

City of Sherwood, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SHERWOOD, ARKANSAS
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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Sherwood, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Sherwood, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Sherwood, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included another fund under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The 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.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
July 22, 2024
LOM108223

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Sherwood, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated July 22, 2024. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

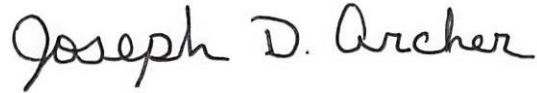
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated July 22, 2024.

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. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 22, 2024

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2023:

Mayor: Mary Jo Heye-Townsell
City Clerk: Charlotte Watson
Finance Director: Colleen Young (hired March 27, 2023)
William Beasley (resigned February 28, 2023)
District Court Clerk: Grace Gault
Police Chief: Jeff Hagar

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 22, 2024

CITY OF SHERWOOD, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 20,588,434	\$ 4,683,276	\$ 27,259,121
Accounts receivable	2,302,465	229,309	414,380
	\$ 22,890,899	\$ 4,912,585	\$ 27,673,501
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 782,471	\$ 21,304	\$ 670,453
Settlements pending			176,984
Total Liabilities	782,471	21,304	847,437
Fund Balances:			
Restricted	275,632	4,891,281	26,826,064
Unassigned	21,832,796		
Total Fund Balances	22,108,428	4,891,281	26,826,064
	\$ 22,890,899	\$ 4,912,585	\$ 27,673,501
TOTAL LIABILITIES AND FUND BALANCES			

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

CITY OF SHERWOOD, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 956,239	\$ 2,823,058	\$ 850,234
Federal aid	381,584		10,478
Property taxes		865,084	775,560
Franchise fees	356,183		2,188,024
Sales taxes	19,399,548		5,265,309
Fines, forfeitures, and costs	1,152,855		75,857
Interest	701,425	194,077	1,116,622
Local permits and fees	666,288		
Sanitation fees	3,390,251		
Advertising and promotion taxes			1,352,120
911 fees	462,582		
Country club fees and rentals	529,928		
Parks and recreation fees	637,706		
Childcare	324,200		
Donations	121,539		
Employer pension contributions			90,802
Net increase/(decrease) in fair value of investments			290,566
Other	258,032	180,758	40,428
TOTAL REVENUES	29,338,360	4,062,977	12,056,000
EXPENDITURES			
Current:			
General government	8,667,876		874,756
Law enforcement	10,248,418		1,511,081
Highways and streets	579,518	3,529,290	9,044,855
Public safety	2,171,168		
Sanitation	3,375,815		175,973
Recreation and culture	5,346,455		680,479
Social services	344,146		
Total Current	30,733,396	3,529,290	12,287,144
Debt Service:			
Bond principal			6,385,000
Bond interest and other charges			903,229
TOTAL EXPENDITURES	30,733,396	3,529,290	19,575,373

CITY OF SHERWOOD, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,395,036)	\$ 533,687	\$ (7,519,373)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,945,583		3,081,028
Transfers out			(5,026,611)
Bond proceeds			15,460,000
TOTAL OTHER FINANCING SOURCES (USES)	1,945,583		13,514,417
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	550,547	533,687	5,995,044
FUND BALANCES - JANUARY 1	21,557,881	4,357,594	20,831,020
FUND BALANCES - DECEMBER 31	\$ 22,108,428	\$ 4,891,281	\$ 26,826,064

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

CITY OF SHERWOOD, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 495,100	\$ 956,239	\$ 461,139	\$ 2,800,000	\$ 2,823,058	\$ 23,058
Federal aid		381,584	381,584			
Property taxes				800,000	865,084	65,084
Franchise fees	370,000	356,183	(13,817)			
Sales taxes	17,800,000	19,399,548	1,599,548			
Fines, forfeitures, and costs	840,000	1,152,855	312,855			
Interest	75,000	701,425	626,425	37,000	194,077	157,077
Local permits and fees	676,300	666,288	(10,012)			
Sanitation fees	3,300,100	3,390,251	90,151			
911 fees	317,000	462,582	145,582			
Country club fees and rentals	529,100	529,928	828			
Parks and recreation fees	487,100	637,706	150,606			
Childcare	350,000	324,200	(25,800)			
Donations		121,539	121,539			
Other	287,912	258,032	(29,880)		180,758	180,758
TOTAL REVENUES	25,527,612	29,338,360	3,810,748	3,637,000	4,062,977	425,977
EXPENDITURES						
Current:						
General government	8,912,705	8,667,876	244,829			
Law enforcement	12,026,887	10,248,418	1,778,469			
Highways and streets	819,662	579,518	240,144	4,639,768	3,529,290	1,110,478
Public safety	1,621,828	2,171,168	(549,340)			
Sanitation	4,212,100	3,375,815	836,285			
Recreation and culture	7,011,029	5,346,455	1,664,574			
Social services	331,727	344,146	(12,419)			
TOTAL EXPENDITURES	34,935,938	30,733,396	4,202,542	4,639,768	3,529,290	1,110,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,408,326)	(1,395,036)	8,013,290	(1,002,768)	533,687	1,536,455
OTHER FINANCING SOURCES (USES)						
Transfers in	2,211,000	1,945,583	(265,417)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,197,326)	550,547	7,747,873	(1,002,768)	533,687	1,536,455
FUND BALANCES - JANUARY 1	3,968,129	21,557,881	17,589,752	879,276	4,357,594	3,478,318
FUND BALANCES - DECEMBER 31	\$ (3,229,197)	\$ 22,108,428	\$ 25,337,625	\$ (123,492)	\$ 4,891,281	\$ 5,014,773

