreement, Lessee shall cease forthwith all operations upon the Premises, shall immediately vacate the Premises, and shall pay in full all fees and other amounts payable to Lessor as set forth in this Agreement, then due and owing.

#### **SECTION 4. PREMISES AND PRIVILEGES**

- (a) Lessor hereby leases to Lessee and Lessee leases from Lessor the Premises located at the Airport consisting of approximately **72,228 SQ Ft.** of land, divided into four (4) individual Lots to accommodate multiple, separate aeronautical developments (hereinafter called "**Lot**," "**Lots**," "**Lot A**," "**Lot B**," "**Lot C**," or "**Lot D**"). The Premises is situated off **Airport Dr. in Texarkana, Arkansas 71854** near Highway 67, more particularly identified and shown on Exhibit A and Exhibit B attached hereto, together with any and all rights, privileges, easements, and appurtenances now or hereafter constructed or belonging on the Premises, subject, however, to all liens, easements, restrictions, and other encumbrances of record.



- (b) This Agreement will be amended to account for any reductions in leased square footage, upon the assignment of **Lot A, Lot B, Lot C, or Lot D** and sale of improvements thereon to another individual or organization.
- (c) Lessee and Lessor have agreed for Lessor to obtain and utilize two 90/10 State Aeronautics Grants issued to it by the Arkansas Department of Aeronautics (**with a total amount of \$300,000**) to design and construct a common-use taxiway that provides the Premises/Lots access to the airfield at the Airport. Lessee and Lessor recognize that Lessor has a financial obligation to cover any match's associated with obtaining such State Aeronautics Grants. Lessee and Lessor further recognize that the total grant amount may not cover the total cost of designing and constructing the common-use taxiway. As such, Lessee has agreed to provide Lessor a lump sum to cover any match's associated with obtaining the two State Aeronautics Grants as well as to account for 20% inflation of prices and any overage in design and construction costs. Lessor will deduct such lump sum, whatever the amount may be, from future rent payments from Lessee. Lessee acknowledges and understands that Lessor cannot guarantee a timeline for receiving the State Aeronautics Grants and recognizes that such funding is contingent upon its availability with the Arkansas Department of Aeronautics.
- (d) Any subsequent modification of areas occupied by Lessee will be mutually determined by Lessee and Lessor and will be accomplished by executing revised exhibits accompanied by a written amendment as provided in this Agreement.
- (e) Lessee shall provide vehicle parking for Lessee and Lessee's Associates, in accordance with the minimum standards adopted by the Airport and the City code of Texarkana, Arkansas, which parking shall be the responsibility of Lessee. Lessee, and Lessee's Associates, shall have ingress and egress to the Premises via appropriate public ways to be used in common with other tenants and users of the Airport, provided that Lessor may, from time to time, substitute other suitable means of ingress and egress, so long as an alternate adequate means of ingress and egress is available.
- (f) Subject to the provisions of this Agreement, Lessee, its invitees, licensees, agents and guests shall have ingress and egress between the Premises and the runways at the Airport by means of taxiways existing or hereafter to be constructed by Lessor to be used in common with other tenants and users of the Airport, provided that Lessor may, from time to time, substitute other suitable means of ingress and egress, so long as an alternate adequate means of ingress and egress is available.
- (g) Lessor may at any time temporarily or permanently close or consent to or request the closing of any street, roadway, taxiway, and any other area at the Airport presently or hereafter used as such, so long as an alternate adequate means of ingress and egress is made available to the Premises. Lessee hereby releases and discharges Lessor, or Lessor's Associates, successors and assigns, of and from any and all claims, demands or causes of action which Lessee may now or at any time hereafter have against any of the foregoing arising or alleged to arise out of the closing of any street, roadway, taxiway, or other area used as such, whether within or outside the Airport, provided that Lessor makes available to the Premises an adequate means of ingress and egress.

## **SECTION 5. USES OF THE PREMISES.**

- (a) Lessee covenants and agrees to use and occupy the Premises at all times **only** for the purposes of constructing multiple private aircraft hangars and any other improvements necessary for such operation, which together with the Premises itself, shall be limited to aeronautical purposes, including the fueling, only of Lessee owned or leased aircraft (in accordance with **Exhibit F**), parking, storing, cleaning, and preventative maintenance (*as explained in Federal Aviation Regulations Part 43*

*Appendix A(c), "Preventative maintenance" as amended and/or renumbered*) of aircraft owned or leased by Lessee. Lessee shall comply with the minimum standards adopted by the Airport as they may be amended from time to time and all other all rules, regulations, and requirements set forth by any Federal, State, and Municipal government body having jurisdiction, including Lessor. Any other activities not specifically enumerated in this section regarding the use and occupancy of the Premises shall be subject to the prior written approval of Lessor.

- (b) Lessee shall be **expressly prohibited** from providing the following services:
1. Terminal facilities for scheduled passenger airline operations which would normally be accommodated in the Airport Terminal.
  2. Restaurant, coffee shop, lounge or cafeteria (except a cafeteria provided solely for the employees, guests, contractors, and vendors of Lessee).
  3. Any charter and/or "for hire" service, including with Aircraft to be stored on the Premises.
  4. Display of aircraft held by Lessee or others for sale (except in the case of an isolated sale of an aircraft owned by Lessee), or for any other purpose common to Fixed Base Operators or Commercial Operators.
  5. Sale and provision of fuel to any aircraft other than Lessee owned or leased aircraft.
  6. Any and all types of public parking, pay for parking, or any type of operation that competes with Lessor parking lots and garage.
  7. Any and all types of automobile rental, maintenance, parking, or storage, or any type of operation that competes with Lessor authorized on-airport automobile rental businesses and/or activities.
  8. Sale of alcoholic beverages.
  9. Sale of non-aviation products, except company products in company store.
  10. Air shows
  11. Any use prohibited by law or not related to aviation.
  12. Any commercial use
  13. Lessee shall not park or store or allow the parking or storage of any vehicles whatsoever on the Premises that are not used in the operation permitted to be conducted on the Premises.
- (c) Lessee has expressed to Lessor its intent to use the Premises to construct aircraft hangars on the Lots intended for **private use only**. Pursuant to **Section 4(b)**, if a potential assignee desires to use a Lot for a commercial use, they will be required to provide a complete proposal, subject to Lessor's written approval, that meets the Airport's minimum standards and rules and regulations prior to such assignment taking place.
- (d) It is not the intent of this Agreement to grant Lessee the exclusive right to provide any or all of the services described in this section at any time during the term of this Agreement; provided, however, that Lessee shall have the exclusive right to provide such services on the Premises. Lessor reserves

the right, at its sole discretion, to grant others certain rights and privileges at the Airport which are identical in part or in whole to those granted to Lessee. However, Lessor does covenant and agree that:

1. It shall enforce all minimum operating standards or requirements for all aeronautical and non-aeronautical endeavors and activities conducted at the Airport.
  2. No other tenant performing the same services will be permitted to operate at the Airport under rates, terms, or conditions which are more favorable than those set forth in this Agreement.
  3. It will not permit the conduct of any commercial endeavor or activity at the Airport except under an approved lease and operating agreement.
- (e) Storage on the Premises shall be primarily for aeronautical purposes, including, but not limited to, the parking and storing of aircraft owned or leased by Lessee and other improvements necessary for the operation permitted to be conducted on the Premises. Lessee shall not store on the Premises any inoperable equipment, or materials likely to create an Airport hazard or appear to be discarded or unsightly to the public and other Airport users; shall not use areas outside of enclosed buildings for storage; and shall store trash in covered metal receptacles approved by Lessor.
- (f) Lessee covenants and agrees that it will not do nor permit anything to be done upon or about the Premises that in any way interferes with the rights of tenants, owners, or occupants of adjoining property, or that conflicts with Federal, State, and Municipal laws, rules, or the regulations of any department, board, or bureau thereof, or that creates a nuisance, or that is dangerous to the life or safety of persons on or about the Premises. Should a conflict arise between Lessee and other tenants at the Airport regarding the scope of privileges, the Executive Director of Lessor or their designee will serve as the arbiter. Lessee has the right to appeal to Lessor and agrees to abide by its decision. Upon written notice, Lessor has the right to amend the Agreement to avoid violation of existing agreements or violation of Federal grant assurances concerning discrimination among other tenants and similar provisions.

## SECTION 6. RENTALS, FEES, AND CHARGES

- (a) Rentals for the Premises shall be:
- **Thirty-two cents (\$0.32) per square foot per year for land.**
- (b) The annual rental, subject to adjustment as hereinafter provided, shall be paid by Lessee in twelve (12) equal monthly installments, together with all applicable sales taxes thereon.
- (c) The annual rental payable during the first (1<sup>st</sup>) Lease Year shall be **23,112.96 Dollars (\$)**, plus applicable sales taxes. The monthly installment payment of rentals during the first Lease Year shall be **1,926.08 Dollars (\$)** each month, plus applicable sales taxes, as set forth on **Exhibit C**, attached hereto and made a part hereof. **Exhibit C** shall be updated each time the rental required herein is adjusted. Rental shall be subject to annual CPI adjustments as provided for in **Section 6(h)**.
- (d) Within thirty (30) days of the Commencement Date of this Agreement, Lessee shall deposit with Lessor an irrevocable letter of credit, in an amount equal to the estimate of twenty-five thousand dollars (\$25,000.00), to serve as security for the full and faithful performance by Lessee of all terms, covenants, and conditions of this Agreement. Lessee's failure to supply a security deposit or letter of

credit with Lessor will constitute a breach of this Agreement and will entitle Lessor to all remedies available under this Agreement or at law. Lessor will release and return the security deposit or letter of credit posted under this **Section 6** upon the termination or expiration of this Agreement, provided Lessee has fully and timely paid any rents (and applicable taxes and assessments) payable to date and is not then in default of any terms, covenants, and conditions of this Agreement. Lessor reserves the right to withhold some or all the deposit if Lessee abandons or damages the leasehold in a condition that requires Lessor to expend money or labor to repair.

- (e) The “Rent Commencement Date,” unless otherwise specified in this Agreement, shall be the same date as the Commencement Date, as defined in **Section 3(a)**. In the event the Commencement Date does not fall on the first (1<sup>st</sup>) day of a calendar month, rent during any partial month shall be prorated on the basis of a thirty (30) day month, and shall be due payable on or before the Commencement Date.
- (f) During the term hereof, Lessee shall pay as additional rent, any expenses payable to Lessor or any other person which are required to be incurred by Lessee pursuant to the provisions of this Agreement.
- (g) Lessee shall pay to Lessor a Flowage Fee for all aviation fuel dispensed by Lessee pursuant to the regulations and/or rates established by Lessor, at any time, in Lessor’s sole discretion. By the 10th of each month, Lessee’s fuel provider must provide Lessor with a written Fuel Flowage report (in a form satisfactory to Lessor) setting forth the amount of fuel delivered to Lessee, accompanied by payment of the Flowage Fees collected. The Fuel Flowage fee is set by Lessor at its sole discretion and shall apply to all tenants and operators at the Airport. Lessor reserves the right, at any time and at its sole option upon thirty (30) days prior written notice to Lessee, to increase or decrease the amount of Fuel Flowage fees to be paid by Lessee. Fuel Flowage Fees collected shall not be used as a set off or as part of the calculation of any other of Lessee’s rent, rates, fees, or charges due to Lessor.
- (h) **CONSUMER PRICE INDEX (CPI) ADJUSTMENT.** After the first year of this Agreement, and each **year** thereafter (Adjustment Date), the rental provided to be paid in **Section 6(a)** above is subject to CPI adjustment annually as follows. Commencing on **March 1, 2023**, said rentals shall be adjusted by Lessor based on the percentage increase in the CPI for the previous **year**. Said CPI is the Consumer Price Index (All Urban Consumers) as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the generally accepted national replacement or successor index, as readjusted to the base month, and computed by comparison of the **current** index with the index of the preceding **year**. In no event shall the rental rate decrease due to a decrease in the CPI. Said rentals are due and payable monthly on or before the first day of each month during the term of this Agreement.
- (i) It is understood and agreed that if a rental and/or other fees adjustment is required or made hereunder, the previous rental and/or other fees then being paid shall continue until Lessor provides notice of the adjusted rent amount and/or other fees. Any rental adjustment shall be retroactive to the Adjustment Date. The sum constituting the rental adjustment for the months of the period which have passed prior to the determination of the amount of the rental adjustment shall be due and payable within thirty (30) calendar days after such determination.
- (j) Upon determining a rental and/or other fee adjustment, Lessor shall advise Lessee of the new monthly rental installment and/or other fees for such period, which shall be accompanied by evidence supporting the manner in which the new adjusted rent and/or other fees was determined, which evidence shall be in sufficient detail to enable Lessee to verify the calculations.

- (k) Rental for a portion of a month shall be pro-rated. Payments shall be made in lawful money of the United States, free from all claims, demands, set offs, or counterclaims of any kind against Lessor. Any payments not paid when due shall be subject to the maximum interest allowable under Arkansas State Law.
- (l) If requested by Lessor, Lessee shall employ an independent Certified Public Accountant who shall furnish a written audit to Lessor within ninety (90) days of the last day of the preceding Lease Year. The Statement shall include the opinion that the rentals and fees paid by Lessee to Lessor during the preceding Lease Year pursuant to this Agreement were made in accordance with the terms of this Agreement.
- (m) Should any examination, inspection, and audit of Lessee's books and records by Lessor disclose an underpayment by Lessee in excess of five percent (5%) of the total rentals or payments due, Lessee shall promptly reimburse Lessor for all costs incurred in the conduct of such examination, inspection, and audit in addition to remitting the amount of such underpayment plus the maximum interest rate allowable under Arkansas State Law. In the event that Lessor deems it necessary to utilize the services of legal counsel in connection with such examination, inspection, and/or audit, and such examination, inspection, or audit results in reimbursement to Lessor, Lessee shall reimburse Lessor for reasonable attorney's fees and litigation expenses in addition to any deficiencies due.
- (n) All rentals payable by Lessee to Lessor hereunder is due and owing, in advance, **without notice or demand** and without deduction or offset, on or before the first day of each and every calendar month or annually in advance throughout the term of this Agreement. Any other payments due or reimbursable to Lessor by Lessee hereunder shall be paid when incurred or immediately upon receipt of Lessor's invoice therefore and shall be deemed delinquent if not paid within ten (10) days of the date due. Payments shall be made to the offices of the Texarkana Regional Airport Authority, **201 Airport Drive, Texarkana, AR 71854**, or at such other place as Lessor may hereafter notify Lessee and shall be made in legal tender of the United States.
- (o) Without waiving any other right of action available to Lessor in the event of monetary default hereunder, in the event that Lessee is delinquent for a period of ten (10) days or more in payment of any rents or other sums due to Lessor pursuant to this Agreement, Lessee shall pay to Lessor interest thereon at the maximum allowable rate permitted by Arkansas State Law per annum from the date such rents or other sums were due and payable until paid. Such interest shall not accrue with respect to disputed charges being contested in good faith by Lessee.
- (p) If, at any time, Lessee shall become entitled to an abatement of rental by the provisions of this Agreement or otherwise, the abatement of rental shall be made on an equitable basis taking into consideration the amount and character of the space, the use of which is denied to Lessee as compared with the entire Premises, and the period of time for which such use is denied to Lessee.

## **SECTION 7. UTILITIES AND TAXES**

- (a) Lessee agrees to extend to the Premises and pay the cost of all utilities, including, without limitation, electric power, water, gas, sewer, telephone, and garbage collection. Lessee shall have the right, at its sole expense, to construct, install and maintain all necessary tap lines and facilities and to connect the same to any electric power, water, gas and sewerage lines installed by Lessor at or near the boundary of the Premises, and to receive all said utilities and services on the Premises, provided, however, that the services for electric power, water, gas, sewerage, and garbage collection at the Premises are properly metered so that all charges associated therewith are billed directly to Lessee. Lessor and

Lessor's Associates will not be held liable for loss of life, injury, or damage to any person or property or operation of Lessee and/or Lessee's Associates, caused by or resulting from any interruption of such utility services and shall indemnify Lessor and Lessor's Associates as to same.

- (b) Lessee shall pay (or in good faith contest), on or before their respective due dates, to the appropriate collecting authority, all Federal, State, and Municipal taxes, special taxes, assessments, special assessments and fees which are now or may hereafter be levied or assessed upon the Premises, the improvements, the personal property, or any of Lessee's property used in connection therewith; and shall maintain in current status all Federal, State, and Municipal licenses and permits required for the operation conducted by Lessee. Lessee shall furnish to Lessor promptly upon request, proof of the payment of any tax, assessment, and other governmental or similar charge which is payable by Lessee as provided herein. In the event of any contest permitted hereby, Lessee shall fully indemnify and hold Lessor and Lessor's Associates harmless from all loss, cost, damage, and expense incurred or suffered as a result of any such contest.

### **SECTION 8. IMPROVEMENTS TO PREMISES**

- (a) Lessee will, at Lessee's own cost and expense, perform all design, obtain all permits, complete all site work, and construct on three (3) Lots of the Premises, the following minimum required improvements for each Lot:
1. One (1) aircraft hangar and facility incidental to the storage, parking, and preventative maintenance of aircraft, comprised of approximately **4,900 SQ. Ft. – 7,500 SQ. Ft.**
  2. Adjoining aircraft ramp space, as defined by the Airport Minimum Standards;
  3. Adequate parking, as defined by the Airport Minimum Standards and in accordance with the City code of Texarkana, Arkansas; and
  4. All associated improvements required by the City code of Texarkana, Arkansas, or any government entity, including but not necessarily limited to, sidewalks, pedestrian ways, lighting, utility lines, fire protection, stormwater detention, retention, and control systems, fencing, berms, landscaping, and roads and driveways for ingress/egress, and circulation.
- (b) Pursuant to **Exhibit F**, Lessee shall have the option to initially construct two (2) aircraft fuel dispensers **OR** a fourth aircraft hangar development (in accordance with **Section 8(a)** above) on the remaining fourth Lot. Should Lessee choose to initially construct the aircraft fuel dispensers, it shall reserve the right to replace such aircraft fuel dispensers with a fourth aircraft hangar development at a later date within the Term of this Agreement. Upon demolition/removal of the aircraft fuel dispensers in turn for a fourth aircraft hangar development, Lessee, its successors or assigns, acknowledge, and agree that no other aircraft fuel dispensers will be constructed on the Premises or any of its Lots for the remainder of this Agreement. Should Lessee choose not to pursue a fourth aircraft hangar development on the remaining fourth Lot, the aircraft fuel dispensers may remain in the original spot.
- (c) Lessee, its successors or assigns, acknowledge that the aircraft fuel dispensers that may be initially constructed on the remaining fourth Lot is to be used to service **ONLY** aircraft owned or leased by Lessee, its successors or assigns that may lease a Lot on the Premises.

- (d) Lessee may, during the term of this Agreement, construct improvements on the Premises or may alter or modify any buildings or other improvements constructed, to facilitate the use of the Premises for the purposes set forth within.
- (e) Prior to the commencement of construction or refurbishment of any improvements on the Premises, Lessee shall submit to Lessor for its written approval, a site plan and complete plans and specifications of the contemplated construction. The plans and specifications shall be certified by an architect or engineer licensed to practice in the State of Arkansas and shall consist of: (i) working drawings, (ii) technical specifications, (iii) bid documents, if applicable, (iv) schedule for accomplishing improvements, (v) schedule of finishes and graphics, (vi) list of furnishings, fixtures and equipment, (vii) certified estimate of the design, development and construction costs, and (viii) such other information as may be required by Lessor. All construction, improvements, signs, equipment, and landscaping must be made in accordance with the requirements set forth in this Agreement and must conform to the standard requirements of Lessor that are applicable to tenants of the Airport. All the plans and specifications shall be in such detail as may reasonably permit Lessor to make a determination as to whether the facilities will be consistent with the provisions of this Agreement and the standards of Lessor. The plans and specifications for the facilities that have received Lessor's written approval, and any amendments and changes thereto that have received Lessor's written approval, are hereinafter referred to collectively, as the "Approved Plans." No work may be performed on the Premises, except pursuant to Approved Plans.
- (f) All plans and specifications, including without limitation, "as built" plans provided pursuant to subparagraph(s), below, shall not identify any conduit ducts for cable, telecommunications, electric service, and the like by any specific company name, and such plans shall identify the purpose of such conduits by generic reference only (e.g., "phone conduit," "telecommunications conduit," or "power conduit"). No material changes shall be made to any Approved Plans, without the prior written approval of Lessor, which approval shall not be unreasonably withheld or delayed. Any change that requires the issuance of a building permit or modifies an existing building permit shall be considered a material change.
- (g) Any and all construction shall be performed in such a manner as to provide that the facilities shall:
1. Be structurally sound and safe for human occupancy, and free from any hazards;
  2. Provide sufficient clearance for taxiways, runways, and aprons, and shall not intrude into any aeronautical surfaces or exceed any height limitations and shall not interfere with the operations of arriving and departing aircraft at the Airport;
  3. Be designed for use for only those purposes permitted under **Section 5**, hereof;
  4. Comply with the provisions of the deed under which Lessor acquired its title to the Airport from the United States of America, and the provisions of any grant agreements or other agreements between Lessor and the United States Government or the State of Arkansas that are applicable to the Premises;
  5. Comply with the terms and provisions of this Agreement;
  6. Lessor reserves the right to require that all development within the Airport is consistent with the overall Airport system architecture and the Airport Master Plan, as well as reasonable standards of safety and quality.

Lessor may refuse to grant approval if, in its opinion, the proposed facilities and improvements as shown on such plans and specifications will fail to meet the criteria set forth above or in other provisions of this Agreement, or for any other reason whatsoever, in its sole discretion.

- (h) It is understood and agreed that in the course of any construction or refurbishment of any improvements on the Premises undertaken by Lessee during the Term of this Agreement, Lessee shall be responsible for all costs associated with any removal, replacement, relocation and protection of all utilities, whether such utilities are located at the Premises or on adjacent property, including but not limited to water, wastewater disposal, sewer, telephone, electric, airfield lighting system, conduit ducts for cable, telecommunications and electric service, and Federal Aviation Administration navigational aid systems. All underground utilities conduits installed at the Premises, including without limitation cable, electric and telecommunications, shall be deemed leasehold improvements and ownership thereof shall be vested in Lessor upon installation. All such conduits shall be installed by Lessee at its expense, and shall be free of all liens, claims and encumbrances, including any claims of any utilities provider.
- (i) All improvements, equipment and interior design and decor constructed or installed by Lessee, its agents, or contractors, including the plans and specifications relating to same, shall conform to all applicable Federal, State, and Municipal statutes, ordinances, advisory circulars, building codes, fire codes, laws, rules and regulations.
- (j) The parties hereby acknowledge that all existing fixtures, structures, facilities, pavements, and other leasehold improvements are the sole property of Lessor. Any improvements, additions and alterations made to the Premises by Lessee (except trade fixtures not permanently affixed to the Premises and equipment not permanently affixed to the Premises, and any other personalty of Lessee) shall automatically become Lessor owned property, free and clear of all liens, claims and encumbrances, upon termination or expiration of the Agreement, for any reason, or upon the occurrence and continuance of a default hereunder and shall be surrendered with and remain on the Premises. Any addition, fixture or other improvement that is nailed, bolted, stapled, or otherwise affixed to the Premises and is not readily removable as a trade fixture or item of equipment, is a leasehold improvement. If any personalty, including furnishings, trade fixtures or equipment, are removed by Lessee or Lessee's Associates, Lessee shall restore any damage to the Premises. All utilities conduits installed at the Premises, by Lessee, including without limitation cable, electric and telecommunications, shall be deemed leasehold improvements and ownership thereof shall be vested in Lessor. All such conduits shall be installed by Lessee at its expense. All such conduits shall be free of all liens, claims and encumbrances, including without limitation, any claims of any utilities provider.
- (k) Lessee will use diligent effort to pursue the minimum required improvements on the Premises, pursuant to **Section 8(a)**, obtain necessary governmental permits, and thereafter commence and continue bona fide construction of the intended development on the Premises no later than twenty-four (24) months from the Commencement Date of this Agreement. Lessee shall have twelve (12) months from when Lessee initiates construction of the minimum required improvements to obtain a Certificate of Occupancy or to construct or refurbish the minimum required improvements otherwise fully. Lessee and Lessor recognize that time is of the essence of this Agreement and that Lessee's failure to use diligent effort to pursue the intended development on the Premises, obtain necessary governmental permits, and thereafter commence and continue bona fide construction of the minimum required improvements on the Premises will constitute a material breach of this Agreement and entitle Lessor the right to any remedies or interest that are allowable under this Agreement or under law for Lessee's breach. If at any time Lessor believes that Lessee has failed to use diligent effort to pursue



the intended development, as described above, Lessor, in its sole discretion, shall have the right to terminate the Agreement within sixty (60) days by giving written notice to Lessee. If Lessee has demonstrated an effort of diligently pursuing the development of the minimum required improvements but such development will not be completed within the twelve (12) month period allowed, Lessee may petition, in writing, Lessor for an extension of time to complete the development. An extension of time to complete the development is not automatic upon application but may be granted at the sole discretion of Lessor. If such extension is not granted, then Lessor shall have the right to terminate the Agreement, and all of Lessee's interest in the Premises shall revert to Lessor. Lessor makes no representations or warranties regarding the above contingencies, and Lessee undertakes such efforts solely at its own risk.

