

City of Springdale, Arkansas

Financial Statements and Independent Auditor's Reports

December 31, 2021

City of Springdale, Arkansas

December 31, 2021

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City of Springdale, Arkansas
List of Elected and Appointed Officials
December 31, 2021

Elected Officials:

Mayor	Doug Sprouse
City Clerk/Treasurer	Denise Pearce
City Attorney	Ernest Cate
District Judge	Jeff Harper
Council Member – Ward 1	Mike Lawson
Council Member – Ward 1	Randall Harriman
Council Member – Ward 2	Mike Overton
Council Member – Ward 2	Rex Bailey
Council Member – Ward 3	Jeff Watson
Council Member – Ward 3	Brian Powell
Council Member – Ward 4	Mark Fougrousse
Council Member – Ward 4	Amelia Williams

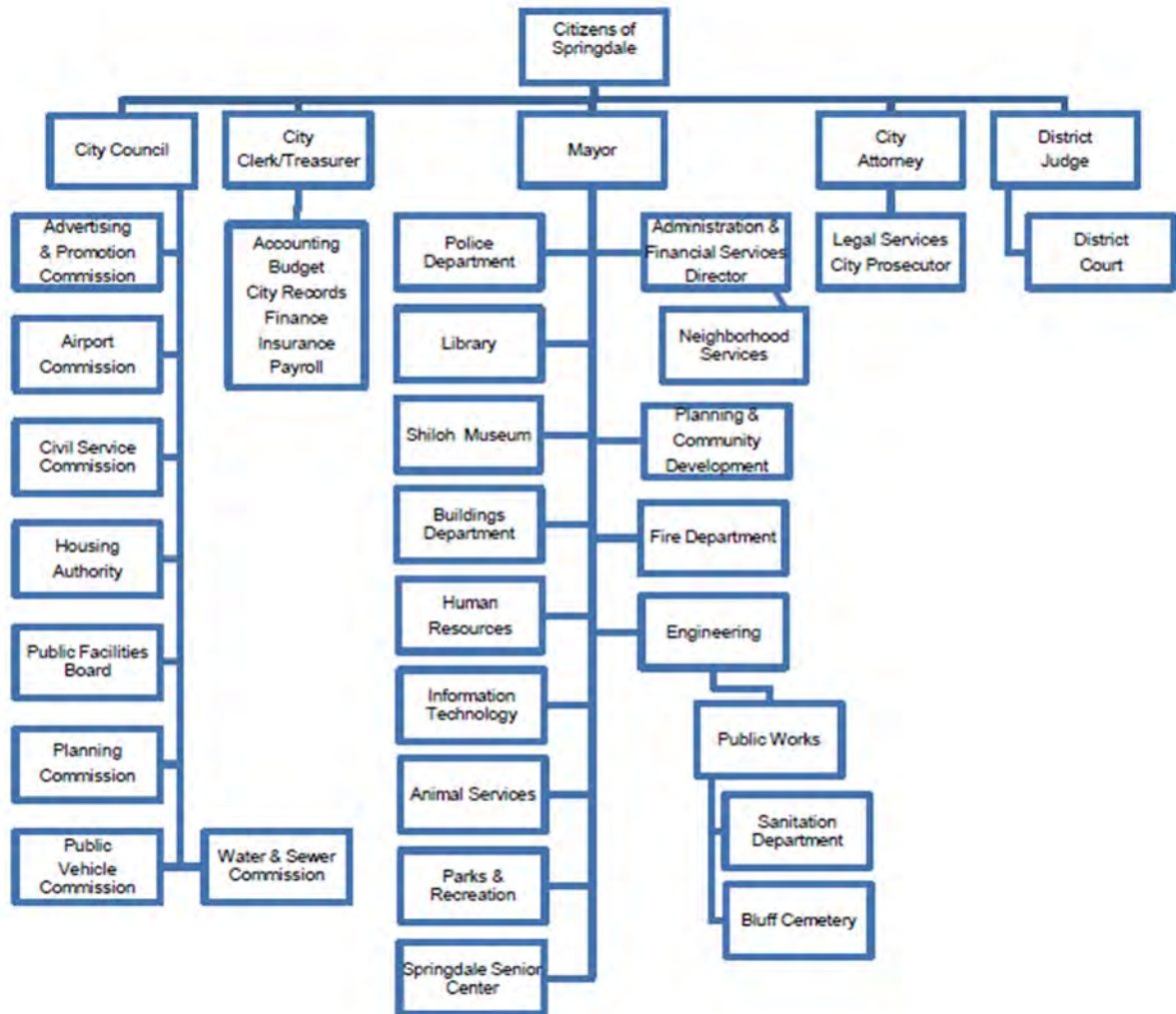
Appointed Officials:

Chief of Staff	Colby Fulfer
Animal Services	Courtney Kremer
Chief Building Official	Mike Chamlee
Engineering	Ben Peters
Public Works	James Smith
Community Engagement/Neighborhood Services	Ron Findley
Finance	Cody Loerts
Fire Chief	Blake Holte
Human Resources	Gina Lewis
Information Technology	Mark Gutte
Library	Anne Gresham
Museum	Angela Albright
Parks and Recreation	Chad Wolf
Senior Center	Lori Proud
Planning and Community Development	Patsy Christie
Police Chief	Frank Gamble
Water and Wastewater	Heath Ward

City of Springdale, Arkansas

Organizational Chart

December 31, 2021





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forvis.com

Independent Auditor's Report

The Honorable Mayor and
City Council
City of Springdale, Arkansas
Springdale, 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 Springdale, Arkansas as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Springdale, Arkansas, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 May 15, 2023, 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS, LLP

Rogers, Arkansas
May 15, 2023

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

As management of the City of Springdale, we offer this narrative overview and analysis of the financial activities and financial position of the City for the year ended December 31, 2021. Overall, the financial health and well-being of a city lies in the willingness of its citizens and property owners to pay adequate taxes and other fees combined with the leadership and vision of the government's elected and appointed officials to spend those revenues strategically so that the City's service levels, assets and the City's desirability will be maintained not just for the current year but well into the future. We encourage readers of the financial statements to consider the information presented here in conjunction with all other information provided in this report.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2021 by \$295.3 million (net position). Of this amount, \$276.9 million is invested in capital assets, and \$23.2 million is restricted for capital expenditures, debt service, unspendable endowment funds, and other purposes. Unrestricted net position available for meeting the City's emergency and unexpected obligations reported a deficit of \$(5.5) million, due primarily to the \$37.4 million balance in net pension liabilities at year-end. The City's business-type activities have an unrestricted net position of \$723 million.
- The City's total net position increased by \$17.2 million in 2021. Net position of governmental activities increased by \$17.4 million in 2021, compared to a net increase of \$18.4 million in 2020. The net position of the business-type activities decreased by \$212 thousand in 2021 as compared to a net decrease of \$202 thousand in 2020.
- At the close of 2021, the City's governmental funds reported combined ending fund balances of \$106 million, which reflects a decrease of \$14.1 million from the prior year, primarily due to capital expenditures of \$33.1 million, using bond proceeds issued previously, and an increase in debt service expenditures of \$3.0 million offset by use of \$1.0 million of funding from the American Rescue Plan grant. The restricted portion of the fund balances is \$61.4 million; \$4 million of which is considered unspendable, and \$57.4 million that is restricted for capital expenditures, debt service, and other purposes. The remaining fund balance is classified as \$8.3 million committed for capital projects and other purposes, assigned of \$13.7 million, and unassigned fund balance of \$22.4 million.
- At the end of 2021, the unassigned fund balance of the General Fund was \$22.5 million, which represents 21% of the total governmental fund balances and is 40% of total general fund expenditures, including transfers. There was an increase of \$20.5 million in the total general fund balance for 2021, compared to a \$7.6 million increase in 2020. The unassigned portion is available for use to support operations, funding for special projects and equipment replacement funding.
- The City's total bond indebtedness decreased by \$14.1 million during 2021. Key factors in the decrease were scheduled principal payments of \$7.4 million and excess tax receipts of \$6.7 million.
- The City's net pension liabilities decreased \$5.2 million to \$37.4 million as of December 31, 2021. The net pension liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 7* on pages 63 – 79 of this report. Pension expense decreased \$1.3 million to a total of \$7.4 million for 2021.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

- The City's OPEB liability decreased \$468 thousand to \$5.0 million as of December 31, 2021. The OPEB liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 9* on pages 80 – 86 of this report. OPEB income for 2021 was \$197 thousand.
- The City's business-type component unit reported net position of \$315 million as of September 30, 2021, an increase of \$14.9 million compared to September 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Springdale's basic financial statements. These basic financial statements are comprised of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a provide-sector business. The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, capital projects, community development, culture and recreation, economic development, public safety and public works. The business-type activities of the City include the municipal airport, city attorney restitution, and the bulky waste pick up program.

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

The government-wide financial statements are located on pages 23 – 25 of this report.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

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 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 funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Street Fund, the American Rescue Plan Fund, the 2018 Bonds Street Improvement Construction Fund, the 2018 Bonds Debt Service Fund, and the 2020 Bonds Debt Service Fund. Data from the remaining fourteen governmental 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 basic governmental fund financial statements are located on page 26 through 32 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 36 and 37 of this report.

Notes to the basic 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. The notes to the basic financial statements are located on pages 38 through 92 of this report.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund budget, the Street Fund budget and an analysis of funding progress for its obligation to provide pensions and other postemployment benefits to its employees. *Required supplementary information* is located on pages 95 through 111 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules are located on pages 112 through 121 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$295 million at the close of the most recent fiscal year, as shown in the table below.

City of Springdale, Arkansas Net Position (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 133,221	\$ 138,982	\$ 817	\$ 760	\$ 134,038	\$ 139,742
Capital assets	437,128	420,455	8,471	8,750	445,599	429,205
Total assets	<u>570,349</u>	<u>559,437</u>	<u>9,288</u>	<u>9,510</u>	<u>579,637</u>	<u>568,947</u>
Deferred outflows of resources	<u>9,777</u>	<u>12,091</u>	<u>3</u>	<u>4</u>	<u>9,780</u>	<u>12,095</u>
Current liabilities	21,730	14,515	66	70	21,796	14,585
Other liabilities	<u>257,078</u>	<u>277,722</u>	<u>24</u>	<u>29</u>	<u>257,102</u>	<u>277,751</u>
Total liabilities	278,808	292,237	90	99	278,898	292,336
Deferred inflows of resources	<u>15,216</u>	<u>10,616</u>	<u>7</u>	<u>9</u>	<u>15,223</u>	<u>10,625</u>
Net investment in capital assets	268,434	261,386	8,471	8,750	276,905	270,136
Restricted	23,178	23,699	-	-	23,178	23,699
Unrestricted	<u>(5,510)</u>	<u>(16,410)</u>	<u>723</u>	<u>656</u>	<u>(4,787)</u>	<u>(15,754)</u>
Total net position	<u>\$ 286,102</u>	<u>\$ 268,675</u>	<u>\$ 9,194</u>	<u>\$ 9,406</u>	<u>\$ 295,296</u>	<u>\$ 278,081</u>

By far the largest portion of the City's net position, \$276.9 million (94%) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure and equipment), plus unspent bond proceeds, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with the exception of business type assets, do not generate direct revenue for the City. They do represent an obligation on the part of the City to maintain these assets into the future. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

An additional portion of the City's net position (\$23.2 million or 8%) represents resources that are subject to restrictions as to how they may be used. Of the total restricted net position, \$6.8 million is restricted for capital projects, \$11.4 million is restricted for debt service, and \$5.0 million is restricted for other purposes. The remaining balance of unrestricted net position is a deficit of \$(4.8) million (2%).

It is important to note that the unrestricted net position of the City's business type activities of \$723 thousand may not be used to fund governmental activities.

Overall the City's net position increased by \$17.2 million during 2021. Total revenues increased by \$1.8 million (2%) between years. Sales tax revenue on a government-wide basis increased by \$7.8 million (15%), operating grants and contributions decreased by \$564 thousand (3%), and capital grants and contributions decreased by \$3.2 million (33%). Total expenses increased by \$2.8 million (3%) from 2020 to 2021. The changes in net position are shown in the following schedule.

Changes in Net Position (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 11,051	\$ 9,950	\$ 610	\$ 604	\$ 11,661	\$ 10,554
Operating grants and contributions	16,774	17,339	168	193	16,942	17,532
Capital grants and contributions	6,578	9,755	-	-	6,578	9,755
Total program revenues	34,403	37,044	778	797	35,181	37,841
General revenues						
Sales tax	59,688	51,927	53	17	59,741	51,944
Ad valorem tax	8,364	7,485	-	-	8,364	7,485
Franchise tax	4,888	4,256	-	-	4,888	4,256
Hotel/motel tax	431	283	-	-	431	283
Investment earnings (losses)	410	2,109	(1)	2	409	2,111
Gain (loss) on sale of assets	60	(778)	(2)	25	58	(753)
Special item - annexation	-	4,067	-	4	-	4,071
Total general revenues	73,841	69,349	50	48	73,891	69,397
Total revenues	108,244	106,393	828	845	109,072	107,238
Expenses						
General government	10,473	10,008	-	-	10,473	10,008
Community development	2,658	2,252	-	-	2,658	2,252
Culture and recreation	13,236	11,850	-	-	13,236	11,850
Economic development	1,058	404	-	-	1,058	404
Public safety	40,510	39,808	-	-	40,510	39,808
Public works	16,285	14,135	-	-	16,285	14,135
Interest on long-term debt	6,597	9,539	-	-	6,597	9,539
Municipal airport	-	-	913	912	913	912
Sanitation	-	-	127	135	127	135
Total expenses	90,817	87,996	1,040	1,047	91,857	89,043
Increase (decrease) in net position before transfers	17,427	18,397	(212)	(202)	17,215	18,195
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	17,427	18,397	(212)	(202)	17,215	18,195
Net position - January 1,	268,675	250,278	9,406	9,608	278,081	259,886
Net position - December 31	\$ 286,102	\$ 268,675	\$ 9,194	\$ 9,406	\$ 295,296	\$ 278,081

City of Springdale, Arkansas

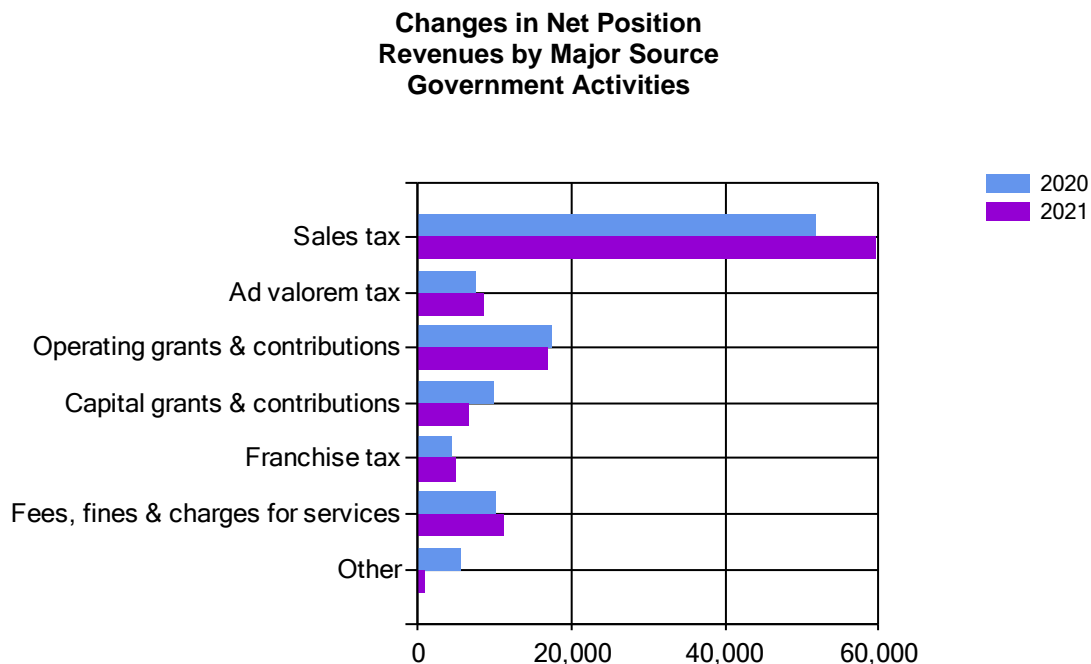
Management's Discussion and Analysis

December 31, 2021

Governmental activities – Governmental activities increased the City’s net position by \$17.4 million. Key elements of this increase are as follows:

- Total revenues increased by \$1.8 million, due primarily to an increase in fines, fees and charges for services of \$1.1 million (11%), decrease in operating grants and contributions of \$564 thousand or 3%, and a decrease in capital grants and contributions of \$3.2 million or 33% offset by a \$7.8 million or 15% increase in sales taxes.
- The increase in fines and charges was due primarily to the expansion of the parks and recreation program. The decrease in operating grants and contributions was due to the decrease of \$2.6 million in COVID related grants for the Police and Fire Departments. The decrease in capital grants and contributions was due to lower contributions for capital related projects during 2021.
- Sales taxes provided \$59.7 million (49%) of the City’s governmental revenue in 2021, and ad valorem taxes provided \$8.4 million (8%) and franchise taxes provided \$4.9 million (5%). Sales taxes increased \$7.8 million, or 15%, which was primarily due to increased spending in retail sales.
- Capital outlay and donated capital assets exceeded depreciation expense by \$16.7 million.
- The reported 2021 expenses increased by \$2.8 million (3%) from 2020, due primarily to an increase in public works of \$2.5 million and culture and recreation of \$1.4 million . Public works expenses increased primarily due to construction of new trails and additional street overlay Culture and recreation expenses increased primarily due to increased activity after return to full programming capacity after the pandemic.

A chart of revenues by major source for governmental activities is presented below.



City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2021

Business-type activities – Business-type activities decreased the City's net position by \$212 thousand.

The Municipal Airport revenues of \$428 thousand provided 71% of total revenues for business-type activities for 2021 while current year expenses of \$913 thousand were 88% of total expenses. Municipal Airport depreciation expense for 2021 was \$488 thousand.

Financial Analysis of the Government's Funds

The City of Springdale uses fund accounting to ensure and demonstrate compliance with finance related requirements.