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

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

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

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand, savings, money market accounts, certificates of deposit, and short-term investments with an original maturity of three months or less.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, prosecuting attorney’s fees, and hot check collections that have not been transferred to the appropriate entities.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

CITY OF SHERWOOD, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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

There were no committed or assigned fund balances at year-end.

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,250,000	\$ 1,250,000
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	47,210,227	47,781,570
Uncollateralized	4,065,908	4,065,908
Total Deposits	\$ 52,526,135	\$ 53,097,478

The above total deposits do not include cash on hand of \$4,696.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2023, the City had \$4,065,908 of uninsured, uncollateralized bank deposits that were unexposed to custodial credit risk. The balances exposed to custodial risk were deposited in money market accounts, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Pension Trust Funds

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

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 116,168	\$ 226,983	
Federal aid	6,599		
Franchise fees	74,467		\$ 271,978
Sales taxes	1,683,747		
Fines, forfeitures, and costs	76,303		5,267
Interest	12,866	2,326	
Local permits and fees	9,843		
Sanitation fees	286,673		
Advertising and promotion taxes			137,135
Country club fees and rentals	2,087		
Parks and recreation fees	3,860		
Donations	450		
Other	29,402		
Totals	<u>\$ 2,302,465</u>	<u>\$ 229,309</u>	<u>\$ 414,380</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 460,660	\$ 5,610	\$ 670,453
Salaries payable	321,811	15,694	
Totals	<u>\$ 782,471</u>	<u>\$ 21,304</u>	<u>\$ 670,453</u>

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 1,953		\$ 494
Law enforcement	185,603		182,733
Highways and streets		\$ 4,891,281	
Recreation and culture	49,155		391,397
Social services	38,921		
Advertising and promotion			1,642,294
Pension benefits			4,065,908
Capital outlay			18,088,006
Debt service			2,455,232
Total Restricted	275,632	4,891,281	26,826,064
Unassigned	21,832,796		
Totals	\$ 22,108,428	\$ 4,891,281	\$ 26,826,064

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$127,045,242. The general obligation debt, net of amounts available in the debt service fund for bond retirement, was \$900,896 leaving a legal debt margin of \$126,144,346.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$32,264,765. There were no short-term financing obligations.

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 27,735,067
Leases	259,916
Total Commitments	\$ 27,994,983

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Bonds</u>	
2015 Library Construction Bonds; dated December 3, 2015, in the amount of \$6,000,000, due in annual installments of \$325,000 to \$1,055,000 plus interest through 2033; interest of 1.8% to 3.125%. Payments are to be made from the Library Construction Bonds, Series 2015, Debt Service Fund.	\$ 1,630,000
2017 Hotel and Restaurant Gross Receipts Tax Bonds; dated April 11, 2017, in the amount of \$5,500,000, due in annual installments of \$145,000 to \$315,000 plus interest through 2042; interest of 2.125% to 4%. Payments are to be made from the Hotel and Restaurant Gross Receipts Tax Bonds, Series 2017, Debt Service Fund.	4,405,000
2018 Sales and Use Tax Bonds; dated November 29, 2018, in the amount of \$21,875,000, due in annual installments of \$290,000 to \$1,235,000 plus interest through 2035; interest of 3.05% to 5%. Payments are to be made from the Sales and Use Tax, Series 2018, Debt Service Fund.	2,350,000
2021 Capital Improvement Revenue Bonds; dated August 5, 2021, in the amount of \$4,980,000, due in annual installments of \$260,000 to \$470,000 plus interest through 2031; interest of 1.125% to 2%. Payments are to be made from the Capital Improvement Revenue Refunding Bonds, Series 2021, Debt Service Fund.	4,325,000
2023 Sales and Use Tax Bonds; dated June 1, 2023, in the amount of \$15,460,000, due in annual installments of \$550,000 to 1,840,000 plus interest through 2033; interest of 4.77% to 4.92%. Payments are to be made from the Sales and Use Tax Bond, Series 2023, Debt Service Fund.	13,570,000
Total Bonds	26,280,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	1,455,067
Total Long-term liabilities	\$ 27,735,067