- (l) Lessor shall receive copies of the issuance of a Certificate of Occupancy by the City of Texarkana Building Department which will be considered acceptance of the Premises for the minimum required improvements, pursuant to **Section 8(a)**.
- (m) Within one hundred and twenty (120) calendar days after the Certificate of Occupancy Date with respect to any improvements, Lessee must provide to Lessor: (i) a certified Statement from the construction contractor(s) specifying the total construction cost and stating that the improvements are free and clear of all liens, claims or encumbrances by any material suppliers, subcontractors, or laborers; and (ii) a certified Statement from the architect or engineer stating the total architect's or engineer's fees and that the improvements have been constructed in accordance with the Approved Plans and in compliance with all applicable codes (City, building and fire), laws, rules, ordinances, and regulations. Lessee shall provide, upon request, such back-up documentation and releases of lien as may be required by Lessor.
- (n) Lessee hereby represents, warrants, and covenants to Lessor that the Premises and all improvements now and hereafter constructed or placed thereon shall be at all times free and clear of all liens, claims and encumbrances. If any lien or notice of lien shall be filed against the Premises or any improvements, Lessee shall, within thirty (30) calendar days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, or order of a court of competent jurisdiction. The provisions hereof shall not apply to any leasehold mortgage to which Lessor has consented as provided in this Agreement, or any purchase money security interest in any movable trade fixtures installed at the Premises.
- (o) Within ninety (90) calendar days after the Certificate of Occupancy Date with respect to any improvements, Lessee shall at its expense, provide Lessor with a complete set of "as built" plans and specifications on CDs or other electronic media containing electronic data in an AUTOCAD format that meets Lessor's graphic standards of the "as-constructed" or "record" plans for such improvements.
- (p) In addition to Lessor's approval, Lessee shall obtain any required approval from all other agencies having jurisdiction over any improvements, including but not limited to departments, divisions or offices of the City of Texarkana, Arkansas, the State of Arkansas, and the Federal government.
- (q) All improvements must be coordinated with the FAA, including the filing of required forms and the provision of any documentation the FAA may request.
- (r) Lessee shall reimburse Lessor for any costs and expenses incurred, including surveying and attorney's fees (i) as a result of the fact that the improvements, alterations and additions do not comply with Federal, State, and Municipal laws, rules, or regulations, (ii) in defending against, settling, or

satisfying any claim that Lessor is responsible for paying regarding improvements, alterations, and additions on the Premises, or (iii) in defending against, settling, or satisfying any mechanic's lien and/or other claims, asserted because of the non-payment for improvements, alterations, and additions on the Premises.

- (s) All improvements hereafter made to the Premises shall be in conformity and consistent with all applicable provisions of the Americans with Disabilities Act of 1990, as same may be amended from time to time.
- (t) Lessee shall not make any improvements, or additions, alterations, modifications, or replacements to any improvements at the Premises unless Lessee shall first have submitted to Lessor, for its written approval, complete plans and specifications for same in accordance with this **Section 8**. All improvements and additions, alterations, modifications, and replacements shall comply with all provisions of this Agreement, including without limitation, this **Section 8**. In the event any improvements and additions, alterations, modifications, and replacements are made without Lessor approval pursuant to this **Section 8**, then, upon notice in writing to do so, Lessee shall remove same or at the option of Lessor cause same to be changed to the satisfaction of Lessor. In the case of any failure on the part of Lessee to comply with such notice, Lessor may affect the removal or change and Lessee shall pay the cost thereof to Lessor.
- (u) Lessee shall require that any contractor or contractors who performs work on the Premises herein, or otherwise, at the Premises provide a current and valid Construction Bond or Letter of Credit in a form acceptable to Lessor, in an amount not less than the full amount of the contract price for completing the construction on the Premises herein designated, as surety for the faithful performance of the contract by contractor, and for the payment of all persons performing labor and furnishing material in connection with the work. Said Construction Bond or Letter of Credit shall be executed by a surety company or bank of recognized standing authorized to do business in the State of Arkansas and having a resident agent in Miller County and having been in business with a record of successful continuous business for at least five (5) years. Each bond shall be in form and substance satisfactory to Lessor. Furthermore, such surety company must have at least an "A" minimum rating in the latest revision of Best's Insurance Report.
- (v) Contractors must be licensed in the State of Arkansas. Lessee shall further require the contractor to procure Contractor's General Public Liability and Property Damage Insurance in an amount not less than one million dollars (**\$1,000,000**), **combined** single limit, and Worker's Compensation Insurance. Such Public Liability and Property Damage Insurance policies shall name Lessor, and Lessor's Associates as additional insured. Lessee shall, before the commencement of any work, furnish Lessor with evidence that the contractor or contractors are covered to the satisfaction of Lessor with insurance as outlined above. If at any time during the continuance of the contract a surety on the contractor's bond or bonds becomes irresponsible, Lessor shall have the right to require additional and sufficient sureties which the contractor shall furnish within ten (10) days after notice to do so.
- (w) Lessee may, at its own expense, install and operate necessary and appropriate identification signs on the Premises for its purpose, subject to the approval of the Executive Director of Lessor as to the number, size, height, location, color and general type and design. Such approval shall be subject to revocation by Executive Director of Lessor at any time. Upon the occurrence and continuance of an event of default, Lessee shall remove said sign(s) if requested to do so by Lessor and Lessee shall repair all damage to the Premises caused by removal.

- (x) Lessee shall coordinate all construction and refurbishment of improvements and any other additions, alterations, modifications, or replacements to the Premises or improvements with the Airport, and shall minimize any disruption to Airport activities, tenants, and users. Lessor shall have the right, but not the duty, to direct that Lessee and/or Lessee's Associates cease activities or revise work plans to avoid disruption. Lessee and/or Lessee's Associates shall meet with Lessor, as requested by Lessor, as the work progresses and provide Lessor with information as may be required. Lessor may require Lessee to comply with other measures that are in Lessor's best interests in connection with any construction activities, such as coordination with Airport Operations/Maintenance, City of Texarkana, Arkansas Police, TSA, and local FAA Air Traffic Control.
- (y) The building(s), and all other improvements made by Lessee which have assumed the nature of realty, will become property of Lessor upon termination or expiration of this Agreement, without compensation to Lessee, and free of all liens and claims. Lessee will have the right to remove any furnishings, trade fixtures, equipment, and improvements that have not assumed the nature of realty, provided the same is done prior to termination or expiration of this Agreement, Lessee is not in default of this Agreement, and Lessee repairs any damage caused by such removal. Any such property remaining after the termination or expiration of this Agreement will immediately become property of Lessor unless otherwise agreed to by Lessor in writing.

#### **SECTION 9. MAINTENANCE AND REPAIRS**

- (a) Lessee agrees to provide at its own expense such maintenance, custodial, and cleaning services and supplies as may be necessary or required in the operation and maintenance of the Premises, improvements, and Personal Property.
- (b) Lessee shall throughout the Term of the Agreement assume the entire responsibility and shall relieve Lessor from all responsibility for all repair and maintenance whatsoever on the Premises (which shall include, without limitation, all buildings and improvements thereon), whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Maintenance and repairs shall be in quality and class comparable to the original work, to preserve the Premises in good order and condition.
- (c) Lessor shall be responsible for maintenance of the common areas and systems associated with the Premises. Lessee covenants to properly use and not abuse the common areas and systems maintained by Lessor.
- (d) Lessee shall be required to keep all buildings and other improvements in good, tenantable, useable condition throughout the Term of this Agreement, and without limiting the generality thereof, Lessee shall:
  - 1. Paint the exterior and interior of the Premises as needed and Lessee shall repair and maintain all doors, windows, pavements, equipment, lighting fixtures, furnishings, fixtures, roof, exterior walls, and structural support system.
  - 2. Always keep the Premises in a clean and orderly condition and appearance, including without limitation, upkeep and maintenance of all landscaping and upkeep and maintenance of all of Lessee's fixtures, equipment and personal property which are located in any part of the Premises which is open to or visible by the general public.

3. Provide and maintain all obstruction lights and similar devices, fire protection and safety equipment and all other equipment of every kind and nature required by any law, rule, order, ordinance, resolution, or regulation of any applicable governmental authority.
  4. Repair any damage to the pavement or other surface of the Premises caused by operations of Lessee, Lessee's Associates and any others entering upon or using the Premises at any time during the Term, including without limitation any oil, gasoline, grease, lubricants or other liquids and substances having a corrosive or detrimental effect thereon and report the incident of such spill pursuant to **Section 15**.
  5. Take anti-erosion measures, including but not limited to, the planting and replanting of grasses with respect to all portions of the Premises not paved or built upon.
  6. Be responsible for the maintenance and repair of all utilities including but not limited to, service lines for the supply of water, gas service lines, electrical power, telephone and telecommunications conduits and lines, sanitary sewers and storm sewers which are now, or which may be subsequently located upon the Premises leased to Lessee and which are used exclusively by Lessee.
  7. Be responsible for the maintenance and repair of all perimeter fences and all gates before, during, and after construction of any improvements.
- (e) Lessor reserves the right to approve any contractor retained for construction, maintenance and repair of the Premises.
- (f) Lessor shall have the right to enter the Premises upon reasonable written notice and at reasonable times to inspect same for purposes of determining if Lessee is maintaining the Premises as required by this Agreement. In the event Lessee fails in any material respect to commence to maintain, clean, repair, replace, or rebuild within a reasonable period of time and/or after written notice from Lessor to do so; or fails in any material respect diligently to continue to complete the maintenance, repair, replacement, or rebuilding of all of the Premises required to be maintained, repaired, replaced, or rebuilt by Lessee under the terms of this Agreement, Lessor may, at its option, and in addition to any other remedies which may be available to it, maintain, repair, replace, or rebuild all or any part of the Premises included in said notice and the cost thereof shall be payable by Lessee to Lessor upon demand. Lessee shall have a period of thirty (30) calendar days to commence any required action hereunder, except for emergency and public safety items which shall be immediately undertaken by Lessee.
- (g) Lessee shall remove from the Airport or otherwise dispose of in a manner approved by Lessor all garbage, debris and other waste material arising out of its occupancy of the Premises or out of its operations. Lessee shall keep and maintain the Premises in a neat and orderly manner and shall keep the grass cut and all improvements painted. Any garbage, debris or waste which may be temporarily stored in the open shall be kept in suitable garbage or waste receptacles, the same to be made of metal and equipped with tight fitting covers and to be of a design to safely and properly contain whatever may be placed therein. Lessee shall use extreme care when effecting removal of all such waste.

## **SECTION 10. LIABILITY, INDEMNITY, AND INSURANCE**

**THERE IS NO EXPECTATION OF ANY INDEMNIFICATION BEING PROVIDED TO LESSEE BY THE AIRPORT OR LESSOR.**

- (a) Lessee shall protect, defend, indemnify, and hold Lessor and Lessor's Associates completely harmless from and against any and all debts, expenses, penalties, costs, and judgments arising by reason of the injury or death of any person or damage to any property or economic loss of any nature (including but not limited to those relating to or arising out of the violation of any Environmental Laws or any Federal, State, and Municipal health, or safety law, regulation, rule, or ordinance), including all reasonable costs of investigation and defense thereof (including but not limited to attorneys' and consultants' fees and court costs), arising out of or incidental to any acts or omissions or misrepresentations of Lessee, and/or Lessee's Associates related to (i) this Agreement, (ii) Lessee's use or occupancy of or operations on or in connection with the Premises, the improvements, or any portion thereof, (iii) any Environmental Laws, or (iv) Lessee's rights, obligations, responsibilities, or duties under this Agreement; except to the extent such injury, death, loss, or damage is caused by the gross negligence or willful misconduct of Lessor and /or Lessor's Associate's. This indemnity shall cover any problems in, on, under, or affecting the Premises or any areas surrounding the Premises which are a direct or indirect result of actions or omissions of Lessee and/or Lessee's Associate's. Lessor shall give Lessee reasonable notice of any such claims or actions. Lessee, in carrying out its obligations hereunder, may use counsel and consultants selected by it, but such counsel and consultants shall be reasonably acceptable to, and cooperative with, Lessor. The provisions of this **Section 10(a)** shall survive the expiration or earlier termination of this Agreement.
- (b) Lessee shall, at a minimum, provide, pay for, and maintain in full force at all times during the Term of this Agreement (unless otherwise provided), the insurance coverages set forth in the paragraphs below, in accordance with the terms, covenants, and conditions required by this **Section 10**. Such policy or policies shall be without any deductible amount (except as may be expressly authorized herein) and shall be issued by a company(s) of recognized standing authorized to do business in the State of Arkansas and having a resident agent in the State of Arkansas and having been in business with a record of successful continuous business for at least five (5) years. Furthermore, such company(s) must have at least an "A" minimum rating in the latest revision of Best's Insurance Report. Lessee shall specifically protect Lessor by naming Lessor as additional insured under the Property Damage Insurance, and Commercial General Liability Policy and all environmental and impairment liability policies only.
- (c) Lessee shall, during the Term of this Agreement, insure and keep insured to the extent of not less than one hundred percent (100%) of the insurable replacement value thereof, all buildings, improvements, structures, fixtures and equipment on the Premises against such hazards and risks as may now or in the future be included under the Standard Form of Fire and Extended Coverage insurance policy of the State of Arkansas and also against the following applicable hazards and risks:
1. Sprinkler leakage - by which is meant damage caused by water or any other substance discharged from any part of the fire protection equipment for Lessee's Premises or from adjoining premises; collapse or fall of tanks forming part of such fire protection equipment or the component parts or supports of such tanks.
  2. Damage caused by such perils and hazards as may now or in the future be included under any Boiler and Machinery policy filed with and approved by the Insurance Commissioner of the State of Arkansas, or if there be no such policy so filed, then reasonable coverage against perils and hazards occasioned by the existence and operation of such boilers, provided that Lessee shall be required to maintain such insurance only with respect to such buildings and structures in which boilers are installed.

- (d) Such policies of insurance shall be limited to a deductible for windstorm of not more than two percent (2%) of the insurable replacement value of the improvements. In addition, the deductible for all other than windstorm perils shall be not more than One Hundred Thousand Dollars (\$100,000.00), which amount Lessee shall self-insure. In the event of any damage to the Premises, if the cost of repair or replacement is less than the deductible amount, Lessee shall nevertheless be required to make such repair or replacement and to restore the Premises to the condition required by **Section 11**.
- (e) All policies of such insurance and renewals thereof shall insure Lessor and Lessee as their interest may appear, and shall provide that the loss, if any, shall be adjusted with and payable to Lessor, except as otherwise provided in **Section 11** hereof.
- (f) In the event the Premises or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this **Section 10**, and if such loss is to be adjusted with and payable to Lessor, Lessee shall promptly furnish to Lessor such information and data as may be necessary to enable Lessor to adjust the loss.
- (g) **Commercial General Liability Insurance** shall be provided to protect against bodily injury and property damage liability in an aggregate amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, and One Million Dollars (\$1,000,000.00) per aggregate. Coverage must be afforded on a form no more restrictive than the latest edition of the Commercial General Liability Policy, without restrictive endorsements, as filed by the Insurance Services Office and must include: Premise and/or Operations, Personal Injury, Independent Contractors, Broad Form Property Damage and Broad Form Contractual Coverage covering all liability arising out of the terms of this Agreement. Lessee is responsible for all deductibles in the event of a claim.
- (h) **Aircraft and Passenger Liability Insurance** shall be provided to protect against bodily injury and property damage liability in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, of One Million Dollars (\$1,000,000.00) per aggregate, with a limit of One Hundred Thousand Dollars (\$100,000) each person. Coverage must be afforded on a form no more restrictive than the latest edition of the Aircraft and Passenger Liability policy, without restrictive endorsements, as filed by the Insurance Services Office, and must include: Premise and/or Operations, Personal Injury, Independent Contractors, Broad Form Property Damage and Broad Form Contractual Coverage covering all liability arising out of the terms of this Agreement. Lessee is responsible for all deductibles in the event of a claim.
- (i) **If applicable, Environmental and Impairment Liability Insurance** shall be provided in the minimum amount of One Million Dollars (\$1,000,000.00) per claim, subject to a maximum deductible of One Hundred Thousand Dollars (\$100,000.00) per claim. Such policy shall include a One Million Dollars (\$1,000,000.00) annual policy aggregate and name Lessor as additional insured. Lessee is responsible for all deductibles in the event of a claim.
- (j) "**Environmental and Impairment Liability Insurance**" is defined as a specialized insurance policy that covers liability and cleanup costs associated with discharge of "Materials" (as defined in **Section 15**). It provides broader coverage than the general liability policy by covering gradual as well as sudden and accidental releases.
- (k) **If applicable, Workers' Compensation and Employer's Liability Insurance** shall be provided to apply for all employees in compliance with the "Workers' Compensation Law" of the State of

Arkansas and all applicable Federal laws. In addition, the policy(ies) must include Employers' Liability with a limit of One Hundred Thousand Dollars (\$100,000) each accident.

- (l) Lessee shall furnish to Lessor, Certificates of Insurance evidencing the insurance coverages specified by this **Section 10** prior to the commencement of this Agreement.
- (m) Coverage is not to cease and is to remain in full force (subject to cancellation notice) throughout the Term of this Agreement and until all performance required hereunder is completed. All policies must be endorsed to provide Lessor with at least thirty (30) calendar days' prior written notice of expiration, cancellation and/or restriction. If any of the insurance coverages will expire prior to the expiration or termination of this Agreement, copies of renewal certificates shall be furnished at least thirty (30) calendar days prior to the date of their expiration. Any insurance coverage that is written on a "claims made" basis must remain in force for two (2) years after the expiration or termination of this Agreement. Comprehensive General and Commercial General Liability Insurance shall be written on an "occurrence" basis and shall not be written on a "claims made" basis.
- (n) The aforesaid minimum limits of insurance shall be reviewed from time to time by Lessor and may be adjusted if Lessor determines that such adjustments protect Lessor's interest. When such policies or certificates have been delivered by Lessee to Lessor as aforesaid and at any time or times thereafter, Lessor may notify Lessee, in writing, that the insurance represented thereby does not conform to the provisions of this **Section 10** either because of the amount or because of the insurance company or for any other reason, and Lessee shall have fifteen (15) calendar days in which to cure any such defect.
- (o) **Subrogation.** Notwithstanding anything to the contrary herein, Lessee waives any right of recovery against Lessor for any loss or damage to the extent the same is required to be covered by Lessee's insurance hereunder. Lessee shall obtain from its insurers a waiver of any subrogation the insurer may have against Lessor in connection with any loss or damage covered by Lessee's insurance.
- (p) The certificate holder address shall read "Texarkana Regional Airport Authority, 201 Airport Drive, Texarkana, Arkansas 71854," as may be amended or changed.
- (q) Compliance with the foregoing requirements shall not relieve Lessee of its liability and obligations under any other provision of this Agreement.
- (r) If, at any time, Lessee shall fail to obtain the insurance as required herein, Lessee will be deemed in default and, at its sole option, Lessor may terminate this Agreement upon thirty (30) days written notice.
- (s) Lessor shall not be liable to Lessee for any injury or damage to Lessee or Lessee's property from any cause except if caused by Lessor's or Lessor's Associates' negligence. Lessee waives all claims against Lessor for damage to persons or property arising from any reason.

#### **SECTION 11. DAMAGE TO OR DESTRUCTION OF PREMISES**

- (a) **Removal of Debris.** If the Premises or any part thereof shall be damaged by fire, the elements, or other casualty, Lessee shall promptly remove all debris resulting from such damage from the Premises, and Lessee shall promptly take such actions and cause such repairs to be made to the Premises as will place the Premises in a neat and orderly condition and as are necessary for the safety of persons entering upon the Premises. To the extent, if any, that such measures are covered by any insurance obtained by Lessee, the proceeds thereof shall be made available to Lessee for such

purpose. If Lessee shall fail to promptly comply with the provisions hereof, then Lessor may take such measures as it deems necessary to render the Premises in a neat, orderly, and safe condition, and Lessee shall be responsible for any costs expended by Lessor in connection therewith and the proceeds of any insurance covering the Premises shall be adjusted with and paid to Lessor.

- (b) **Minor Damage.** If the Premises, or any part thereof shall be damaged by fire, the elements, or other casualty but not rendered untenable or unusable, then there shall be no abatement of rent and the Premises shall be repaired with due diligence in accordance with the plans and specifications for the Premises as they existed prior to such damage, or in accordance with new plans approved by Lessor pursuant to **Section 8**, hereof, by and at the expense of Lessee and, if such damage is covered by insurance, the proceeds thereof shall be made available to Lessee for that purpose.
- (c) **Major Damage to or Destruction of the Premises.** If the Premises or any part thereof shall be destroyed or so damaged by fire, the elements or other casualty as to render the Premises untenable or unusable, then:
1. Lessee shall have an option to make the necessary repairs or replacements for the restoration thereof in accordance with the plans and specifications as the same existed prior to such damage or destruction, provided that Lessee within forty-five (45) calendar days after the occurrence of such damage or destruction notifies Lessor in writing that it elects to exercise its option to make the necessary repairs or replacements. If Lessee elects to make such repairs or replacements it shall do so with reasonable dispatch and, if such destruction or damage was covered by insurance, the proceeds thereof shall be adjusted with and paid to Lessee.
  2. If Lessee fails to notify Lessor in writing of its intention to make the necessary repairs or replacements within the forty-five (45) day period provided in subparagraph (1), above, or if within said forty-five (45) day period Lessee notifies Lessor in writing that it does not elect to make such repairs or replacements, then Lessor may at its election make such repairs and replacements, provided that Lessor notifies Lessee of its election to do so within thirty (30) calendar days following the expiration of said forty-five (45) day period. If Lessor elects to make such repairs or replacements, it shall do so with reasonable dispatch, and Lessee shall be responsible for any costs expended by Lessor in connection therewith and the proceeds of any insurance covering the Premises shall be adjusted with and paid to Lessor.
  3. In the event that restoration is made pursuant to either subparagraph (1) or (2), above, the rent shall abate from the date of the damage or destruction until the Premises have been placed in a usable condition. Such abatement shall be made pursuant to **Section 6(p)** hereof. All restoration work shall be made pursuant to plans and specifications that have received the prior approval of Lessor and all such work shall comply with the terms and provisions of this Agreement, including without limitation, **Section 8** hereof.
  4. In the event that neither of the two parties elects to make such repairs and replacements, then this Agreement shall terminate upon the earlier of: (i) the expiration of seventy-five (75) calendar days from the occurrence of such destruction or damage or (ii) the date established by written notice by Lessor to Lessee; and in any such event, the proceeds of insurance applicable to the damage or destruction (other than the proceeds applicable to Lessor's costs of debris removal and removal of damaged improvements) shall be distributed between Lessee and Lessor as their interest may appear. The interest of Lessee shall not exceed the unamortized value of the improvements existing on the Premises as of the date immediately preceding the date of the casualty (excepting any Lessor-owned improvements for which rent has been paid



by Lessee, if any, which shall be excluded from the calculation) then depreciated over the Term of the Agreement. In such event, the payment of rentals shall terminate as of the date of the damage or destruction.