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

As of December 31, 2021, the City's governmental funds combined fund balances were \$106 million, which reflects a decrease of \$14 million from the prior year end. Of this amount, \$4.0 million (4%) is nonspendable, \$57.4 million (54%) represents fund balances restricted for capital projects, debt service, and other purposes, \$8.3 million (8%) is committed for capital projects, and \$13.7 million (13%) is assigned for specific uses by fund type. The remainder of the balance, \$22.4 million (21%), is unassigned in the General Fund and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. As of December 31, 2021, the total fund balance of the General Fund was \$32.6 million of which \$22.5 million (69%) was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures, including transfers out. Unassigned fund balance represents approximately 41% of the total General Fund expenditures for 2021, including transfers out, while total fund balance represents 59% of that same amount.

During the 2021 fiscal year, the fund balance of the General Fund increased by \$20.46 million. As a comparison, the 2021 final adopted budget anticipated a \$446 thousand increase in the general fund balance by the end of the year. The increase for 2021 was due to the following:

- Total revenues for 2021, including transfers in, increased by \$7.6 million. The primary reasons for the increase were due to increases in taxes of \$6.2 million.
- Total expenditures for 2021, including transfers out, increased by \$5.7 million. The primary reason for the increase was due to the increase in culture and recreation of \$1.0 million, increase in public safety of \$2.1 million and an increase in capital expenditures of \$2.6 million.

The Street Fund is a special revenue fund that is presented as a major fund, and accounts for 8% of the total governmental fund balances. Revenues include property taxes dedicated to streets, bridges and associated drainage, as well as gasoline tax turnback from the state. The fund balance of the Street Fund increased \$864 thousand between years. This increase was due primarily to additional grant funding of \$1.3 million.

City of Springdale, Arkansas

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The American Rescue Plan Fund is a special revenue fund that is presented as a major fund. Revenues include grant funds from the federal government to address the Covid-19 pandemic and the corresponding economic crisis.

The 2018 Bonds Street Improvement Fund provided 35% of the total governmental fund balances at December 31, 2021. The net decrease in fund balances during 2021 was \$11.6 million, and was the result of spending bond proceeds received in a prior year on capital improvements.

The 2018 Bonds Debt Service fund provided 11% of the total governmental fund balances at December 31, 2021. Revenues for 2021 for this fund include a one percent (1%) local sales tax pledged to debt service. During 2021, the City used excess tax receipts to call and redeem \$6.7 million in bonds.

The 2020 Bonds Debt Service fund provided 1% of the total governmental fund balances at December 31, 2021. Revenues for 2021 for this fund include a portion of a one percent (1%) local sales tax pledged to debt service.

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

At December 31, 2021, the net position of the Municipal Airport Fund was \$8.6 million, which accounts for 94% of the total net position of all proprietary funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The final amended General Fund budget had total budgeted revenues of \$53.4 million (total revenues plus other financing sources) compared to the original budget total of \$53.4 million. Final amended appropriations (total expenditures plus transfers out) were \$52.9 million as compared to the original budget total of \$52.8 million. The net increase appropriations of \$75 thousand is summarized briefly as follows:

- \$50,000 increase in appropriations for Downtown Springdale economic development.
- \$25,000 increase in appropriations for Springdale economic development efforts.

Total actual revenue received for the General Fund, including other financing sources, was \$63.2 million and was \$9.8 million or 19% greater than final budget estimates. General Fund actual expenditures, including transfers out, of \$55.4 million were 105% of the final amended budgeted appropriations. The final amended budget projected a \$446 thousand increase in fund balance, while the actual resulted in a fund balance increase of \$7.6 million. Specific revenue and expenditure variances are as follows:

- Sales and use tax revenues received were \$4,186,744 higher than the final budgeted amount of \$31,836,000.
- Other grants and contributions exceeded the final budgeted amount by \$3,871,449 due to contributions received but not budgeted in 2021 for the Luther George Park.
- City wide personnel costs had increased due to unbudgeted bonus paid to personnel due to the impact of the pandemic.

City of Springdale, Arkansas

Management's Discussion and Analysis

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- General government expenditures exceeded the final budgeted amount of \$3,329,150 by \$643,457, or 19%. The primary reason was capital expenditures for capital expenditures paid with restricted funds.
- Police expenditures exceeded the final budgeted amount of \$20,016,320 by \$310,477 or 2% paid by grant and restricted funds.
- Fire expenditures exceeded the final budgeted amount of \$15,893,310 by \$1,342,379 or 8% due to unbudgeted overtime expenses and capital expenditures paid by restricted funds.

The budget and actual comparison schedules are located on pages 104 through 109.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2021 amounted to \$446 million, net of accumulated depreciation. The increase in capital assets related to governmental activities was \$16.7 million (4%). The City's investment in capital assets related to business-type activities decreased by \$279 thousand (3%).

The following table summarizes the City's capital assets.

Capital Assets, Net of Accumulated Depreciation (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and easements	\$ 102,572	\$ 99,158	\$ 3,298	\$ 3,298	\$ 105,870	\$ 102,456
Land improvements	43,562	29,774	2,999	3,267	46,561	33,041
Buildings and improvements	87,793	57,332	1,148	1,298	88,941	58,630
Construction in progress	46,124	80,660	485	246	46,609	80,906
Infrastructure	135,582	134,512	-	-	135,582	134,512
Machinery and equipment	21,170	18,643	541	641	21,711	19,284
Intangibles	325	375	-	-	325	375
Total	\$ 437,128	\$ 420,454	\$ 8,471	\$ 8,750	\$ 445,599	\$ 429,204

Major capital asset events during 2021 included the following:

- Donated land, easements and infrastructure totaled \$5.2 million.
- Completion of the new Criminal Justice Complex phase 1 in 2021 at a total cost of \$25.0 million.
- New Fire Station No. 9 was completed during 2021 at a total cost of \$3.2 million.
- Shaw Park was completed during 2021 at a total cost of \$10.6 million.
- Tyson Park renovation was completed during 2021 at a total cost of \$5.5 million.
- New fire training facility was completed during 2021 at a total cost of \$3.1 million.
- New dispatch repeaters and towers project was completed during 2021 at a total cost of \$2.7 million.
- Street projects completed during 2021 included Streets at Shaw Park (\$4 million), Maple Ave. extension (\$2.7 million) and Har-Ber Ave. extension (\$1.2 million)

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Management's Discussion and Analysis

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- Construction in progress had a net decrease of \$34.5 million. Major projects in progress included the Administration Building renovation (\$7 million), Gene George Blvd. North (\$13.1 million), 64 Street project (\$5.3 million), Ford Ave. extension (\$4.8 million), Spring Street (\$1.5 million), Har-Ber extension (\$1.3 million), Park Street intersections (\$1.1 million) and Spring Creek Trail extension (\$1.7 million).
- Depreciation expense totaled \$18.5 million.

Additional information on the City's capital assets is located in *Note 4* on pages 54 through 56 of this report.

Long-term debt. At December 31, 2021, the City had \$205.8 million of long-term bonds outstanding, secured solely by City sales and use taxes. The City's total bonded debt decreased by \$14.1 million, and was due to scheduled bond maturities during 2021, as well as the call and redemption of \$6.7 million of Series 2018 bonds with excess tax receipts.

The following table details the breakdown of this debt.

Long-term Debt (Amounts in Thousands)

	Governmental Activities	
	2021	2020
Sales and Use Tax Refunding and Improvement Bonds, Series 2020	\$ 46,685	\$ 49,540
Sales and Use Tax Refunding and Improvement Bonds, Series 2018	159,080	170,340
	<u>\$ 205,765</u>	<u>\$ 219,880</u>

Under Arkansas statutes, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation of real and person property within the city limits. The City is also allowed to issue short-term debt (maturities of less than five years) up to 5% of the total assessed valuation. The City's current debt limit for both is \$356.2 million. The City had no general obligation long-term debt or any short-term debt at year end.

The City's business type component unit, Springdale Water and Sewer Commission, had outstanding long-term debt of \$1.4 million at September 30, 2021. The Commission retired \$250 thousand of these bonds during the year ended September 30, 2021.

Additional information on the City's long-term debt can be found in *Note 5* located on pages 56 through 61 of this report.

Economic Factors and the Next Year's Budget

The current unemployment rate for the Fayetteville-Springdale-Rogers MSA decreased from 3.5% at the end of 2020 to 1.9% at the end of 2021. This compares favorably to the state's average unemployment rate of 2.7% and the national average unemployment rate of 6.37% at the end of 2020.

City of Springdale, Arkansas

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The City's population, according to the revised 2020 census, was 87,176, and showed the City grew by 16,429 or 23% between 2010 and 2020.

City wide revenue was up \$1.8 million, or 2% compared to last year. Increases were experienced in sales taxes, property taxes, and fines, fees and charges for services.

Sales and use taxes received in 2021 increased \$7.8 million, or 15% as compared to 2020. These taxes are a primary source of revenue for the General Fund, comprising 57% of the total revenue. The assessed values for property taxes, (for taxes to be collected in 2021) increased by 8% as compared to the prior year, in part due to the increase in property values.

The City Council adopted the 2022 budget on December 14, 2021 with General Fund projected revenues and transfers of \$62.7 million and projected expenditures and transfers of \$57.1 million. Budgeted revenues increased \$9.3 million, or 17% compared to the final amended 2021 budget, primarily due to the increases in City and county sales taxes and ad valorem taxes. Budgeted expenditures increased by \$4.2 million, or 8% as compared to the 2021 budget, primarily due to increases in public safety and capital asset expenditures. The overall City 2022 projected operating revenues and transfers were \$78.6 million, which reflects a decrease of .2% from the original and amended 2021 budget. The overall City 2022 projected operating expenditures and transfers for all funds were \$72.7 million, which reflects a decrease of .4% from the original and amended 2021 budget.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 201 Spring Street, Springdale, Arkansas 72764.

General information relating to the City of Springdale, Arkansas can be found on the City's website, <http://www.springdalear.gov>.

City of Springdale, Arkansas
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Water and Sewer Commission
Assets				
Cash and cash equivalents	\$ 36,422,398	\$ 618,825	\$ 37,041,223	\$ 35,384,356
Investments	11,723,356	94,338	11,817,694	21,640,499
Receivables, net of allowance for uncollectibles	17,409,250	103,315	17,512,565	5,470,999
Due from fiduciary funds	160	-	160	-
Inventories	-	-	-	587,388
Prepaid assets	68,440	453	68,893	64,437
Assets held for resale	1,992,811	-	1,992,811	-
Restricted assets:				
Cash and cash equivalents	9,566,383	-	9,566,383	332,583
Investments	51,414,025	-	51,414,025	2,681,953
Interest receivable	14,977	-	14,977	134,382
Intergovernmental receivables	4,609,827	-	4,609,827	-
Capital assets:				
Nondepreciable	148,850,125	3,783,365	152,633,490	32,519,505
Depreciable, net of accumulated depreciation	288,277,545	4,687,824	292,965,369	224,702,456
Total Assets	570,349,297	9,288,120	579,637,417	323,518,558
Deferred Outflows of Resources				
Pensions	8,890,401	-	8,890,401	-
Other postemployment benefits	886,953	2,545	889,498	75,311
Total Deferred Outflows of Resources	9,777,354	2,545	9,779,899	75,311
Total Assets and Deferred Outflows of Resources	580,126,651	9,290,665	589,417,316	323,593,869
Liabilities				
Accounts payable and accrued expenses	7,503,488	58,587	7,562,075	3,192,902
Due to fiduciary funds	7,885	-	7,885	-
Accrued interest payable	1,853,186	-	1,853,186	5,894
Customer deposits	244,123	-	244,123	2,683,077
Unearned revenue	12,121,255	6,721	12,127,976	-
Noncurrent liabilities:				
Due within one year	92,280	260	92,540	688,748
Current portion of long-term debt	7,790,000	-	7,790,000	260,000
Due in more than one year	249,196,018	23,999	249,220,017	2,077,916
Total Liabilities	278,808,235	89,567	278,897,802	8,908,537
Deferred Inflows of Resources				
Pensions	12,144,616	-	12,144,616	-
Other postemployment benefits	2,298,660	6,595	2,305,255	87,083
Bond refunding	773,051	-	773,051	-
Total Deferred Inflows of Resources	15,216,327	6,595	15,222,922	87,083
Net Position				
Net investment in capital assets	268,434,624	8,471,189	276,905,813	255,806,961
Restricted for:				
Capital projects	6,801,485	-	6,801,485	155,862
Debt service	11,372,179	-	11,372,179	175,597
Other	5,004,225	-	5,004,225	-
Unrestricted	(5,510,424)	723,314	(4,787,110)	58,459,829
Total Net Position	\$ 286,102,089	\$ 9,194,503	\$ 295,296,592	\$ 314,598,249

City of Springdale, Arkansas
Statement of Activities
Year Ended December 30, 2021

Functions/Programs	Program Revenues				Net-(Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	Water and Sewer Commission
Primary government:								
Governmental activities								
General government								
Administration	\$ 4,262,555	\$ 360,769	\$ 1,397,505	\$ -	\$ (2,504,281)	\$ -	\$ (2,504,281)	\$ -
City attorney	841,921	22,562	-	-	(819,359)	-	(819,359)	-
Information technology	1,312,708	20	-	-	(1,312,688)	-	(1,312,688)	-
District court	4,002,308	3,365,165	39,137	-	(598,006)	-	(598,006)	-
Bluff Cemetery	53,201	56,500	-	-	3,299	-	3,299	-
Community Development								
Planning	476,803	56,297	96,000	-	(324,506)	-	(324,506)	-
Engineering	724,038	27,950	-	-	(696,088)	-	(696,088)	-
Community development and housing	1,457,035	113,208	1,269,035	-	(74,792)	-	(74,792)	-
Culture and recreation								
Parks and recreation	8,788,320	1,679,367	500	3,385,477	(3,722,976)	-	(3,722,976)	-
Senior centers	829,661	1,521	397,568	-	(430,572)	-	(430,572)	-
Public library	2,532,688	50,426	1,691,669	-	(790,593)	-	(790,593)	-
Shiloh Museum	1,085,115	28,222	75,449	-	(981,444)	-	(981,444)	-
Economic development	1,058,526	902,794	-	-	(155,732)	-	(155,732)	-
Public safety								
Animal services	938,660	51,233	28,468	-	(858,959)	-	(858,959)	-
Building inspection	688,835	870,978	-	-	182,143	-	182,143	-
Community engagement	426,754	15,980	-	-	(410,774)	-	(410,774)	-
Fire	18,261,261	1,988,496	1,169,853	283,833	(14,819,079)	-	(14,819,079)	-
Police	20,195,435	1,335,481	4,239,204	369,672	(14,251,078)	-	(14,251,078)	-
Public works	16,284,840	123,748	6,369,941	2,539,334	(7,251,817)	-	(7,251,817)	-
Debt Service								
Interest on long-term debt	6,596,780	-	-	-	(6,596,780)	-	(6,596,780)	-
Total governmental activities	90,817,444	11,050,717	16,774,329	6,578,316	(56,414,082)	-	(56,414,082)	-

City of Springdale, Arkansas
Statement of Activities (Continued)
Year Ended December 30, 2021

Functions/Programs	Program Revenues				Net-(Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
					Governmental Activities	Business-type Activities	Total	Water and Sewer Commission
Business-type activities								
Municipal airport	\$ 912,853	\$ 432,104	\$ 168,034	\$ -	\$ -	\$ (312,715)	\$ (312,715)	\$ -
Sanitation	126,862	174,640	-	-	-	47,778	47,778	-
City attorney restitution	35	3,864	-	-	-	3,829	3,829	-
Total business-type activities	<u>1,039,750</u>	<u>610,608</u>	<u>168,034</u>	<u>-</u>	<u>-</u>	<u>(261,108)</u>	<u>(261,108)</u>	<u>-</u>
Total primary government	<u>\$ 91,857,194</u>	<u>\$ 11,661,325</u>	<u>\$ 16,942,363</u>	<u>\$ 6,578,316</u>	<u>\$ (56,414,082)</u>	<u>\$ (261,108)</u>	<u>\$ (56,675,190)</u>	<u>\$ -</u>
Component Unit								
Springdale Water and Sewer Commission	33,296,311	38,353,702	-	9,444,840				14,502,231
Total component unit	<u>\$ 33,296,311</u>	<u>\$ 38,353,702</u>	<u>\$ -</u>	<u>\$ 9,444,840</u>				<u>\$ 14,502,231</u>
General revenues (expenses):								
Sales tax					59,687,576	52,555	59,740,131	-
Ad valorem tax					8,364,293	-	8,364,293	-
Franchise tax					4,887,805	-	4,887,805	-
Hotel/motel tax					430,939	-	430,939	-
Unrestricted investment earnings					410,496	(551)	409,945	402,929
Gain (loss) on sale/disposal of assets					59,612	(2,076)	57,536	25,258
Transfers					100	(100)	-	-
Total general revenues and special items					<u>73,840,821</u>	<u>49,828</u>	<u>73,890,649</u>	<u>428,187</u>
Change in net position					17,426,739	(211,280)	17,215,459	14,930,418
Net position, beginning of year					<u>268,675,350</u>	<u>9,405,783</u>	<u>278,081,133</u>	<u>299,667,831</u>
Net position, end of year					<u>\$ 286,102,089</u>	<u>\$ 9,194,503</u>	<u>\$ 295,296,592</u>	<u>\$ 314,598,249</u>

City of Springdale, Arkansas
Balance Sheet - Governmental Funds
December 31, 2021

	General	Street Fund	American Rescue Plan Fund	2018 Bonds Street Improvement Construction Fund
Assets				
Cash and cash equivalents	\$ 14,604,738	\$ 7,839,681	\$ 10,703,131	\$ -
Investments	6,737,855	2,352,461	-	-
Accounts receivable, net	15,127,325	2,209,675	-	-
Interest receivable	17,426	5,279	-	-
Due from other funds	1,161,844	1,572	1,132	-
Assets held for resale	-	-	-	-
Other assets	25,373	5,040	-	-
Restricted assets:				
Cash and cash equivalents	1,166,811	-	-	-
Investments	2,752,355	-	-	38,623,229
Interest receivable	-	-	-	11,169
Intergovernmental receivables	-	-	-	305,694
Due from other funds	-	-	-	-
Total assets	<u>\$ 41,593,727</u>	<u>\$ 12,413,708</u>	<u>\$ 10,704,263</u>	<u>\$ 38,940,092</u>
Liabilities				
Accounts payable	\$ 1,129,675	\$ 683,720	\$ 7,161	\$ -
Salaries payable	1,185,573	70,738	-	-
Payable from restricted assets:				
Accounts payable	-	-	-	1,986,956
Due to other funds	56,551	548	1,020,000	1,772
Deposits	-	-	-	-
Developer bonds payable	244,123	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	2,307,009	9,659,687	-
Total Liabilities	<u>2,615,922</u>	<u>3,062,015</u>	<u>10,686,848</u>	<u>1,988,728</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	6,333,401	1,200,342	-	-
Total Deferred Inflows of Resources	<u>6,333,401</u>	<u>1,200,342</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable				
Assets held for resale	-	-	-	-
Cemetery perpetual care	-	-	-	-
Endowments	-	-	-	-
Other nonspendable	25,373	5,040	-	-
Restricted				
Court automation	-	-	-	-
Debt service	-	-	-	-
Public safety expenditures	512,489	-	-	-
Recreation and culture	128,600	-	-	-
Capital projects	766,735	-	-	36,951,364
Committed	8,280,685	-	-	-
Assigned				
General fund	456,427	-	-	-
Special revenue funds	-	8,146,311	17,415	-
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	22,474,095	-	-	-
Total Fund Balance	<u>32,644,404</u>	<u>8,151,351</u>	<u>17,415</u>	<u>36,951,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,593,727</u>	<u>\$ 12,413,708</u>	<u>\$ 10,704,263</u>	<u>\$ 38,940,092</u>