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

The City's outstanding bonds payable for the 2017, 2018 and 2023 issues of \$20,325,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding bonds payable for the 2015 and 2021 issues of \$5,955,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 50% in principal amount of the bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
12/3/15	3/1/33	1.8 - 3.125%	\$ 6,000,000	\$ 1,630,000	\$ 4,370,000
4/11/17	12/1/42	2.125 - 4%	5,500,000	4,405,000	1,095,000
11/29/18	12/1/35	3.05 - 5%	21,875,000	2,350,000	19,525,000
8/5/21	3/1/33	1.125 - 2%	4,980,000	4,325,000	655,000
6/1/23	12/1/33	4.77 - 4.92%	15,460,000	13,570,000	1,890,000
Total Long-Term Debt			<u>\$ 53,815,000</u>	<u>\$ 26,280,000</u>	<u>\$ 27,535,000</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	<u>\$ 17,205,000</u>	<u>\$ 15,460,000</u>	<u>\$ 6,385,000</u>	<u>\$ 26,280,000</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2024	\$ 3,165,000	\$ 1,055,215	\$ 4,220,215
2025	2,780,000	936,739	3,716,739
2026	2,890,000	819,616	3,709,616
2027	2,575,000	700,699	3,275,699
2028	2,105,000	603,761	2,708,761
2029 through 2033	10,315,000	1,653,941	11,968,941
2034 through 2038	1,255,000	386,938	1,641,938
2039 through 2042	1,195,000	121,800	1,316,800
Totals	<u>\$ 26,280,000</u>	<u>\$ 6,278,709</u>	<u>\$ 32,558,709</u>

CITY OF SHERWOOD, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 8: Commitments (Continued)

Leases

The City entered into lease agreements for golf course equipment. Terms of the leases are monthly rental payments of \$3,675 for 36 months; \$2,125, \$2,201 for 48 months; and \$2,097, \$4,813 for 60 months. At the end of the leases term, the City has the option to purchase the equipment at fair market value. The City is obligated for the following amounts for the next five years:

<u>Year</u>	<u>December 31, 2023</u>
2024	\$ 57,759
2025	57,759
2026	57,759
2027	57,759
2028	<u>28,880</u>
Total	<u>\$ 259,916</u>

Lease expense for 2023, was \$100,061.

NOTE 9: Interfund Transfers

The Other Funds in the Aggregate transferred \$1,779,204 in excess franchise fees and \$166,379 of American Rescue Plan Act Funds for prior year expenditure reimbursement to the General Fund. Within Other Funds in the Aggregate, \$3,081,028 was transferred for debt service requirements.

NOTE 10: Pledged Revenues

Real and Personal Property Taxes

The City pledged future one and three tenths mil (.0013) annual ad valorem tax levied upon all taxable real and personal property located within the City to repay \$6,000,000 in bonds that were issued in 2015 to finance the cost of acquiring, constructing, and equipping a new public library. Total principal and interest remaining on the bonds are \$1,630,000 and \$81,081, respectively, payable through March 1, 2033. For 2023, principal and interest paid were \$630,000 and \$59,900, respectively.

The Debt Service Fund received \$775,560 in pledged property taxes in 2023. Any taxes collected in excess of debt service payments on these bonds must be used to retire the bonds.

Franchise Fees

The City pledged future franchise fees collected from public utilities for the privilege of using the streets, highway, and other places in the City to repay \$4,980,000 in bonds that were issued in 2021 to refund the City of Sherwood Capital Improvement Revenue Refunding Bonds, Series 2016. Total principal and interest remaining on the bonds are \$4,325,000 and \$368,304, respectively. For 2023, principal and interest paid were \$395,000 and \$76,568, respectively.

The Franchise Fee Fund received \$2,188,024 of pledged revenues and transferred \$1,779,204 in excess franchise fees to the General Fund in 2023. Pledged revenues in excess of debt service requirements may be used for other City expenditures.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Pledged Revenues (Continued)

Hotel and Restaurants Gross Receipts Tax

The City pledged collections of an existing 2% tax levied by the City on the gross proceeds from motels, hotels, and restaurants to repay \$5,500,000 in bonds that were issued in 2017 to refinance various capital improvements to and within the City's public parks and recreation facilities, including the design and construction of soccer fields, tennis courts, splash pad, and various other improvements. Total principal and interest remaining on the bonds were \$4,405,000 and \$1,857,263 respectively, payable through December 1, 2042. For 2023, principal and interest paid were \$160,000 and \$166,863 respectively.

The City received \$1,352,120 in advertising and promotion taxes in 2023. Any taxes collected in excess of debt service requirements shall be used for such lawful purposes as are approved by the Commission.

Sales and Use Tax

The City pledged future three-quarters of one percent (.75%) sales and use taxes to repay \$21,875,000 in bonds that were issued in 2018, and \$15,460,000 in bonds that were issued in 2023, to provide funding for capital improvements, betterments, and extensions for the City's street system; the acquisition of necessary rights of way and easements; to fund a debt service reserve; and pay the costs of issuance of the bonds. Total principal and interest remaining on the bonds are \$15,920,000 and \$3,972,061, respectively, payable through December 1, 2035. For 2023, principal and interest paid were \$5,200,000 and \$587,649, respectively.

The Sales and Use Tax Bonds, Series 2018 Debt Service Fund received \$5,265,309 in sales taxes in 2023. Any sales tax collected in excess of debt service payments on these bonds is to be used for the bond's project funds costs.