## **SECTION 12. TERMINATION OF AGREEMENT- ASSIGNMENT AND TRANSFER**

- (a) This Agreement shall terminate at the end of the full term hereof, and any extensions thereto, as set forth in **Section 3** of this Agreement, and Lessee shall have no further right or interest herein.
- (b) Lessor may terminate this Agreement by giving Lessee thirty (30) days advance written notice, to be served as hereinafter provided, upon the happening of any one of the following events:
  - 1. The filing by Lessee of a voluntary petition for bankruptcy.
  - 2. The institution of proceedings in bankruptcy against Lessee and adjudication of Lessee as a bankrupt pursuant to said proceedings.
  - 3. The taking by a court of competent jurisdiction of Lessee and its assets pursuant to proceedings brought under the provision of any Federal reorganization act.
  - 4. The appointment of a receiver of Lessee's assets.
  - 5. The divestiture of Lessee's estate herein by operation of law.
  - 6. The abandonment by Lessee of its conduct of operation upon the Premises.
  - 7. The conduct of any operation or performance of any acts not specifically authorized herein.
  - 8. Default in the performance of any of the terms, covenants and conditions required herein (except rental payment) to be kept and performed by Lessee and such default continues for a period of thirty (30) days from the date of written notice from Lessor to cure said default; provided however that: (i) if, in the judgement of Lessor, the nature of the default is such that it cannot be cured in a period of thirty (30) days from the date of said default; (ii) Lessee commences good faith efforts to cure such default immediately upon receipt of such notice; (iii) such efforts are diligently prosecuted to completion to Lessor's satisfaction, then it shall be deemed that no default shall have occurred under the provisions of this subparagraph 8.

In any of the aforesaid events, termination shall be effective upon the date specified in Lessor's written notice to Lessee, and, upon said date, Lessee shall be deemed to have no further rights hereunder and Lessor may take immediate possession of the Premises and remove Lessee's effects, by forcible eviction, if necessary, without being deemed guilty of trespassing.

- (c) If Lessee fails to pay the whole or any part of the rent, charges or fees due hereunder for a period of thirty (30) days after such payments become due, and continues to fail to pay said amounts in full within ten (10) days from Lessor's transmittal to Lessee of a written Past Due Statement therefore, Lessor may, at its option, immediately cancel this Agreement, by written notice thereof, and may enter upon the Premises (or any part thereof) and repossess the same from Lessee and this Agreement shall be considered terminated, whether or not such entry is actually made.

- (d) Lessee may terminate this Agreement at any time that Lessee is not in default of its payments to Lessor hereunder, by giving Lessor sixty (60) calendar days advance written notice to be served as hereafter provided, upon or after the happening of any one of the following events:
1. Issuance by any court of competent jurisdiction of an injunction in anyway preventing or restraining the use of the Airport or any part thereof for airport purposes, and the remaining in force of such injunction for a period of at least ninety (90) days.
  2. The default by Lessor in the performance of any covenant or agreement herein required to be performed by Lessor and the failure of Lessor to remedy such default for a period of sixty (60) calendar days after receipt from Lessee of written notice to remedy same; provided, however, that no notice of termination, as provided herein, shall be of any force or effect if Lessor shall have remedied the default prior to receipt of Lessee's notice of termination.
  3. The lawful assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Airport and facilities, or any substantial part or parts thereof, in such a manner as to substantially restrict Lessee, for a period of at least sixty (60) days, from operating thereon.
- (e) Upon expiration or any sooner termination or cancellation of this Agreement, Lessor may require Lessee to remove any improvements erected, installed or constructed by Lessee except for buildings and other substantial improvements to the Premises. Such removal, if required of Lessee, shall be at Lessee's expense. Notice of such removal will be given to Lessee prior to termination of this Agreement and completion of the removal will be within a reasonable time period determined by Lessor. Notwithstanding the foregoing, upon expiration or any sooner termination or cancellation of this Agreement, title to all structures, improvements, facilities or alterations erected, installed or constructed by Lessee which are not required by Lessor to be removed shall automatically vest in Lessor without any further act on the part of either party. If this Agreement is canceled by Lessee pursuant to **Section 12(d)** hereof, or if this Agreement is otherwise canceled by Lessor before expiration of the term pursuant to other provisions of this Agreement and without cause against Lessee, Lessor shall be required to provide a suitable Airport lease site and reimbursement for replacement improvements constructed on the Premises by Lessee in accordance with the provisions of this Agreement.
- (f) Lessee is granted the right, upon any termination of this Agreement, to remove its Trade Fixtures (as defined below); provided, however, in the event that the Premises are damaged by reason of, or in the course of, the removal of Lessee's Trade Fixtures, Lessee, at its cost, shall promptly repair any and all such damage and restore the Premises to the same condition as prior to installation or to a condition approved by Lessor. The failure to remove its Trade Fixtures shall not constitute a holdover, but all such property not removed within ten (10) days after any termination of this Agreement shall be deemed abandoned and thereupon shall become the property of Lessor. "Trade Fixtures" as herein defined, shall include, but are not limited to, personal property, signs used to identify Lessee's operation in and about the Premises, and all machinery and equipment installed in or placed on or about the Premises and used in connection with Lessee's operation.
- (g) Lessee shall not, in any manner, assign, transfer, mortgage, pledge, encumber or otherwise convey an interest in this Agreement, nor sublet the Premises or any part thereof, without the prior written consent of Lessor and unless the assignee or sub-lessee is qualified by Lessor to do business at the Airport pursuant to such nondiscriminatory standards as may be established by Lessor, including without limitation that such proposed assignee or sub-lessee have and be able to demonstrate

substantial and profitable experience in the same or directly related operation as Lessee and have and be able to demonstrate on the proposed date of such assignment or sublease a net worth equal to or greater than that of Lessee on the date hereof. Lessee shall submit a written request for consent by Lessor at least sixty (60) calendar days prior to the commencement of the proposed assignment or sublease (unless waived by Lessor), including a detailed statement of the assignee's or sub-lessee's proposed activity with a copy of the proposed assignment or sublease. Lessor may deny consent if Lessor determines the assignment or sublease is not in its best interest; if Lessee has been declared in default of any of the terms, covenants, and conditions of this Agreement; if the proposed assignment or sublease is not permitted under this Agreement; or for other valid reasons. Subject to Lessor's written consent as aforesaid, Lessee shall have the right to assign or sublease the Premises only for the same purpose permitted under this Agreement, any such assignment or sublease shall be subject to the same conditions, obligations and terms as set forth herein, and Lessee shall be responsible for the observance by its assignor or sub-lessee of the terms and covenants contained in this Agreement.

### SECTION 13. GOVERNMENTAL CONDITIONS

- (a) Lessor covenants that it will operate and maintain the Airport as a public airport consistent with and pursuant to the Sponsor's Assurances given by Lessor to the United States Government under the Airport and Airway Improvement Act of 1982, as the same may be amended from time to time.
- (b) Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- (c) Lessor reserves the right but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport together with the right to direct and control all activities of Lessee in this regard.
- (d) Lessor reserves unto itself, its successors, and assigns, for the use and benefit of the public, the right of flight for the passage of aircraft in the airspace above the surface of the Premises. This right of flight shall include the right to cause in said airspace such noise as may be inherent in the operation of any aircraft now known or hereafter used for navigation or flight through the said airspace for landing at, taking off from or operating on the Airport.
- (e) It is understood and agreed that nothing contained in this Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the **Federal Aviation Act of 1958 (49 U.S.C. 1349a)**, as the same may be amended from time to time.
- (f) This Agreement shall be subject and subordinate to the provisions of all laws and regulations and of any existing or future agreement between Lessor and the United States of America, or any agency thereof, relative to the operation or maintenance of the Airport. Lessor shall, to the extent permitted by law, use its best efforts to cause any such agreements to include provisions protecting and preserving the rights of Lessee in and to the Premises, and to compensation from the United States of America for taking thereof, interference therewith, and damage thereto, caused by such agreement or by actions of Lessor or the United States of America pursuant thereto.
- (g) During the time of war or national emergency, Lessor shall have the right to lease the landing area or any part thereof to the United States Government for military use and, if such lease is executed, the applicable provisions of this Agreement, insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

(h) Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree to the following, as a covenant running with the land:

1. Subordination of Agreement - This Agreement and all provisions set forth herein are and shall be subject and subordinate to the terms, covenants, and conditions of any instruments and documents under which Lessor acquired the land or improvements thereto, of which the Premises are a part, and shall be given only such effect as will not conflict with or be inconsistent with such terms, covenants, and conditions. It is further understood and agreed by Lessee that this Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States of America, or any of its agencies, relative to the development, operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Airport.
2. Compliance with Title 49 - In the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended (49 CFR Part 21).
3. Compliance with Title VI of Civil Rights Act of 1964 - No person, on the grounds of race, color, creed, sex, age, national origin or handicap, shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities. In the construction of any improvements on, over or under the land and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of or otherwise be subject to discrimination on the grounds of race, color, creed, sex, age, national origin or handicap; Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21.
4. Breach of Nondiscrimination Covenants - In the event of breach of any of the above nondiscrimination covenants described in Paragraphs 2 and 3 above, Lessor shall have the right to terminate this Agreement and to re-enter and repossess said land and the facilities thereon and hold the same as if this Agreement had never been made or issued; provided, however that Lessee allegedly in breach shall have the right to contest said alleged breach under applicable FAA procedures, and any sanctions under or termination of this Agreement shall be withheld pending completion of such procedures.
5. Nondiscriminatory Pricing - Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers. Noncompliance with this paragraph and failure to substantially remedy such noncompliance within a reasonable period of time shall constitute a material breach hereof; and, in the event of such noncompliance, Lessor shall have the right to

terminate this Agreement without liability therefor or, at the election of Lessor or the United States Government, either or both shall have the right to judicially enforce this paragraph.

6. Inclusion of Provisions in Lessee's Agreements - Lessee agrees that it shall insert the provisions of Paragraphs 2 through 5 of this **Section 13**, inclusive, in any agreement by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises. Upon request by Lessor, Lessee shall provide all agreements by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises available for the review of Lessor to allow Lessor to ascertain compliance with such requirements prescribed by this **Section 13(h)6**.
7. Disadvantaged Business Enterprise Program - Lessee shall, as applicable to its operation, abide and be bound by 49 CFR Part 23, Participation by Disadvantaged Business Enterprise in Department of Transportation Programs.
8. Affirmative Action Plan - Lessee shall, as applicable to its operation, abide by and be bound by 14 CFR Part 152, Subpart E, as may be amended from time to time, to ensure that no person shall, on the grounds of race, creed, color, national origin or sex, be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures, as applicable to its operation, that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by said Subpart. Lessee assures that it will require, as applicable to its operation, that its covered sub-organizations provide assurances to Lessee and Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
  - (i) This Agreement is subject to any applicable review by the FAA or any Federal agency having regulatory jurisdiction, to determine satisfactory compliance with Federal law, as applicable to Lessee's operation, and said Agreement shall be in full force and effect and binding upon both parties pending such review and approval by the FAA or other Federal regulatory agency, as applicable; provided, however, that upon such review, all parties hereto agree to modify any of the terms hereof which may be determined to be in violation of or contrary to existing laws, regulations, assurances or other requirements.
  - (j) It is anticipated that changes will come from regulatory agencies having jurisdiction over the Airport or Lessor in the form of regulatory changes. It is Lessee's responsibility to obtain all Notices of Proposed Rule Making directly from such agencies. Where possible, Lessor may provide notice of proposed changes, but nothing contained herein shall render this provision unenforceable by virtue of Lessee not receiving notice of proposed changes.
  - (k) In the event a United States governmental agency shall demand and take over the entire facilities of the Airport, or that portion of the Airport containing the Premises, for public purposes, then and in that event Lessor shall be released and fully discharged from any and all liability hereunder and this Agreement shall thereupon terminate.
  - (l) Lessee certifies, to the best of its knowledge and belief, that:
    1. No Federally appropriated funds have been paid or will be paid by or on behalf of Lessee, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a

member, officer or employee of Congress, or an employee or member of Congress in connection with the award of any Federal contract, in making any Federal grant or Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a member, officer or employee of Congress, or an employee or member of Congress in connection with any contract, grant, loan or cooperative agreement relating to this Agreement, Lessee shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.
3. Lessee shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants and contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

(m) Lessee, by execution of this Agreement, certifies that it:

1. It is not owned or controlled by one or more citizens or nationals of a foreign country included in the list of countries that discriminate against U.S. firms published by the Office of the United States Trade Representative (USTR);
2. It has not knowingly entered into any contract or subcontract for this project with a contractor that is a citizen or national of a foreign country on said list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on said list; and
3. It has not procured any product or subcontracted for the supply of any product for use on the project that is produced in a foreign country on said list.

Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no contract shall be awarded to any party hereunder that is unable to certify to the above. If Lessee knowingly procures or subcontracts for the supply of any product or service of a foreign country on said list for use of the project, the FAA may direct, through Lessor, cancellation of such contract at no cost to the Government.

Further, Lessee agrees that it will incorporate this provision, as it pertains to the Premises, for certification without modification in each contract and in all lower tier subcontracts. Lessee may rely upon the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous. Lessee shall provide immediate written notice to Lessor if it learns that a prospective contractor's certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. The subcontractor agrees to provide immediate written notice to Lessee, if at any time it learns that its certification was erroneous by reason of changed circumstances.

This certification is a material representation of fact upon which reliance was placed when making the award. If it is later determined that Lessee or any subcontractor knowingly rendered an erroneous certification, the FAA may direct, through Lessor, cancellation of the contract or subcontract for default at no cost to the Government.

Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of a Lessee is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

#### **SECTION 14. AIRPORT SECURITY PROGRAM**

- (a) Lessee agrees to observe all security requirements and other requirements implemented by Federal Aviation Regulations applicable to Lessee, including without limitation, all regulations of the United States Department of Transportation, the Federal Aviation Administration and the Transportation Security Administration, and Lessee agrees to comply with Lessor's Airport Security Program (including without limitation the access to the Air Operations Area ("AOA"), and any amendments thereto, and to comply with such other rules and regulations as may be reasonably prescribed by Lessor and to take such steps as may be necessary or directed by Lessor to insure that Lessee's Associates observe these requirements. If required by Lessor, Lessee shall conduct background checks of its employees in accordance with applicable Federal Regulations. If as a result of the acts or omissions of Lessee and/or Lessee's Associates, Lessor incurs any fines and/or penalties imposed by any governmental agency, including without limitation, the United States Department of Transportation, the Federal Aviation Administration or the Transportation Security Administration, or any expense in enforcing any Federal regulations, including without limitation, airport security regulations, or the rules or regulations of Lessor, and/or any expense in enforcing Lessor's Airport Security Program, then Lessee agrees to pay and/or reimburse to Lessor all such costs and expenses, including all costs of administrative proceedings, court costs, and attorneys' fees and all costs incurred by Lessor in enforcing this provision. Lessee further agrees to promptly rectify any security deficiency or other deficiency as may be determined as such by Lessor or the United States Department of Transportation, Federal Aviation Administration, the Transportation Security Administration, or any other Federal agency with jurisdiction. In the event Lessee fails to promptly remedy any such deficiency, Lessor may do so at the sole cost and expense of Lessee. Lessor reserves the right to take whatever action is necessary to rectify any security deficiency or other deficiency.

- 1. Access to Security Identification Display Areas and Access Credentials.** Lessee shall be responsible for requesting Lessor to issue a security identification badge ("access credentials") to Lessee and all of Lessee's Associates who are authorized access to the Security Identification Display Areas ("SIDA") on the Airport. In addition, Lessee shall be responsible for the immediate reporting of all lost or stolen access credentials and the immediate return of the access credentials of Lessee's Associates transferred from the Airport, or terminated from the employ of Lessee, or upon termination of this Agreement. Before access credentials are issued to Lessee and any Associate of Lessee, Lessee and any Associate of Lessee shall comply with the requirements of applicable Federal regulations with regard to fingerprinting for criminal history record checks and security threat assessments and shall require that Lessee and each Associate of Lessee complete SIDA or security awareness training programs conducted by Lessor. Lessee shall pay or cause to be paid to Lessor such charges as may be established from time to time for lost or stolen access credentials and those not returned to Lessor in accordance with these provisions. Lessor shall have the right to require Lessee to conduct background investigations and to furnish certain data on Lessee's Associates before the issuance of access credentials, which data may include the fingerprinting of employee applicants for such credentials. Lessee agrees that Airport access

credentials are the property of Lessor and may be suspended or revoked by Lessor in its sole discretion at any time, for failure to obey the rules and regulations set forth by the FAA, TSA and Lessor's rules and regulations. Lessee must be the signatory holder for all access credentials issued to Lessee and all of Lessee's Associates in connection with this Agreement. Lessee must sign for and dispense all access credentials to Lessee's Associates and will assume full responsibility for all lost or stolen access credentials and the immediate return of the access credentials to Lessor for any reason.

2. **Security Fence.** Lessee agrees to construct, relocate, replace, or maintain, at its own expense, and in accordance with any FAA and TSA standards, security fencing between the Premises and the Airport and any other fencing damaged or removed by Lessee in locations to be determined by Lessor. At all times before, during and after construction, Lessee must maintain fencing and other Airport security measures, in accordance with FAA and TSA standards, as determined by Lessor so as not to jeopardize Airport safety or security. Lessee must always maintain a secure fencing perimeter, protecting the Airport Operations Area, all times before, during and after construction, to the satisfaction of Lessor, FAA, and TSA.
3. **Operation of Vehicles on the AOA.** If the Premises has access to the AOA, then before Lessee shall permit any employee to operate a motor vehicle of any kind or type on the AOA (and unless escorted by a Lessor approved escort), Lessee shall ensure that all such vehicle operators possess current, valid, and appropriate driver's licenses. Lessee agrees that Lessee's AOA vehicle access may be suspended or revoked by Lessor in its sole discretion at any time, for failure to observe all security requirements and other requirements of the Federal Aviation Regulations applicable to Lessee, including without limitation, all regulations of the United States Department of Transportation, the FAA and the TSA. Lessee will be issued a vehicle hangtag for vehicular access to the Premises, which may be revoked at any time at the sole and absolute discretion of Lessor. Issuance of hangtags is at the sole and absolute discretion of the Airport Operations Manager, including the number or amount issued. Lessee must always display their vehicle hangtag plainly visible from the exterior of the vehicle while in or around the Premises. Failure of Lessee to properly display their vehicle hangtag may result in suspension and revocation of their vehicle hangtag. Only vehicles that have received a vehicle hangtag from Lessor will be allowed in or around the Premises.
4. **Consent to Search/Inspection.** Lessee agrees that its vehicles, cargo, goods and other personal property are subject to being inspected and searched when attempting to enter or leave and while on the AOA. Lessee acknowledges and understands that the foregoing requirements are for the protection of users of the Airport and are intended to reduce incidents of cargo tampering, aircraft sabotage, thefts and other unlawful activities at the Airport. For this reason, Lessee agrees that persons not executing such consent-to-search/inspection form shall not be employed by Lessee at the Airport in any position requiring access to the AOA or allowed entry to the AOA by Lessee or any of Lessee's Associates.
5. **Escorting Requirements.** Unless necessary for Lessee's use, occupancy, or operations at the Premises or the Airport, Lessee and/or any of Lessee's Associates shall not allow an individual without access credentials into the SIDA area of the Airport, including those that have access credentials but do not have them properly displayed. If, however, Lessee and/or Lessee's Associates with access credentials require the need to escort an individual without access credentials into the SIDA area of the Airport for Lessee's use, occupancy, or operations at the Premises or the Airport, they must have escort privileges and must always remain with that individual while inside the SIDA area. Lessee and/or Lessee's Associates, having escort



privileges, must always provide the initial ingress and egress of the SIDA area of the Airport for an individual without access credentials that they are escorting. Failure to comply with these requirements may subject Lessee to penalties and/or fines assessed by the TSA and termination of this Agreement.

- (b) The provisions hereof shall survive the expiration or any other termination of this Agreement.

**SECTION 15. ENVIRONMENTAL COMPLIANCE; ENVIRONMENTAL CONTAINMENT AND REMOVAL**

- (a) Lessee acknowledges and agrees that Lessor makes no representations or warranties whatsoever as to whether any pollutant, or hydrocarbon contamination, hazardous materials, or other contaminants or regulated materials (collectively, "Materials") exist on or in the Premises or the improvements in violation of any Federal, State, and Municipal law, rule or regulation or in violation of any order or directive of any Federal, State, and Municipal court or entity with jurisdiction of such matter. It shall be the responsibility of Lessee to make sufficient inspection of the Premises and the improvements to satisfy itself as to the presence or absence of any such Materials.
- (b) Lessee shall provide Lessor, if requested at any time, with a list of all hazardous, bio-hazardous, or other Materials stored, used, generated, or disposed of on the Premises. Lessee shall complete the form attached hereto as **Exhibit E** with respect to matters pertaining to the Premises and shall deliver same to Lessor contemporaneously with its execution of this Agreement. Lessee represents that the matters disclosed on such form will be accurate and complete as of the date of execution of this Agreement. At the request of Lessor (not more than once a year) Lessee shall provide an accurate and complete update with respect to the Premises as to the matters set forth on **Exhibit E**.
- (c) Lessee agrees to comply with all existing and future Federal, State, and Municipal environmental laws, ordinances and regulations, and the requirements of any Development Order covering the Airport, issued to Lessor, pursuant to Arkansas Statutes, including without limitation those addressing the following:
1. Proper use, storage, treatment, and disposal of Materials, including contracting with a licensed hazardous waste transporter and/or treatment and disposal facility to assure proper transport and disposal of hazardous waste and other regulated Materials.
  2. Proper use, disposal, and treatment of storm water runoff, including the construction and installation of adequate pre-treatment devices or mechanisms on the Premises, if applicable. Lessee shall have in place, and make available to Lessor for review, all required environmental licenses and documents including, but not limited to, site specific Stormwater Pollution Prevention Plan and Spill Prevention, Control, and Countermeasure Plan.
  3. Adequate inspection, licensing, insurance, and registration of existing and future storage tanks, storage systems, and ancillary facilities to meet all Federal, State, and Municipal standards, including the installation and operation of adequate monitoring devices and leak detection systems.
  4. Adequate facilities on the Premises for management and, as necessary, pretreatment of industrial waste, industrial wastewater, and regulated Materials and the proper disposal thereof.

5. Compliance with reporting requirements of Title III of the Superfund Amendment, as applicable and as such laws may be amended from time to time.

- (d) The release of any Materials at the Premises caused by Lessee, and/or Lessee's Associates, or by any invitee or trespasser on the Premises, or the release of any Materials on any other Airport property caused by Lessee, and/or Lessee's Associates, that is in an amount that is in violation of any Federal, State, and Municipal law, rule or regulation or in violation of an order or directive of any Federal, State, and Municipal court or governmental authority, whether committed prior to or subsequent to the date of execution of this Agreement, shall be, at Lessee's expense, and upon demand of Lessor or any of its agencies or any Federal, State, and Municipal regulatory agency, immediately contained or removed to meet the requirements of applicable environmental laws, rules and regulations. If Lessee does not take action immediately to have such Materials contained, removed and abated, Lessor or any of its agencies may upon reasonable notice to Lessee (which notice shall be written unless an emergency condition exists) undertake the removal of the Materials; however, any such action by Lessor or any of its agencies shall not relieve Lessee of its obligations under this or any other provision of this Agreement or as imposed by law. No action taken by either Lessee or Lessor to contain or remove Materials, or to abate a release, whether such action is taken voluntarily or not, shall be construed as an admission of liability as to the source of or the person who caused the pollution or its release. As used in this Agreement, "Lessee's operations" and "Lessee's actions" and words of similar import, shall include all actions and inaction by Lessee, and/or Lessee's Associates.
- (e) Lessee shall provide Lessor with notice of releases of Materials occurring at any area used by Lessee or occasioned due to Lessee's operations at the Airport, which notices shall be provided in accordance with the requirements of Lessor's policies and procedures manual. Lessee shall maintain a log of all such notices and shall also maintain all records required by Federal, State, and Municipal laws, rules and regulations and also such records as are reasonably necessary to adequately assess environmental compliance in accordance with applicable laws, rules and regulations. Upon request by Lessor, Lessee shall make all documentation required by this subparagraph available for the review of Lessor representatives.
- (f) As required by law, Lessee shall provide the Federal, State, and Municipal regulatory agencies with notice of spills, releases, leaks or discharges (collectively, "release") of Materials on the Premises or on the Airport property which exceeds an amount required to be reported to any Federal, State, and Municipal regulatory agency under applicable environmental laws, rules and regulations, which notice shall be in accordance with applicable environmental laws, rules and regulations. Lessee shall further provide Lessor with written notice within one (1) business day following commencement of same, of the curative measures, remediation efforts and/or monitoring activities to be effected on the Premises. Lessee shall have an updated contingency plan in effect relating to such releases which provide minimum standards and procedures for storage of regulated Materials and other Materials, prevention and containment of spills and releases, and transfer and disposal of regulated Materials and other Materials. The contingency plan shall describe design features, response actions and procedures to be followed in case of releases or other accidents involving hazardous Materials, bio-hazardous Materials or petroleum products or other Materials. Lessee agrees to permit entry at all reasonable times, of inspectors of Lessor and of other regulatory authorities with jurisdiction.
- (g) Lessor, upon reasonable written notice to Lessee, shall have the right to inspect all documents relating to the environmental condition of the Premises, including without limitation, any release of Materials at the Premises, or any curative, remediation, or monitoring efforts, and any documents required to be maintained under applicable environmental laws, rules and regulations or any development order issued to Lessor pertaining to the Airport, pursuant to Arkansas Statutes, including, but not limited to,

manifests evidencing proper transportation and disposal of Materials, environmental site assessments, and sampling and test results. If requested at any time by Lessor, Lessee shall provide Lessor with copies of any such documents. Lessee agrees to allow inspection of the Premises by appropriate Federal, State, and Municipal agency personnel in accordance with applicable environmental laws, rules and regulations and as required by any development order issued to Lessor pertaining to the Airport, pursuant to Arkansas Statutes.