2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,227,615	\$ 36,375,165
-	-	2,607,496	11,697,812
-	-	44,565	17,381,565
-	-	4,980	27,685
-	-	110,607	1,275,155
-	-	1,992,811	1,992,811
-	-	38,027	68,440
8,263,359	-	183,446	9,613,616
-	657,873	9,406,112	51,439,569
-	-	3,808	14,977
3,645,518	658,615	-	4,609,827
-	-	71,840	71,840
<u>\$ 11,908,877</u>	<u>\$ 1,316,488</u>	<u>\$ 17,691,307</u>	<u>\$ 134,568,462</u>
\$ -	\$ -	\$ 529,618	\$ 2,350,174
-	-	67,001	1,323,312
-	-	1,535,060	3,522,016
-	-	275,849	1,354,720
-	-	6,723	6,723
-	-	-	244,123
-	-	301,263	301,263
-	-	154,559	12,121,255
<u>-</u>	<u>-</u>	<u>2,870,073</u>	<u>21,223,586</u>
-	-	-	7,533,743
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,533,743</u>
-	-	1,992,811	1,992,811
-	-	32,720	32,720
-	-	1,942,868	1,942,868
-	-	38,027	68,440
-	-	394,737	394,737
11,908,877	1,316,488	-	13,225,365
-	-	-	512,489
-	-	-	128,600
-	-	5,382,289	43,100,388
-	-	-	8,280,685
-	-	-	456,427
-	-	2,672,777	10,836,503
-	-	1,896,968	1,896,968
-	-	525,745	525,745
-	-	(57,708)	22,416,387
<u>11,908,877</u>	<u>1,316,488</u>	<u>14,821,234</u>	<u>105,811,133</u>
<u>\$ 11,908,877</u>	<u>\$ 1,316,488</u>	<u>\$ 17,691,307</u>	<u>\$ 134,568,462</u>

City of Springdale, Arkansas
Reconciliation of the Balance Sheet of
Government Funds to the Statement of Net Position
December 31, 2021

Total fund balances - governmental funds \$ 105,811,133

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	59,411,314	
Easements		43,160,408	
Land improvements and infrastructure		324,604,921	
Buildings and improvements		123,511,601	
Machinery and equipment		59,648,306	
Intangibles		1,479,728	
Less accumulated depreciation		(220,812,810)	
		391,003,468	
Construction in progress		46,124,202	437,127,670

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end and are not considered available. On the accrual basis, those revenues are recognized regardless of when they are collected. 7,533,743

Some long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. Those liabilities consist of:

Revenue bonds payable, net	211,442,366		
Accrued interest payable	1,853,186		
Compensated absences	3,217,776		
OPEB liabilities	5,008,849		
Net pension liabilities	37,409,307	(258,931,484)	

Deferred inflows and outflows of resources related to pensions, OPEB, and gain (loss) on bond refunding are not reported in the governmental funds but will be recognized in pension expense on a long term basis and therefore are reported in the statement of net position.

Deferred inflows of resources related to pensions	(12,144,616)		
Deferred outflows of resources related to pensions	8,890,401		
Deferred inflows of resources related to OPEB	(2,298,660)		
Deferred outflows of resources related to OPEB	886,953		
Deferred inflows of resources related to bond refunding	(773,051)	(5,438,973)	

Net position of governmental funds \$ 286,102,089

City of Springdale, Arkansas
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2021

	General	Street Fund	American Rescue Plan Fund	2018 Bonds Street Improvement Construction Fund
Revenues				
Taxes	\$ 47,323,190	\$ 1,335,525	\$ -	\$ -
Fees and permits	1,186,637	31,670	-	-
Intergovernmental	5,738,810	6,537,397	1,072,111	305,694
Other grants and contributions	3,991,601	650,643	-	-
Charges for goods and services	3,563,284	27,708	-	-
Other charges for goods and services	-	350	-	-
Fines and forfeitures	839,012	-	-	-
Investment earnings (loss)	144,623	20,200	17,415	(41,510)
Miscellaneous	456,687	16,581	-	-
Total revenues	<u>63,243,844</u>	<u>8,620,074</u>	<u>1,089,526</u>	<u>264,184</u>
Expenditures				
Current				
General government	5,521,869	-	9,499	-
Community development	1,213,589	-	-	-
Culture and recreation	5,936,255	-	-	-
Economic development	-	-	-	-
Public safety	36,088,952	-	1,020,000	-
Public works	-	5,693,574	-	-
Capital expenditures	4,708,001	2,492,931	42,612	11,511,526
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	-	-	-	-
Agent fees	-	-	-	-
Total expenditures	<u>53,468,666</u>	<u>8,186,505</u>	<u>1,072,111</u>	<u>11,511,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,775,178</u>	<u>433,569</u>	<u>17,415</u>	<u>(11,247,342)</u>
Other Financing Sources (Uses)				
Transfers in	12,428,835	382,999	-	-
Transfers out	(1,916,619)	-	-	(341,371)
Proceeds from sale of capital assets	47,470	-	-	-
Insurance recoveries	122,452	47,439	-	-
Total other financing sources (uses)	<u>10,682,138</u>	<u>430,438</u>	<u>-</u>	<u>(341,371)</u>
Net Change in Fund Balances	<u>20,457,316</u>	<u>864,007</u>	<u>17,415</u>	<u>(11,588,713)</u>
Fund Balances, Beginning of Year	<u>12,187,088</u>	<u>7,287,344</u>	<u>-</u>	<u>48,540,077</u>
Fund Balances, End of Year	<u>\$ 32,644,404</u>	<u>\$ 8,151,351</u>	<u>\$ 17,415</u>	<u>\$ 36,951,364</u>

2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 19,779,082	\$ 3,885,750	\$ 486,112	\$ 72,809,659
-	-	24,473	1,242,780
-	-	2,889,203	16,543,215
-	-	108,166	4,750,410
-	-	1,702,738	5,293,730
-	-	-	350
-	-	2,917,824	3,756,836
6,323	198	367,285	514,534
-	-	133,503	606,771
<u>19,785,405</u>	<u>3,885,948</u>	<u>8,629,304</u>	<u>105,518,285</u>
-	-	4,091,482	9,622,850
-	-	1,210,482	2,424,071
-	-	2,736,848	8,673,103
-	-	1,058,526	1,058,526
-	-	-	37,108,952
-	-	-	5,693,574
-	-	14,318,114	33,073,184
11,260,000	2,855,000	-	14,115,000
7,089,908	992,199	-	8,082,107
3,500	-	-	3,500
9,000	6,000	-	15,000
<u>18,362,408</u>	<u>3,853,199</u>	<u>23,415,452</u>	<u>119,869,867</u>
<u>1,422,997</u>	<u>32,749</u>	<u>(14,786,148)</u>	<u>(14,351,582)</u>
3	-	1,874,991	14,686,828
-	-	(12,428,738)	(14,686,728)
-	-	-	47,470
-	-	26,982	196,873
<u>3</u>	<u>-</u>	<u>(10,526,765)</u>	<u>244,443</u>
1,423,000	32,749	(25,312,913)	(14,107,139)
<u>10,485,877</u>	<u>1,283,739</u>	<u>40,134,147</u>	<u>119,918,272</u>
<u>\$ 11,908,877</u>	<u>\$ 1,316,488</u>	<u>\$ 14,821,234</u>	<u>\$ 105,811,133</u>

City of Springdale, Arkansas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2021

Net change in fund balances – total governmental funds \$ (14,107,139)

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

Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which depreciation exceeds capital outlay in the current period are as follows:

Capital outlay	33,073,184	
Donated capital	1,933,209	
Depreciation expense	(17,939,745)	17,066,648

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position. (393,490)

Revenues that do not provide current financial resources, such as ad valorem taxes and an unconditional remainder interest in trust, are not reported as revenues for the funds, but are reported as revenues in the statement of activities. This is the change in the amount of deferred ad valorem taxes reported in the governmental fund statements. 560,954

Deferred inflows/outflows of resource related to the net pension and OPEB liabilities, and other deferred inflows/outflows of resources are not due and payable in the current period and, therefore are not reported in the funds statements. This is the amount by which the deferred inflows/outflows of resources changed during the current year. (6,941,183)

The net change in compensated absences, other post-employment benefits ("OPEB") liabilities, net pension liabilities, and accrued interest payable, required current financial resources (expenditure in the fund financial statements) but are not reported as expenses in the statement of activities. 6,192,465

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Below are the details of the differences in the treatment of long-term debt and related items.

Principal payments	14,115,000	
Changes in deferred inflow on bond refunding	26,803	
Amortization of premium on long-term debt	906,681	15,048,484
Changes in net position of governmental activities		\$ 17,426,739

City of Springdale, Arkansas
Statement of Net Position - Proprietary Funds
December 31, 2021

	Enterprise Funds		
	Municipal Airport Fund	Other Proprietary Funds	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 311,739	\$ 307,086	\$ 618,825
Investments	-	94,338	94,338
Accounts receivable, net	59,427	43,646	103,073
Accrued interest	-	242	242
Other assets	-	453	453
Total current assets	371,166	445,765	816,931
Noncurrent assets			
Capital Assets			
Land	3,297,658	-	3,297,658
Improvements other than buildings	8,985,226	-	8,985,226
Buildings and system	3,541,110	-	3,541,110
Machinery and equipment	1,055,453	280,774	1,336,227
Construction in progress	485,707	-	485,707
Less accumulated depreciation	(9,021,685)	(153,054)	(9,174,739)
Total capital assets, net of accumulated depreciation	8,343,469	127,720	8,471,189
Total noncurrent assets	8,343,469	127,720	8,471,189
Total assets	8,714,635	573,485	9,288,120
Deferred Outflows of Resources			
Other post-employment benefits	1,434	1,111	2,545
Total Deferred Outflows of Resources	1,434	1,111	2,545
Liabilities			
Current liabilities			
Accounts payable	\$ 49,633	\$ 4,651	\$ 54,284
Salaries payable	2,592	1,711	4,303
Unearned revenue	6,721	-	6,721
Total current liabilities	58,946	6,362	65,308
Noncurrent liabilities			
Due within one year	146	114	260
Due in more than one year	15,102	8,897	23,999
Total noncurrent liabilities	15,248	9,011	24,259
Total liabilities	74,194	15,373	89,567
Deferred Inflows of Resources			
Other postemployment benefits	3,715	2,880	6,595
Total Deferred Inflows of Resources	3,715	2,880	6,595
Net Position			
Net investment in capital assets	8,343,469	127,720	8,471,189
Unrestricted	294,691	428,623	723,314
Total net position	\$ 8,638,160	\$ 556,343	\$ 9,194,503

City of Springdale, Arkansas
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2021

	Enterprise Funds		
	Municipal Airport Fund	Other Proprietary Funds	Total
Operating Revenues			
Charges for services			
Fuel flowage fees	\$ 56,656	\$ -	\$ 56,656
Other service fees	17,170	178,465	195,635
Rental fees	354,070	-	354,070
Other revenue	-	39	39
Total operating revenues	<u>427,896</u>	<u>178,504</u>	<u>606,400</u>
Operating Expenses			
Personnel	77,552	75,883	153,435
Maintenance	99,345	2,207	101,552
Supplies	49,787	17,435	67,222
Other operating expenses	198,421	3,295	201,716
Depreciation	487,748	28,077	515,825
Total operating expenses	<u>912,853</u>	<u>126,897</u>	<u>1,039,750</u>
Operating Income (Loss)	<u>(484,957)</u>	<u>51,607</u>	<u>(433,350)</u>
Nonoperating Revenues (Expenses)			
Sales taxes	52,555	-	52,555
Gain (loss) on sale/disposal of assets	(2,076)	-	(2,076)
Investment earnings (loss)	1,255	(1,806)	(551)
Insurance recoveries	4,208	-	4,208
Total nonoperating revenues (expenses)	<u>55,942</u>	<u>(1,806)</u>	<u>54,136</u>
Income (Loss) before Capital Contributions and Special Items	(429,015)	49,801	(379,214)
Capital grants and contributions	168,034	-	168,034
Transfers out	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Change in Net Position	(260,981)	49,701	(211,280)
Net Position - Beginning of Year	<u>8,899,141</u>	<u>506,642</u>	<u>9,405,783</u>
Net Position - End of Year	<u>\$ 8,638,160</u>	<u>\$ 556,343</u>	<u>\$ 9,194,503</u>

City of Springdale, Arkansas
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2021

	Enterprise Funds		
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 436,624	\$ 176,871	\$ 613,495
Payments to suppliers	(352,880)	(18,401)	(371,281)
Payments to employees	(78,077)	(81,771)	(159,848)
Net cash provided by (used in) operating activities	<u>5,667</u>	<u>76,699</u>	<u>82,366</u>
Cash Flows From Noncapital Financing Activities			
Sales taxes	52,555	-	52,555
Transfers out to other funds	-	(100)	(100)
Receipt (payment) of interfund balances	-	15,023	15,023
Net cash used in noncapital financing activities	<u>52,555</u>	<u>14,923</u>	<u>67,478</u>
Cash Flows From Capital and Related Financing Activities			
Insurance recoveries	4,208	-	4,208
Capital grant receipts	303,734	-	303,734
Proceeds from sale of capital assets	2,075	-	2,075
Purchases of capital assets	(241,403)	-	(241,403)
Net cash provided by capital and related financing activities	<u>68,614</u>	<u>-</u>	<u>68,614</u>
Cash Flows From Investing Activities			
Purchase of investments	-	-	-
Interest received	1,255	1,735	2,990
Net cash provided by (used in) investing activities	<u>1,255</u>	<u>1,735</u>	<u>2,990</u>
Net Increase in Cash and Cash Equivalents	128,091	93,357	221,448
Cash and Cash Equivalents, January 1	<u>183,648</u>	<u>213,729</u>	<u>397,377</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 311,739</u></u>	<u><u>\$ 307,086</u></u>	<u><u>\$ 618,825</u></u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used in) operating activities			
Operating income (loss)	\$ (484,957)	\$ 51,607	\$ (433,350)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	487,748	28,077	515,825
(Increase) decrease in accounts receivable	8,761	(1,633)	7,128
Increase in other assets	730	2,667	3,397
Increase in deferred outflows of resources	764	998	1,762
Increase (decrease) in accounts payable	(6,057)	1,869	(4,188)
Increase (decrease) in salaries payable	376	(1,434)	(1,058)
Increase (decrease) in compensated absences	1,754	-	1,754
Increase in deferred inflows of resources	(848)	(1,497)	(2,345)
Increase in OPEB liability	(2,571)	(3,955)	(6,526)
Decrease in deferred revenue	(33)	-	(33)
	<u>490,624</u>	<u>25,092</u>	<u>515,716</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 5,667</u></u>	<u><u>\$ 76,699</u></u>	<u><u>\$ 82,366</u></u>

City of Springdale, Arkansas
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2021

	Pension Trust Funds	Police Evidence Funds - Custodial Fund
Assets		
Cash and cash equivalents	\$ 1,116,731	\$ 72,898
Investments	19,659,416	-
Accounts receivable, net	1,411,143	-
Due from other funds	7,885	-
	<hr/>	<hr/>
Total assets	<u>22,195,175</u>	<u>72,898</u>
Liabilities		
Accrued liabilities	263	-
Due to other funds	-	160
	<hr/>	<hr/>
Total liabilities	<u>263</u>	<u>160</u>
Net Position		
Restricted for:		
Pensions	22,194,912	-
Other entities	-	72,738
	<hr/>	<hr/>
Total net position	<u><u>\$ 22,194,912</u></u>	<u><u>\$ 72,738</u></u>

City of Springdale, Arkansas
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended December 31, 2021

	Pension Trust Funds	Police Evidence Funds - Custodial Fund
Additions		
Contributions		
Taxes	\$ 1,378,495	\$ -
State insurance turnback	159,254	-
Fines and court costs	110,043	-
Seized funds	-	1,052
Total contributions	<u>1,647,792</u>	<u>1,052</u>
Investment Income		
Investment income	4,720,275	13
Net decrease in fair value of investments	<u>(1,687,559)</u>	<u>-</u>
Total investment income (loss)	3,032,716	13
Less investment expenses	<u>(168,512)</u>	<u>-</u>
Net investment income (loss)	<u>2,864,204</u>	<u>13</u>
Total Additions	<u>4,511,996</u>	<u>1,065</u>
Deductions		
Benefits payments	2,545,520	-
Distributions to other governments	-	48
Miscellaneous	<u>3,345</u>	<u>-</u>
Total Deductions	<u>2,548,865</u>	<u>48</u>
Change in Fiduciary Net Position	1,963,131	1,017
Net Position - Beginning of Year	<u>20,231,781</u>	<u>71,721</u>
Net Position - End of Year	<u><u>\$ 22,194,912</u></u>	<u><u>\$ 72,738</u></u>

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

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

The City of Springdale, Arkansas (City) was incorporated April 1, 1878, and is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police, fire, animal control, code enforcement, and building inspection), streets, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services, bulky waste disposal, and water and waste water services. Citizens elect the Mayor and eight City Council members at large; however, the City Council members must reside in the ward they represent. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. 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 and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. To be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's Firemen's Relief and Pension Fund and Policemen's Pension and Relief Fund are reported as fiduciary component units as fiduciary funds in the fiduciary funds statements. The other retirement plans are maintained by the Arkansas Local Police and Fire Retirement System (LOPFI) and the 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:

Blended Component Units – Governmental

The Springdale Public Library Board Foundation (Foundation) is a tax-exempt organization whose purpose is to support the Springdale Public Library (Library) and to support the Library's effort to serve the residents of the City and surrounding area in providing access to materials and information. The members of the Board of Directors are those persons who are Trustees of the Springdale Public Library. The trustees are appointed by the Mayor, and approved by the City Council. Separate financial statements are not prepared for the Foundation.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The City of Springdale Public Facilities Board (PFB) is governed by a five member board whose members are nominated by a majority of the board, appointed by the Mayor, and confirmed by the City Council. The PFB is responsible for managing the City's minor league baseball park, as well as other duties that benefit the City. Separate financial statements are not prepared for the PFB.