NOTE 11: Joint Ventures

Central Arkansas Library

The Cities of Little Rock, Jacksonville, Maumelle, and Sherwood, and Pulaski and Perry Counties entered into an agreement on January 28, 1998, in accordance with Ark. Code Ann. § 25-20-101. The purpose of this agreement is for the constructing, operating, and maintaining a public library system for the central Arkansas area which will offer library services to the public within communities of each of the participating entities. Funding for this agreement will be derived from the tax millage assessed by the participating entities, state formula distribution, fines, endowment earnings, and gifts. The Board of Directors shall consist of seven directors for the City of Little Rock; on each for the Cities of Jacksonville, Maumelle, and Sherwood; two directors from Pulaski County and one director representing Perry County. The City provided a building for library services and paid \$46,940 for maintenance and \$26,432 for utilities expenses in 2023. Separate financial statements for the Central Arkansas Regional Library are available at 100 Rock Street, Little Rock, Arkansas.

Rock Region Metro

The Cities of Little Rock, North Little Rock, Maumelle, and Sherwood, and Pulaski County entered into an agreement dated October 9, 2018, in accordance with Ark. Code Ann. § 14-334-101. The purpose of this agreement is to continue a public transit system within the boundaries of Pulaski County that will efficiently serve the citizens of the governmental entities that are a party to this agreement. All members of the Transit Authority will be required to make annual funding appropriations to the Transit Authority for purposes of its operation in such amounts as shall be determined annually by the Board. The Board of Directors shall consist of five directors for the City of Little Rock, three directors for the City of North Little Rock, and one each for the Cities of Maumelle and Sherwood, and two directors from Pulaski County. The City incurred no transit service expenses in 2023. Separate financial statements of Rock Region Metro are available at 901 Maple Street, North Little Rock, Arkansas.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12: Interlocal Agreement

Pulaski County Regional Crisis Stabilization Unit

The Counties of Pulaski, Saline, Faulkner, Garland, Grant, Lonoke, Perry, and Jefferson, and the Cities of Little Rock, North Little Rock, Sherwood, Jacksonville, and Maumelle entered into an agreement for the purpose of establishing and funding the operations of the Pulaski County Regional Crisis Stabilization Unit (PCRCSU). The Counties and the Cities desire to enter into a contractual agreement whereby County and City funds are made available to Pulaski County to assist in the maintenance and operations of the PCRCSU. To help defray maintenance and operation costs of the PCRCSU, the Counties and Cities agree to pay \$50 per day, up to the length of stay, for each individual they deliver for treatment. The Pulaski County Judge shall review the reimbursement amount annually and send notice of modifications by November 1 of each year. Pulaski County shall send an itemized invoice to each County and City by the tenth day of each month. The PCRCSU began taking patients in September 2018. In 2023, the City made no payments to the PCRCSU.

NOTE 13: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

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

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

Municipal Vehicle Program

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

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$10,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13: Risk Management (Continued)

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

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

**NOTE 14: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$643,897 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$424,507 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$9,786,129.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$10,257. The City's only covered employees in 2023 were the District Court Judge and the District Court Clerk.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$88,031.

NOTE 16: City of Sherwood 457 (b) Retirement Plan

The City Council approved Sherwood Ordinance no. 1875 (September 21, 2010) authorizing the creation of the City of Sherwood 457 (b) Retirement Plan to be effective January 1, 2011.

Plan Description

The current plan consists of the employer's discretionary matching and the employee's contributions to the 457(b) plan. There are two classes of eligible employees: (a) full and part-time employees that are eligible for benefits offered by the City; (b) elected officials; employees covered by Arkansas Local Police and Fire Retirement (LOPFI), Arkansas Public Employees Retirement System. Employees are 100% vested in the City's discretionary matching contributions. Within 90 days of severance from employment, attainment of retirement age, or death, participants may take their benefits in a lump sum or rollover.

Funding Policy

The employee has the option of pre-tax or Roth deferrals. A mandatory contribution 3% of the employee's compensation to the plan is required for employees in class (a). Additional contributions can be made by the employee limited to the lesser of: 100% of the employee's compensation or \$17,500. Each plan participant in class (a) shall be entitled to share in the discretionary matching contribution as of each payroll period. These rates are established by the Municipal Employees Retirement Board and approved by the City Council. The Sherwood City Council approved a 4% matching contribution and a 6% non-discretionary contribution for the plan year 2023. The City's contribution to the plan was \$724,972 for the year ended December 31, 2023.

CITY OF SHERWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17: Municipal Employees Retirement Plan

(A Defined Benefit Plan)

Plan Description

The Municipal Employees Retirement Plan is a simple-employer defined benefit plan which covers the City of Sherwood's employees, except those covered by (LOPFI), elected officials, and the Court Clerk. The plan administered by the City, provided retirement, disability, and survivor benefits. Benefits and contributions are established by the Municipal Employees Retirement Board. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Funding Policy

Employees are not required to contribute to the plan. Employer contributions are determined by the retirement board upon the advice of an actuary employed by the Board. Employer contributions were \$90,802 in 2023. The City County approved Sherwood Ordinance no. 1882 (November 22, 2010) to freeze further benefit accruals after the effective date (December 31, 2010). Employees hired after the effective date will not be eligible to participate in the plan. Any employees with accrued benefits as of the effective date shall be fully vested in such benefits.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at January 1, 2023 (actuarial valuation date and measurement date) was \$629,392.