- (h) If Lessor arranges for the removal of any Materials on the Premises that were caused by Lessee, and/or Lessee's Associates, all costs of such removal incurred by Lessor shall be paid by Lessee to Lessor within ten (10) calendar days of Lessor's written demand, with interest at the maximum rate permissible under Arkansas State Law thereafter accruing.
- (i) Lessee shall not be liable for the release of any Materials caused by anyone other than Lessee, and/or Lessee's Associates. Nothing herein shall relieve Lessee of its general duty to cooperate with Lessor in ascertaining the source and containing, removing, and abating any Materials. Lessor shall cooperate with Lessee with respect to Lessee's obligations pursuant to these provisions, including making public records available to Lessee in accordance with Arkansas law; provided, however, nothing herein shall be deemed to relieve Lessee of its obligations hereunder or to create any affirmative duty of Lessor to abrogate its sovereign right to exercise its police powers and governmental powers by approving or disapproving or taking any other action in accordance with Lessor codes, ordinances, rules and regulations, Federal laws and regulations, State, and Municipal laws and regulations, development orders and grant agreements. Lessor and its employees, contractors, and agents, upon reasonable written notice to Lessee, and the Federal, State, and Municipal agencies, and their employees, contractors, and agents, at times in accordance with applicable laws, rules, and regulations, shall have the right to enter the Premises for the purposes of the foregoing activities and conducting such environmental assessments (testing or sampling), inspections and audits as it deems appropriate.
- (j) Lessee hereby agrees that upon any assignment of this Agreement, and at any time during the Term of this Agreement, and at any time during the year following any termination of this Agreement, Lessor shall have the right to require Lessee to conduct a facility inspection of the Premises, at Lessee's expense. If documentation warrants, Lessor shall have the right to require Lessee to conduct a further assessment of the Premises at Lessee's expense which may include, but shall not be limited to, soil and water samples.
- (k) If any assessment or inspection indicates that further actions should be conducted, then Lessor shall have the right to have such further actions conducted at Lessee's expense. Nothing herein shall be construed to limit Lessor's right of entry onto the Premises pursuant to other provisions of this section or of this Agreement, or pursuant to its regulatory powers. Lessee shall have the right to split any soil or water samples obtained by Lessor. Lessee shall reimburse to Lessor the cost of such assessments and inspections as are chargeable to Lessee pursuant hereto, within ten (10) calendar days following written demand therefor, with maximum interest rate permissible under Arkansas State Law thereafter accruing.
- (l) In the event Lessor shall arrange for the removal of Materials on the Premises that are not the responsibility of Lessee to correct, and if any such clean-up activities by Lessor shall prevent Lessee from using the Premises for the purposes intended, the rent shall be abated in accordance with **Section 6(p)**, hereof, from the date that the use of the Premises for its intended purposes is precluded and until the Premises again becomes available for Lessee's use. Lessor shall use reasonable efforts to

not disrupt Lessee's operation, however, in no event shall Lessee be entitled to any amount on account of lost profits, lost rentals or other damages as a result of Lessor's clean-up activities.

- (m) The provisions of this section shall survive the expiration or other termination of this Agreement.

**SECTION 16. NOTICES**

Except as herein otherwise expressly provided, all notices required to be given to Lessor and/or Lessee hereunder shall be in writing and shall be sent by overnight courier, express mail or certified mail, return receipt requested, addressed to:

**FOR LESSEE**  
Flight Solutions, LLC  
Attn: Mr. David J. Potter II  
210 North State Line, Suite 507  
Texarkana, AR 71854

**FOR LESSOR**  
Texarkana Regional Airport  
Attn: Executive Director  
201 Airport Drive  
Texarkana, AR 71854

**WITH A COPY TO:**  
Airport Real Estate Manager  
201 Airport Drive  
Texarkana, AR 71854

Notices as provided in this **Section 16** shall be deemed received five (5) business days after placed in the mail. The parties, or either of them, may designate in writing from time to time any changes in address or addresses of substitute or supplementary persons in connection with said notices.

**SECTION 17. CONDEMNATION**

- (a) If the entire Premises are taken for any public or quasi-public use under any government law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, this Agreement will terminate on the date the title to the Premises vests in taking condemning Lessor. Rent will be prorated to the date of termination.
- (b) If a portion of the Premises (or all reasonable access to the adjacent roadways from the then-existing or comparable curb cut locations) shall be taken for any public or quasi-public use under any government law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, by right of eminent domain, Lessee shall have the option to terminate this Agreement by providing an advance written notice to Lessor, no later than ninety (90) days after entry of the order of condemning, specifying the date on which the Agreement will terminate, which date shall be the last day of any calendar month that falls within the period for giving Lessee's notice of its election to terminate. Rent will be prorated to the date of termination.
- (c) If Lessee does not elect to exercise this option, then: (i) Lessee will be entitled to participate in the award of the taking; (ii) Lessee shall restore and reconstruct the improvements thereon, provided such

restoration and reconstruction shall make the same reasonably tenantable and suitable for the uses for which the Premises are leased; and (iii) this Agreement shall continue in full force and effect except that the rent payable hereunder shall be equitably adjusted.

- (d) If this Agreement is terminated by reason of a condemning, any compensation awarded for such taking of the Premises will be equitably apportioned between Lessor and Lessee to reflect the respective values of the encumbered fee and the leasehold interest. The termination of this Agreement shall not reflect the rights of the respective parties to such awards.

#### **SECTION 18. GENERAL PROVISIONS**

- (a) It is understood and agreed that the rights and remedies of Lessor and Lessee specified in this Agreement are not intended to be and shall not be exclusive of one another or exclusive of any common law right of either of the parties hereto.
- (b) Lessor and Lessee shall each be entitled to specific performance and injunctive or other appropriate equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. The specific remedies provided for in this Agreement are cumulative and are not exclusive of any other remedy. The failure of either party to insist in any one or more cases upon strict performance shall not be construed as a waiver or relinquishment for the future. No acceptance of rent with knowledge of any default shall be deemed a waiver of such default.
- (c) No Trustee, officer, employee or other agent or associate of Lessor or Lessee shall be charged personally or held contractually liable by or to the other party under the provisions of or in connection with this Agreement or because of any breach thereof or because of its or their execution or attempted execution.
- (d) Lessee has appointed a local manager, currently, United States Corporation Company as an agent for service of process in Arkansas. Due to any failure on the part of said agent or the inability of said agent to perform, Lessee does designate the Secretary of State, State of Arkansas, its agent for the purpose of service of process in any court action between it and Lessor arising out of or based upon this Agreement, and the service shall be made as provided by the laws of the State of Arkansas for service upon a nonresident. It is further expressly agreed, covenanted, and stipulated that if for any reason service of such process is not possible, and as an alternative method of service of process, Lessee may be personally served with such process out of the State of Arkansas by the registered mailing of such complaint and process to Lessee at the address set forth herein. Any such service out of this State shall constitute valid service upon Lessee as of the date of mailing.
- (e) This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States Government during time of war or national emergency.
- (f) In the event suit or action is instituted to enforce any of the terms, covenants or conditions of this Agreement or litigation concerning the rights and duties of the parties to this Agreement, or to recover any amounts due hereunder, the losing party shall pay to the prevailing party, in addition to the costs and disbursements allowed by statute, such sum as the court may adjudge reasonable as attorney's fees in such suit or action, in both trial court and appellate court.

- (g) Except as herein otherwise expressly provided, whenever the approval of Lessor or its Executive Director, or of Lessee, is required herein, no approval shall be unreasonably requested or withheld.
- (h) In the event any covenant, condition or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Lessee in its respective rights and obligations contained in the valid covenants, conditions and provisions of this Agreement.
- (i) Except as specifically set out in this Agreement, the terms and provisions of this Agreement shall in no way affect or impair the terms, obligations, or conditions of any other agreement between Lessee and Lessor.
- (j) Neither party to this Agreement shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strike, boycotts, labor disputes, embargoes, shortage of material, acts of God, acts of the public enemy, act of superior governmental authority, weather conditions, riots, rebellion or sabotage, or any other circumstances for which it is not responsible, or which is not within its control.
- (k) This Agreement shall be deemed to have been made in and be construed in accordance with the laws of the State of Arkansas.
- (l) No amendment to this Agreement shall be effective except those agreed to in writing and signed by both of the parties to this Agreement.
- (m) The headings of the Sections of this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.
- (n) It is hereby understood and agreed that Lessor in no way purports to be a bailee and is, therefore, not responsible in any way for any damage to the property of others, including, but not limited to, the property of Lessee, Lessee's Associates.
- (o) Lessee agrees to pay, in addition to the monthly rent provided herein, all applicable sums as may be required by law for payment of leasehold or other tenant tax as required, imposed, assessed, or imputed by the state of Arkansas or other tax entity, as such laws now exist or are hereafter amended. Lessee shall present proof of local property taxes paid upon demand from Lessor.
- (p) No waiver of default by either party of any of the terms, covenants, and conditions hereto to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants or conditions herein contained to be performed, kept and observed by the other party.
- (q) Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. The parties shall understand and agree that neither the method of computation of rent, nor any other provision contained here, nor any acts of the parties hereto creates a relationship other than the relationship of Lessor and Lessee.

- (r) The Executive Director shall be designated as the official representative of Lessor in all matters pertaining to this Agreement and shall have the right and authority to act on behalf of Lessor with respect to all action required of Lessor in this Agreement.
- (s) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto, where permitted hereunder.
- (t) No act or event, whether foreseen or unforeseen, shall operate to excuse Lessee from prompt payment of Rent or any other amounts required to be paid under this Agreement. If Lessor or Lessee in connection with obligations other than payment obligations, is delayed or hindered in any performance under this Agreement by a Force Majeure event, such performance shall be excused to the extent so delayed or hindered during the time when such Force Majeure event is in effect, and such performance shall promptly occur or resume thereafter at the expense of the party so delayed or hindered. A Force Majeure event is an act or event whether foreseen or unforeseen, that prevents a Party in whole or in part from performing as provided for in this Agreement, that is beyond the reasonable control of and not the fault of such Party, and that such Party has been unable to avoid or overcome by exercising due diligence, and may include, but is not limited to acts of nature, war, riots, strikes, accidents, fire and changes in the law. Lessee hereby releases Lessor and Lessor's Associates from any and all liability, whether in contract or tort, including strict liability and negligence, for any loss, damage or injury of any nature whatsoever sustained by Lessee or Lessee's Associates during the Term, including but not limited to, loss, damage or injury to the personal property of Lessee or Lessee's Associates that may be located or stored in the Premises due to a Force Majeure event.
- (u) This Agreement consists of: **Sections 1-18**, together with **Exhibits A through G**, attached hereto, constitute the entire agreement of the parties on the subject matter hereof and supersedes all prior agreements between the parties in connection with the Premises. This Agreement may not be changed, modified, discharged, or extended except by written instrument duly executed by the duly authorized representatives of Lessor and Lessee. Lessee agrees that no representations or warranties shall be binding upon Lessor unless expressed in writing in this Agreement or by valid amendment.

**(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)**

IN WITNESS WHEREOF, the parties have made and executed this Agreement on the respective dates under each signature: TEXARKANA REGIONAL AIRPORT AUTHORITY, signing by and through the Executive Director, authorized to execute same by Lessor action on the \_\_\_\_\_ day of \_\_\_\_\_, 2022, and FLIGHT SOLUTIONS, LLC, a private corporation, signing by and through its Manager, duly authorized to execute same.

**AGREEMENT OF LEASE BETWEEN TEXARKANA REGIONAL AIRPORT AUTHORITY**

**AND**

**FLIGHT SOLUTIONS, LLC**  
**(LESSEE)**

**Representative**

**Attest**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**TEXARKANA REGIONAL AIRPORT AUTHORITY**

*Executive Director of Aviation*  
*Texarkana Regional Airport Authority*

Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

*Chair or Vice Chair*  
*Texarkana Regional Airport Authority*

Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM**

*Authority Attorney*  
*Barber Law Firm PLLC*

Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT A**  
**PREMISES**

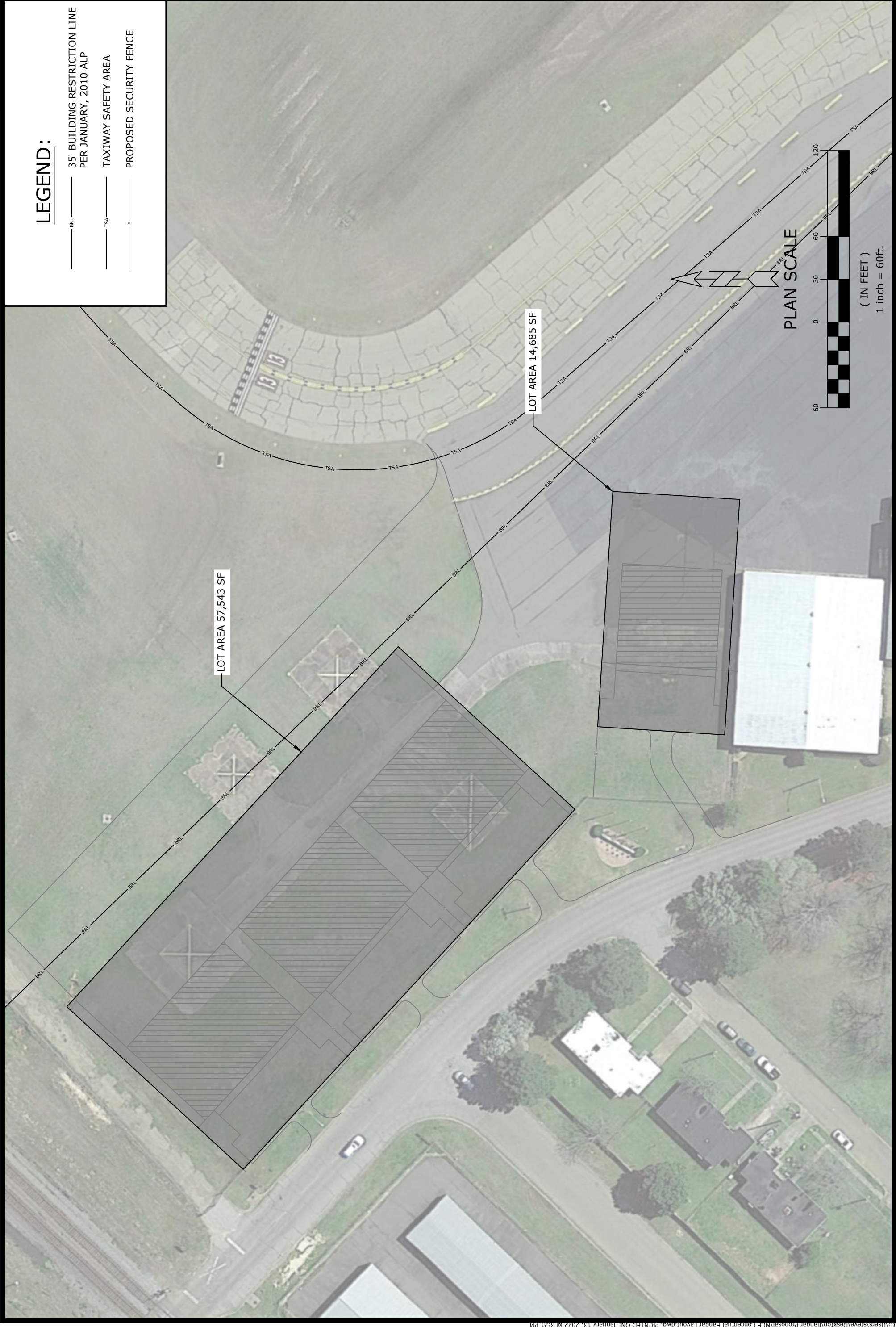
DESIGNED BY:	SM
DRAWN BY:	SM
REVISION:	
DATE:	
JANUARY, 2022	
SCALE:	1" = 60'
JOB NUMBER:	

LOT EXHIBIT

REV	DATE	DESCRIPTION

TEXARKANA REGIONAL AIRPORT (TXK)  
 HANGAR PROPOSAL  
 TEXARKANA, ARKANSAS

**MCE CONSULTING ENGINEERS, INC.**  
 7302 KANIS ROAD  
 LITTLE ROCK, ARKANSAS 72204  
 (501) 371-0272  
[HTTP://WWW.MCE.US.COM](http://www.mce.us.com)



**LEGEND:**

- BRL — 35' BUILDING RESTRICTION LINE PER JANUARY, 2010 ALP
- TSA — TAXIWAY SAFETY AREA
- X — PROPOSED SECURITY FENCE

**EXHIBIT B**  
**PREMISES LOTS**



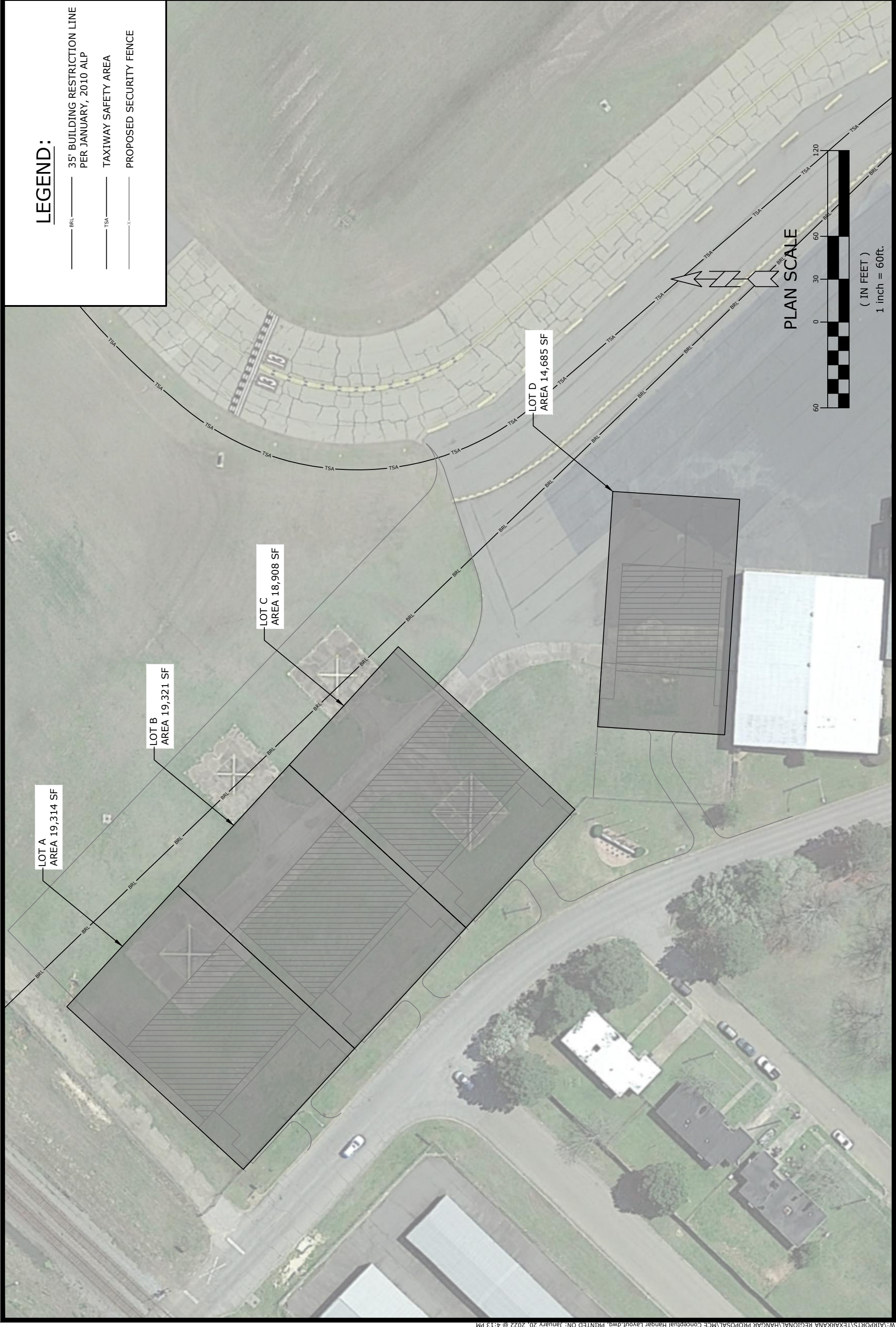
DESIGNED BY:	SM
DRAWN BY:	SM
REVISION:	
DATE:	
JANUARY, 2022	
SCALE:	1" = 60'
JOB NUMBER:	

LOT EXHIBIT

REV	DATE	DESCRIPTION

TEXARKANA REGIONAL AIRPORT (TXK)  
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**MCE CONSULTING**  
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**LEGEND:**

- BRL — 35' BUILDING RESTRICTION LINE PER JANUARY, 2010 ALP
- TSA — TAXIWAY SAFETY AREA
- X — PROPOSED SECURITY FENCE

**PLAN SCALE**



**EXHIBIT C**  
**RENTAL SUMMARY**

**Agreement:** Aeronautical Use Agreement of Lease for Texarkana Regional Airport (TXK)

**Tenant:** Flight Solutions, LLC  
*Attn: Mr. David J. Potter II*  
210 North State Line Avenue, Suite 507  
Texarkana, Arkansas 71854

**Premises:** Premises cumulatively is 72,228 SQ. Ft. of land off Airport Drive near Highway 67 located at Texarkana Regional Airport. Premises consists of approximately 19,900 SQ FT. of Hangar space.

**Allowed Use(s):** Private Aircraft Storage, Parking, and Preventative Maintenance

**Term of Lease:** Term will commence **March 1, 2022** and continue until 10 years after the Commencement Date (which will be no later than **March 1, 2032**); Lessee has three (3) options to extend the Term, with a maximum allowed extension of thirty (30) years, depending on permanent capital improvements made on or to the Premises.

**Rent:** Ground Rent, beginning on the Commencement Date, of **\$23,112.96 (\$0.32 SFYR)** with monthly payments at **\$1,926.08**. Ground rent is subject to CPI adjustments every year thereafter while the Agreement is in force.

**Performance Guarantee:** \$25,000.00 cash security deposit or letter of credit to be held by the Texarkana Regional Airport Authority until Agreement expires or is terminated.

**Insurance Requirements:**

**Commercial General Liability**

Bodily Injury	\$1,000,000 per occurrence & aggregate
Property Damage	\$1,000,000 per occurrence & aggregate

**Aircraft and Passenger Liability**

Bodily Injury	\$1,000,000 per occurrence & aggregate
Property Damage	\$1,000,000 per occurrence & aggregate

**\*\*Environmental and Impairment Liability**

General	\$1,000,000 per claim & aggregate
Maximum Deductible	\$100,000 per claim

**\*\*Workers' Compensation and Employer's Liability**

Employers' Liability	\$100,000 each accident
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<p><b>NOTE:</b> This page is intended as general summary only, for ease of review. In the event of any conflict between this page and the Agreement, the Agreement (being more precise) will prevail.</p>
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**EXHIBIT D**  
**NONDISCRIMINATION REQUIREMENTS**

(a) During the performance of this Agreement, Lessee for itself, its personal representatives, assigns and successors in interest agrees as follows:

1. **Compliance With Regulations.** Lessee shall comply with the Regulations relative to nondiscrimination in Federally Assisted Programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the "Regulations"), which are herein incorporated by reference and made a part of this Agreement.
2. **Nondiscrimination.** Lessee shall not discriminate on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation in the selection and retention of subcontractors, including procurement of materials and leases of equipment. Lessee shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
3. **Solicitation for Subcontracts, Including Procurement of Materials and Equipment.** In all solicitation either by competitive bidding or negotiation made by Lessee for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by Lessee of Lessor's obligation under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation.
4. **Information and Reports.** Lessee shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by Lessor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of Lessee is in the exclusive possession of another who fails or refuses to furnish this information, Lessee shall so certify to Lessor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance.** In the event of Lessee's noncompliance with the nondiscrimination provisions of this Agreement, Lessor shall impose such Agreement sanctions as it or the FAA may determine to be appropriate, including, but not limited to: (1) withholding of payments under the Agreement until there is compliance, and/or (2) cancellation, termination, or suspension of the Agreement, in whole or in part. In the event of cancellation or termination of the Agreement (if such Agreement is a lease), Lessor shall have the right to re-enter the Premises as if said Agreement had never been made or issued. These provisions shall not be effective until the procedures of Title 49 CFR Part 21 are followed and completed, including exercise or expiration of appeal rights.
6. **Incorporation of Provisions.** Lessee shall include the provisions of paragraphs 1 through 5, above, in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. Lessee shall take

such action with respect to any subcontract or procurement as Lessor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event Lessee becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, Lessee may request Lessor to enter into such litigation to protect the interests of Lessor and, in addition, Lessee may request the United States to enter into such litigation to protect the interests of the United States.