Discretely Presented Component Unit – Business-Type

City of Springdale, Arkansas Water and Sewer Commission (Commission) is governed by a five member Board of Commissioners, appointed by the remainder of the Water and Sewer Commissioners, and approved by the City Council. The Commission receives no financial benefit from the City; however, the City has the power to impose its will on the Commission. Rate changes and debt issuance must be approved by the City Council. The Commission provides commercial and residential water services, as well as waste water treatment services, that primarily benefit the residents of Springdale. The fiscal year-end of the Commission is September 30; therefore, all amounts reported in the financial statements are as of and for the year ended September 30, 2021. Financial statements of the Commission can be obtained from the Commission's administrative office located at 526 Oak Avenue, Springdale Arkansas 72764.

Related Organizations

The City's Mayor and Council are also responsible for appointing members of the boards or commissions of other organizations, but the City's accountability for those organizations does not extend beyond making the appointments. These related organizations are as follows: the Housing Authority of the City of Springdale and the Shiloh Historic District Planning Commission.

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. These statements distinguish between governmental activities, which are generally financed through taxes, intergovernmental revenues and other nonexchange transactions, and business-type activities, which are financed in whole or 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 is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. 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.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

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 for those required to be accounted for in another fund.

The *Street Fund* is a special revenue fund which accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance, repair of streets, drainage systems, and traffic control systems as well as street lighting, landscaping, and maintenance and construction of trails.

The *American Rescue Plan Fund* is a special revenue fund which accounts for grant funds received under the American Rescue Plan Act. These monies are expended to satisfy purposes as outlined by the federal program.

The *2018 Bonds Street Improvements Construction Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Refunding and Improvements Bonds, Series 2018, utilized for major construction, renovation, expansion and improvement of the City's streets (*see also Note 5*).

The *2018 Series Bonds Debt Service Fund* accounts for resources from one-half of the City's two percent (2%) local sales and use tax and payments made for long-term debt principal, interest and related costs of governmental funds debt (*see also Note 5*).

The *2020 Series Bonds Debt Service Fund* accounts for resources from a one percent (1%) local sales and use tax and payments made for long-term debt principal, interest and related costs of governmental funds debt (*see also Note 5*).

The City reports the following major proprietary fund:

The *Municipal Airport Fund* is an enterprise fund which accounts for the operations and maintenance of the City's municipal airport.

Additionally, the City reports the following fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes. The City's nonmajor special revenue funds are the Springdale Public Library, Shiloh Museum Board Fund, Advertising and Promotion Fund, District Court Costs Fund, Arvest Ball Park Fund, the Springdale Public Library Foundation (Foundation), the Community Development Block Grant (CDBG) Fund and the District Court Fund.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment, other than those financed by enterprise funds. The City's nonmajor capital projects funds are the Public Facilities Board Fund, the 2018 Bonds Parks and Recreation Improvements Construction Fund, the 2018 Bonds

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Fire Department Improvements Construction Fund, the 2018 Bonds Animal Shelter Improvements Construction Fund and the 2018 Criminal Justice & Admin Complex Construction Fund.

Permanent Trust Fund – Accounts for assets held in trust for the operation and maintenance of Bluff Cemetery (Cemetery). The City must act in accordance with the terms of specific bequests made to the Cemetery.

Enterprise Funds – Accounts for the Sanitation Fund and the City Attorney Restitution Fund whose operations are financed primarily through user charges.

Pension Trust Funds – Accounts for assets held in trust for the Firemen's Relief and Pension Fund (Firemen's Fund) and the Policemen's Pension and Relief Fund (Policemen's Fund). Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Custodial Fund – Accounts for activities associated with collecting and disbursing monies seized as evidence for the Police Department.

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 the 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.

Proprietary fund 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 contributions. Recognition standards are based upon the characteristics and classes of nonexchange transactions.

Property taxes are recognized as revenues in the year for which they are levied. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and contributions 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 deferred 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.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Government Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in 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 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 generally considers revenues reported in the governmental funds to be available if they are collected within sixty (60) days after year-end.

Principal revenue sources considered susceptible to accrual include property (ad valorem) taxes, sales taxes, utility franchise fees, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the related fund liability is incurred as under the accrual basis of accounting, except for principal and interest on long-term debt, claims and judgments, pension and OPEB expenditures, and compensated absences, which are recognized as expenditures only when payment is due.

Budgets and Budgetary Accounting

Annual budgets are prepared on a basis consistent with generally accepted accounting principles, except for the City's proprietary funds. Proprietary fund budgets differ from GAAP in that capital acquisitions are recorded as expenditures as opposed to assets, and depreciation expense is not budgeted. The budgets are used as a management control device during the year for the following funds: General Fund, Street Fund, Springdale Public Library, District Court Costs Fund, Arvest Ballpark Fund, Municipal Airport Fund, Sanitation Fund, and the Bluff Cemetery Fund. Budgets are also adopted by the City Council for specific capital projects, which are carried forward until completed. All annual appropriations lapse at year end.

All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budgets and the final amended budgets (which have been adjusted for legally authorized revisions during the year). During the year ended December 31, 2021, the City Council adopted several supplemental appropriations.

Cash and Cash Equivalents

Cash includes demand deposits, savings accounts, and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account. For reporting purposes both the City and the Commission consider all investments with original maturities of ninety (90) days or less at the date of purchase as cash equivalents.

Investments and Investment Income

Certificates of deposit and money market investments that mature within one year of the date of acquisition are recorded at amortized cost, which approximates fair value. All other investments are recorded at fair value with the resulting gains and losses recognized in the current period. The City categorizes its fair value measurements within the fair value hierarchy established by generally

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs.

The Shiloh Museum Board Fund has invested funds with the Arkansas Community Foundation, Inc. (ARCF) which pools funds from many nonprofit organizations together in order to maximize the returns on investments. ARCF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, which consists of the three input levels noted above. The current fair value of the pooled investments, along with investment income and realized losses, are allocated to the participants in the pool based on their ownership interest.

The Commission's investments consist of liquid money market funds and certificates of deposit with original maturities greater than 90 days. Certificates of deposit are recorded at amortized cost.

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.

Inventories

Inventories consist of various fittings, couplings, pipe, etc., used in the customary operations of the Commission. All inventories are stated at cost, which is determined on the historical average basis.

General government fund inventories are accounted for on the purchase method.

Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds.

Accounts Receivable

For the primary government, ambulance fees, property tax receivables and airport hangar rent are shown net of an allowance for doubtful accounts. The Commission estimates most accounts receivable balances at September 30, 2021, to be materially collectible; therefore, no allowance has been recorded for doubtful accounts.

Restricted Assets

Certain assets are classified as restricted on the statement of net position because their use is subject to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

The balance of the restricted assets accounts in the Primary Government as of December 31, 2021, is as follows:

Cash and cash equivalents	\$ 9,566,383
Investments	51,414,025
Interest receivable	14,977
Intergovernmental receivables	4,609,827
	<hr/>
Total restricted assets - governmental activities	<u>\$ 65,605,212</u>

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The Commission has funds maintained in separate bank accounts to comply with debt instrument requirements, which are restricted for use for maintenance activities and payments of principal and interest. Also, the Commission has designated certain funds to be maintained for construction activity and water meter deposits.

The balance of the Commission's restricted assets as of September 30, 2021, is as follows:

Investments - certificates of deposit - meter deposits	\$ 2,681,953
Cash - Lowell sewer expansion fund	155,862
Cash - Lowell sewer bond fund	175,597
Cash - Bethel Heights	1,124
Interest receivable	<u>134,382</u>
 Total restricted assets - component unit	 \$ <u><u>3,148,918</u></u>

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets acquired or constructed since 1980, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. Infrastructure capital assets contributed to the City by developers are recorded at acquisition values based upon the cost to construct by the developers (Level 3 input). Land donated to the City is recorded at acquisition values based upon the county assessor values (Level 2 input).

Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of five years. Exceptions are for infrastructure assets, which are defined as having a constructed cost of greater than \$25,000. Major outlays for capital assets and improvements are capitalized when completed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. For the Commission, assets with a cost greater than \$1,000 are capitalized.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives. Ranges of estimated useful lives are as follows:

Capital Assets	Years
Land improvements	10 - 30
Buildings	20 - 40
Building improvements	7 - 30
Infrastructure	
Streets and bridges	15 - 50
Drainage	50
Water system	40
Meters and meter equipment	17
Sewer system and plant	20 - 50
Vehicles	5 - 20
Machinery and equipment	5 - 12

City of Springdale, Arkansas

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Collections

Collections of historical artifacts and treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement of capitalization is waived for collections that meet certain criteria. The City's Shiloh Museum of Ozark History has collections of historical artifacts and photographs that are not capitalized as they meet all of the waiver requirements, which are: (1) the collections are held solely for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) the collections are protected, kept unencumbered, cared for, and preserved; and (3) should any collection items be sold, the proceeds are to be used only to acquire other items for collections. The Museum has six buildings of historical significance which have been capitalized, but are not being depreciated, as these buildings are part of the Museum's exhibits, and are therefore being cared for and preserved. The Museum also has one building of historical significance, the Shiloh Meeting Hall, which is being depreciated as it is available for rent by the public.

Compensated Absences

The City allows employees to accumulate earned, but unused vacation and sick leave. Upon termination, any accumulated unused vacation will be paid to the employees. Accumulated, but unused sick leave is paid to employees upon retirement, up to a maximum of 60 days, provided that the payment does not exceed three months' salary.

For the Primary Government, compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund. The Commission accrues a liability for compensated absences as incurred which is then liquidated by the Commission as amounts are used.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. In governmental funds, long-term liabilities are only recorded to the extent that they are due and payable. Bond premiums and discounts are deferred and amortized over the life of the related debt using the effective interest method. For the City's component unit, the straight-line method is used. Long-term debt is reported net of the applicable bond premium or discount.

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

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Deferred Outflows/Inflows of Resources

Primary Government

In addition to assets, the statement of net position and statement of fund net position include separate sections for deferred outflows of resources, which represent a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The City has deferred outflows related to pension and OPEB plans, consisting of the amount of contributions made to the pension plans after the measurement date, the difference between the expected and actual experience related to pensions, and the difference in investment experience between actual earnings and projected earnings on pension plan investments, changes in assumptions and changes in proportion allocated to funds for pension plans. Deferred outflows related to contributions made to the pension plan after the measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense and OPEB expense over future periods (*see Note 7 and 9*).

In addition to liabilities, the statement of net position and the balance sheet – governmental funds 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 a deferred inflow for the gain on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or new debt. In addition, the City has two types of items reported as deferred inflows of resources, unavailable revenues and deferred inflows related to pensions and OPEB. Deferred inflows for pensions and OPEB consists of the difference between the expected and actual experience related to the pension and OPEB plans, changes in proportion allocated to funds for pensions, as well as the difference in assumption changes. These amounts are amortized over future periods to pension and OPEB expense (*see Note 7 and 9*). Unavailable revenue, which also qualifies for reporting in this category, arises under the modified accrual basis of accounting. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Component Unit

The Commission has one item that qualifies for reporting as a deferred outflow of resources. The item is related to the OPEB Plan and is comprised of the differences between expected and actual experience of the total OPEB liability and changes of assumptions. These amounts will be amortized to OPEB expense over future periods. The Commission has one item that qualifies for reporting as a deferred inflow of resources. The item is related to the OPEB Plan and is comprised of the differences between expected and actual experience and changes of assumptions. These amounts will be amortized to OPEB expense over future periods.

Net Position/Fund Balance

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the government-wide and proprietary fund statements. Net position 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 any debt attributable to the acquisition, construction, or improvement of these assets. Restricted net position is the amount that is restricted for a particular purpose by creditors, grantors, or contributors external to

City of Springdale, Arkansas

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the City, or by laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Included in this category are assets restricted for capital expenditures, net of related debt, and amounts deposited with bond trustees as required by bond indentures. At December 31, 2021, restricted net position of \$930,594 was restricted by enabling legislation. Unrestricted net position is the net position that does not meet the above definitions of “net investment in capital assets” or “restricted net position”.

Governmental fund balances are classified in five components. Nonspendable fund balances are not in a spendable form, or are required to remain intact. Restricted fund balances may be spent only for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, which is the City Council. The City Council can commit fund balance by adoption of a resolution or ordinance. Once adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Mayor or his designee may assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

In governmental funds other than the General Fund, assigned fund balances represent 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 fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications.

Net Position/Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The City will also sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The City depletes committed amounts first, followed by assigned amounts, then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Impairment of Capital Assets

The City is required to evaluate prominent events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility is large in magnitude and (b) the event is outside the normal life cycle of the capital asset. Based upon management's assessment, no triggering events or changes in circumstances occurred during 2021.

Pensions

The City provides retirement benefits to substantially all of its employees through four separate defined benefit pension plans (the Plans) and one defined contribution pension plan (*Note 7*).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the 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.

Basis of Accounting

The City's financial statements for its defined benefit pension plans reported as pension trust funds (FRPF and PPRF) are prepared using the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. 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 (Level 1 input). The fair value of investments in mutual funds is determined using the fund's current per share price.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the 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.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from these estimates.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

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 and its component unit's deposit policies for custodial credit risk require 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 agreements. The Foundation is not required to follow state law regarding collateralization of deposits, and does not have a deposit policy for custodial credit risk.

At December 31, 2021, the City had bank balances of \$66,134,031, of which none were exposed to custodial credit risk. The carrying value of these deposits as of December 31, 2021, was \$64,278,216. Also, at September 30, 2021, the Commission had deposits with a carrying value of \$58,190,000, none of which were exposed to custodial credit risk.

State statutes authorize the City's funds to be deposited in demand deposits, savings, and certificates of deposit in banks located in the State of Arkansas. Certificates of deposit may also be invested in eligible banks located in the United States.

Investments

The City's investment policy states that the City may invest operating and capital improvement funds in instruments and securities authorized by Arkansas state statutes. Permissible investments include U.S. Treasury and agency obligations, or other obligations secured by the U.S. Government; obligations issued by the Arkansas State Board of Education; prerefunded municipal bonds; federal funds maturing in less than one year; demand, savings or time deposits of any depository institution chartered in the United States; warrants of political subdivisions of the state of Arkansas; repurchase agreements; money market funds; corporate debt obligations; and revenue bonds of any state, municipality or political subdivision of the United States.

Funds held by the City's Trustee for the credit of the Construction Funds, Bond Funds, and the Debt Service Reserves are authorized to be invested in U. S. Government securities, time deposits or certificates of deposit which are insured by the FDIC, or collateralized by securities held by a third party in which the City has a perfected first security interest, and money market funds registered under the Federal Investment Company Act of 1940 and having a rating by Standard and Poor's of AAA-mG, AAA-m, or AA-m, and if rated by Moody's Investors Service rated AAA, AA1, or AA2.

The City's local pension funds are managed by professional investment managers, and are authorized to invest in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, commercial paper, international and corporate stocks, bonds and mutual funds. Plan asset investments must adhere to Arkansas laws, specifically Arkansas Code 24-11-410, and be made in accordance with the prudent investor rule. Investment objectives are to earn the highest possible rate of return, consistent with prudent levels of risk, and to protect fund assets while insuring systematic and adequate funding of plan distributions and benefits to participants and their beneficiaries.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The City's other trust funds and endowment funds are governed by the prudent investor rule; investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and in general, avoid speculative investments.

At December 31, 2021, the Primary Government had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. agencies obligations	\$ 16,271,144	\$ 319,612	\$ 11,372,045	\$ 3,383,374	\$ 1,196,113
State/municipal bonds	1,471,065	495,505	10,564	706,313	258,683
Corporate bonds	1,515,810	191,898	245,086	695,070	383,756
Certificates of deposit	7,519,670	6,450,383	1,069,287	-	-
Money market funds	36,131,294	36,131,294	-	-	-
	62,908,983	\$ 43,588,692	\$ 12,696,982	\$ 4,784,757	\$ 1,838,552
Corporate stock	18,230,405				
Investment pools	2,327,875				
Other	253,268				
Total Investments	<u>\$ 83,720,531</u>				

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 inputs are unobservable inputs. The City's investments are categorized below.

City Investments	Fair Value	Quoted Prices in Active Markets Level 1	Significant Others Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. agencies obligations	\$ 14,894,054	\$ 69,667	\$ 14,824,387	\$ -
Municipal bonds	1,125,222	-	1,125,222	-
Corporate bonds	191,898	191,898	-	-
Total Debt Securities	<u>\$ 16,211,174</u>	<u>\$ 261,565</u>	<u>\$ 15,949,609</u>	<u>\$ -</u>
Equity securities	\$ 1,859,246	\$ 1,859,246	\$ -	\$ -
Alternative investments	11,857	11,857	-	-
Beneficial interest in ARCF	\$ 2,327,875	\$ -	\$ -	\$ 2,327,875
Pension Investments	Fair Value	Level 1	Level 2	Level 3
U.S. agencies obligations	\$ 1,377,090	\$ 1,377,090	\$ -	\$ -
State and municipal bonds	345,843	345,843	-	-
Corporate bonds	1,323,912	1,323,912	-	-
Total Debt Securities	<u>\$ 3,046,845</u>	<u>\$ 3,046,845</u>	<u>\$ -</u>	<u>\$ -</u>
Equity securities	\$ 16,371,159	\$ 16,371,159	\$ -	\$ -
Alternative investments	241,411	106,497	134,914	-

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policy is to hold all investments to maturity.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The pension funds investment policies address interest rate risk by managing asset allocation. The Firemen's Fund policy allows for a maximum investment in equities of 50% and the balance in fixed income (including cash equivalents) and other investments. Within the above allocation, the cash and cash equivalents range is from 5% - 25%, fixed income investments range 15% - 75%, equities 25% - 60%, and other investments 0% - 10%. The Policemen's Fund allocation policy is for equities to range from 40% - 65% of total assets, fixed income investments range from 30% - 50%, and cash and cash equivalents range from 0% - 5%.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As described earlier in this section, the City's investment policy follows Arkansas law which limits the types of investments that can be made by the City. The City's investment policy does not allow for investment in derivative products, common stocks, or long-term bonds used for speculation.