CITY OF SHERWOOD, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	SPECIAL REVENUE FUNDS							
	Advertising and Promotion Commission	Drug Control	District Court Automation	Franchise Fee	Federal Drug Control	DWI Court Grant	American Rescue Plan Act	Forfeiture Fund Department of Transportation (DOT)
ASSETS								
Cash and cash equivalents	\$ 1,505,535	\$ 39,066	\$ 104,531	\$ 119,419	\$ 9,003	\$ 20,305	\$ 494	\$ 5,268
Accounts receivable	137,135		5,267	271,978				
TOTAL ASSETS	\$ 1,642,670	\$ 39,066	\$ 109,798	\$ 391,397	\$ 9,003	\$ 20,305	\$ 494	\$ 5,268
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 376		\$ 707					
Settlements pending								
Total Liabilities	376		707					
Fund Balances:								
Restricted	1,642,294	\$ 39,066	109,091	\$ 391,397	\$ 9,003	\$ 20,305	\$ 494	\$ 5,268
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,642,670	\$ 39,066	\$ 109,798	\$ 391,397	\$ 9,003	\$ 20,305	\$ 494	\$ 5,268

CITY OF SHERWOOD, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS					
	Sales and Use Tax Bonds, Series 2018 Project	Sales and Use Tax Bonds, Series 2023 Project	Library Construction Bonds, Series 2015 Debt Service	Hotel and Restaurant Gross Receipts Tax Bonds, Series 2017	Sales and Use Tax Bonds, Series 2018	Capital Improvement Revenue Refunding Bonds, Series 2021	Sales and Use Tax Bonds, Series 2023 Reserve	Sales and Use Tax Bonds, Series 2023
ASSETS								
Cash and cash equivalents	\$ 3,504,896	\$ 14,583,110	\$ 729,104	\$ 41,508	\$ 971,014	\$ 378,869	\$ 990,182	\$ 13,925
Accounts receivable								
TOTAL ASSETS	<u>\$ 3,504,896</u>	<u>\$ 14,583,110</u>	<u>\$ 729,104</u>	<u>\$ 41,508</u>	<u>\$ 971,014</u>	<u>\$ 378,869</u>	<u>\$ 990,182</u>	<u>\$ 13,925</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable					\$ 669,370			
Settlements pending								
Total Liabilities					<u>669,370</u>			
Fund Balances:								
Restricted	\$ 3,504,896	\$ 14,583,110	\$ 729,104	\$ 41,508	301,644	\$ 378,869	\$ 990,182	\$ 13,925
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,504,896</u>	<u>\$ 14,583,110</u>	<u>\$ 729,104</u>	<u>\$ 41,508</u>	<u>\$ 971,014</u>	<u>\$ 378,869</u>	<u>\$ 990,182</u>	<u>\$ 13,925</u>

CITY OF SHERWOOD, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	TRUST FUND	CUSTODIAL FUNDS		
	Municipal Employees Retirement	Administration of Justice	District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 4,065,908	\$ 1,025	\$ 175,959	\$ 27,259,121
Accounts receivable				414,380
TOTAL ASSETS	\$ 4,065,908	\$ 1,025	\$ 175,959	\$ 27,673,501
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 670,453
Settlements pending		\$ 1,025	\$ 175,959	176,984
Total Liabilities		1,025	175,959	847,437
Fund Balances:				
Restricted	\$ 4,065,908			26,826,064
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,065,908	\$ 1,025	\$ 175,959	\$ 27,673,501

CITY OF SHERWOOD, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

SPECIAL REVENUE FUNDS								
	Advertising and Promotion Commission	Drug Control	District Court Automation	Franchise Fee	Federal Drug Control	DWI Court Grant	American Rescue Plan Act	Forfeiture Fund Department of Transportation (DOT)
REVENUES								
State aid								
Federal aid						\$ 10,478		
Property taxes								
Franchise fees				\$ 2,188,024				
Sales taxes								
Fines, forfeitures, and costs		\$ 7,718	\$ 68,139					
Interest	\$ 9,682	1,396	5,386	7,592	\$ 338		\$ 92,150	\$ 208
Advertising and promotion taxes	1,352,120							
Employer pension contributions								
Net increase/(decrease) in fair value of investments								
Other	39,900							
TOTAL REVENUES	1,401,702	9,114	73,525	2,195,616	338	10,478	92,150	208
EXPENDITURES								
Current:								
General government	606,733							
Law enforcement			125,343			10,273		2,343
Highways and streets								
Sanitation								
Recreation and culture	538,128							
Total Current	1,144,861		125,343			10,273		2,343
Debt Service:								
Bond principal								
Bond interest and other charges								
TOTAL EXPENDITURES	1,144,861		125,343			10,273		2,343
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	256,841	9,114	(51,818)	2,195,616	338	205	92,150	(2,135)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out	(330,779)			(2,255,805)			(166,379)	
Bond proceeds								
TOTAL OTHER FINANCING SOURCES (USES)	(330,779)			(2,255,805)			(166,379)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(73,938)	9,114	(51,818)	(60,189)	338	205	(74,229)	(2,135)
FUND BALANCES - JANUARY 1	1,716,232	29,952	160,909	451,586	8,665	20,100	74,723	7,403
FUND BALANCES - DECEMBER 31	\$ 1,642,294	\$ 39,066	\$ 109,091	\$ 391,397	\$ 9,003	\$ 20,305	\$ 494	\$ 5,268