7. Lessee, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement, for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulation may be amended.
8. Lessee, as a part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- (b) During the performance of this Agreement, Lessee, for itself, its assignees and successors in interest agrees as follows:

Lessee agrees to undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation be excluded from participation in any employment, contracting, or leasing activities covered in 14 CFR Part 152, Subpart E. Lessee agrees that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Subpart. Lessee agrees that it will require its covered suborganizations to provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations as required by 14 CFR Part 152, Subpart E, to the same effect.

Lessee agrees to comply with any affirmative action plan or steps for equal employment opportunity required by 14 CFR Part 152, Subpart E, as part of the affirmative action program, and by any Federal, State, and Municipal agency or court, including those resulting from a conciliation agreement, a consent decree, court order or similar mechanism. Lessee agrees that State, or City affirmative action plans will be used in lieu of any affirmative action plan or steps required by 14 CFR Part 152, Subpart E, only when they fully meet the standards set forth in 14 CFR 152.409. Lessee agrees to obtain a similar assurance from its covered organizations, and to

cause them to require a similar assurance of their covered suborganizations, as required by 14 CFR Part 152, Subpart E.

If required by 14 CFR Part 152, Lessee shall prepare and keep on file for review by the FAA Office of Civil Rights an affirmative action plan developed in accordance with the standards in Part 152. Lessee shall similarly require each of its covered suborganizations (if required under Part 152) to prepare and to keep on file for review by the FAA Office of Civil Rights, an affirmative action plan developed in accordance with the standards in Part 152.

If Lessee is not subject to an affirmative action plan, regulatory goals and timetables, or other mechanism providing for short and long-range goals for equal employment opportunity under Part 152, then Lessee shall nevertheless make good faith efforts to recruit and hire minorities and women for its workforce as vacancies occur, by taking any affirmative action steps required by Part 152. Lessee shall similarly require such affirmative action steps of any of its covered suborganizations, as required under Part 152.

Lessee shall keep on file, for the period set forth in Part 152, reports (other than those submitted to the FAA), records, and affirmative action plans, if applicable, that will enable the FAA Office of Civil Rights to ascertain if there has been and is compliance with this subpart, and Contractor shall require its covered suborganizations to keep similar records as applicable.

Lessee shall, if required by Part 152, annually submit to Lessor the reports required by Section 152.415 and Lessee shall cause each of its covered suborganizations that are covered by Part 152 to annually submit the reports required by Section 152.415 to Lessee who shall, in turn, submit same to Lessor for transmittal to the FAA.

- (c) Lessee, for itself, its assignees and successors in interest agrees that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation be excluded from participating in any activity conducted with or benefiting from Federal assistance. This "Provision" obligates Lessee or its transferee, for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the Agreement.

Lessee shall not discriminate on the basis of race, color, religion, gender, national origin, age, marital status, political affiliation, familial status, physical or mental disability, or sexual orientation in the performance of this Agreement. Failure by Lessee to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as Lessor deems appropriate.



**EXHIBIT E**  
**ENVIRONMENTAL DOCUMENTS**

Company Name:

\_\_\_\_\_

Mailing Address:

\_\_\_\_\_

Street or Post Office Box

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Type of Agreement:

\_\_\_\_\_

Please describe the activities performed and services provided on leasehold:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Will there be fueling: Yes \_\_\_ No \_\_\_
- Will there be maintenance: Yes \_\_\_ No \_\_\_
- Will there be plane washing: Yes \_\_\_ No \_\_\_

Lessee has the following documents, if applicable, which may be requested by Lessor for review: If not applicable, denote "NA"

(z) Best Management Plan dated \_\_\_\_\_.

(aa) Stormwater Pollution Prevention Plan dated \_\_\_\_\_.

(bb) Spill Prevention Control and Countermeasures Plan dated \_\_\_\_\_.

(cc) Hazardous Materials Plan dated \_\_\_\_\_.

(dd) Other applicable environmental plans:

\_\_\_\_\_

- Is Lessee required to file the SARA Title III Reporting? Yes \_\_\_ No \_\_\_
  - If Yes, was last filed on (date) \_\_\_\_\_.
- Is Lessee a generator of hazardous waste pursuant to 40 CFR 261?
  - Yes \_\_\_ No \_\_\_. If Yes, the status is \_\_\_ conditionally exempt; \_\_\_ small; \_\_\_ large quantity Generator.

If required, reports were filed on (date) \_\_\_\_\_.

The following environmental licenses and/or permits (Federal, State, and Municipal) are issued to Lessee: (These licenses/permits include, but are not limited to, storage tanks, hazardous material, air, solid waste, hazardous waste, industrial wastewater pretreatment, and storm water.)

Permit Name/Type	License No.	Date Expires
1. _____		
2. _____		
3. _____		
4. _____		
5. _____		
6. _____		

**EXHIBIT F**  
**LESSEE'S OPTION FOR AIRCRAFT FUEL DISPENSER**

**GENERAL:** Pursuant to **Section 8(b)**, Lessee shall have the option, if Lessee so desires, to initially construct and maintain two (2) Aircraft Fuel Dispensers ("fuel tanks"), on a Lot, provided Lessee complies with all sections of this **Exhibit F**:

**E.1 METHOD - FUEL TANKS:** Install and maintain, at Lessee's own expense, two (2) 8,000 gallon above-ground fuel tanks, one (1) for 100 Low-Lead and one (1) for Jet-A:

1. Lessee will have five (5) years from the Commencement Date of this Agreement to, at Lessee's own cost and expense, perform all design, obtain all governmental permits, complete all site work, and construct on a Lot the fuel tanks described in this **METHOD**.
2. The location and operation of the fuel tanks must conform to all applicable Federal, State, and Municipal laws, rules, and regulations, and Lessee must properly lease from Lessor and pay rent for adequate space for the fuel tanks at a location approved by Lessor. Following completion of construction of the fuel tanks, this Agreement may be amended to account for the additional space leased for the fuel tanks, as necessary.

The fuel tanks must be installed and operated in accordance with all applicable Federal, State, and Municipal laws, rules, and regulations, as well as **Section 15** of this Agreement and any other environmental laws. The permitted uses of the fuel tanks shall exclude the sale and provision of fuel to aircraft not owned or leased by Lessee, its successors or assigns.

**E.2 MANUAL:** Lessee shall develop a fuel storage and handling procedures manual which meets all requirements of Federal, State, and Municipal laws, rules, or regulations for the storage and handling of fuels. Lessee shall always provide employees training in fuel handling, fuel storage and fire safety, and, upon request, provide Lessor with documented evidence of such training.

**E.3 OWNERSHIP/REMOVAL:** Notwithstanding any provision of this Agreement giving Lessor title to improvements located on the Premises, Lessor shall not acquire title to any part of the fuel tanks at any time whatsoever. The fuel tanks (and all component parts thereof) must be completely removed from the Premises upon the expiration or other termination of this Agreement. Such removal shall be performed in accordance with all applicable laws, rules and regulations.

1. In the event Lessee shall fail to remove the fuel tanks from the Premises on or before the expiration or other termination of this Agreement, then, Lessee shall be considered to be holding over under **Section 3(f)** hereof and shall be liable for charges payable pursuant to such provision. In addition, in the event Lessee shall fail to remove the fuel tanks within sixty (60) calendar days following the expiration or other termination of this Agreement, then, in addition to all remedies available hereunder and at law or in equity, Lessor shall have the right to remove the fuel tanks and Lessee shall be liable for all expenses and charges (whether direct or indirect) incurred by Lessor in effectuating such removal (including any storage charges) that are in any way connected to the fuel tanks, including interest thereon at the maximum interest rate permissible under Arkansas State Law from the date incurred. In contracting for any such removal, Lessor shall be entitled to dispose of the fuel tanks in any way it sees fit, including without limitation, through demolition of such facility, through giving salvage rights to the contractor, through storage, or through public auction.

2. Lessee shall provide Lessor with documentation that the fuel tanks have been removed in accordance with all applicable laws, rules, and regulations, including such back-up documentation as Lessor may reasonably request. The provisions of this **Section E.3** shall survive any termination or expiration of this Agreement.

**E.4 FUEL FLOWAGE FEES/REPORT:** Lessee shall comply with **Section 6** of this Agreement for any and all Fuel Flowage Fees and Reports.

**E.5 COMPLIANCE/LIABILITY:** In conformance with 14 CFR Part 139, all fueling operations must meet the threshold of compliance established in the Airport Certification Manual, including but not limited to compliance with, NFPA 407, NFPA 408, NFPA 10, NFPA 30, MIL-STD 1574 H, AS5877B, ATA 103 Rev 2019.1, ASTM D 2276-06, ASTM D 1655-20C, ASTM D 910-19, ASTM D 1298-12B, EI 1581, EI 1542, EI 1529, as same may be amended from time to time. In connection with the sale or dispensing of such products upon the Premises or otherwise, Lessor assumes no responsibility for acts of any supplier regarding delivery, quality of product, or maintenance of supplier-owned or Lessee-owned equipment.

**E.6 STORAGE/ENVIRONMENTAL CONSIDERATIONS:** Aviation fuels and lubricating oils shall be stored and dispensed by Lessee in accordance with all Federal, State, and Municipal laws, regulations, rules, and other requirements, as same may be amended, regarding the sale and storage of such fuels and oils, including without limitation any rules, regulations or minimum standards that are established by Lessor for operations of Airport tenants. Lessee shall submit to Lessor, for review and comment, Lessee's Spill Prevention Control and Countermeasure Plan, as may be requested from time to time.

**E.7 INSPECTIONS/EXAMINATIONS:** Lessee's fuel tanks are subject to inspections and examinations by the Airport's Aircraft Rescue & Firefighting department, or any of its agents and contractors, at any time, with or without notice to Lessee, and Lessee shall cooperate with respect to such inspections and examinations. If any follow-up actions are required to be taken by Lessee as a result of such inspections and examinations, including but not limited to clean-up and compliance matters, Lessee must undertake those efforts with reasonable dispatch and rectify any issues to the satisfaction of the Airport's Aircraft Rescue & Firefighting department, or any of its agents and contractors, as well as Lessor.

**EXHIBIT G**  
**STORED AIRCRAFT**

Lessee hereby certifies that the Aircraft(s) hereon will be stored on the Premises at the Airport and that Lessee will notify Lessor of any change in the status of said Aircraft. Lessee acknowledges any aircraft not included hereon will not be approved by Lessor for storage on the Premises.

**Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.**

\_\_\_\_\_  
Lessee (Printed Name)

\_\_\_\_\_  
Aircraft Make/Model

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Registration Number

\_\_\_\_\_  
City/State

\_\_\_\_\_  
Insurance Agent

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Insurance Agent Phone Number

Lessee Signature: \_\_\_\_\_

Lessor Printed Name: \_\_\_\_\_

Lessor Signature: \_\_\_\_\_



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to enter into a contract with Spears Engineering Company for the design of the US HWY 71 North 42” Water Main Relocation Project. (TWU) Interim Executive Director Gary Smith

**AGENDA DATE:** February 7, 2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Texarkana Water Utilities

**PREPARED BY:** Gary Smith, P.E., Interim Executive Director

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**REQUEST:** Resolution authorizing the City Manager to enter into a contract with Spears Engineering Company for the US HWY 71 North 42” Water Main Relocation Project.

**EMERGENCY CLAUSE:** N/A

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**SUMMARY:** The Arkansas Highway and Transportation Department is preparing plans to reconstruct the section of US Highway 71 North beginning at the north end of the Red River Bridge and proceeding north approximately 7,000 feet. This will require the relocation of approximately 6,500 feet of the forty-two-inch (42”) transmission main that runs from the Millwood Water Treatment Plant to Texarkana. This project is 100% reimbursable from the State. The Utility staff has determined that an outside engineering firm will be required to design the proposed relocation. The Utility recommends Spears Engineering Company for this project due to their familiarity with this type of work. The proposed contract is for \$139,100 based on a construction cost of \$3,750,200. This fee will include the plans and specifications required for this design. Engineering staff has reviewed the engineering fee and has determined that it is within the acceptable engineering fee range for this type of project.

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**EXPENSE REQUIRED:** \$139,100.00

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**AMOUNT BUDGETED:** \$ N/A

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**APPROPRIATION  
REQUIRED:** \$ None

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**RECOMMENDED  
ACTION:**

Utility staff recommends approval.

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**EXHIBITS:**

Resolutions and ATTH01 Agreement for Engineering Services

# RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, in connection with the US Highway 71 North 42” Water Main Relocation Project Texarkana Water Utilities (TWU) has determined it necessary to retain an out-of-house engineering firm for design services; and

**WHEREAS**, TWU recommends Spears Engineering Company due to its familiarity with this type of work; and

**WHEREAS**, based on the projected construction cost, the proposed engineering contract is \$139,100.00; and

**WHEREAS**, the City Manager and Utility staff recommend Board approval;

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to enter into an engineering contract with Spears Engineering Company for the purposes and in the amount set forth above.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

\_\_\_\_\_  
Allen L. Brown, Mayor

**ATTEST:**

\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

\_\_\_\_\_  
George Matteson, City Attorney



## AGREEMENT FOR ENGINEERING SERVICES

This Agreement, made this 12<sup>th</sup> day of January, 2022, by and between Texarkana Water Utilities, hereafter referred to as the OWNER, and Spears Engineering Company, hereinafter referred to as the ENGINEER:

THE OWNER intends to construct the Highway 71 - 42" Waterline Relocation (ArDOT Job 030531) in Little River County, State of Arkansas for which the ENGINEER agrees to perform the various professional engineering services for the design and construction of said system.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

### SECTION A - ENGINEERING SERVICES

The ENGINEER shall furnish engineering services as follows:

1. The ENGINEER will conduct preliminary investigations, prepare preliminary drawings, provide a preliminary itemized list of probable construction costs effective as of the date of the preliminary report.
2. The ENGINEER will attend conferences with the OWNER or other interested parties as may be reasonably necessary.
3. The ENGINEER will perform the necessary design surveys, accomplish the detailed design of the project, prepare construction drawings, specifications and contract documents, and prepare a final cost estimate based on the final design for the entire system. It is also understood that if subsurface explorations (such as borings, soil tests, rock soundings and the like) are required, the ENGINEER will furnish coordination of said explorations without additional charge, but the costs incident to such explorations shall be paid for by the OWNER as set out in Section D hereof.
4. Prior to the advertisement for bids, the ENGINEER will provide for each construction contract, not to exceed 5 copies of detailed drawings, specifications, and contract documents for use by the OWNER, appropriate Federal, State, and local agencies from whom approval of the project must be obtained. The cost of such drawings, specifications, and contract documents shall be included in the basic compensation paid to the ENGINEER.
5. The drawings prepared by the ENGINEER under the provisions of Section A-3 above shall be in sufficient detail to permit the actual location of the proposed improvements on the ground. The ENGINEER shall prepare and furnish to the OWNER without any additional compensation, three copies of a map(s) showing the general location of needed construction easements and permanent easements and the land to be acquired. Property surveys, property plats, property descriptions, abstracting and negotiations for land rights shall be accomplished by the OWNER, unless the OWNER requests, and the ENGINEER agrees to provide those services. In the event the ENGINEER is requested to provide such services, the ENGINEER shall be additionally compensated as set out in Section D hereof.
6. The ENGINEER will establish baselines for locating the work together with a suitable number of bench marks adjacent to the work as shown in the contract documents.
7. The ENGINEER will review and approve, for conformance with the design concept, any necessary shop and working drawings furnished by contractors. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.
8. The ENGINEER will interpret the intent of the drawings and specifications to protect the OWNER against defects and deficiencies in construction on the part of the contractors. The ENGINEER will not, however, guarantee the performance by any contractor.
9. The ENGINEER will provide general engineering review of the work of the contractors as construction progresses to ascertain that the contractor is conforming with the design concept. The ENGINEER shall not, during site visits or as a result of the observations of the contractor's work in progress, supervise, direct, or have control over contractor's work, nor shall ENGINEER have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by contractor, for safety precautions and programs incident to contractor's work, or for any failure of contractor to comply with Laws and Regulations applicable to contractor's furnishing and performing the Work. Accordingly, the ENGINEER neither guarantees the performance of any contractor nor assumes responsibility for any contractor's failure to furnish and perform its work in accordance with the Contract Documents.



10. OWNER will provide for resident inspection.
11. The ENGINEER will review the contractor's applications for progress and final payment and, when approved, submit same to the OWNER for payment.
12. The ENGINEER will prepare necessary contract change orders for approval of the OWNER and others on a timely basis.
13. The ENGINEER will make a final review prior to the issuance of the statement of substantial completion of all construction and submit a written report to the OWNER. Prior to submitting the final pay estimate, the ENGINEER shall submit a statement of completion to and obtain the written acceptance of the facility from the OWNER.
14. The ENGINEER will provide the OWNER with one set of reproducible record (as-built) drawings, and two sets of prints at no additional cost to the OWNER. Such drawings will be based upon construction records provided by the contractor during construction and reviewed by the resident inspector and from the resident inspector's construction data.
15. The ENGINEER will be available to furnish engineering services and consultations necessary to correct unforeseen project operation difficulties for a period of one year after the date of statement of substantial completion of the facility. This service will include instruction of the OWNER in initial project operation and maintenance but will not include supervision of normal operation of the system. Such consultation and advice shall be furnished without additional charge except for travel and subsistence costs. The ENGINEER will assist the OWNER in performing a review of the project during the 11th month after the date of the certificate of substantial completion.
16. The ENGINEER further agrees to obtain and maintain, at the ENGINEER'S expense, such insurance as will protect the ENGINEER from claims under the Workman's Compensation Act and such comprehensive general liability insurance as will protect the OWNER and the ENGINEER from all claims for bodily injury, death, or property damage which may arise from the performance by the ENGINEER or by the ENGINEER'S employees of the ENGINEER'S functions and services required under this Agreement.
17. Upon written authorization from the OWNER, the services called for in the Section A-1 and A-2 of this Agreement shall be completed within fifteen (15) calendar days from the date of authorization to proceed. The ENGINEER will complete final plans, specifications and contract documents and submit for approval of the OWNER and all State regulatory agencies within sixty (60) calendar days from the date of authorization unless otherwise agreed to by both parties.

If the above is not accomplished within the time period specified, this Agreement may be terminated by the OWNER. The time for completion will be extended by the OWNER for a reasonable time if completion is delayed due to unforeseeable causes beyond the control and without the fault or negligence of the ENGINEER.

#### SECTION B - COMPENSATION FOR ENGINEERING SERVICES

1. The OWNER shall compensate the ENGINEER for design and preliminary engineering services (Sections A-1 through A-6) in the Lump Sum amount of:
  - (a) One Hundred Thirty-nine Thousand One Hundred Dollars (\$ 139,100.00)
2. The compensation for design and preliminary engineering services shall be payable as follows:
  - (a) A portion of the Lump Sum amount (not to exceed 90%) for Engineer's services will be billed monthly based upon Engineer's estimate of the percentage of the total services actually completed during the billing period. If any Reimbursable Expenses are expressly allowed, Engineer may also bill for any such Reimbursable Expenses incurred during the billing period.
  - (b) A remaining sum which equals one hundred percent (100%) of the total compensation payable under Section B-1, shall be billed after completion and submission of the construction drawings, specifications, cost estimates, and contract documents, and the acceptance of the same by OWNER and Agencies.
3. The compensation for contract administration and engineering during construction services shall be payable as follows: Payment for the services specified in Sections A-7 through A-15 shall be billed monthly on an hourly basis according to Attachment 1: Spears Engineering Company Schedule of Rates and Charges for Engineering Services. Barring unforeseen circumstances, construction contract time is anticipated to be approximately 300 days and such payment is estimated not to exceed \$46,400.00. The ENGINEER will render to OWNER for such services an itemized bill, separate from any other billing, once each month, for compensation for services performed hereunder during such period, the same to be due and payable by OWNER to the ENGINEER on or before the 10th day of the following period.

SECTION C - COMPENSATION FOR RESIDENT INSPECTION

N/A per Section A-10

SECTION D - ADDITIONAL ENGINEERING SERVICES

In addition to the foregoing being performed, the following services may be provided UPON PRIOR WRITTEN AUTHORIZATION OF THE OWNER. FEES SHALL BE BILLED HOURLY PER ATTACHMENT 1.

1. Services during out-of-town travel required of ENGINEER other than for visits to the Site or OWNER'S office.
2. Laboratory tests, well tests, borings, specialized geological, soils, hydraulic, or other studies recommended by the ENGINEER.
3. Property surveys, detailed description of sites, maps, drawings, or estimates related thereto; assistance in negotiating for land and easement rights.
4. Necessary data and filing maps for water rights, water adjudication, and litigation.
5. Redesigns ordered by the OWNER after final plans have been accepted by the OWNER, except redesigns to reduce the project cost to within the funds available.
6. Appearances before courts or boards on matters of litigation or hearings related to the project.
7. Preparation of environment impact assessments or environmental impact statements.
8. Providing Construction Phase services beyond the estimated Contract Times set forth in Section B-3.
9. Performance of detailed staking necessary for construction of the project in excess of the control staking set forth in Section A-6.


Payment for the services specified in this Section D shall be as agreed in writing between the OWNER prior to commencement of the work. Barring unforeseen circumstances, such payment is estimated not to exceed \$10,000.00. The ENGINEER will render to OWNER for such services an itemized bill, separate from any other billing, once each month, for compensation for services performed hereunder during such period, the same to be due and payable by OWNER to the ENGINEER on or before the 10th day of the following period.

SECTION E - INTEREST ON UNPAID SUMS

If OWNER fails to make any payment due ENGINEER within 60 days for services and expenses and funds are available for the project then the ENGINEER shall be entitled to interest at the rate of ten (10) percent per annum from said 60th day, not to exceed an annual rate of 12 percent.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in duplicate on the respective dates indicated below.