The Firemen's Fund policy is that common stock must carry an investment grade of medium or A or better; and fixed income securities must be investment grade or better. The Firemen's Fund held no fixed income investments at December 31, 2021.

The Policemen's Fund policy is for plan assets to be invested in investment grade bonds rated BBB or better; no less than 85% of corporate bonds and commercial paper investments be A rated or higher; and no more than 15% of securities may be invested in corporate bonds with a rating of BAA or less. Fixed income securities totaled \$3,046,845 at year end. Ratings for corporate bonds held ranged from Aaa to Baa, and government treasuries and agencies were ranked Aaa by Moody's and Standard & Poor's. The Policemen's Fund held \$1,323,912 in corporate bonds at year end, with \$813,434 ranked A3 to Aaa, or 61% of total corporate bonds. The Policemen's Fund held \$510,478, or 39% ranked Baa. State and municipal bonds held totaled \$345,843, with \$76,596 ranked Aaa, \$180,728 ranked Aa1, \$77,955 ranked Aa2 and \$10,564 ranked Aa3. U.S agencies held at year end totaled \$1,377,090.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investment or collateral securities that are 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 are in the City's name. Investment managers for the pension trust funds must be a registered investment advisor with the Arkansas Securities Department and/or the Securities and Exchange Commission (SEC).

Concentration of Credit Risk

The City's policy places no limit on the amount that may be invested in any one issuer. The Firemen's Fund's policy limits investment in equities in any one company or affiliated group of companies to no more than 5% of the fund's total assets. No more than 3% may be invested in any one debt issue, excluding U.S. Treasury or U.S. government agency debt securities. The Policemen's Fund's policy is that securities of any one company or government agency should not exceed 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

The following schedule reconciles the carrying amount of deposits and investments to the government-wide statement of net position and statement of fiduciary net position:

	Primary Government	Component Unit Water and Sewer Commission
Reported amount of deposits	\$ 64,278,216	\$ 58,190,000
Cash on hand	4,466	1,600
Investments classified as cash equivalents	7,519,670	-
Deposits classified as investments	(24,005,117)	(22,474,661)
	<u>\$ 47,797,235</u>	<u>\$ 35,716,939</u>
As reported on the government-wide statement of net position		
Cash and cash equivalents	\$ 37,041,223	\$ 35,384,356
Restricted cash and cash equivalents	9,566,383	332,583
	<u>46,607,606</u>	<u>35,716,939</u>
Cash and cash equivalents reported on the statement of fiduciary net position	1,189,629	-
	<u>\$ 47,797,235</u>	<u>\$ 35,716,939</u>
Carrying amount of investments	\$ 66,405,688	\$ 1,847,791
Deposits classified as investments	(7,519,670)	-
Reported amount of investments	58,886,018	1,847,791
Investments classified as cash equivalents	24,005,117	22,474,661
	<u>\$ 82,891,135</u>	<u>\$ 24,322,452</u>
As reported on the government-wide statement of net position		
Investments	\$ 11,817,694	\$ 21,640,499
Restricted investments	51,414,025	2,681,953
	<u>63,231,719</u>	<u>24,322,452</u>
Investments reported on the statement of fiduciary net position	19,659,416	-
	<u>\$ 82,891,135</u>	<u>\$ 24,322,452</u>

Note 3: Receivables

Receivables as of December 31, 2021 for the City's General Fund, Street Fund, Capital Projects Funds, 2018 Bonds Debt Service Fund, 2020 Bonds Debt Service Fund, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Governmental Funds	General Fund	Street Fund	Capital Projects Funds	2018 Bonds Debt Service Fund	2020 Bonds Debt Service Fund	Nonmajor Governmental Funds	Total
Receivables							
Accounts	\$ 701,199	\$ 3,455	\$ -	\$ -	\$ -	\$ 32,939	\$ 737,593
Property taxes	7,426,679	1,407,795	-	-	-	960	8,835,434
Sales taxes	6,612,902	-	-	-	-	-	6,612,902
Franchise taxes	1,052,191	-	-	-	-	-	1,052,191
Grants	83,505	-	-	-	-	-	83,505
Intergovernmental	184,227	883,939	-	-	-	10,666	1,078,832
Interest	17,426	5,279	-	-	-	4,980	27,685
Restricted receivables							
Sales taxes	-	-	-	3,645,518	658,615	-	4,304,133
Grants	-	-	305,694	-	-	-	305,694
Interest	-	-	11,169	-	-	3,808	14,977
Gross receivables	16,078,129	2,300,468	316,863	3,645,518	658,615	53,353	22,747,252
Less: Allowance for uncollectibles	(933,378)	(85,514)	-	-	-	-	(1,018,892)
Net total receivables	<u>\$ 15,144,751</u>	<u>\$ 2,214,954</u>	<u>\$ 316,863</u>	<u>\$ 3,645,518</u>	<u>\$ 658,615</u>	<u>\$ 53,353</u>	<u>\$ 22,034,054</u>

Receivables as of December 31, 2021 for the City's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

Proprietary Funds	Municipal Airport Fund	Other Enterprise Funds	Total
Receivables			
Accounts	\$ 16,174	\$ 43,646	\$ 59,820
Sales taxes	9,866	-	9,866
Grants	42,017	-	42,017
Interest	-	242	242
Gross receivables	68,057	43,888	111,945
Less: Allowance for uncollectibles	(8,630)	-	(8,630)
Net total receivables	<u>\$ 59,427</u>	<u>\$ 43,888</u>	<u>\$ 103,315</u>

Receivables as of December 31, 2021 for the City's fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

Fiduciary Funds	Fire Pension Fund	Police Pension Fund	Total Pension Trust Funds
Receivables			
Property taxes	\$ 744,715	\$ 744,715	\$ 1,489,430
Accounts	-	20,297	20,297
Gross receivables	744,715	744,715	1,509,727
Less: Allowance for uncollectibles	(49,292)	(49,292)	(98,584)
Net total receivables	<u>\$ 695,423</u>	<u>\$ 695,423</u>	<u>\$ 1,411,143</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2021 (September 30, 2021 for the Commission), is presented below:

	Balance December 31, 2020	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2021
<u>Governmental Activities</u>				
Capital assets, non-depreciable				
Land	\$ 58,378,820	\$ 1,032,494	\$ -	\$ 59,411,314
Easements	40,779,496	2,380,912	-	43,160,408
Museum buildings	154,201	-	-	154,201
Construction in progress	80,659,797	31,445,214	65,980,809	46,124,202
Total capital assets, non-depreciable	179,972,314	34,858,620	65,980,809	148,850,125
Capital assets, depreciable				
Land improvements	42,038,309	15,836,483	14,462	57,860,330
Infrastructure	256,734,315	10,010,276	-	266,744,591
Buildings and improvements	89,881,685	33,786,862	156,946	123,511,601
Machinery and equipment	54,048,976	6,137,298	537,968	59,648,306
Intangibles	1,323,880	1,647	-	1,325,527
Total capital assets, depreciable	444,027,165	65,772,566	709,376	509,090,355
Less accumulated depreciation				
Land improvements	12,264,346	2,040,524	6,508	14,298,362
Infrastructure	122,222,326	8,940,732	-	131,163,058
Buildings and improvements	32,549,642	3,295,988	127,426	35,718,204
Machinery and equipment	35,405,982	3,609,987	537,968	38,478,001
Intangibles	1,102,671	52,514	-	1,155,185
Total accumulated depreciation	203,544,967	17,939,745	671,902	220,812,810
Total governmental activities, net	\$ 420,454,512	\$ 82,691,441	\$ 66,018,283	\$ 437,127,670
<u>Business-type Activities</u>				
Capital assets, non-depreciable				
Land	\$ 3,297,658	\$ -	\$ -	\$ 3,297,658
Construction in progress	246,380	239,327	-	\$ 485,707
Total capital assets, non-depreciable	3,544,038	239,327	-	3,783,365
Capital assets, depreciable				
Land improvements	8,985,226	-	-	8,985,226
Buildings and improvements	3,541,110	-	-	3,541,110
Machinery and equipment	1,353,900	-	17,673	1,336,227
Total capital assets, depreciable	13,880,236	-	17,673	13,862,563
Less accumulated depreciation				
Land improvements	5,717,927	268,508	-	5,986,435
Buildings and improvements	2,243,562	149,229	-	2,392,791
Machinery and equipment	713,023	98,088	15,598	795,513
Total accumulated depreciation	8,674,512	515,825	15,598	9,174,739
Total business-type activities, net	\$ 8,749,762	\$ (276,498)	\$ 2,075	\$ 8,471,189

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

	Balance September 30, 2020	Additions and Transfers, Net	Retirements and Transfers, Net	Balance September 30, 2021
<u>Business-type Activities</u>				
<u>Component Unit</u>				
Capital assets, non-depreciable				
Land	\$ 3,348,889	\$ -	\$ -	\$ 3,348,889
Easements	5,328,472	745	430	\$ 5,329,647
Construction in progress	19,539,829	6,007,858	(1,706,718)	\$ 23,840,969
Total capital assets, non-depreciable	28,217,190	6,008,603	(1,706,288)	32,519,505
Capital assets, depreciable				
Buildings and improvements	5,798,996	-	74,221	5,873,217
Water and sewer systems	370,758,328	9,999,877	1,536,783	382,294,988
Machinery and equipment	6,737,101	1,036,153	(78,822)	7,694,432
Total capital assets, depreciable	383,294,425	11,036,030	1,532,182	395,862,637
Less accumulated depreciation				
Buildings and improvements	4,387,622	185,317	-	4,572,939
Water and sewer systems	152,147,449	8,744,757	-	160,892,206
Machinery and equipment	5,387,016	440,871	(132,851)	5,695,036
Total accumulated depreciation	161,922,087	9,370,945	(132,851)	171,160,181
Total component unit activities, net	\$ 249,589,528	\$ 7,673,688	\$ (41,255)	\$ 257,221,961

Depreciation expense was charged to functions/programs of the primary government and its component unit as follows:

Governmental Activities

General government	
Administration	\$ 321,579
Information technology	20,855
District Court	6,368
Community Development	
Community development and housing	2,730
Culture and recreation	
Parks and recreation	4,334,367
Senior centers	52,363
Public Library	130,805
Shiloh Museum	101,397
Public Safety	
Animal services	94,853
Building inspection	12,686
Community engagement	15,116
Fire	1,518,183
Police	1,360,481
Public Works	9,967,962
Total governmental activities	17,939,745

Business-type Activities

Municipal airport	487,748
Sanitation	28,077
Total business-type activities	515,825

Total depreciation expenses - primary government \$ 18,455,570

Component Unit

City of Springdale, Arkansas Water and Sewer Commission	\$ 9,370,945
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City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The City has active construction projects as of December 31, 2021. Total outstanding commitments under authorized contracts for capital projects of governmental funds are as follows:

	Expenditures Incurred to December 31, 2021	Remaining Commitments at December 31, 2021
<u>Primary Government</u>		
Governmental activities		
Capital Projects		
Streets and drainage projects	\$ 32,615,777	\$ 17,059,865
Parks and recreation	15,862,566	850,531
Fire stations	9,571,741	23,095
Criminal justice and administration	33,276,716	6,425,382
Total commitments - primary government	<u>\$ 91,326,800</u>	<u>\$ 24,358,873</u>

These commitments will be funded through City sales and use taxes, proceeds from the sales of the 2018 Series Bonds, and intergovernmental participations.

Business-type Component Unit

At September 30, 2021, the Commission had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$807,000 remained open on the construction and improvement contracts still in progress at September 30, 2021.

Note 5: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2021, for the primary government were as follows:

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable:					
Revenue bonds	\$ 219,880,000	\$ -	\$ 14,115,000	\$ 205,765,000	\$ 7,790,000
Add issuance premium	6,584,047	-	906,681	5,677,366	-
Bonds payable, net	<u>226,464,047</u>	<u>-</u>	<u>15,021,681</u>	<u>211,442,366</u>	<u>7,790,000</u>
Compensated absences	3,142,604	75,172	-	3,217,776	-
OPEB liabilities	5,470,332	-	461,483	5,008,849	92,280
Net pension liabilities	42,645,118	-	5,235,811	37,409,307	-
Total other long-term liabilities	<u>51,258,054</u>	<u>75,172</u>	<u>5,697,294</u>	<u>45,635,932</u>	<u>92,280</u>
Total	<u>\$ 277,722,101</u>	<u>\$ 75,172</u>	<u>\$ 20,718,975</u>	<u>\$ 257,078,298</u>	<u>\$ 7,882,280</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

<u>Business-type Activities</u>	<u>Balance December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2021</u>	<u>Due Within One Year</u>
Compensated absences	\$ 8,510	\$ 1,380	\$ -	\$ 9,890	\$ -
OPEB liabilities	20,895	-	6,526	14,369	260
Total other long-term liabilities	<u>\$ 29,405</u>	<u>\$ 1,380</u>	<u>\$ 6,526</u>	<u>\$ 24,259</u>	<u>\$ 260</u>

Changes in long-term liabilities for the year ended September 30, 2021 for the City's discretely presented component unit were as follows:

<u>Component Unit</u>	<u>Balance September 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
<u>Water and Sewer Commission</u>					
Bonds payable					
Revenue bonds, Series 2006	\$ 1,665,000	\$ -	\$ 250,000	\$ 1,415,000	\$ 260,000
Compensated absences	1,289,608	852,060	844,653	1,297,015	688,748
OPEB liabilities	324,315	51,466	61,132	314,649	-
Customer deposits	2,649,330	33,747	-	2,683,077	-
Total other long-term liabilities	4,263,253	937,273	905,785	4,294,741	688,748
Total	<u>\$ 5,928,253</u>	<u>\$ 937,273</u>	<u>\$ 1,155,785</u>	<u>\$ 5,709,741</u>	<u>\$ 948,748</u>

Sales and Use Tax Bonds – Governmental Activities

On March 31, 2020, the City issued \$50,730,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding Bonds, Taxable Series 2020, dated March 31, 2020. The interest rates on the bonds range from 1.59% to 2.45%, payable semiannually, and maturity dates range from November 1, 2020 to November 1, 2032. The Series 2020 Bonds are not general obligations of the City, but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City under Ordinance No. 2082 adopted March 13, 1992. The issuance of the Series 2020 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5457 adopted on February 25, 2020. The percentage portion of pledged revenues for the Series 2020 bonds of 19.5% results from pledged revenues from the 1% sales and use tax levied by the City totaling \$19,925,540 and the portion of pledged revenue stream for the bonds totaling \$3,885,750 for the year ended December 31, 2021.

The Series 2020 Bonds were issued to advance refund the outstanding Series 2012 Bonds (Bonds Refunded), to pay a premium for a municipal bond debt service reserve insurance policy, and to pay expenses of issuing the bonds. The net proceeds of the Series 2020 bonds, along with debt service funds from the Series 2012 Bonds, were deposited in an irrevocable trust with an escrow agent. The Bonds Refunded will be redeemed in full on November 1, 2022. At December 31, 2021, \$45,265,000 of defeased bonds remain outstanding. The reacquisition price of the 2012 Series Bonds exceeded the net carrying amount of the bonds by \$1,191,419. This amount is recorded as a deferred inflow of resources, and is being amortized over the remaining life of the refunded debt. Amortization expense for 2021 is \$86,286.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The Series 2020 Bonds are subject to redemption at the option of the City, from funds from any source, on and after November 1, 2025, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2020 Bonds maturing on November 1, 2032 are subject to mandatory sinking fund redemption on November 1 in the years and the amounts listed below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

Series 2020 Bonds maturing November 1, 2032:

<u>Years</u>	<u>Principal Amount</u>
2031	\$ 5,600,000
2032 (maturity)	2,385,000

In lieu of a debt service reserve, the City purchased a Municipal Bond Insurance Policy from Build America Mutual Assurance Company. The Insurance Policy guarantees the scheduled payment of principal and interest on the Series 2020 Bonds when due.

On May 17, 2018, the City issued \$188,075,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding and Improvement Bonds, Series 2018, dated May 17, 2018. The interest rates on the bonds range from 3.0% to 5.0%, payable semiannually, and maturity dates range from April 1, 2019 to April 1, 2043. The Series 2018 Bonds are not general obligations of the City, but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City. The issuance of the Series 2018 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5223 adopted on November 28, 2017. Voters approved the issuance of the bonds and the pledging of the tax at a special election held

February 13, 2018. The tax will expire after the bonds have been paid or provision is made therefore, in accordance with Arkansas statutes.

The 2018 Series Bonds were issued for the purpose of financing the following projects.

Bonds in the amount of \$76,175,000 were for the purpose of financing the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. Bonds in the amount of \$18,385,000 were issued to fund park and recreational facilities and improvements, including land acquisition, equipment and parking, drainage, lighting and utility improvements. Bonds in the amount of \$15,480,000 were for the purpose of acquiring fire equipment, apparatus and new, or improvements to existing facilities for the City's fire department, including land acquisition and parking improvements. Bonds in the amount of \$37,180,000 were issued to finance the costs of the extension and renovation of the City Administration Building to house the City's Police, Police and Fire Dispatch, City Attorney, State District Court and other City Administration departments, including necessary radio equipment, furniture, fixtures, land acquisition and parking improvements. Bonds in the amount of \$4,935,000 were issued to finance the costs of a new animal shelter, including necessary furniture, fixtures, land acquisition and parking improvements. Expenses incurred to issue the bonds were paid from the bond proceeds of the above projects.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Bonds in the amount of \$35,950,000 were issued to current refund the outstanding Series 2013 Bonds, to pay a premium for a municipal bond debt service reserve insurance policy, and to pay expenses of issuing the bonds. The net carrying amount of the 2013 Series Bonds exceeded the reacquisition price by \$434,181. This amount is recorded as a deferred inflow of resources, and is being amortized over the remaining life of the refunded debt.

The Bonds are subject to extraordinary redemption from proceeds of the Series 2018 Bonds not needed the purposes intended and surplus tax receipts, at least annually, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Bonds may be redeemed at the option of the City, from funds from any source, on and after April 1, 2024, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2018 Bonds maturing on April 1 in the years 2037, 2041 and 2043 are subject to mandatory sinking fund redemption on April 1 in the years and the amounts listed below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

Series 2018 Bonds maturing April 1, 2037:

<u>Years</u>	<u>Principal Amount</u>
2035	\$ 8,535,000
2036	8,965,000
2037 (Maturity)	9,410,000

Series 2018 Bonds maturing April 1, 2041:

<u>Years</u>	<u>Principal Amount</u>
2038	\$ 9,885,000
2039	10,240,000
2040	10,605,000
2041 (Maturity)	10,990,000

Series 2018 Bonds maturing April 1, 2042:

<u>Years</u>	<u>Principal Amount</u>
2042 (Maturity)	\$ 7,165,000

The Series 2018 Bonds were issued at a premium of \$8,810,646. This premium is being amortized over the life of the bonds using the effective interest method. Bond premium amortization for 2021 was \$906,681.