CITY OF SHERWOOD, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS					TRUST FUND		Totals
	Sales and Use Tax Bonds, Series 2018 Project	Sales and Use Tax Bonds, Series 2023 Project	Library Construction Bonds, Series 2015 Debt Service	Hotel and Restaurant Gross Receipts Tax Bonds, Series 2017	Sales and Use Tax Bonds, Series 2018	Capital Improvement Revenue Refunding Bonds, Series 2021	Sales and Use Tax Bonds, Series 2023 Reserve	Sales and Use Tax Bonds, Series 2023	Municipal Employees Retirement	
REVENUES										
State aid	\$ 850,234									\$ 850,234
Federal aid										10,478
Property taxes			\$ 775,560							775,560
Franchise fees										2,188,024
Sales taxes					\$ 5,265,309					5,265,309
Fines, forfeitures, and costs										75,857
Interest	290,701	\$ 354,304	19,910	\$ 6,298	81,573	\$ 10,886	\$ 24,057	\$ 10,204	\$ 201,937	1,116,622
Advertising and promotion taxes										1,352,120
Employer pension contributions									90,802	90,802
Net increase/(decrease) in fair value of investments									290,566	290,566
Other	450								78	40,428
TOTAL REVENUES	1,141,385	354,304	795,470	6,298	5,346,882	10,886	24,057	10,204	583,383	12,056,000
EXPENDITURES										
Current:										
General government									268,023	874,756
Law enforcement									1,373,122	1,511,081
Highways and streets	7,389,948	185,520			669,370			76,427	723,590	9,044,855
Sanitation									175,973	175,973
Recreation and culture									142,351	680,479
Total Current	7,389,948	185,520			669,370			76,427	2,683,059	12,287,144
Debt Service:										
Bond principal			630,000	160,000	3,310,000	395,000		1,890,000		6,385,000
Bond interest and other charges			62,400	170,362	207,350	80,068		383,049		903,229
TOTAL EXPENDITURES	7,389,948	185,520	692,400	330,362	4,186,720	475,068		2,349,476	2,683,059	19,575,373
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,248,563)	168,784	103,070	(324,064)	1,160,162	(464,182)	24,057	(2,339,272)	(2,099,676)	(7,519,373)
OTHER FINANCING SOURCES (USES)										
Transfers in				330,779		476,601		2,273,648		3,081,028
Transfers out					(2,273,648)					(5,026,611)
Bond proceeds		14,414,326					966,125	79,549		15,460,000
TOTAL OTHER FINANCING SOURCES (USES)		14,414,326		330,779	(2,273,648)	476,601	966,125	2,353,197		13,514,417
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(6,248,563)	14,583,110	103,070	6,715	(1,113,486)	12,419	990,182	13,925	(2,099,676)	5,995,044
FUND BALANCES - JANUARY 1	9,753,459		626,034	34,793	1,415,130	366,450			6,165,584	20,831,020
FUND BALANCES - DECEMBER 31	\$ 3,504,896	\$ 14,583,110	\$ 729,104	\$ 41,508	\$ 301,644	\$ 378,869	\$ 990,182	\$ 13,925	\$ 4,065,908	\$ 26,826,064

CITY OF SHERWOOD, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion Commission	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Franchise Fee	Established by Sherwood Ordinance no. 1862 (February 22, 2010) to account for franchise fees collected to repay a debt with the Public Facilities Board for the North Hills Country Club. Franchise fees collected in excess of debt requirements may be used for other City purposes.
Federal Drug Control	Established in 2010 to receive asset forfeitures resulting from federal drug offense cases.
DWI Court Grant	Established in 2010 by Sherwood Ordinance no. 1876 (September 27, 2010) to receive DWI Court federal grant funds.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Forfeiture Fund Department of Transportation (DOT)	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The City of Sherwood established the fund for forfeitures resulting from coordination with the Department of Transportation. The revenues shall only be used for law enforcement purposes.
Sales and Use Tax Bonds, Series 2018 Project	Established by Sherwood Ordinance no. 2218 (October 11, 2018) to finance capital improvements, betterments, and extensions for the City's street system, including but not limited to, the planning design, inspection, and management of the construction, reconstruction, equipping, and installation of paving and repairing of streets, sidewalks, curbs, gutters, ditches, drainage facilities, bridges, culverts, pipes, storm water discharge and detention facilities and related improvements and the acquisition of necessary rights of way and easements; funding of debt service reserve; and paying the costs of issuance of bonds.