OWNER:  
 By: \_\_\_\_\_  
 Type Name: Gary L. Smith, P.E., Interim Exec. Director  
 Date: \_\_\_\_\_

ENGINEER:  
 By:   
 Type Name: C. Glen Spears, P.E., Owner  
 Date: 1/12/2022

ATTACHMENT 1

**SPEARS ENGINEERING COMPANY**  
SCHEDULE OF RATES AND CHARGES FOR ENGINEERING SERVICES

<u>PERSONNEL</u>	<u>RATE PER HOUR</u>
<u>Survey</u>	
Two-man Party	\$ <u>158.00</u>
<u>Engineering &amp; General Supervisor</u>	
Principal or Officer of Firm	\$ <u>118.00</u>
Project Engineer	\$ <u>118.00</u>
Field or Design Technician	\$ <u>55.00</u>
Registered Land Surveyor	\$ <u>95.00</u>
Senior Support Staff	\$ <u>53.00</u>

Owner's Initials: \_\_\_\_\_

Engineer's Initials: \_\_\_\_\_





**PRELIMINARY COST ESTIMATE**


**Texarkana Water Utilities**

**Job No. 19-16: HWY 71 - 42" Waterline Relocation (ArDOT Job 030531)**

**January 12, 2022**

Item No.	Quantity	Unit	Description	Unit Price	Amount
1	6,480	LF	42" D.I. Water Pipe	\$490.00	\$3,175,200.00
2	2	EA	42" D.I. Connection to Exist. 42" D.I.P.	\$18,000.00	\$36,000.00
3	90	LF	Concrete Encasement for 42" Pipe at Creek Crossings	\$230.00	\$20,700.00
4	1	EA	Access Port w/ Vault	\$20,000.00	\$20,000.00
5	2	EA	8" Drain Valve w/ Vault	\$24,000.00	\$48,000.00
6	1	EA	Combination Air Vacuum & Air Release Valve w/ Vault	\$28,000.00	\$28,000.00
7	6,480	LF	Clear & Grub 40' R-O-W	\$10.00	\$64,800.00
8	1,350	LF	Berm & Water Pipe Cover	\$80.00	\$108,000.00
9	1	LS	Seeding	\$15,000.00	\$15,000.00
10	1	LS	Erosion Control	\$24,000.00	\$24,000.00
11	1	LS	Traffic Control	\$12,000.00	\$12,000.00
12	1	LS	Trench Excavation Protection	\$13,000.00	\$13,000.00
				Total Construction	\$3,564,700.00
				Preliminary Engineering	\$139,100.00
				Construction Engineering	\$46,400.00
				Resident Inspection	By Owner
				<b>Total Project</b>	<b>\$3,750,200.00</b>

Estimate prepared by:

 1/12/2022

C. Glen Spears, P.E.  
Spears Engineering Company



# AMERICAN

DUCTILE IRON PIPE

THE RIGHT WAY

## Coleman McClain Southeast Florida Satellite Office

8255 W Sunrise Blvd. #215  
Plantation, FL 33322

Phone: 816-301-3833  
Fax: 205-307-3976  
Email: cdmccain@american-usa.com

PROJECT NO:  
PROJECT: Texarkana - 42" Hwy. 71 Relocate  
LOCATION: Texarkana, AR  
BID DATE: 1/10/2022

### ESTIMATE

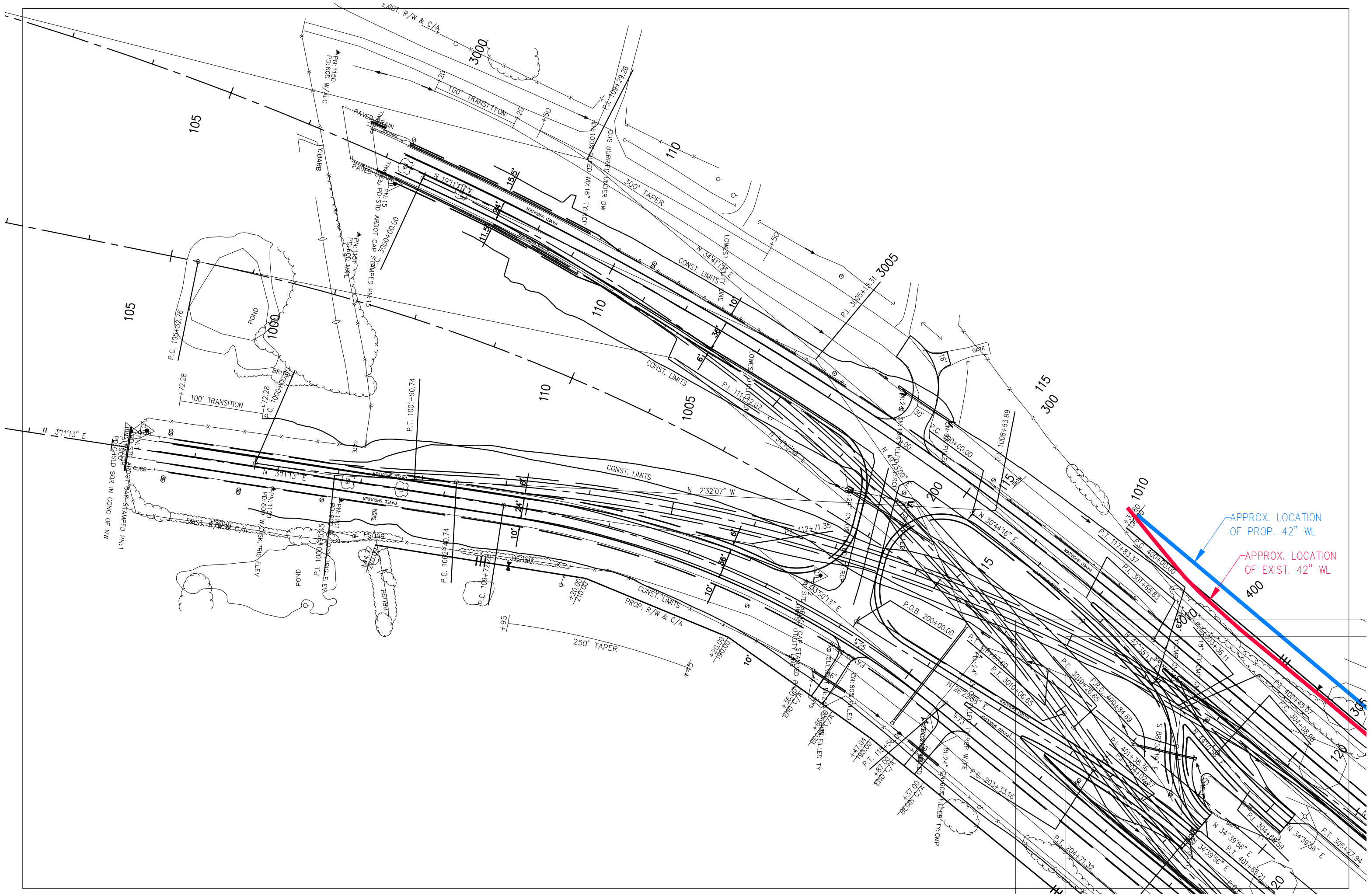
QTY	UOM	DESCRIPTION	SPEC	TOT. WT.	Unit \$	Total \$
20	FT	42" FST x FSTPE PIPE CL-150 20'0"	HCL-ZINC	3,766	\$357.47	\$7,149.40
20	FT	42" FST x FSTPE PIPE CL-200 20'0"	HCL-ZINC	4,266	\$397.97	\$7,959.40
20	FT	42" FST x FSTPE PIPE CL-250 20'0"	HCL-ZINC	4,686	\$431.99	\$8,639.80
20	FT	42" FRBELL x FRE PIPE CL-150 19'8-3/4"	HCL-ZINC	3,766	\$460.56	\$9,211.20
20	FT	42" FRBELL x FRE PIPE CL-200 19'8-3/4"	HCL-ZINC	4,266	\$501.06	\$10,021.20
20	FT	42" FRBELL x FRE PIPE CL-250 19'8-3/4"	HCL-ZINC	4,686	\$535.08	\$10,701.60

<b>Total Quote Summary</b>	<b>25,436 LBS.</b>	<b>\$53,682.60</b>
----------------------------	--------------------	--------------------

TAX 36.64  
 $357.47 + 357.117 (10252) = 394.11$   
 USE \$400 + \$40 = \$440  
 ADD 10% FOR MISC. FITTINGS,  
 SPECIALS, & RESTRAINTS

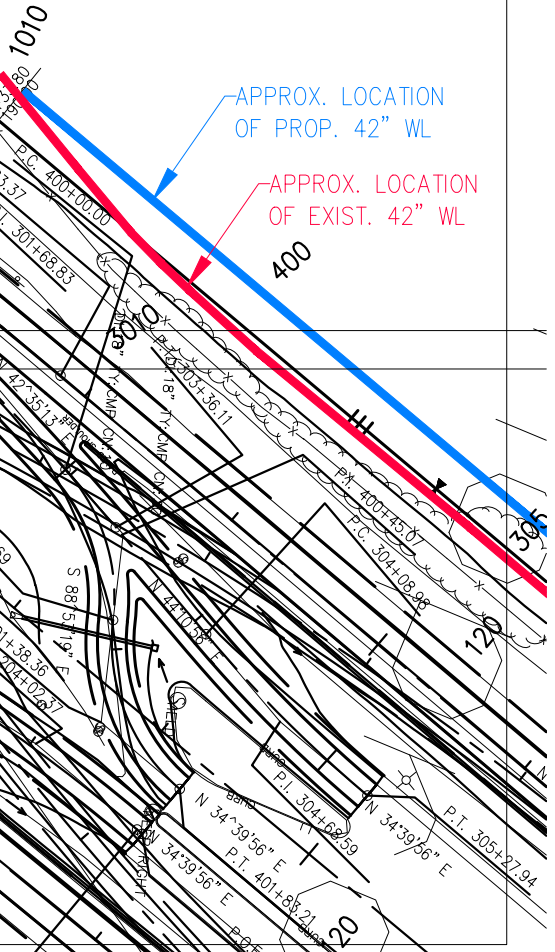
LABOR = \$50/LF PER RBIS  
 CONSTRUCTION

- Prices will be held firm for 60 days from the date of quotation – All 4"–12" pipe orders must be shipped within 120 days of order entry date or will be cancelled.
- All 18" and larger made-to-order material must ship within 30 days of the established shipment date or be invoiced (pre-billed) in full as stored material. Additionally, storage charges of 5% per month of the sales price for unshipped material will be invoiced every 30 days.
- Non-standard specialty products (e.g. linings, coatings, and all restrained joint types) require unrestricted release for shipment when available.
- No sales tax included in pricing. Units are \$/ft based on 40,000 lb. truckload minimum, freight allowed to jobsite. Additional freight charges will apply on LTL less than full 40,000 lb. truckloads. Any increase in freight is for Buyer's account.
- MJ materials are quoted less accessories. FASTITE pipe is quoted complete with standard accessories.