The City is required to maintain a debt service reserve equal to one-half of the maximum annual debt service requirements on the Series 2018 Bonds as originally issued. The debt service reserve was funded solely with a municipal bond debt service reserve insurance policy.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

During 2021, the City used surplus tax receipts to call and redeem \$6,700,000 in Series 2018 Bonds.

Bonds payable at December 31, 2021, were as follows:

Primary Government	Issue Year	Final Maturity	Interest Rates	Bond Rating	Original Issue	Total Outstanding
Sales and Use Tax Refunding Bonds	2020	2032	1.59% - 2.45%	AA	50,730,000	\$ 46,685,000
Sales and Use Tax Refunding & Impr Bonds	2018	2043	3.0% - 5.0%	AA	188,075,000	159,080,000
						<u>\$ 205,765,000</u>

Debt service requirements for bonds outstanding at December 31, 2021 were as follows:

Primary Government	Principal	Interest	Total
2022	\$ 7,790,000	\$ 7,635,606	\$ 15,425,606
2023	8,180,000	7,342,164	15,522,164
2024	8,580,000	7,034,016	15,614,016
2025	9,950,000	6,708,939	16,658,939
2026	10,400,000	6,347,552	16,747,552
2027 - 2031	59,300,000	25,977,544	85,277,544
2032 - 2036	43,270,000	16,220,502	59,490,502
2037 - 2041	51,130,000	5,882,000	57,012,000
2042 - 2043	7,165,000	107,475	7,272,475
	<u>\$ 205,765,000</u>	<u>\$ 83,255,798</u>	<u>\$ 289,020,798</u>

The following is a summary of pledged revenues of the City for the year ended December 31, 2021.

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
Primary Government						
Sales and Use Tax Bonds, Series 2020	Sales and Use Tax	\$ 19,925,540	\$ 3,885,750	19.50%	\$ 53,116,479	Until 2032
Sales and Use Tax Bonds, Series 2018	Sales and Use Tax	19,779,082	19,779,082	100.00%	236,144,319	Until 2042

Water and Sewer Revenue Bonds – Business-Type Component Unit

Series 2006

The City of Springdale, Arkansas Water and Sewer Revenue Bonds, Series 2006, were issued August 10, 2006, in the amount of \$3,600,000. The purpose of the bonds was to finance a portion of the costs of improvements to the sewer facilities of the City. The interest rate on the bonds is 5%; interest and principal are payable semi-annually, and maturity dates range from March 1, 2007 to September 1, 2026. The Commission has pledged future water and sewer system revenues to pay the debt.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

As of September 30, 2021, the outstanding principal was \$1,415,000.

Maturities of revenue bonds payable for the City's component unit for subsequent fiscal years are as follows:

Component Unit				
Water and Sewer Commission	Principal	Interest	Total	
2022	\$ 260,000	\$ 67,500	\$ 327,500	
2023	275,000	54,250	329,250	
2024	285,000	40,250	325,250	
2025	300,000	25,875	325,875	
2026	295,000	10,375	305,375	
	<u>\$ 1,415,000</u>	<u>\$ 198,250</u>	<u>\$ 1,613,250</u>	

Applicability of Federal Arbitrage Regulations

Debt issuances of the City issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. These regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of issue. City management believes the City is in compliance with these rules and regulations.

Based upon interim calculations, the City has no arbitrage liability as of December 31, 2021.

Conduit Debt Obligations

From time to time, the City has issued various bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, health care and other facilities deemed to be in the public interest. Industrial and commercial bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Health care facilities bonds are secured by a pledge of the gross receipts of the corporation and are payable solely from the pledged revenues. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

The City's current conduit debt consists of the City of Springdale, Arkansas Public Facilities Board bonds in the amount of \$75,465,000 issued in 2016. The outstanding principle payable at December 31, 2021 is \$66,640,000.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Note 6: Individual Fund Disclosures

Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are mainly as a result of the time lag between the dates that interfund revenues are collected, goods and services are provided or reimbursable expenditures occur, and payments are made between funds.

The General Fund and Sales and Use Tax Fund have interfund receivables and payables primarily related to city sales taxes collected which are transferred to the General Fund for operations and maintenance.

Interfund receivables and payables as of December 31, 2021 are as follows:

	Interfund Receivables	Interfund Payables
<u>Primary Government</u>		
Governmental Funds		
General	\$ 1,161,844	\$ 56,551
Street	1,572	548
American Rescues Plan	1,132	1,020,000
2018 Bonds Street Improvement Construction	-	1,772
Nonmajor governmental funds	182,447	275,849
Total governmental funds	<u>1,346,995</u>	<u>1,354,720</u>
Fiduciary Funds	<u>7,885</u>	<u>160</u>
Total Primary Governments	<u>\$ 1,354,880</u>	<u>\$ 1,354,880</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2021, the City moved the remaining funds from the Sales and Use Tax Fund to the General fund as the tax revenue is available for operations and maintenance in the General Fund after the refunding of the 2012 Series Sales and Use Tax Bonds.

Transfers in (out) for the year ended December 31, 2021 are as follows:

	Transfers In	Transfers Out
<u>Primary Government</u>		
Governmental Funds		
General	\$ 12,428,835	\$ 1,916,619
Street	382,999	-
2018 Bonds Street Improvement Construction Fund		341,371
2018 Bonds Debt Service Fund	3	
Nonmajor governmental	1,874,991	12,428,738
Total governmental funds	<u>14,686,828</u>	<u>14,686,728</u>
Enterprise Funds		
Nonmajor enterprise funds	-	100
Total enterprise funds	<u>-</u>	<u>100</u>
Total Primary Government	<u>\$ 14,686,828</u>	<u>\$ 14,686,828</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Note 7: Pension Plans

Substantially all of the City's employees receive retirement benefits. The City sponsors two single- employer defined benefit plans (Firemen's Relief and Pension Fund or FRPF and Policemen's Pension and Relief Fund or PPRF) and one defined contribution plan (the money purchase pension plan), which do not issue separate financial reports for each plan. The City also contributes to the Local Police and Fire Retirement System (LOPFI), and the Arkansas Public Employees' Retirement System (APERS), which are statewide cost-sharing multiple-employer defined benefit pension plans.

Membership Information

Membership of the single-employer pension plans and the defined contribution plan consisted of the following at December 31, 2021:

	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund	Money Purchase Pension Plan
Retirees and beneficiaries receiving benefits	41	33	-
Active plan members	-	-	265
Total	<u>41</u>	<u>33</u>	<u>265</u>

Financial Information

Separate financial reports are not issued on each of the single-employer pension plans. The following is the condensed financial information of the plans included as pension trust funds:

	Statement of Fiduciary Net Position	
	December 31, 2021	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Assets		
Cash and cash equivalents	\$ 546,677	\$ 570,054
Investments	11,250,569	8,408,847
Accounts receivable	695,423	715,720
Due from other funds	-	7,885
Total Assets	<u>12,492,669</u>	<u>9,702,506</u>
Liabilities		
Accrued liabilities	<u>201</u>	<u>62</u>
Total Liabilities	<u>201</u>	<u>62</u>
Net Position		
Net position restricted for pensions	<u>\$ 12,492,468</u>	<u>\$ 9,702,444</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

	Statement of Changes in Fiduciary Net Position	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Additions		
Employer contributions	\$ 689,248	\$ 799,290
State insurance turnback - supplements	70,652	88,602
Net investment income	1,689,964	1,174,240
Total Additions	<u>2,449,864</u>	<u>2,062,132</u>
Deductions		
Benefit payments	1,254,390	1,131,876
Benefit payments - supplements	70,652	88,602
Miscellaneous	3,345	-
Total Deductions	<u>1,328,387</u>	<u>1,220,478</u>
Change in Fiduciary Net Position	1,121,477	841,654
Net Position Restricted for Pensions, Beginning of Year	<u>11,370,991</u>	<u>8,860,790</u>
Net Position Restricted for Pensions, End of Year	<u><u>\$ 12,492,468</u></u>	<u><u>\$ 9,702,444</u></u>

Plan Descriptions and Funding Information

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

	FRPF	PPRF	LOPFI	APERS	Total
Net pension liability	\$ 1,848,731	\$ 3,873,822	\$ 31,659,064	\$ 27,690	\$ 37,409,307
Deferred outflows of resources	-	-	4,539,395	4,994	4,544,389
Deferred outflows of resources - contributions	-	-	4,340,442	5,570	4,346,012
Deferred inflows of resources	2,260,553	850,740	8,979,974	53,349	12,144,616
Pension expense (reduction of expense)	1,444,310	330,334	5,614,157	(26,545)	7,362,256

Single-Employer Defined Benefit Plans

Firemen's Relief and Pension Fund

The Firemen's Relief and Pension Fund (Firemen's Fund or FRPF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer, and four retired firemen.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

The Firemen's Fund provides retirement benefits for firemen who have completed 20 years of service. 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. The Fund also provides benefits for surviving spouses and dependent children of deceased firemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option (DROP) for up to five years. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas Code. The City's contribution to the Firemen's Fund consists of a one-half mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes six percent (6%) of the firemen's salaries. Participants also contribute six percent (6%) of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than six percent (6%). Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2021 were \$759,900 and included \$689,248 in property taxes and \$70,652 in state insurance premium taxes.

There are no asset concentrations of over 5%.

There were no active employees which were covered by the Plan for the year ended 2021.

Policemen's Pension and Relief Fund

The Policemen's Pension and Relief Fund (Policemen's Fund or PPRF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer and four retired policemen.

The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. The Fund also provides benefits for surviving spouses and dependent children of deceased policemen.

No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to five 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 Policemen's Fund is effectively closed to new members.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Contributions to the Policemen's Fund are set forth in Arkansas Code. The City's contribution to the Policemen's Fund consists of a one-half mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, a \$3 assessment against each court case plus 10 percent (10%) of fines and forfeitures collected, and proceeds derived from the sale of confiscated goods. Participant contributions are returned without interest if the participant terminates covered employment. Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2021 were \$887,892. The City's share of contributions was \$887,892, and included \$689,247 in property taxes, \$88,602 in state insurance premium taxes, and \$110,043 in fines and court costs.

The asset concentrations of over 5% are as follows:

SPDR S&P MidCap 400 UTSER1	\$	1,058,138
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There were no active employees which were covered by the Plan for the year ended 2021.

Actuarial Methods and 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 both plans. Actuarial valuations are performed annually and the last valuation was as of December 31, 2021. Actuarial assumptions used in evaluating the Plans include entry age normal cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases and the 1983 group annuity mortality table. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2021 was 5 years.

Net Pension Liability

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

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
Firemen's Relief and Pension Fund	12/31/2021	\$ 14,341,199	\$ 12,492,468	\$ 1,848,731	87.1%
Policemen's Relief and Pension Fund	12/31/2021	13,576,266	9,702,444	3,873,822	71.5%

City of Springdale, 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 for each major asset class are considered. 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 for each FRPF and PPRF are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Foreign Equity	0%	6.25%
Cash & Equivalents	10%	0.25%

Investment Policies

Firemen's Relief and Pension Fund

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2021.

Target Allocation of Investments	
Asset Class	Firemen's Pension
Domestic Fixed Income	15% - 75%
Domestic Equity	25% - 75%
Cash	5% - 25%
Alternative Investments	0% - 10%

Policemen's Pension and Relief Fund

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The investment strategy of the plan is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in investment management is to emphasize long-term growth of principal while avoiding excess risk. The secondary objective is the preservation of capital – the emphasis is placed on minimizing return volatility rather than maximizing total return. The following was the Board's adopted asset allocation policy as of December 31, 2021.

City of Springdale, Arkansas
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Target Allocation of Investments

Asset Class	Policemen's Pension
Domestic Fixed Income	30% - 50%
Domestic Equity	40% - 65%
Cash	0% - 20%

Discount Rate

In the December 31, 2021 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 weighted average 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.

Changes in the Net Pension Liability

Firemen's Relief and Pension Fund (FRPF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 12,694,426	\$ 11,370,991	\$ 1,323,435
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	603,362	-	603,362
Benefit changes	1,611,263	-	-
Difference between Expected and Actual Experience	230,710	-	230,710
Assumption changes	455,828		
Employer Contributions	-	693,767	(693,767)
Net Investment Income	-	1,689,869	(1,689,869)
Benefits and Refunds	(1,254,390)	(1,254,390)	-
Administrative Expenses			
Other / Reconciliation	-	(3,250)	3,250
Other/Reconciliation	-	(4,519)	4,519
Net Changes	1,646,773	1,121,477	525,296
Balances at December 31, 2021	<u>\$ 14,341,199</u>	<u>\$ 12,492,468</u>	<u>\$ 1,848,731</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

Policemen's Pension and Relief Fund (PPRF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 13,673,670	\$ 8,860,790	\$ 4,812,880
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	655,705	-	655,705
Difference between Expected and Actual Experience	(89,811)	-	(89,811)
Assumption changes	455,828	-	
Employer Contributions	-	810,121	(810,121)
Net Investment Income (Loss)	-	1,161,413	(1,161,413)
Benefits and Refunds	(1,119,126)	(1,119,126)	-
Other/Reconciliation	-	2,246	(2,246)
Administrative Expenses	-	(13,000)	13,000
Net Changes	(97,404)	841,654	(939,058)
Balances at December 31, 2021	<u>\$ 13,576,266</u>	<u>\$ 9,702,444</u>	<u>\$ 3,873,822</u>

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

The following table presents the net pension 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:

		Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Firemen's Pension	City's Net Pension Liability	<u>\$ 3,116,020</u>	<u>\$ 1,848,731</u>	<u>\$ 774,989</u>
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
Policemen's Pension	City's Net Pension Liability	<u>\$ 5,174,436</u>	<u>\$ 3,873,822</u>	<u>\$ 2,794,951</u>

City of Springdale, Arkansas

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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	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2021	24.16%
	2020	19.81%
	2019	15.26%
Policemen's Pension and Relief Fund	2021	17.07%
	2020	6.69%
	2019	13.38%

The net pension liability for the Firemen's and Policemen's Plans have been recognized in the City's statement of net position to comply with GASB standards. However, based on an interpretation of state law by the City's legal counsel, management of the City believes that if these Plans were to become insolvent, whereby remaining Plan assets were not adequate to pay current benefits, the City may not be legally obligated to fund any deficiency. Arkansas Code §24-11-416 and §24-11- 807 state that if at any time there is insufficient money in the fund to pay full benefits, then beneficiaries will be paid a prorated amount.

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

For the year ended December 31, 2021, the City recognized an increase in pension expense from its single-employer defined benefit plans of \$1,774,644. At December 31, 2021, the City reported net deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Firemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,260,553
Policemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 850,740

City of Springdale, Arkansas

Notes to Financial Statements

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There were no amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date to 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:

Year Ending December 31,	Firemen's Pension	Policemen's Pension
2022	\$ (688,464)	\$ (174,678)
2023	(830,470)	(356,624)
2024	(514,372)	(173,976)
2025	(227,247)	(145,462)
Total	<u>\$ (2,260,553)</u>	<u>\$ (850,740)</u>

Money Purchase Pension Plan

Plan Description

The Money Purchase Pension Plan (Money Purchase Plan) is a defined contribution plan, established on October 1, 1999, by City Ordinance No. 2933. The Money Purchase Plan is qualified under Section 401(a) of the Internal Revenue Code. Plan assets are held in trust and administered by Voya Financial, Inc. (VOYA). Each participant has a plan account to which the contributions are made, and each participant manages their account by selecting various investment options offered by VOYA. Plan benefits are based upon the total amount of money in an individual's account at retirement.

Contributions

The plan covers all non-uniformed City employees 18 years of age or older and who have 30 days service with the City. Employees contribute three percent (3%) of their salaries to the Plan, and the City contributes six percent (6%). There are no voluntary contributions. For the year ended December 31, 2021 employer and employee contributions to the plan were \$723,961 and \$361,981, respectively.

Benefits Provided

An employee who meets the eligibility requirements may become a plan participant as of the first day of the pay period following thirty (30) days of employment. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after one year of participation, and additional 20% each year thereafter until the participant is vested 100% after five years of service. Notwithstanding the vesting schedule, a participant's right to his retained benefit is nonforfeitable and fully vested upon the attainment of his normal retirement age.

Participant's normal retirement age shall be 65, but no later than age 70. The plan also provides for disability and survivor benefits. Benefits are paid by the Trustee upon the direction of the Administrator under one or more options such as a single lump sum payment or an annuity.

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Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide cost-sharing multiple-employer 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 and is administered by the LOPFI Board of Trustees. 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 from the internet at www.lopfi-prb.com, or by contacting the Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

Benefits Provided

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

Contributions

Contributions to LOPFI are made by both the Member and the employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. Contribution requirements are set forth in Arkansas state statute.

Participating firemen are required to contribute eight and one-half percent (8.5%) of annual covered salary. Participating policemen are required to contribute two and one-half percent (2.5%) of annual covered salary. The City is required to contribute at an actuarially determined rate of compensation, which for 2021 was 23.50% for both paid firemen and for paid policemen. City contributions for 2021 were \$2,176,531 for paid firemen, and \$2,154,898 for paid policemen, and were equal to 100% of the required contributions. Employee contributions for 2021 were \$787,256 for paid firemen and \$229,245 for paid policemen. At December 31, 2021, there were 136 active paid firemen and 145 active paid policemen. Covered payroll was \$9,261,834 and \$9,169,781 for paid firemen and for paid policemen, respectively.

City of Springdale, Arkansas

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

At December 31, 2021, the City reported a liability of \$31,659,064 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 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, 2021, the City's proportion was 4.60505%, which was a 0.10616% decrease from the City proportion of 4.71121% at December 31, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$5,614,157. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,574,370	\$ -
Changes of assumptions	882,514	-
Net difference between projected and actual earnings on pension plan investments	-	8,125,814
Changes in proportion	82,511	854,160
Contributions subsequent to the measurement date	<u>4,340,442</u>	<u>-</u>
Total	<u>\$ 8,879,837</u>	<u>\$ 8,979,974</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,340,442 will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ 342,466
2023	(174,553)
2024	(3,166,810)
2025	<u>(1,441,682)</u>
Total	<u>\$ (4,440,579)</u>

City of Springdale, Arkansas

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Actuarial Assumptions

The total pension liability in the December 31, 2020 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 (2.50 percent in prior year)
Wage inflation	3.25 percent (3.25 percent in prior year)
Salary increases	3.75 to 18.25 percent, including inflation (3.75 to 18.25 percent, including inflation, in prior year)
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation (7.00 percent in prior year, 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.