CITY OF SHERWOOD, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Sales and Use Tax Bonds, Series 2023 Project	Established by Sherwood Ordinance no. 2442 (April 24, 2023) to finance capital improvements, betterments, and extensions for the City's street system, including but not limited to, the planning design, inspection, and management of the construction, reconstruction, equipping, and installation of paving and repairing of streets, sidewalks, curbs, gutters, ditches, drainage facilities, bridges, culverts, pipes, storm water discharge and detention facilities and related improvements and the acquisition of necessary rights of way and easements; funding of debt service reserve; and paying the costs of issuance of bonds.
Library Construction Bonds, Series 2015 Debt Service	Established by Sherwood Ordinance no. 284 (October 26, 2015) to maintain principal and interest payments of bonds.
Hotel and Restaurant Gross Receipts Tax Bonds, Series 2017	Established by Sherwood Ordinance no. 2137 (February 27, 2017) to maintain principal and interest payments for bonds.
Sales and Use Tax Bonds, Series 2018	Established by Sherwood Ordinance no. 2218 (October 11, 2018) to maintain principal and interest payments for bonds.
Capital Improvement Revenue Refunding Bonds, Series 2021	Established by Sherwood Ordinance no. 2373 (June 28, 2021) to maintain principal and interest payments of bonds.
Sales and Use Tax Bonds, Series 2023 Reserve	Established by Sherwood Ordinance no. 2442 (April 24, 2023) for funding of debt service reserve.
Sales and Use Tax Bonds, Series 2023	Established by Sherwood Ordinance no. 2442 (April 24, 2023) to maintain principal and interest payments of bonds.
Municipal Employees Retirement	Sherwood Ordinance no. 811 (December 28, 1997) established fund to provide retirement and incidental benefits for all eligible full-time city employees.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF SHERWOOD, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

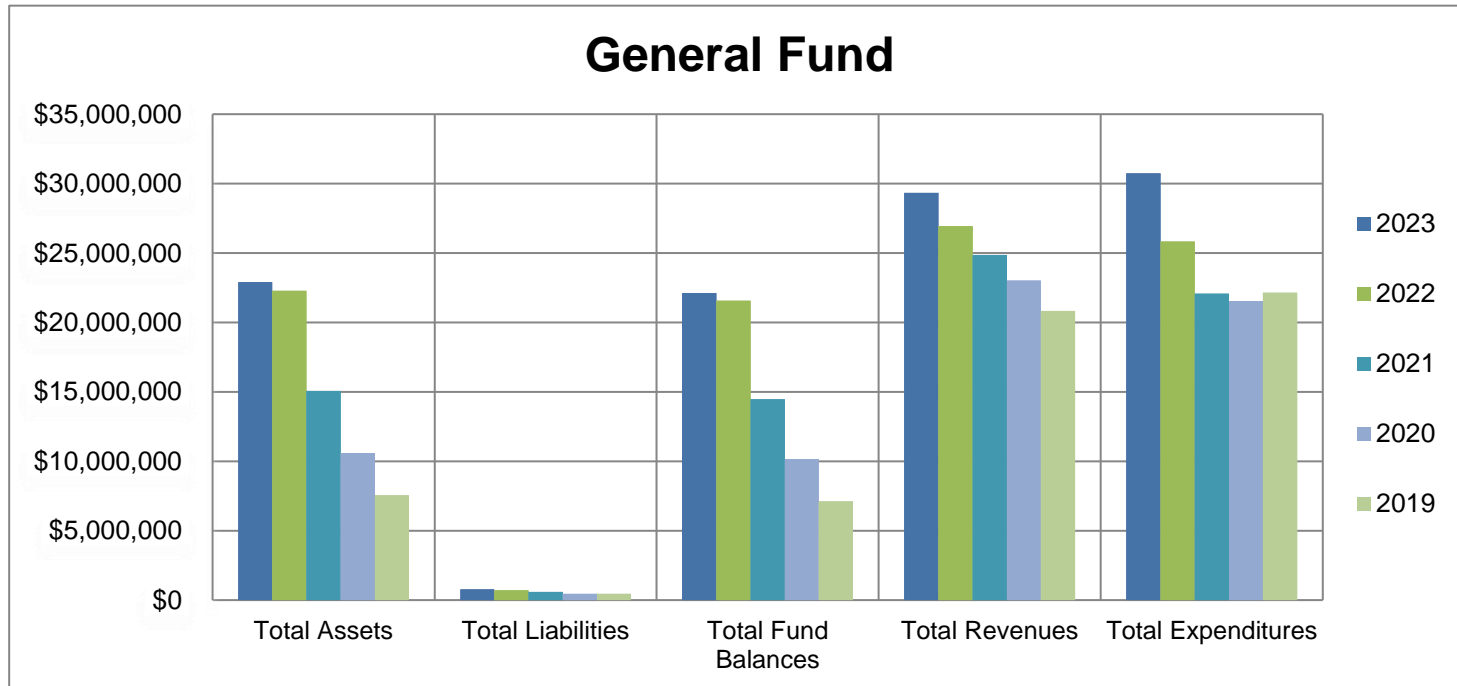
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 7,318,741
Buildings	25,335,231
Equipment	<u>17,778,501</u>
Total	<u>\$ 50,432,473</u>