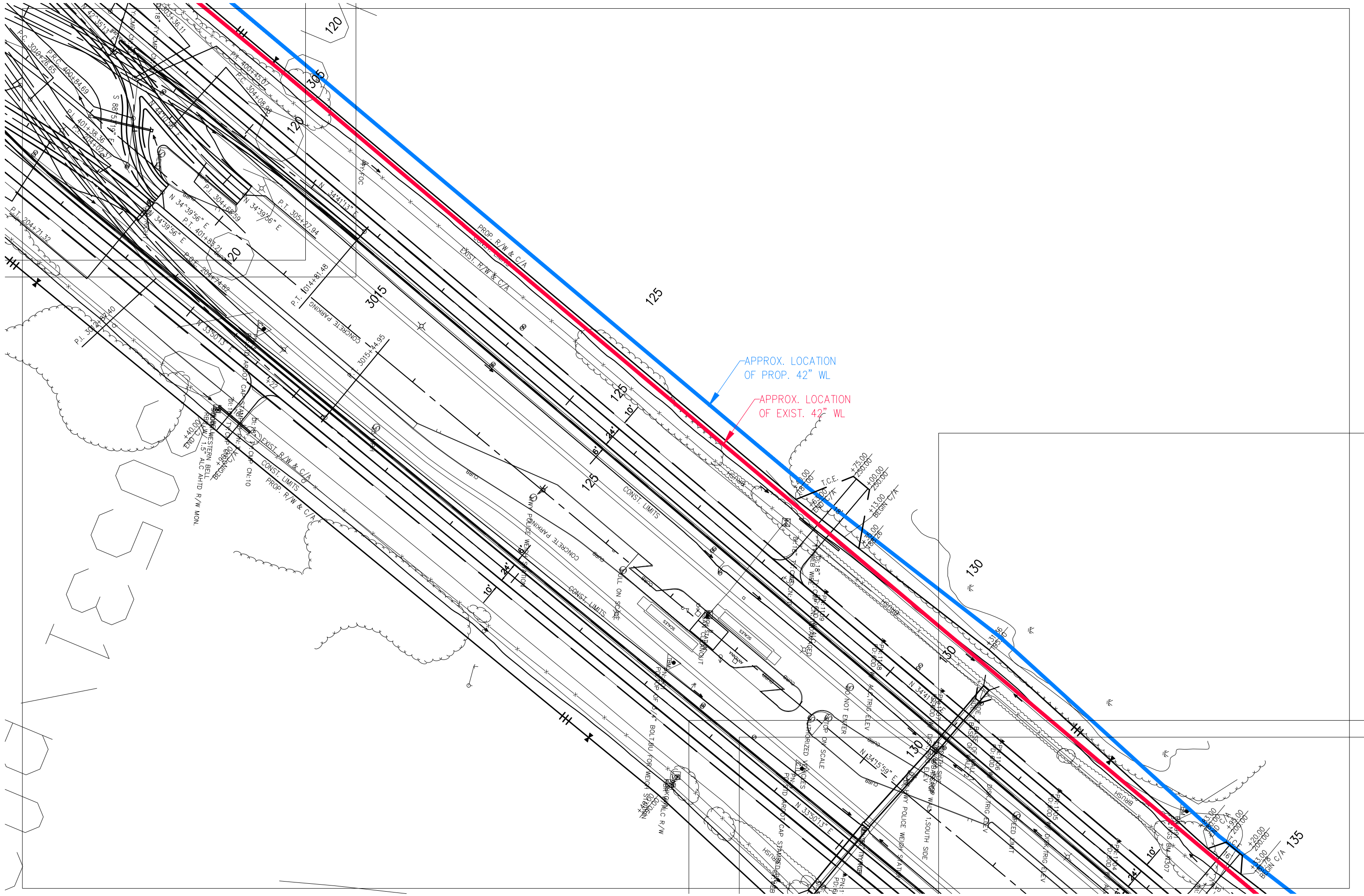


APPROX. LOCATION OF PROP. 42" WL

APPROX. LOCATION OF EXIST. 42" WL

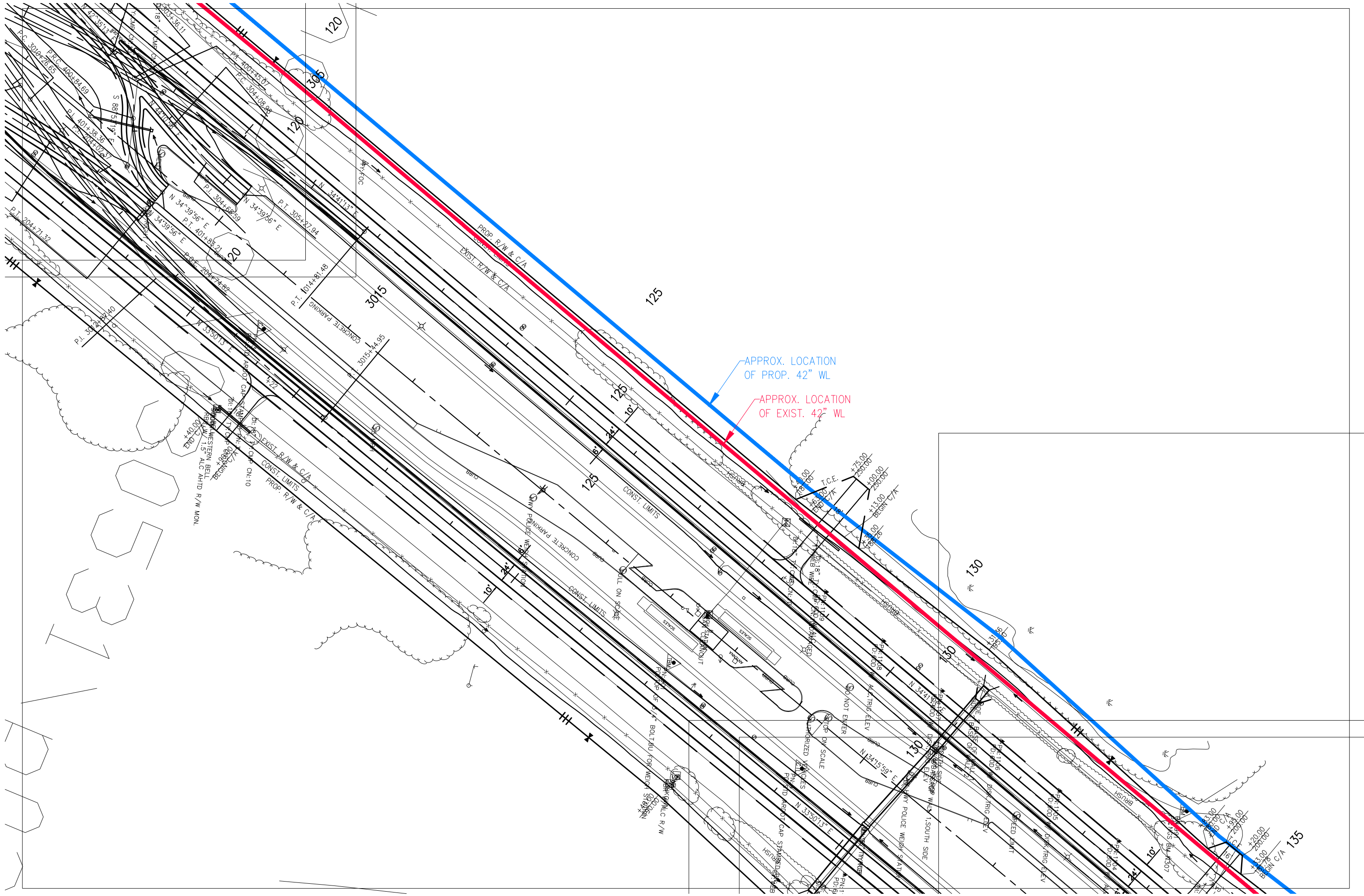






APPROX. LOCATION OF PROP. 42" WL

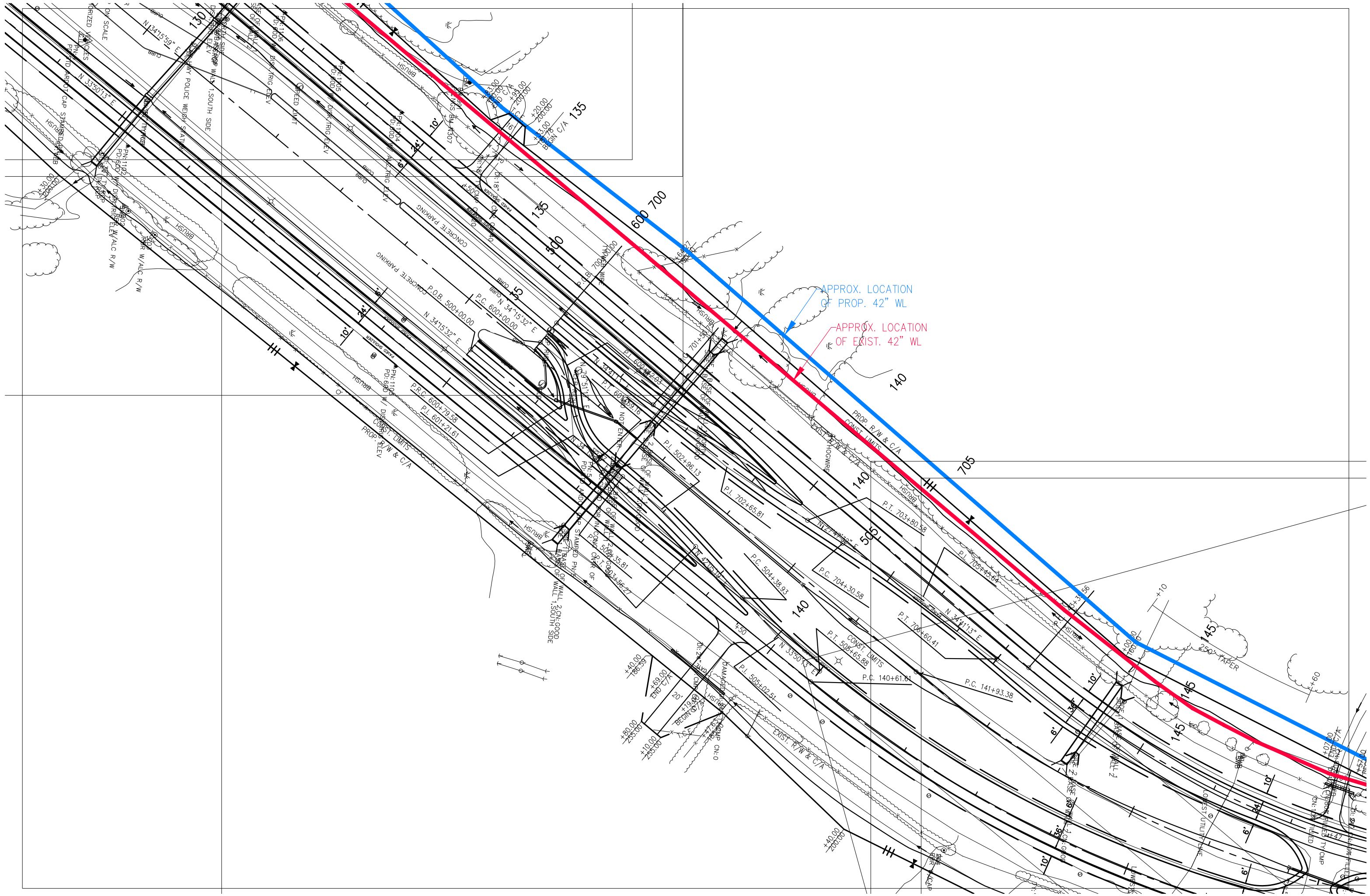
APPROX. LOCATION OF EXIST. 42" WL

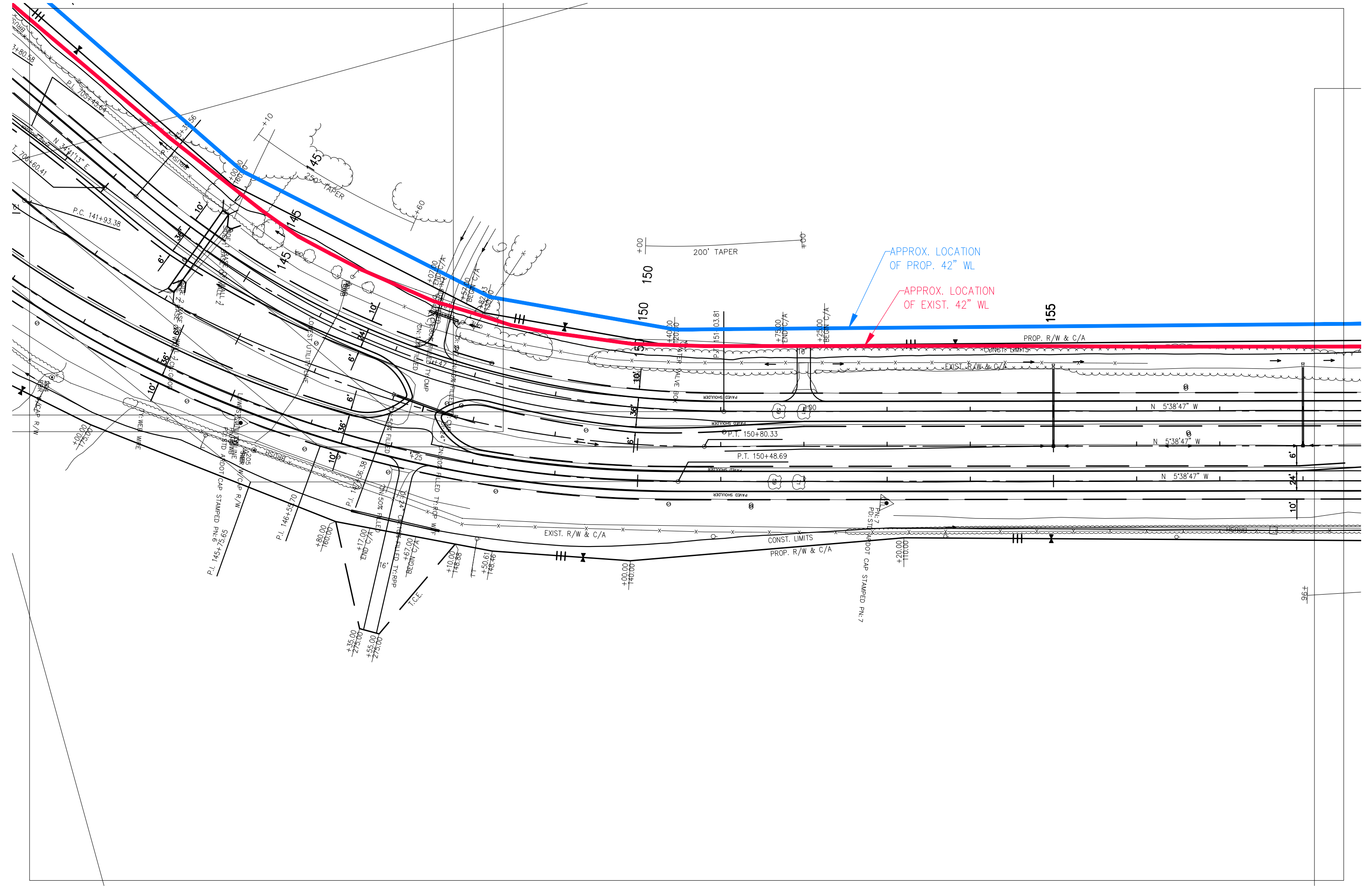


APPROX. LOCATION OF PROP. 42" WL

APPROX. LOCATION OF EXIST. 42" WL







APPROX. LOCATION OF PROP. 42" WL

APPROX. LOCATION OF EXIST. 42" WL

155

PROP. R/W & C/A

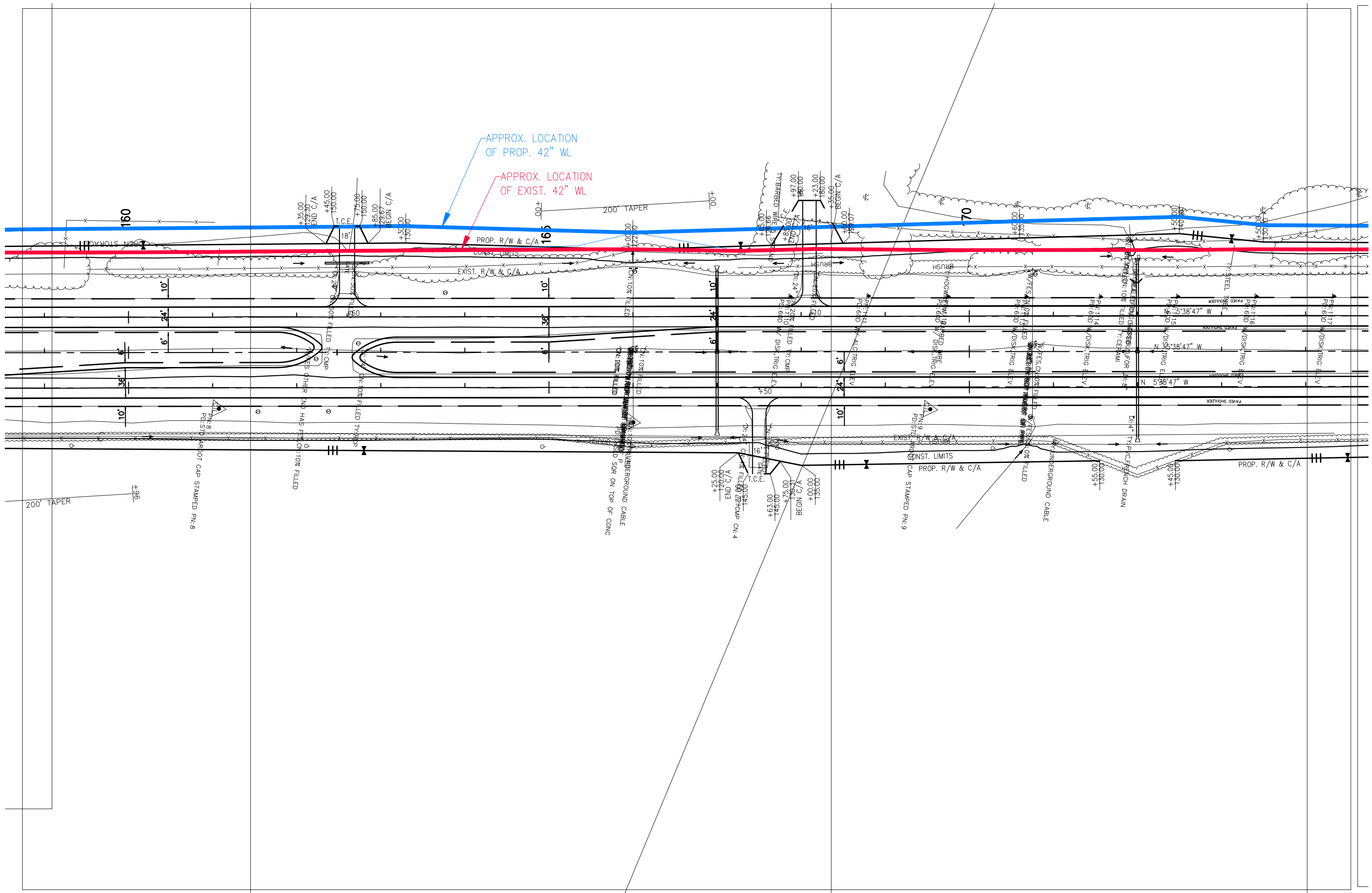
N 5°38'47" W

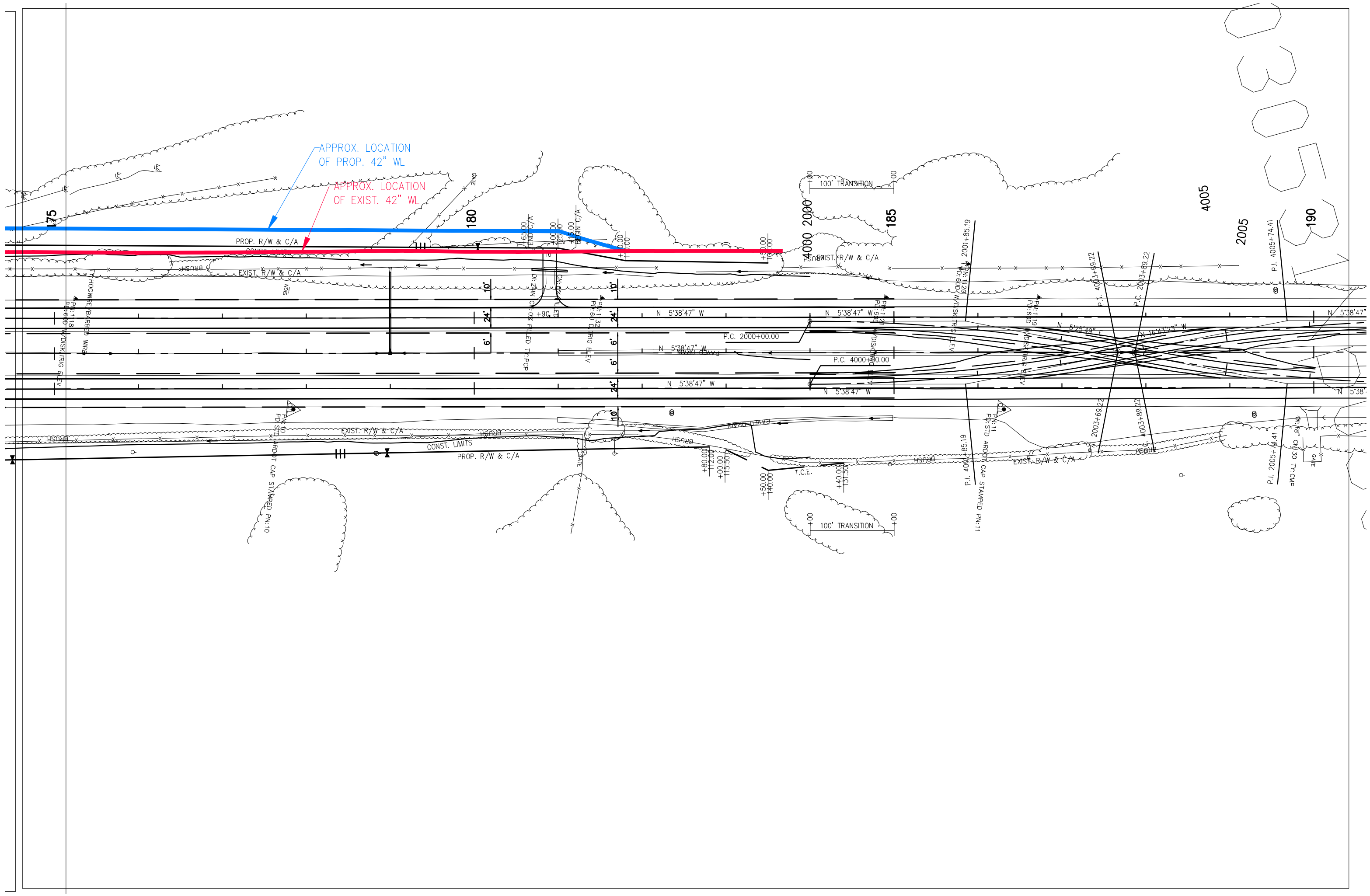
N 5°38'47" W

N 5°38'47" W

10'

96±





APPROX. LOCATION  
OF PROP. 42" WL

APPROX. LOCATION  
OF EXIST. 42" WL

PROP. R/W & C/A

EXIST. R/W & C/A

180

100' TRANSITION

185

4005

2005

190

175

10'

24'

10'

24'

N 5'38'47" W

N 5'38'47" W

P.C. 2000+00.00

N 5'38'47" W

P.C. 4000+00.00

N 5'38'47" W

N 5'38'47" W

N 5'38'47"

PROP. R/W & C/A

EXIST. R/W & C/A

CONST. LIMITS

PROP. R/W & C/A

+80.00

+112.00

+115.307

+50.00

+40.00

+137.500

100' TRANSITION

P.I. 4005+74.41

P.O. STD. ARDON CAP STAMPED PN: 11

P.I. 2005+74.41

P.O. STD. ARDON CAP STAMPED PN: 11

P.I. 4005+74.41

P.O. STD. ARDON CAP STAMPED PN: 11

P.I. 2005+74.41

P.O. STD. ARDON CAP STAMPED PN: 11

GATE

30" DIA. C/P

30" DIA. C/P

RDOT CAP STAMPED PN: 10

P.I. 2007+85.19

P.O. STD. ARDON CAP STAMPED PN: 11

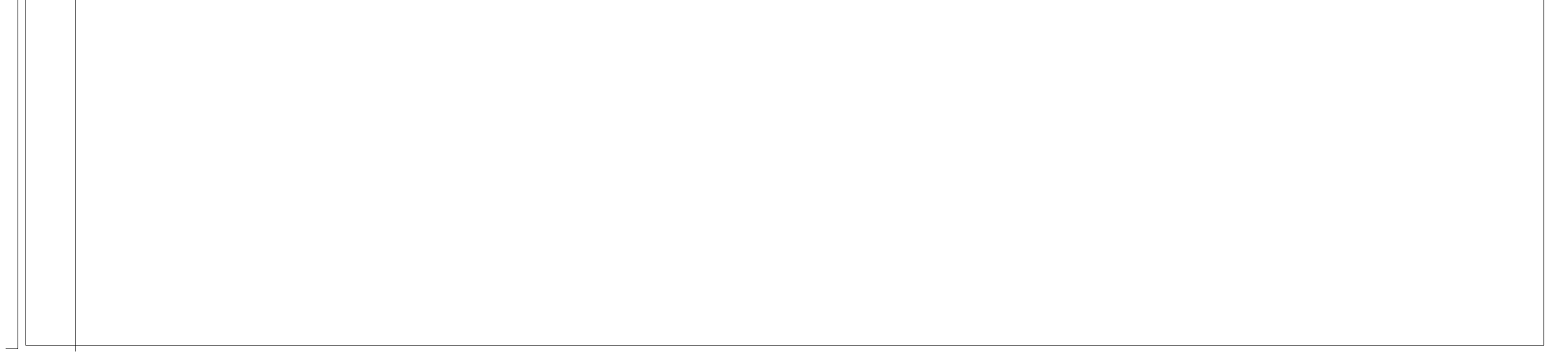
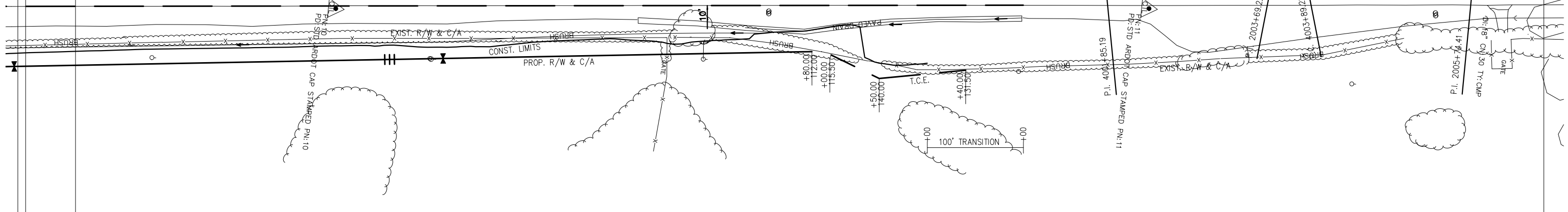
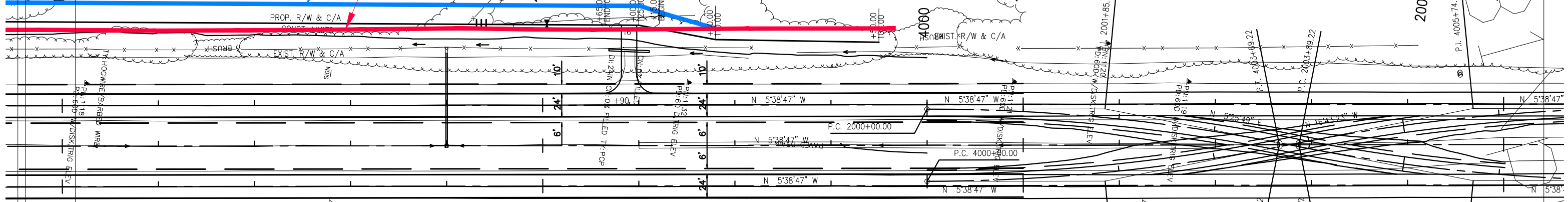
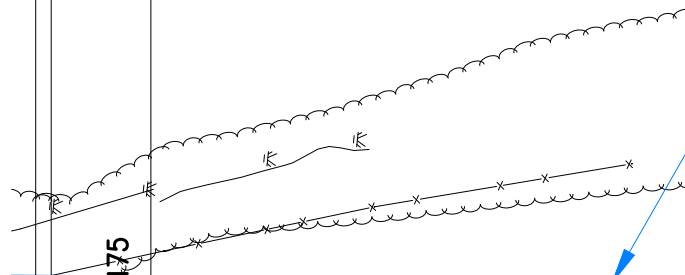
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P.I. 4005+74.41

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## CITY OF TEXARKANA, AR BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt an Ordinance for the updating and repair of the City's Storm Siren System. (TAFD) Chief David Fletcher

*An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.*

**AGENDA DATE:** 02/07/2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Texarkana, Arkansas Fire Department

**PREPARED BY:** Fire Chief David Fletcher

---

**REQUEST:** Board approval to accept the proposal from American Signal Corporation to update and repair the City's storm siren system.

**EMERGENCY CLAUSE:** Yes

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**SUMMARY:** The City's storm siren system is in need of repair and updating. After much research, we have determined that the proposal from ASC best fits our needs. ASC will be repairing and replacing several sirens and will also link our system together with Texarkana, TX. This will allow the system to operate as one across the area better serving the citizens and visitors to Texarkana. Also included in this proposal is training for several of our personnel to service and maintain the system.

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**EXPENSE REQUIRED:** \$138,165.62

---

**AMOUNT BUDGETED:** EnterText

---

**APPROPRIATION  
REQUIRED:** EnterText

---

**RECOMMENDED  
ACTION:** EnterText

---

**EXHIBITS:** Ordinance, proposal, and narrative from American Signal Corporation.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE ACCEPTING THE PROPOSAL OF AMERICAN SIGNAL CORPORATION TO UNDERTAKE CERTAIN UPDATES AND REPAIRS TO THE CITY'S STORM SIREN SYSTEM; WAIVING ANY APPLICABLE COMPETITIVE BIDDING PROVISION; AMENDING THE FY2022 BUDGET TO PROVIDE FOR SUCH ACQUISITION; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES**

**WHEREAS**, it is necessary to undertake certain repairs and updates the City's storm siren system; and

**WHEREAS**, after significant review and research, the Texarkana, Arkansas Fire Department (TAFD) has determined that selection of a system with the capability to easily link together with the currently updated system in place in Texarkana, Texas, will provide the best service for the citizens and visitors to Texarkana; and

**WHEREAS**, a system that best links with the system utilized by Texarkana, Texas, is unique and acquisition and installation of the same does not lend itself to competitive bidding; and

**WHEREAS**, despite inherent impracticability and unworkability of application of the competitive bidding process to acquisition of such system and upgrade, TAFD reviewed proposals from manufacturers or suppliers; and

**WHEREAS**, upon consideration, it was determined that the proposal from American Signal Corporation (ASC) is best suited to meet the unique needs and functions contemplated; and

**WHEREAS**, pursuant to Ark. Code Ann. §14-47-138, the Board of Directors may waive the requirements of competitive bidding in exceptional situations where competitive bidding is not feasible; and

**WHEREAS**, waiver of competitive bidding is also permitted by Section 2-72 of the *City of Texarkana, Arkansas, Code of Ordinances* for the reasons set out therein (one or more of which being applicable to the purchase contemplated hereby); and

**WHEREAS**, the proposal for such certain repairs and updates to the storm siren system, including service and maintenance training by ASC of certain City personnel, is \$138,165.62; and

**WHEREAS**, the City Manager and TAFD staff request approval, and, further, waiver of competitive bidding practices, all as and for the reasons described above;

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Directors of the City of Texarkana, Arkansas, that:

**Section 1:** The proposal of ASC for the repair and upgrade of the City's storm siren system as described above and in the amount of \$138,165.62 is approved and any competitive bidding practices that may be otherwise required by applicable law and ordinance are waived.

**Section 2:** The City Manager is authorized to enter into any agreement reasonably necessary to accept the proposal on the terms and conditions set forth above.

**Section 3.** The FY2022 budget is hereby amended to appropriate the funds required for such project and the associated expense.

**Section 4.** This action being necessary for the preservation of the public peace, health and safety, and a separate and distinct vote having been taken on this emergency clause, an emergency is therefore declared to exist, and this ordinance shall be in full force and effect from and after its passage and approval.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney



8600 W. Bradley Road, Milwaukee, WI 53224

Tel: (800) 243-2911

Tel: 414-358-8000

Fax: +1 414 358-8008

Web: [www.americansignal.com](http://www.americansignal.com)

Sales Person: Chris Mast

Quote #: 20220107CM-3

Date: 1.7.22

Project: Texarkana, Arkansas  
 Company: Texarkana, AR Fire Department  
 Address: 416 E 3rd Street  
 City, State, ZIP: Texarkana, AR 71854  
 Country: United States  
 Contact Name: William Smith  
 Title: Assistant Chief  
 E-Mail: [willam.smith@txkusa.org](mailto:willam.smith@txkusa.org)  
 Telephone: 870-779-4698  
 Mobile: 903-908-1282

Item	Qty.	Model	American Signal Equipment	Unit	Extended Price
<b>T-128 AC/DC</b>					
1	2	T-128-DC	Rotating Siren 129.5dB 48v DC Siren	\$ 11,869.00	\$ 23,738.00
2	2	TEMPEST™ AC/DC	AC/DC Motor Control 128 - UL Listed NEMA 4X Aluminum Powder Coated Gray	\$ 7,457.00	\$ 14,914.00
3	2	RTU--DC Door Mt.	RTU, Universal Controller, Panel Mount DC Tempest-MC's	\$ 1,900.00	\$ 3,800.00
4	2	SENSOR - Current	Current Sensor, Tempest-Series	\$ 100.00	\$ 200.00
5	2	ECC-KIT	ECC Card	\$ 250.00	\$ 500.00
6	2	MR-VHF25W	Radio VHF	\$ 1,153.00	\$ 2,306.00
7	2	KIT-Radio	Radio Interface, UHF/VHF MHz	\$ 75.00	\$ 150.00
8	2	KIT-OMNI-ANT-7	Antenna, VHF, 35' coax Omni-Directional	\$ 274.94	\$ 549.87
9	2	KIT-ARR-2	Lightning Arrestor, PL-259	\$ 174.00	\$ 348.00
10	2	BATT-1 M	Battery, 12V, Group 24 - Set of (4) for TEMPEST™ 48Vdc DC Controls for T-128	\$ 791.00	\$ 1,582.00
11	2	PM-4	Pole Mount - Tempest T-128	\$ 370.00	\$ 740.00
12					
13					
<b>Federal 508-128 RTU Conversion</b>					
15	9	RTU--AC-M	Remote Terminal Unit. Stand Alone for Mechanical sirens (fiberglass enclosure)	\$ 3,227.00	\$ 29,043.00
16	9	SENSOR- Rotation	Rotate Sensor, 095-0088-1	\$ 214.00	\$ 1,926.00
17	9	SENSOR - Current	Current Sensor, 080-0159	\$ 100.00	\$ 900.00
18	9	ECC-KIT	ECC Card	\$ 250.00	\$ 2,250.00
19	9	KIT-Radio	Radio Interface, UHF/VHF MHz	\$ 75.00	\$ 675.00



Item	Qty.	Model	American Signal Equipment	Unit	Extended Price
20	9	KIT-OMNI-ANT-7	Antenna, VHF, 35' coax Omni-Directional	\$ 274.94	\$ 2,474.42
21					
22					
23			<b>Command And Control Software &amp; Hardware</b>		
24	1	CSC-960-ECC	Central Station Controller-960, ECC Format includes 10 programmable push buttons	\$ 5,500.00	\$ 5,500.00
25	1		UPS with radio rack	\$ 150.00	\$ 150.00
26	1	MR-VHF25W	Radio VHF	\$ 1,153.00	\$ 1,153.00
27	1	KIT-Radio	Radio Interface, UHF/VHF MHz	\$ 75.00	\$ 75.00
28	1	KIT-ARR-2	Lightning Arrestor, PL-259	\$ 173.34	\$ 173.34
29	1	KIT-OMNI-ANT-100-V	Antenna, VHF, 100' coax Omni-Directional	\$ 381.36	\$ 381.36
30	1	Installation	Installation	\$ 1,500.00	\$ 1,500.00
31			<b>Installation-ASC T-128</b>		
32	2	Install	Provide 55' Class II Wood Pole. Assemble Components on Pole. Auger and Set Assembly. Underground Utility provided by Others.	\$ 8,800.00	\$ 17,600.00
33		Electrical requirements	AC/DC Siren requires 208VAC/240VAC 60 AMP, single phase service. DC Sirens require 120 VAC, 20 AMP, single phase service (does not included electric meter, base or socket). American Signal is not responsible for providing or paying for electric service, or electrical permits or inspections.		
34	3	Removal	Removal of three existing Federal Thunderbolts to customer's storage location	\$ 1,800.00	\$ 5,400.00
35			<b>RTU Conversion-Labor</b>		
36	9	Install	Install stand alone RTU on Federal Sirens	\$ 2,500.00	\$ 22,500.00
37			<b>Auger Clause</b>		
38		Auger Clause	Pole Installation includes up to three hours of augering utilizing standard and rock auger bits. If durring the three hour time period we are unable to achieve the depth required due to unforeseen circumstances such as rock, concrete, or any other undergournd impediment work will only continue when a written change order is received and accepted by ASC.		
39			<b>System Commissioning</b>		
40	11	Commissioning	ASC Certified Installer to Perform Start Up and Commissioning of System. Price is per Siren Site. Includes Final inspection, Final Connections of Batteries, Testing Communications, Testing Siren at Site and remotely (if possible) (includes low reach bucket truck rental)	\$ 300.00	\$ 3,300.00
41	1	Commissioning Mobilization	Mobilization of ASC certified technician to customer's location	Cost plus 15%	

Item	Qty.	Model	American Signal Equipment	Unit	Extended Price
42					
43			<b>Training</b>		
44	1	Tuition	Service and Maintenance Training for up to five people at our factory facility in Milwaukee (Duration: one and one-half days)	\$ 2,500.00	\$ 2,500.00
44.1	1	Travel	Travel and Accomidation	\$ 5,000.00	\$ 5,000.00
45			<b>Shipping</b>		
46			<b>EXW:8600 W. Bradley Road, Milwaukee Wisconsin 53224</b>		\$ 2,500.00
47			<b>Discount Only Applies to Equipment Does Not Apply to Installation &amp; Commissioning</b>	30.00%	\$ (28,508.70)
48			<b>Standard ASC Warranty Applies to Order</b>		\$ 125,320.29
49			<b>Taxes - Not Included</b>		
50			<b>Project Totals - US Funds</b>		\$ 125,320.29

**25% Due with order = \$ 31,330.07**

### Domestic Payment Terms:

All prices are in USD and Equipment Accounts are 25% due at time of order. (Engineering, Mobilization & Acquisition), 75% due Net 30 days upon shipment of equipment. If project is turn key installation contract 25% Down payment with 65% Net 30 days upon shipment of equipment to customer designated location or installers site with a 10% retainage. Net 10 days upon final start up and test of system. Payments tendered by Credit Card will be subject to a 4% processing Fee.