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 are considered. 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:

Long-term Expected Real Rate of Return			
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
Fixed Income	25%	0.9%	0.22%
Domestic Equity	42%	5.1%	2.15%
Foreign Equity	18%	7.1%	1.27%
Alternative Investments	15%	7.4%	1.12%
Total	100%		4.76%
Expected Inflation			2.25%
Total Return			7.01%

Discount Rate

In the December 31, 2020 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 assumptions made, found that the pension plan's net position was available to make all projected future benefit payments to 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 Springdale, Arkansas

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Sensitivity of the City's Proportionate Share of the Net Pension Liability to the 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:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	\$ 54,049,632	\$ 31,659,064	\$ 13,600,080

Pension Plan Fiduciary Net Position

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

District Judges and Court Clerk's Retirement System

Plan Description

On January 1, 2005, the district judge became a member of the Arkansas District Judges Retirement System (ADJRS), a state administered defined benefit plan. Effective July 1, 2007, all powers, duties and plan liabilities of ADJRS were transferred to the Arkansas Public Employees Retirement System (APERS) by Act 177 of 2007. ADJRS at that time became a closed system. District judges entering the system after July 1, 2007 are treated as APERS employees. There is one retired judge and one retired clerk receiving benefits from ADJRS. The district court judge became a state employee effective January 1, 2017. Therefore, the court clerk is the only employee who is a member of the Arkansas Public Employees' Retirement System (APERS), a state administered defined benefit plan.

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 the 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 member's 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.

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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.

Covered payroll for the district court clerk covered under this plan totaled \$72,661 for the fiscal year ended December 31, 2021.

Contributions

The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly, certain municipal and county elected officials, and certain agencies employing individuals in public safety positions must also remit additional contributions.

Employer contribution rates during the Plan year ended June 30, 2021, as a percentage of active member payroll, are as follows:

State, County, Municipal, and Non-State Divisions:	15.32%
Wildlife and Military Department Civilian	
Firefighters Subdivisions	27.32%
District Judge Division	38.99%
School Division	4.00%

Contributions to APERS are made by both the Member (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's contribution rate for 2021 was 15.32% of covered employee's salaries from January 1, 2021 to June 30, 2021, and 15.32% from July 1, 2021 to December 31, 2021. Contributions made to the plan by employees and the City for the year ended December 31, 2021 amounted to \$3,633 and \$11,132, respectively.

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

At December 31, 2021, the City reported a liability of \$27,690 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 total employer contributions to the Plan for the measurement period. At June 30, 2021, the City's proportion was 0.00360159%, which is an decrease of 0.00000872% from its proportion as of June 30, 2020 of 0.00361031%.

For the year ended December 31, 2021, the City recognized a reduction of pension expense of \$26,545. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Springdale, Arkansas
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 634	\$ 1,776
Changes of assumptions	-	194
Net difference between projected and actual earnings on pension plan investments	-	48,606
Change in proportions	4,360	2,773
Contributions subsequent to the measurement date	<u>5,570</u>	<u>-</u>
Total	<u><u>\$ 10,564</u></u>	<u><u>\$ 53,349</u></u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,570 will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows)</u>
2022	\$ (11,814)
2023	(10,548)
2024	(11,711)
2025	<u>(14,282)</u>
Total	<u><u>\$ (48,355)</u></u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuations 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
Discount rates	7.15 percent
Salary increases	3.25 to 9.85 percent, including inflation
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

City of Springdale, Arkansas

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December 31, 2021

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational 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-2017.

Pension Plan Fiduciary Net Position

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

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 are considered. 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:

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

Discount Rate

In the June 30, 2021 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.

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:

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease 6.15%	Current Single Rate Assumption 7.15%	1% Increase 8.15%
City's proportionate share of the net pension liability	\$ 82,832	\$ 27,690	\$ (17,849)

Pension Plan – Component Unit

Springdale Water and Sewer Commission (Commission) adopted a defined contribution money purchase pension plan effective February 1, 1996. The plan is administered under a written Plan and Trust Agreement entered into by the trustee and the Commission. The trustee and plan administrator, Arvest Trust Company, N.A., is responsible for the investment of the plan assets and administration of the plan.

To participate in the plan, an employee must be age 20 ½, have completed six months of service, be a full time employee (at least 1,000 hours per year), and agree to contribute the mandatory 3.0% employee contribution. An employee who meets the above eligibility requirements may become a plan participant as of the first day of the plan year following completion of the eligibility requirements. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after two years of participation, and additional 10% each year thereafter until the participant is vested 100% after 10 years of service.

Participants' normal retirement age shall be the later of age 65 or 10 years of participation. Participants may elect qualified early retirement at age 60 with 10 years of service. The plan also provides for disability and survivor benefits. Benefits are paid by the trustee upon the direction of the administrator under one or more options, such as a single lump sum payment or in equal installments over not more than a fifteen (15) year period.

Employee's contributions are three percent (3%) of base monthly compensation. Employees may voluntarily contribute additional amounts up to ten percent (10%) of base monthly compensation. The employer contributes six percent (6%) of the employee's base monthly compensation for each plan participant. The Commission contributions for the year ended September 30, 2021, the year- end for the Commission, were \$341,278.

Note 8: Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is administered by Voya Financial, Inc. (VOYA), the other plan by Nationwide Retirement Solutions, Inc. All assets and income of the trusts are for the exclusive benefit of eligible employees and their beneficiaries. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plans other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the plans in these basic financial statements. Deferred compensation investments are held by outside trustees. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments, or a combination of these.

City of Springdale, Arkansas

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The Plans, available to all full time City employees, permit them to defer until future years up to 25% of annual gross earnings not to exceed \$19,500 for 2021. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Deferred Compensation Plan – Component Unit

Employees of the *Springdale Water and Sewer Commission* are eligible to participate in a deferred compensation plan adopted in January 1976 and amended from time to time in compliance with IRC regulations. The assets are held by Jackson National Life and remain the property of the Trust until paid to the employees.

Note 9: Other Postemployment Benefits (OPEB)

Plan Description

Plan Description: The City of Springdale 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 the statute. The City does not issue separate financial statements for 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

Funding Policy: The contribution requirements of plan members are established by the City Council and may be amended as needed. Plan members pay 100% of the 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 plans. The City is not required to make contributions to the Plan on behalf of retirees and funds the Plan on a pay-as-you-go basis. Expenses are recorded in the applicable fund as liabilities are incurred. As of December 31, 2021, the date of the actuarial valuation, the plan has 16 retirees who pay monthly premiums between \$345 for single coverage to \$918 for family coverage. Retirees contributed \$72,632 of the total current year cost, which equaled the total benefits paid by the City for 2021.

Employees covered by benefit terms – at December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not receiving benefit payments	-
Active members	557
Total	<u>573</u>

City of Springdale, Arkansas

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Total OPEB Liability – The City's total OPEB liability of \$5,023,219 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Discount Rate	2.25% (2.12% in prior year) based upon the 20 year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary Increases	General - 2.0%-5.0%; Police - 5.0%-6.0%; Fire - 3.5%-5.5%
Inflation rate	3.0 % per year
Healthcare cost trend rates	8.00% for 2021 decreasing annually to ultimate rate of 4.5% for 2028
Cost method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary Method where: <ul style="list-style-type: none"> • Service Cost of each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020. Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

Changes in Total OPEB Liability

Service cost	\$ 216,104
Interest	120,230
Differences between expected and actual experience	(656,649)
Changes in assumptions	(75,061)
Benefit payments	<u>(72,632)</u>
Net change in total OPEB liability	(468,008)
Total OPEB liability - beginning of year	<u>5,491,227</u>
Total OPEB liability - end of year	<u><u>\$ 5,023,219</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 (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

City of Springdale, Arkansas
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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease (1.25)%	Discount Rate (2.25)%	1% Increase (3.25)%
Other Postemployment Benefits Liability	\$ 5,635,508	\$ 5,023,219	\$ 4,487,690

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 a healthcare cost trend rate that is 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Other Postemployment Benefits Liability	\$ 4,366,058	\$ 5,023,219	\$ 5,808,066

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2021, the City reported OPEB income of \$196,942. At December 31, 2021, the City reported deferred outflow of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,440,443
Changes in assumptions	889,498	864,812
Total	\$ 889,498	\$ 2,305,255

The balances as of December 31, 2021 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

Year Ending December 31,	
2022	\$ (533,276)
2023	(533,275)
2024	(105,643)
2025	(121,613)
2026	(121,950)
Total	\$ (1,415,757)

City of Springdale, Arkansas
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Component Unit – Water and Sewer Commission

General Information about the OPEB Plan

Plan Description: The Commission sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are entitled to purchase continued health benefits coverage for the retiree and the retiree's dependents until Medicare eligibility. The Commission has the authority to establish and amend the requirements of this plan. The Commission does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report.

Benefits Provided: There are no direct benefits provided to the retirees under the Plan. The only benefits provided are derived from the retiree receiving a lower premium for health insurance by being allowed to stay within the group coverage under the Commission until Medicare eligibility. Retirees are responsible for 100% of the premiums once included within the Plan.

Funding Policy: The contribution requirements of plan members are established by the Commission and may be amended as needed. Retiree coverage is the same as the coverage provided to active Commission employees. Retirees pay premiums ranging from \$513 per month to \$1,184 per month depending on the coverage elected. The Commission's policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense as liabilities are incurred.

Employees covered by benefit terms: At September 30, 2021, the following employees were covered by the benefit terms:

Total active participants	118
Total retiree participants	<u>1</u>
	<u>119</u>

Total OPEB Liability

The Commission's total OPEB liability as of September 30, 2021 of \$314,649 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

Actuarial assumptions: The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation	September 30, 2021
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - open group
Amortization period	8 years beginning October 1, 2021
Inflation	3.25%
Healthcare cost trend rates	Initially 8.00% decreasing in .50% increments over 8 years to 4.50% for 2021.
Salary increases	3.25% for wage inflation plus merit/productivity growth ranging from .42% to 6.60% (from 0.70% to 6.60% in 2020) depending on age of the employee. The payroll growth assumption is based on the non-state rates shown in the Arkansas Public Employee Retirement System (APERS) actuarial valuation as of June 30, 2020.
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 for retirees and Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP- 2020 for surviving spouses.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.43 percent. As an unfunded plan, this rate was determined based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The indexes used in determining this rate include the Bond Buyer G.O. 20- Year Bond Municipal Bond Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year G.O. Municipal Bond Index.

Changes in the Total OPEB Liability

Service cost	\$ 27,842
Interest	8,321
Changes in assumptions	15,303
Differences between expected and actual experience	(47,230)
Benefit payments	<u>(13,902)</u>
Net change in total OPEB liability	(9,666)
Total OPEB liability - beginning of year	<u>324,315</u>
Total OPEB liability - end of year	<u><u>\$ 314,649</u></u>

City of Springdale, Arkansas
Notes to Financial Statements
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Changes of assumptions and other inputs reflect a change in the discount rate from 2.41% in 2020 to 2.43% in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability for the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	<u>1% Decrease (1.43%)</u>	<u>Discount Rate (2.43%)</u>	<u>1% Increase (3.43%)</u>
Total OPEB liability	\$ 337,857	\$ 314,649	\$ 292,498

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability for the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the healthcare cost trend rates.

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Total OPEB liability	\$ 279,882	\$ 314,649	\$ 355,949

OPEB Expenses and Deferred Outflows of Resources related to OPEB

For the year ended September 30, 2021, the Commission recognized OPEB expense of \$38,099. At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differenced between expected and actual experience	\$ 35,137	\$ (79,885)
Change in assumptions	40,174	(7,198)
Total	<u>\$ 75,311</u>	<u>\$ (87,083)</u>

City of Springdale, Arkansas
Notes to Financial Statements
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Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2021, related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows (Inflows)
2022	\$ 1,936
2023	1,936
2024	1,940
2025	(5,195)
2026	(7,828)
Thereafter	(4,561)
	<u>\$ (11,772)</u>

Note 10: Risk Management

The City and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which they carry insurance. The City, however, under Arkansas State Statute, has tort immunity. The type of coverage and the liability limits vary with each entity.

Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile, legal defense and workers' compensation. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks related to vehicle accidents covered by AML, the City pays a \$1,000 deductible per incident. For legal risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses.

There have been no significant reductions in insurance coverage from 2020 to 2021, nor have settlement amounts exceeded insurance coverage for each of the past three years.

Component Unit – Water and Sewer Commission

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Commission purchases commercial insurance for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The self-insurance liability related to health benefits at September 30, 2021 was \$159,287.

City of Springdale, Arkansas
Notes to Financial Statements
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Note 11: Property Taxes

City property taxes are levied each October 1 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 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 remains 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. Washington and Benton Counties are the collecting agents for the City, and remit 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, 2021, property taxes receivable and related deferred inflows (unavailable revenue) of \$7,533,743 have been recorded in the governmental funds. In the government-wide statement of net position, 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 and applies the statutory rate of 20 percent to arrive at assessed value.

The City is permitted by Arkansas State Law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds, and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2021 to finance the above operations was \$0.57 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.63 per \$100 of assessed valuation on real and personal property. Approximately \$8,975,000 of additional taxes could be raised per year based on the current year's assessed value of \$1,062,920,187 for real property and \$361,706,687 for personal property before the limit is reached.

Note 12: Sales Taxes

In October 1981, Washington County began assessing a 1% sales and use tax on retail sales in the county. Effective December 1, 2004, the tax rate increased to 1.25%. Each city in Washington County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 25.29% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$17,027,844 for 2021 and are included in the General Fund's tax revenues in the accompanying financial statements.

City of Springdale, Arkansas

Notes to Financial Statements

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In July 1992, the City began assessing a 1% sales and use tax on retail sales in the City, upon approval of the tax by the City's voters. Previously, revenues were used to fund capital improvement projects (50%) and general municipal operations and maintenance (50%). On March 31, 2020, the City issued the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2020 (see also *Note 5*). These bonds are secured by a first and prior pledge of revenues collected from the 1% sales and use tax levied by the City. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Beginning in December 2012, the tax is remitted to the bond trustee. Taxes not needed to fund debt service are then remitted to the City. Taxes for this purpose remitted to the City and bond trustee totaled \$19,925,540 for 2021, and are included in the General Fund's (\$16,039,790) and the 2020 Bonds Debt Service Fund's (\$3,885,750) tax revenues in the accompanying financial statements.

In August 1998, Benton County began assessing a 1% sales and use tax on retail sales in the county. Each city in Benton County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 2.96% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$2,955,110 for 2021 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 2006, City voters approved a 1% sales and use tax on retail sales in the City. Revenues from the tax are pledged for payment of the principal and interest on the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2013 (see also *Note 5*). This tax replaced the additional 1% sales and use tax which was pledged for payment of the principal and interest on the Series 2006 Bonds. The City began assessing the original tax in October 2003. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$19,779,082 for 2021 and are included in the 2018 Bonds Debt Service Fund's tax revenues in the accompanying financial statements. This tax will sunset upon retirement of all related debt.

In April 2009, the Arkansas General Assembly passed Act 840 of 2009 regarding the disposition of city and county sales taxes on aviation fuel. The Act stated that money collected that is derived from a tax on aviation fuel that is not dedicated to a specific purpose shall be transmitted to the publicly owned airport where the aviation fuel was sold. Therefore, beginning in July 2009, taxes collected on aviation fuel by the state are remitted to the City's Municipal Airport, net of a 3% collection fee. Taxes for this purpose remitted to the Airport for City and Washington County totaled \$31,353 and \$21,202, respectively, for 2021 and are included as non-operating revenue for the Municipal Airport Fund in the accompanying financial statements.

Note 13: Contingencies

Litigation

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. It is the opinion of the City's management and legal counsel that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

City of Springdale, Arkansas
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The City is a member of the Municipal League Defense Program, which provides coverage for legal defense, expenses, and damages in suits against City officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and employees. The maximum coverage of any one loss cannot exceed 25% of the Program's funded reserves at the time the lawsuit was filed or the judgment becomes final, or \$ 1 million, whichever is less.

The City is represented in all other actions by the City Attorney. The City appropriates funds as necessary to meet settlements and awards. The City accrues a liability when it is incurred and when the contingency is probable and reasonably estimable.

Contingencies

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under the terms and conditions specified in the grant agreements. In the opinion of City management such disallowed costs, if any, will not be significant.

Component Unit – Water and Sewer Commission

At various times, the Commission may be involved in litigation incidental to its operations. At September 30, 2021, the only outstanding legal proceedings pertain to the valuation of easements acquired by the Commission. Based upon management's assessment, any impact to the Commission's financial statements is not expected to be material.

Note 14: Endowment

The City's endowment consists of funds established to provide current income and long-term protection for the operations of the City's Shiloh Museum. The endowment is a part of the Shiloh Museum Board Fund, and represents donor-restricted endowment funds and funds designated by the Board of Directors of the Museum to function as endowments. As required by GAAP, net position associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of the City has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Arkansas in 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the City classifies as nonexpendable restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonexpendable restricted net position is classified as unrestricted net position until those amounts are appropriated for expenditure by the City in a manner consistent with the standard of prudence prescribed by the UPMIFA.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2021

In accordance with the UPMIFA, the City considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the City and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the City
- (7) The investment policies of the City

Endowment fund balance and activity for 2021 is as follows:

	Assigned	Nonspendable
Endowment fund balance - beginning of year	\$ 314,120	\$ 1,765,975
Contributions	-	-
Available for distribution	70,887	(70,887)
Investment income (loss), net	-	247,780
Endowment fund balance - end of year	<u>\$ 385,007</u>	<u>\$ 1,942,868</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the City to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net position. There were no such deficiencies as of December 31, 2021.

Return Objectives and Risk Parameters

The City's endowment is held by Arkansas Community Foundation, Inc. (ARCF) who has been granted variance power. These endowment funds are subject to the investment policies of ARCF. ARCF's investment strategy seeks to preserve the value of funds under management and to provide growth and income to support the charitable purposes for which endowment funds were created. Endowment assets are invested in a manner intended to produce a long-term average return, after inflation and net of investment and administrative costs, that exceeds charitable spending.