CITY OF SHERWOOD, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-1

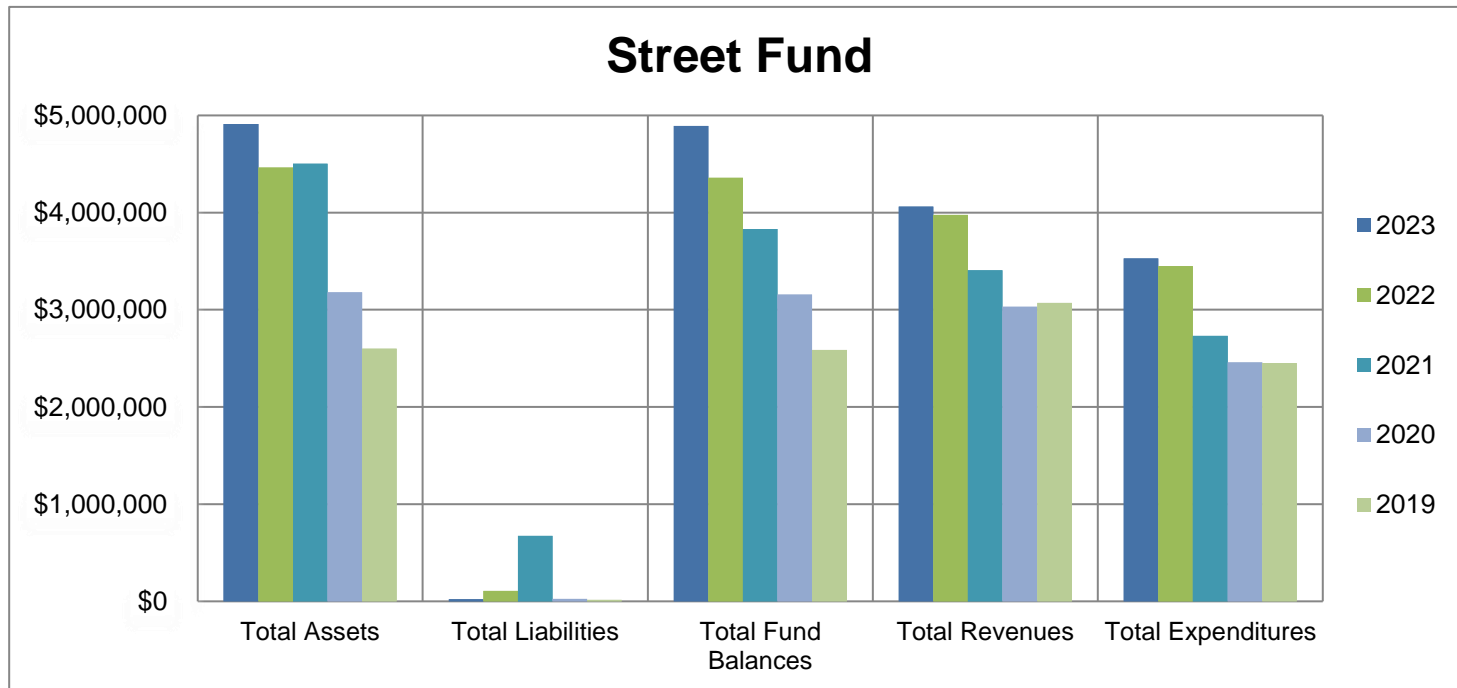
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 22,890,899	\$ 22,271,199	\$ 15,063,735	\$ 10,598,485	\$ 7,554,257
Total Liabilities	782,471	713,318	595,134	450,814	442,886
Total Fund Balances	22,108,428	21,557,881	14,468,601	10,147,671	7,111,371
Total Revenues	29,338,360	26,939,143	24,864,536	23,022,882	20,824,676
Total Expenditures	30,733,396	25,839,009	22,070,397	21,548,808	22,143,156
Total Other Financing Sources/Uses	1,945,583	5,989,146	1,526,791	1,562,226	1,603,852



CITY OF SHERWOOD, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 4,912,585	\$ 4,464,653	\$ 4,503,247	\$ 3,179,947	\$ 2,600,591
Total Liabilities	21,304	107,059	672,624	23,889	14,823
Total Fund Balances	4,891,281	4,357,594	3,830,623	3,156,058	2,585,768
Total Revenues	4,062,977	3,976,848	3,407,611	3,029,659	3,071,097
Total Expenditures	3,529,290	3,449,877	2,733,046	2,459,369	2,452,915



CITY OF SHERWOOD, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 27,673,501	\$ 27,687,217	\$ 32,970,094	\$ 32,874,806	\$ 34,175,329
Total Liabilities	847,437	6,856,197	332,943	684,724	838,887
Total Fund Balances	26,826,064	20,831,020	32,637,151	32,190,082	33,336,442
Total Revenues	12,056,000	15,279,133	13,367,161	9,465,562	8,982,376
Total Expenditures	19,575,373	21,096,118	11,719,988	9,049,696	9,238,366
Total Other Financing Sources/Uses	13,514,417	(5,989,146)	(1,207,112)	(1,562,226)	(1,603,852)