**Validity:** This quotation is valid for 30 days from date of issuance.

**Shipping Terms:** EXW Factory,8600 W. Bradley Road, Milwaukee Wisconsin 53224 in accordance with Incoterms© 2010.

**Installation services:** If installation services are provided in contract, all change orders will be authorized in writing before work is performed outside of the scope of the contract. If during installation of a system we encounter rock that cannot be removed by standard drill and pier methods, all work will stop and the customer will be notified of the situation before work resumes. Special equipment required to penetrate the rock or other site conditions as well as relocation of the site/pole will continue on a cost plus basis once authorized in writing by the customer.

These are standard ASC Terms and Conditions and are not reflective of negotiated or proposed contract language under invitations to bid or final requests for proposals. All international orders require a full wire transfer of funds to our bank in Milwaukee, WI.



## **Narrative for quote 20220107CM-3 1.7.22**

### **Objectives for this project are:**

1. Migrate all of the sirens in Texarkana, Arkansas to a common, automated control point shared with the City of Texarkana, Texas. Texarkana, Texas has previously purchased Nexgen hardware and software and is in the process of moving their equipment to this platform.
2. Add additional encoder / radio control point at the Fire Station at 416 E. 3<sup>rd</sup> St.
3. Eliminate one Federal Thunderbolt siren on Jefferson Ave. Siren 104
4. Replace two sirens. One on Garland Ave, Siren 102. The other siren to be replaced is the siren on Ferguson and Garfield roads, Siren 105.
5. Provide technical training to the Fire Department so that they can perform routine maintenance and repairs on the system.

### **Summary of Quote:**

Lines 1-11 and line 32 represent the materials and costs associated with replacing sirens 102 and 105. These sirens are no longer serviceable and can't easily be adapted to the new control equipment.

Lines 15-20 and line 36 represent the materials and costs associated with updating the Federal 508-128 Sirens to two-way communication on the new control platform. Texarkana currently has nine 508-128 Sirens. The existing ASC T-128 Sirens are already configured for control on the new system.

Lines 24-30 represent the materials and costs for an additional control point at the Fire Station at 416 E. 3<sup>rd</sup> St.

Line 44 is the tuition cost for one to five individuals to attend one and one-half days of maintenance and repair training at our training facility in Milwaukee, Wisconsin.



# CITY OF TEXARKANA, AR

## BOARD OF DIRECTORS

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**AGENDA TITLE:** Adopt an Ordinance authorizing the City Manager to enter into an Interlocal Agreement with Miller County for housing Municipal Prisoners at the Miller County Detention Center. (Admin)

*An emergency clause is requested. An emergency clause requires a separate and distinct vote of the board and is valid only if there is a two-thirds vote of approval by the Board.*

**AGENDA DATE:** February 7, 2022

**ITEM TYPE:** Ordinance  Resolution  Other : \_\_\_\_\_

**DEPARTMENT:** Administration

**PREPARED BY:** Heather Soyars, City Clerk

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**REQUEST:** Enter into an agreement for the cost of housing Municipal Prisoners.

**EMERGENCY CLAUSE:** Yes

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**SUMMARY:** Amending the 2020 prisoner Interlocal Agreement for jail services relating to municipal prisoners at the Miller County Detention Center. This amendment will increase the daily per incarcerated municipal prisoner fee payable by the City.

Felony-Classified Municipal Prisoners: Fifty Dollars (\$50.00) per day per-felony-classified Municipal Prisoner(s) housed by the City with Miller County in accordance with this Agreement; or

All Other Municipal Prisoners: Forty-Two Dollars (\$42.00) per day for all Municipal Prisoners that are not Felony-Classified Municipal Prisoners housed by the City with Miller County in accordance with this Agreement.

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**EXPENSE REQUIRED:** \$832,000.00

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**AMOUNT BUDGETED:** \$161,000.00

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**APPROPRIATION REQUIRED:** None

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**RECOMMENDED ACTION:** The Board of Directors approval of the ordinance for the attached Interlocal Agreement.

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**EXHIBITS:** Ordinance, Interlocal Agreement, Resolution No. 2020-3

# ORDINANCE NO. \_\_\_\_\_

## **AN ORDINANCE APPROVING AN AGREEMENT WITH MILLER COUNTY FOR THE HOUSING OF MUNICIPAL PRISONERS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES**

**WHEREAS**, pursuant to authority contained in Resolution 2020-3, the City previously entered into an agreement for the housing of municipal prisoners within the Miller County Jail; and

**WHEREAS**, it is necessary to update and replace such prior agreement with a new agreement, in form and substance presented herewith; and

**WHEREAS**, the proposed agreement is designed to apply to municipal prisoners housed within the Miller County Jail beginning in 2022, and thereafter, subject to future amendment, restatement, or termination pursuant to its terms; and

**WHEREAS**, the City Manager and staff recommend approval;

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Directors of the City of Texarkana, Arkansas, that:

**Section 1:** The City Manager is authorized to enter into an agreement with Miller County, Arkansas, to replace and supersede any prior agreement and to provide for the housing of municipal prisoners in the Miller County Jail, as on the terms and conditions contained in that proposed agreement presented herewith and approved hereby.

**Section 2:** All ordinances or resolutions or parts of ordinances or resolutions in conflict with this Ordinance are hereby repealed to the extent of such conflict.

**Section 3:** This action being necessary for the preservation of the public peace, health and safety (including, without limitation, to promptly update and replace the existing agreement in order to minimize and make most efficient transition from the prior agreement to the agreement approved hereby), and a separate and distinct vote having been taken on

this emergency clause, an emergency is therefore declared to exist, and this ordinance shall be in full force and effect from and after its passage and approval.

**PASSED AND APPROVED** this 7<sup>th</sup> day of February, 2022.

---

Allen L. Brown, Mayor

**ATTEST:**

---

Heather Soyars, City Clerk

**APPROVED:**

---

George Matteson, City Attorney

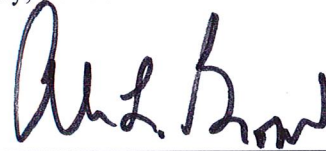
# RESOLUTION NO. 2020-3

**WHEREAS**, the Texarkana Arkansas Police Department recommends that the City enter into an Interlocal Agreement with Miller County for jail services; and

**WHEREAS**, the City Manager and Staff recommend approval;

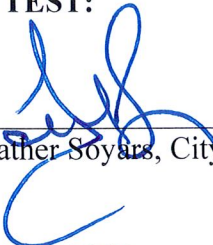
**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Texarkana, Arkansas, that the City Manager is authorized to enter into the Interlocal Agreement attached hereto and made apart hereof, on behalf of the City of Texarkana.

**PASSED AND APPROVED** this 3<sup>rd</sup> day of February, 2020.



Allen L. Brown, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Heather Soyars, City Clerk

**APPROVED:**

  
\_\_\_\_\_  
George Matteson, City Attorney

**INTERLOCAL AGREEMENT  
BETWEEN THE COUNTY OF MILLER, ARKANSAS AND THE CITY OF TEXARKANA,  
ARKANSAS; FOR HOUSING PRISONERS OF TEXARKANA, ARKANSAS IN THE MILLER  
COUNTY DETENTION CENTER**

THIS INTERLOCAL AGREEMENT is entered into this 3rd day of February, 2020, by and between the County of Miller, Arkansas "Miller County" and the City of Texarkana, Arkansas.

WHEREAS, Miller County, through its Sheriff's Office, provides a detention facility for the housing of prisoners; and

WHEREAS, the City of Texarkana, Arkansas desires to house certain prisoners in the Miller County Detention Center; and

WHEREAS, Miller County Arkansas is required by Arkansas Code Annotated Sec. 12-41-503 to house Miller County Prisoners subject to the terms and conditions of Arkansas Code Annotated Sec. 12-41-503 and pursuant to this Agreement; and

WHEREAS, pursuant to Arkansas Code Annotated Sec. 12-41-506, County of Miller, City of Texarkana, Arkansas is authorized to enter into this Interlocal Agreement; and

WHEREAS, the parties agree that a cooperative agreement should be in place for the housing of misdemeanor incarcerants; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. Purpose and Security Provided. The purpose of this Agreement is to establish a formal binding relationship between Miller County and the City of Texarkana, Arkansas for the detention of persons charged with, or convicted of misdemeanor violations of state or local law or city ordinances at the Miller County Detention Center. Miller County agrees to accept and provide for the secure custody, care and safe keeping of Texarkana, Arkansas prisoners in accordance with state and local laws, standards, policies, procedures or court orders applicable to the operations of the Miller County detention facility.
2. Period of Performance. This Agreement shall be in effect from the date of the execution of the Agreement by all parties and become perpetual from the time of execution. The Miller County Sheriff, Miller County Judge, Texarkana, Arkansas Chief of Police and Texarkana, Arkansas City Manager shall meet in the final quarter of each year to review the contractual rate and elect to continue, modify, or cancel the interlocal agreement.



3. Payment Rate. The City of Texarkana, Arkansas shall be responsible in the amount of \$38.00 per day for each misdemeanor / city ordinance prisoner incarcerated at the Miller County Detention Center regardless of the misdemeanor / city ordinance case disposition. This amount shall be deposited into an account specified by Miller County. The Quorum Court of Miller County understands that any request in change in Payment Rate or interlocal agreement conditions must be documented, reviewed, and agreed to by both parties, otherwise the interlocal agreement will be continued or terminated.
4. Payment Schedule. Miller County will provide to the City of Texarkana, Arkansas a roster reflecting the prisoner count for each calendar month. The roster / invoice will be forwarded to the City of Texarkana, Arkansas by the 5<sup>th</sup> day of each month, reflecting the total occupancy / charges for the preceding month. Following review and reconciliation of the roster / invoice, the City of Texarkana, Arkansas will remit payment via electronic deposit into the account established and identified by Miller County within 30 days of the reconciled roster / invoice.
5. Priority Placement. In the event of jail overcrowding or other issues that limit the available detention space, the City of Texarkana, Arkansas agrees to suspend the detention of prisoners charged with misdemeanor / city ordinance violations at the Miller County Detention Center until such time as the jail overcrowding issue has been resolved. The Miller County Detention Center reserves the right to determine when the Miller County Detention Center is at or exceeds the maximum occupancy level. All prisoners booked into Miller County are subject to all rules, regulations and policies adopted by Miller County.
6. Medical Costs and Fees. No incarcerant of the Miller County Detention Center shall be denied access to emergency medical and pain care and Miller County shall provide emergency transportation for such treatment. The incarcerant shall be the primary obligor and responsible party of all medical costs and treatment provided. The City of Texarkana, Arkansas shall be responsible for all outside medical expenses incurred while the incarcerant is in custody.
7. Other Incidental Costs / Fee's. The City of Texarkana, Arkansas agrees to be financially responsible for incidental costs associated with any technology or logistical costs associated with the direct booking / billing / reporting of Texarkana, Arkansas misdemeanor prisoners at Miller County that are not otherwise required by Miller County for regular and routine operations.
8. Transportation. The City of Texarkana, Arkansas shall be responsible for transportation cost, security and transporting of prisoners from jail to court sessions and transporting from court to jail and non-emergency medical visits.
9. Court: The City of Texarkana, Arkansas shall provide courtroom security for Texarkana, Arkansas District Court which has primary jurisdiction for all

misdemeanor / city ordinance prisoners charged by the Texarkana, Arkansas Police Department.

10. Modification: The parties to this agreement made under Arkansas Code Annotated Sec. 14-14-910, shall have sole authority to modify the terms of this Interlocal Agreement. .
11. Effective Date: The Sheriff of Miller County may begin housing of the city's incarcerants no later than 30 days after the adoption of this interlocal agreement.
12. Benefit Inured. This Agreement shall not inure to the benefit of entities located outside of Miller County, Arkansas and Miller County shall set the rate for housing any prisoner on behalf of entities located outside of Miller County, Arkansas in the event that Miller County agrees to house any such prisoners.
13. Miscellaneous. This agreement constitutes the entire Agreement between the parties and supersedes any county ordinance establishing fees for housing of misdemeanor / city ordinance prisoners of Texarkana, Arkansas, during the term of this agreement. This Interlocal Agreement shall be approved or ratified by the Quorum Court of Miller County, Arkansas, and the City of Texarkana, Arkansas. Such agreement shall be filed with the County Clerk, and the city clerk of Texarkana, Arkansas. The County Judge shall enter a County Court Order adopting the terms of this Agreement along with the respective ordinances of the parties authorizing or ratifying this interlocal agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day year first above written.

COUNTY OF MILLER, ARKANSAS

CITY OF TEXARKANA, ARKANSAS

BY: Cathy H Harrison  
COUNTY JUDGE, Cathy Harrison

BY: Kenny Haskin  
CITY MANAGER, Kenny Haskin

ATTEST:  
Stephanie Harvin  
COUNTY CLERK, Stephanie Harvin

Heather Soyars  
CITY CLERK, Heather Soyars

## **INTERLOCAL AGREEMENT**

### **BETWEEN THE COUNTY OF MILLER, ARKANSAS AND THE CITY OF TEXARKANA, ARKANSAS; FOR HOUSING MUNICIPAL PRISONERS OF TEXARKANA, ARKANSAS IN THE MILLER COUNTY JAIL**

**THIS INTERLOCAL AGREEMENT** (“Agreement”) is entered into this 1st day of January, 2022, by and between the County of Miller, Arkansas (“Miller County”), and the City of Texarkana, Arkansas (“City”).

**WHEREAS**, Miller County, through its Sheriff’s Office, provides county jail facilities for the housing of prisoners; and

**WHEREAS**, the City of Texarkana, Arkansas desires to house Municipal Prisoners (as hereinafter defined) in the Miller County Jail (such term, as used herein, shall include the facility commonly known as the Miller County Detention Center and all other prisoner detention facilities operated as a part of county jail system by Miller County, but not including the Miller County Juvenile Detention Center); and

**WHEREAS**, Miller County Arkansas is required by Arkansas Code Annotated Sec. 12-41-503 to house Municipal Prisoners subject to the terms and conditions of Arkansas Code Annotated Sec. 12-41-503, applicable law, and pursuant to this Agreement; and

**WHEREAS**, pursuant to Arkansas Code Annotated Sec. 12-41-506, Miller County and the City of Texarkana, Arkansas, are authorized to enter into this Interlocal Agreement concerning the costs of housing Municipal Prisoners; and

**WHEREAS**, on February 3, 2020, the parties entered into an agreement concerning the housing of certain prisoners, all as more specifically set forth therein, and the parties are in agreement that it is in the best interest of Miller County and the City that such prior agreement be updated and replaced in its entirety with this Agreement concerning the housing of Municipal Prisoners; and,

**NOW THEREFORE**, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. Purpose and Security Provided. The purpose of this Agreement is to establish an updated, formal binding relationship between Miller County and the City of Texarkana, Arkansas for the detention of Municipal Prisoners. Miller County agrees to accept and provide for the secure custody, care, and safe keeping of Municipal Prisoners in accordance with state and local laws, standards, policies, procedures or court orders applicable to the operations of the Miller County jail.
2. Municipal Prisoners, Defined. The term “Municipal Prisoners” (or “Municipal Prisoner,” as the context may require, shall herein mean those offenders who are arrested by Texarkana, Arkansas, law enforcement officers and delivered to the Miller County Jail (or such other point of intake per the direction of Miller County) for incarceration with Miller County in the Miller County Jail, from the point of intake until the earlier to occur of: (a) charging on a felony offense; (b) sentencing on a misdemeanor offense; or, (c) release on a municipal-ordinance violation.
3. Period of Performance. The initial term of this Agreement will commence upon the Effective Date (hereinafter defined) and continue until the next occurring December 31. Furthermore, absent termination, this Agreement shall automatically renew for successive twelve (12) month periods. Either party may terminate this agreement at any time, for any reason or for no reason, upon not less than ninety (90) days written notice to the other. The parties represent and warrant to the other that the City Manager for the City of Texarkana, Arkansas (or such interim city manager then appointed by the Board of Directors for the City of Texarkana, Arkansas), and the County Judge for Miller County, Arkansas, are, respectively, vested with the authority to terminate this Agreement in accordance with the terms of this Section 3. Termination shall not relieve either party of any obligation that such party had hereunder or otherwise pursuant to applicable law arising prior to termination.

4. Daily Rate. INITIAL TERM. The City of Texarkana, Arkansas shall pay to Miller County a daily rate during the initial term of this Agreement as follows:

- a. Felony-Classified Municipal Prisoners: Fifty Dollars (\$50.00) per day per felony-classified Municipal Prisoner(s) housed by the City with Miller County in accordance with this Agreement; or
- b. All Other Municipal Prisoners: Forty-Two Dollars (\$42.00) per day for all Municipal Prisoners that are not Felony-Classified Municipal Prisoners housed by the City with Miller County in accordance with this Agreement.

FELONY-CLASSIFIED MUNICIPAL PRISONER(S). A Felony-Classified Prisoner is a Municipal Prisoner that has been arrested by City law enforcement personnel on a felony-level offense and is being detained within the Miller County Jail on the same. In no event shall a Municipal Prisoner be categorized as and charged the daily rate for a Felony-Classified Municipal Prisoner unless and until the date of arrest of the Municipal Prisoner by the City for a felony-level offense.

ANNUAL RATE ADJUSTMENT. For each renewal term, the then-existing daily rate shall be adjusted in accordance with this provision. Specifically, the daily rate for then-commencing renewal term shall be determined by increasing the daily rate for the then-expiring term by a percentage equal to the lesser of (i) three percent (3.00%); or, (ii) a percentage equal to the percentage change in the Consumer Price Index statistics published by the United States Bureau of Labor, using the index entitled "Consumer Price Index - All Items and Major Group Figures for all Urban Consumers (CPI-U) South Region (1982-84 = 100)" (or the nearest comparable data on changes in the cost of living if such index is no longer published) as determined by comparison of the above-identified CPI figure for January 1 of the then-expiring term, with that of January 1 for the then-commencing renewal term. Notwithstanding the foregoing, in no event shall the daily rate for a renewal term be less than the daily rate for the immediately preceding term.

5. Payment Schedule. Miller County will provide to the City of Texarkana, Arkansas, a roster reflecting the Municipal Prisoner daily count for each calendar month. The roster will contain such information as may be reasonably requested by the City to confirm the Municipal Prisoner daily count (including, without limitation, Municipal Prisoner identity and, if applicable, categorization as a Felony-Classified Municipal Prisoner) and be delivered to the City by the 10<sup>th</sup> day of each calendar month. The roster shall be accompanied by a corresponding invoice for the period of time covered by the roster. Following review and reconciliation of the roster and invoice, the City of Texarkana, Arkansas will remit payment via electronic deposit into the account established and identified by Miller County within 30 days of the reconciled roster / invoice. In the event of a dispute of any charge on the invoice, the City shall not withhold payment for any undisputed portion of the invoice pending resolution of the disputed portion.
  
6. Priority Placement. Without limiting the obligations under applicable law of a county and/or its sheriff to house or provide priority placement of prisoners of municipalities that are situated within such county, in the event of jail overcrowding or other issues that limit the available detention space, the City of Texarkana, Arkansas agrees to suspend the detention of additional municipal prisoners at the Miller County Jail Center until such time as said jail overcrowding issue has been resolved. Miller County reserves the right to determine when the Miller County Jail is at or exceeds the maximum occupancy level. All prisoners booked into the Miller County Jail are subject to all laws, rules, regulations, and policies adopted by and applicable to Miller County in connection with its operation of the Miller County Jail and solely under the supervision of Miller County and its Sheriff in accordance with applicable law.
  
7. Medical Costs and Fees. No municipal prisoner housed at the Miller County Jail shall be denied access to emergency medical and pain care and Miller County shall provide emergency transportation (subject to reimbursement as herein after contemplated) for such treatment. The Municipal Prisoner shall be the primary obligor

and responsible party of all medical costs and treatment provided. As between Miller County and the City, the City shall be responsible for all reasonable outside medical expenses (not including regular care provided by Miller County employees or medical professionals engaged by Miller County to provide regular on-site care for prisoners incarcerated within the Miller County Jail). Miller County shall provide a monthly invoice to the City for reimbursement of such costs, along with such documentation or authorization to communicate and discuss directly with third-party medical providers as may be reasonably requested by the City to determine the reasonableness and necessity of the professional medical services for which reimbursement is sought.

8. Transportation. The City of Texarkana, Arkansas shall be responsible for reasonable transportation costs, security and transporting of Municipal Prisoners from the Miller County Jail to Texarkana Arkansas District Court sessions and transporting from Texarkana, Arkansas, District Court to Miller County Jail and non-emergency medical visits.
9. Court. Nothing contained in this Agreement shall be deemed to require Miller County to provide courtroom security for Texarkana, Arkansas District Court.
10. Modification. This Agreement may not be modified or amended absent written agreement, executed by Miller County and the City, in accordance with applicable law.
11. Effective Date. This Agreement shall become effective upon the of date hereof (the “Effective Date”).
12. Municipal Prisoners at the Miller County Jail between January 1, 2022, and the Effective Date. Within thirty (30) days of the Effective Date, Miller County shall provide the City with a statement (count and roster), accompanied by such supporting information as may be reasonably requested by the City, of all Municipal Prisoners detained within the Miller County Jail between January 1, 2022, and the Effective Date, the City, no later than ninety (90) days following the Effective Date (or sixty days

following the date of receipt of the statement contemplated in this Section, whichever is the latter to occur), shall pay to Miller County an amount equal to what would have otherwise been paid by the City to Miller County in accordance with the terms of this Agreement had this Agreement been made effective on January 1, 2022, less amounts for and applicable to such time period that have already been paid by the City to Miller County.

13. Initial Coordination and First Payment. The parties agree to coordinate and work together to establish processes for the exchange and review of information as contemplated herein throughout the term of this Agreement. Furthermore, the parties acknowledge and agree that additional time may be required in order to establish such internal and coordinated processes for the exchange and review of the information contained herein for and relating to the regular accounting of Municipal Prisoners and corresponding amounts due from the City for the same. Accordingly, notwithstanding anything contained herein to the contrary, in no event shall any payment or reimbursement contemplated herein be due or payable on or before the ninety (90) days following the Effective Date.
  
14. Complete Agreement. This agreement constitutes the entire Agreement between the parties and supersedes any prior agreement, county or city ordinance establishing fees for housing of Municipal Prisoners within the Miller County Jail. This Agreement further constitutes full resolution of all matters concerning the housing or cost of Municipal Prisoners heretofore located at the Miller County Detention Center.
  
15. Notice. MANNER. Any notice hereunder shall be by certified mail; return receipt requested; reputable overnight delivery company; courier; or hand delivery (including by utilization of law enforcement personnel for such purpose). Either party hereto, by written notice to the other, change its notice address set forth below.



TO COUNTY. Any notice hereunder by the City to the County shall be given by the City Manager (or, in the absence of the same, any “interim” or “acting” city manager) for the City to:

Miller County, Arkansas  
Attention: County Judge for Miller County  
400 Laurel Street, #115  
Texarkana, Arkansas 71854

TO CITY. Notice by the County to the City shall be given by the County Judge for the County to:

City of Texarkana, Arkansas  
Attention: City Manager  
216 Walnut Street  
Texarkana, Arkansas 71854

16. Benefit Inured. This Agreement shall not inure to the benefit of entities not expressly a party hereto (including, without limitation, any other municipalities or counties) within or without the State of Arkansas.
  
17. Miscellaneous. The waiver of any obligation or right pursuant to this agreement of either party by the other shall not constitute or be deemed to constitute a subsequent waiver of such right or obligation. This Interlocal Agreement shall be approved or ratified by the Quorum Court of Miller County, Arkansas, and the City of Texarkana, Arkansas. Such agreement shall be filed with the County Clerk, and the City Clerk of Texarkana, Arkansas. The County Judge shall enter a County Court Order adopting the terms of this Agreement along with the respective ordinances of the parties authorizing or ratifying this interlocal agreement. In the event that any term or provision of this Agreement is determined to be contrary to or unenforceable the laws of the State of Arkansas or United States of America, such invalidity or unenforceability shall not affect the remaining terms of this Agreement, which shall continue in full force and effect.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands and seals the day year first above written.

COUNTY OF MILLER, ARKANSAS

CITY OF TEXARKANA, ARKANSAS

BY: \_\_\_\_\_  
COUNTY JUDGE, Cathy Harrison

BY: \_\_\_\_\_  
CITY MANAGER, E. Jay Ellington

ATTEST:

\_\_\_\_\_  
COUNTY CLERK, Stephanie Harvin

\_\_\_\_\_  
CITY CLERK, Heather Soyars