City of Springdale, Arkansas

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ARCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Through a strategic assets allocation intended to achieve return objectives while minimizing risk, assets are invested in a diversified mix of equities, fixed-income instruments, cash and alternative classes such as hedge funds and private equity investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the City's agreement with ARCF, the City is subject to the spending policy of ARCF. ARCF's spending policy provides an annual distribution of 4% of the grant making dollar's average ending market value of the previous 20 trailing quarters (if available), as calculated on the first day of ARCF's fiscal year. The averaging method is designed to smooth charitable spending over time and protect the fund from the effect of inflation and investment return fluctuations.

Note 15: New GASB Standards

Other financial and accounting reporting standards which have been issued by GASB, but are not yet required to be implemented by the City are as follows:

GASB Statement No. 87 – *Leases*. This statement addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizing inflows 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. This statement is effective for periods beginning after June 15, 2021, with earlier application encouraged.

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 is effective for periods beginning after December 15, 2021, 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.

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.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2021

GASB Statement No. 101 - *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for periods beginning after December 15, 2023.

The City has not yet determined the potential impact of implementing the above statements.

Required Supplementary Information

City of Springdale, Arkansas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Other Postemployment Benefit Healthcare Plan

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 216,104	\$ 179,284	\$ 153,853	\$ 489,156
Interest	120,230	174,803	204,470	249,144
Differences between expected and actual experience	(656,649)	(973,271)	(382,765)	(159,014)
Changes of assumptions or other inputs	(75,061)	975,305	478,590	(2,406,789)
Benefit payments	<u>(72,632)</u>	<u>(94,545)</u>	<u>(90,247)</u>	<u>(119,300)</u>
Net change in total OPEB liability	(468,008)	261,576	363,901	(1,946,803)
Total OPEB liability - beginning	<u>5,491,227</u>	<u>5,229,651</u>	<u>4,865,750</u>	<u>6,812,553</u>
Total OPEB liability - ending	<u><u>\$ 5,023,219</u></u>	<u><u>\$ 5,491,227</u></u>	<u><u>\$ 5,229,651</u></u>	<u><u>\$ 4,865,750</u></u>
Covered-employee payroll	\$ 27,140,214	\$ 27,140,214	\$ 23,317,709	\$ 23,941,017
Total OPEB liability as a percentage of covered-employee payroll	18.5%	20.2%	22.4%	20.3%

Notes to Schedule:

Changes in assumptions:

- 1) Discount rate - 2019 - 3.26 %; 2020 - 2.12%; 2021 - 2.25%
- 2) Mortality table for healthy retirees has been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020.
- 3) The turnover rate assumption for general, police, and fire employees has been updated based on the City's April 2019 experience study.
- 4) The retirement rate assumption for general, police, and fire employees has been updated based on the City's April 1029 experience study.
- 5) The PPO and HDHP election rate assumption has been updated based on the City's April 2019 experience study.
- 6) The spousal coverage assumption for active employees has been updated based on the City's April 2019 experience study.
- 7) Health care trend rates have been updated to an initial rate of 8.0 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

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

City of Springdale, Arkansas
Schedule of Changes in the Commission's Total OPEB Liability
and Related Ratios
Other Postemployment Benefit Healthcare Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 27,842	\$ 24,166	\$ 20,215	\$ 18,933	\$ 11,311
Interest	8,321	11,289	12,975	9,100	5,325
Differences between expected and actual experience	(47,230)	(24,200)	(35,385)	35,469	43,992
Changes of assumptions	15,303	25,978	7,217	(14,398)	10,082
Benefit payments	<u>(13,902)</u>	<u>(8,125)</u>	<u>-</u>	<u>-</u>	<u>(2,804)</u>
Net Change in Total OPEB Liability	(9,666)	29,108	5,022	49,104	67,906
Total OPEB Liability - Beginning	<u>324,315</u>	<u>295,207</u>	<u>290,185</u>	<u>241,081</u>	<u>173,175</u>
Total OPEB Liability - Ending	<u><u>\$ 314,649</u></u>	<u><u>\$ 324,315</u></u>	<u><u>\$ 295,207</u></u>	<u><u>\$ 290,185</u></u>	<u><u>\$ 241,081</u></u>
Covered-Employee Payroll	\$ 6,850,676	\$ 6,613,078	\$ 6,362,331	\$ 5,386,565	\$ 5,217,012
Commission's Net OPEB Liability as a Percentage of Covered-Employee Payroll	4.59%	4.90%	4.64%	5.39%	4.62%

Notes to Schedule:

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 Commission will only present available information. No amounts are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Discount rates:

2021	2.43%
2020	2.41%
2019	3.58%
2018	4.18%

Healthcare cost trend rates:

Initially 8.0% decreasing in .50% increments over 7 years to 4.5% for 2021 (7.5% decreasing in .50% increments for 7 years to 4.50% for 2020).

Salary increases:

3.25% for wage inflation plus merit/productivity growth ranging from 0.42% to 6.60% (from 0.70% to 6.60% in 2020 and from 0.42% to 6.60% in 2019) depending on age of the employee. the payroll growth assumption is based on the non-state rates shown in the Arkansas Public Employee Retirement System (APERS) actuarial valuation as of June 30, 2020 for all years presented.

Amortization Period:

2021	7 years beginning October 1, 2020
2020	7 years beginning October 1, 2020
2019	8 years beginning October 1, 2018
2018	8 years beginning October 1, 2017
2017	30 years beginning October 1, 2016

City of Springdale, Arkansas

Defined Benefit Pension Plans -

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Firemen's Pension and Relief Fund

Fiscal Year Ended December 31,	2021	2022	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service cost	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	603,362	623,122	644,516	670,414	694,232	737,430	818,743	832,851	853,931
Benefit changes	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience *	230,710	185,710	81,287	(29,079)	(1,191)	(420,129)	(1,250,687)	95,678	241,918
Assumption changes	-	-	-	-	-	-	-	-	-
Benefit payments	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Refunds	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(420,318)	(344,857)	(427,886)	(523,546)	(480,878)	(871,321)	(1,631,930)	(292,885)	(717,615)
Total Pension Liability - Beginning	12,694,426	13,039,283	13,467,169	13,990,715	14,471,593	15,342,914	16,974,844	17,267,729	17,985,344
Total Pension Liability - Ending (a)	<u>\$ 12,274,108</u>	<u>\$ 12,694,426</u>	<u>\$ 13,039,283</u>	<u>\$ 13,467,169</u>	<u>\$ 13,990,715</u>	<u>\$ 14,471,593</u>	<u>\$ 15,342,914</u>	<u>\$ 16,974,844</u>	<u>\$ 17,267,729</u>
Plan Fiduciary Net Position									
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,712
Contributions - employer	693,767	638,319	570,675	593,753	597,239	593,335	595,428	564,558	606,540
Net investment income (loss)	1,689,869	1,920,229	1,993,174	(255,686)	1,497,844	489,275	45,094	539,443	1,532,421
Benefit payments	(1,254,390)	(1,153,689)	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Administrative expense	(3,250.00)	-	(250)	(300)	(296)	-	-	(25)	(292)
Other / reconciliation	(4,519)	\$ 250	-	1,295	1,540	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,121,477	1,405,109	1,409,910	(825,819)	922,408	(106,012)	(559,464)	(117,438)	327,917
Plan Fiduciary Net Position - Beginning	11,370,991	9,965,882	8,555,972	9,381,791	8,459,383	8,565,395	9,124,859	9,242,297	8,914,380
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,492,468</u>	<u>\$ 11,370,991</u>	<u>\$ 9,965,882</u>	<u>\$ 8,555,972</u>	<u>\$ 9,381,791</u>	<u>\$ 8,459,383</u>	<u>\$ 8,565,395</u>	<u>\$ 9,124,859</u>	<u>\$ 9,242,297</u>
Net Pension Liability (a) - (b)	<u>\$ 1,848,731</u>	<u>\$ 1,323,435</u>	<u>\$ 3,073,401</u>	<u>\$ 4,911,197</u>	<u>\$ 4,608,924</u>	<u>\$ 6,012,210</u>	<u>\$ 6,777,519</u>	<u>\$ 7,849,985</u>	<u>\$ 8,025,432</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.78%	89.57%	76.43%	63.53%	67.06%	58.46%	55.83%	53.76%	53.52%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

Information in this schedule has been determined as of the measurement date (December 31 of the current fiscal year-end) of the City's net pension liability.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Contributions -
Firemen's Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 2,045,279	\$ 606,539	\$ 1,438,740		N/A
2014	1,809,537	564,311	1,245,226	-	N/A
2015	1,769,978	580,317	1,189,661	-	N/A
2016	1,531,255	593,256	937,999	-	N/A
2017	1,358,714	595,955	762,759	-	N/A
2018	1,042,598	593,337	449,261	-	N/A
2019	1,110,846	570,032	540,814	-	N/A
2020	696,613	638,319	58,294	-	N/A
2021	302,095	693,767	(391,672)	-	N/A

Key Assumptions:

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

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

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

City of Springdale, Arkansas

Defined Benefit Pension Plans -

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Policemen's Pension and Relief Fund

Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	655,705	671,832	706,880	725,816	741,399	758,914	809,001	822,232	834,870
Benefit changes	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience *	(89,811)	129,234	(277,035)	34,465	91,404	35,255	(666,271)	57,613	56,839
Assumption changes	455,828	-	-	-	-	-	-	-	-
Benefit payments	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Refunds	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(97,404)	(327,008)	(703,693)	(384,185)	(311,663)	(350,297)	(1,001,736)	(264,621)	(252,757)
Total Pension Liability - Beginning	13,673,670	14,000,678	14,704,371	15,088,556	15,400,219	15,750,516	16,752,252	17,016,873	17,269,630
Total Pension Liability - Ending (a)	\$ 13,576,266	\$ 13,673,670	\$ 14,000,678	\$ 14,704,371	\$ 15,088,556	\$ 15,400,219	\$ 15,750,516	\$ 16,752,252	\$ 17,016,873
Plan Fiduciary Net Position									
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	810,121	770,964	684,052	690,283	696,132	665,893	679,786	633,760	684,637
Net investment income (loss)	1,161,413	565,374	1,291,587	(484,326)	880,932	543,877	(176,004)	563,969	935,424
Benefit payments	(1,119,126)	(1,128,074)	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Funeral benefit	-	-	-	(6,500)	-	-	(6,500)	-	-
Other/Reconciliation	(10,754)	1,663	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	(258)	-	-	-
Net Change in Plan Fiduciary Net Position	841,654	209,927	842,101	(945,009)	432,598	65,046	(647,184)	53,263	475,595
Plan Fiduciary Net Position - Beginning	8,860,790	8,650,863	7,808,762	8,753,771	8,321,173	8,256,127	8,903,311	8,850,048	8,374,453
Plan Fiduciary Net Position - Ending (b)	\$ 9,702,444	\$ 8,860,790	\$ 8,650,863	\$ 7,808,762	\$ 8,753,771	\$ 8,321,173	\$ 8,256,127	\$ 8,903,311	\$ 8,850,048
Net Pension Liability (a) - (b)	\$ 3,873,822	\$ 4,812,880	\$ 5,349,815	\$ 6,895,609	\$ 6,334,785	\$ 7,079,046	\$ 7,494,389	\$ 7,848,941	\$ 8,166,825
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.47%	64.80%	61.79%	53.11%	58.02%	54.03%	52.42%	53.15%	52.01%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

Information in this schedule has been determined as of the measurement date (December 31 of the current fiscal year-end) of the City's net pension liability.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Contributions -
Policemen's Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 2,005,643	\$ 684,637	\$ 1,321,006	\$ -	N/A
2014	1,841,418	626,132	1,215,286	-	N/A
2015	1,761,283	679,765	1,081,518	-	N/A
2016	1,692,892	665,814	1,027,078	-	N/A
2017	1,599,260	694,848	904,412	-	N/A
2018	1,431,737	689,867	741,870	-	N/A
2019	1,558,282	680,769	877,513	-	N/A
2020	1,209,889	770,964	438,925	-	N/A
2021	1,089,198	810,121	279,077	-	N/A

Key Assumptions:

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

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Investment Returns

Plan	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2021	15.26%
	2020	19.81%
	2019	24.16%
	2018	-2.82%
	2017	18.36%
	2016	5.94%
	2015	0.53%
	2014	6.05%
Policemen's Pension and Relief Fund	2021	13.38%
	2020	6.69%
	2019	17.07%
	2018	-5.69%
	2017	10.90%
	2016	6.80%
	2015	-2.61%
	2014	7.09%

Note: A full 10-year schedule will be completed as information is available.

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of the City's Proportionate Share of the Net
Pension Liability - Arkansas Local Police and Fire Retirement System

City fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	4.71121%	4.71121%	4.76790%	4.78403%	4.7949%	5.0422%	4.6714%
City's proportionate share of the net pension liability	\$ 31,659,064	\$ 36,405,419	\$ 43,024,581	\$ 33,995,179	\$ 27,356,562	\$ 26,459,702	\$ 16,910,936
City's covered-employee payroll	\$ 18,469,966	\$ 16,730,154	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134	\$ 12,487,950
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.41%	217.60%	271.76%	228.47%	189.97%	185.36%	135.42%
Plan fiduciary net position as a percentage of the total pension liability	77.79%	73.21%	71.17%	72.49%	72.49%	72.92%	79.14%

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

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

Assumption changes for 2016 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 19.00 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

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 and investment rate of return from 7.75 to 7.00 percent.

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 Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Contributions -
Arkansas Local Police and Fire Retirement System

<u>City fiscal year ended December 31,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially required contribution	\$ 4,340,442	\$ 4,072,953	\$ 3,931,588	\$ 3,719,909	\$ 3,422,270	\$ 3,167,945	\$ 3,131,048
Contributions in relation to the actuarially determined contribution	<u>4,340,442</u>	<u>4,072,953</u>	<u>3,931,588</u>	<u>3,719,909</u>	<u>3,422,270</u>	<u>3,167,945</u>	<u>3,131,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 18,469,966	\$ 17,331,715	\$ 16,730,154	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134
Contributions as a percentage of covered employee payroll	23.50%	23.50%	23.50%	23.50%	23.00%	22.00%	21.93%

Information in this schedule has been determined as of the most recent fiscal year-end.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of the City's Proportionate Share of the Net
Pension Liability - Arkansas Public Employees Retirement System

<u>City fiscal year ended December 31,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportionate share of the net pension liability	0.3602%	0.3610%	0.3384%	0.0031%	0.0073%	0.0107%	0.0099%
City's proportionate share of the net pension liability	\$ 27,690	\$ 103,384	\$ 82,636	\$ 68,327	\$ 189,320	\$ 254,984	\$ 182,965
City's covered-employee payroll	\$ 73,289	\$ 71,784	\$ 65,913	\$ 58,017	\$ 148,688	\$ 180,014	\$ 176,262
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.78%	144.02%	125.37%	117.77%	127.33%	141.65%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	79.59%	79.59%	75.65%	75.50%	80.39%

Information in this schedule has been determined as of the City's measurement date (June 30) of its net pension liability.

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

City of Springdale, Arkansas
Defined Benefit Pension Plans -
Schedule of Contributions -
Arkansas Public Employees Retirement System

City fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,132	\$ 10,906	\$ 10,648	\$ 9,043	\$ 8,456	\$ 26,064	\$ 27,053
Contributions in relation to the actuarially determined contribution	<u>11,132</u>	<u>10,906</u>	<u>10,648</u>	<u>9,043</u>	<u>8,456</u>	<u>26,064</u>	<u>27,053</u>
Contribution deficiency (exces)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 72,661	\$ 71,185	\$ 69,507	\$ 60,144	\$ 57,835	\$ 179,754	\$ 184,976
Contributions as a percentage of covered employee payroll	15.32%	15.32%	15.32%	15.04%	14.62%	14.50%	14.63%

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

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

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
Sales	\$ 31,836,000	\$ 31,836,000	\$ 36,022,744	\$ 4,186,744
Ad valorem	5,784,000	5,784,000	6,412,641	628,641
Franchise	4,362,000	4,362,000	4,887,805	525,805
Fees and permits:				
Building permits	720,000	720,000	792,066	72,066
Occupation permits	176,000	176,000	179,601	3,601
Other	169,700	169,700	214,970	45,270
Intergovernmental:				
Federal and state grants	618,260	618,260	658,578	40,318
State turnback	1,115,300	1,115,300	1,139,512	24,212
State turnback - general	1,134,200	1,134,200	1,231,517	97,317
State turnback-insurance	1,600,000	1,600,000	1,655,656	55,656
County	17,570	17,570	17,575	5
Other	1,225,000	1,225,000	1,035,972	(189,028)
Other grants and contributions	224,190	224,190	4,095,639	3,871,449
Charges for goods and services:				
Ambulance fees	1,735,000	1,735,000	1,967,120	232,120
Other revenues	1,439,900	1,439,900	1,596,164	156,264
Fines and forfeitures	827,400	827,400	839,012	11,612
Investment earnings(losses)	77,200	77,200	40,585	(36,615)
Miscellaneous	308,000	308,000	456,687	148,687
Total revenues	<u>53,369,720</u>	<u>53,369,720</u>	<u>63,243,844</u>	<u>9,874,124</u>
Expenditures				
General Government				
Administration				
Personnel	2,020,490	2,020,490	1,907,599	112,891
Buildings and equipment	114,000	114,000	130,255	(16,255)
Supplies	86,200	86,200	148,324	(62,124)
Other	710,320	710,320	847,274	(136,954)
Economic development	323,140	398,140	393,026	5,114
Capital	-	-	546,129	(546,129)
Total Administration Expenditures	<u>3,254,150</u>	<u>3,329,150</u>	<u>3,972,607</u>	<u>(643,457)</u>
City Attorney				
Personnel	774,370	774,370	797,253	(22,883)
Buildings and equipment	15,100	15,100	14,732	368
Supplies	14,600	14,600	8,169	6,431
Other	18,450	18,450	7,793	10,657
Total City Attorney Expenditures	<u>822,520</u>	<u>822,520</u>	<u>827,947</u>	<u>(5,427)</u>
Information Technology				
Personnel	693,670	693,670	725,992	(32,322)
Buildings and equipment	447,550	447,550	421,918	25,632
Supplies	9,600	9,600	7,746	1,854
Other	150,000	150,000	111,788	38,212
Total Information Technology Expenditures	<u>1,300,820</u>	<u>1,300,820</u>	<u>1,267,444</u>	<u>33,376</u>
Total General Government Expenditures	<u>5,377,490</u>	<u>5,452,490</u>	<u>6,067,998</u>	<u>(615,508)</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Shiloh Museum				
Personnel	749,410	749,410	785,152	(35,742)
Buildings and equipment	47,200	47,200	41,495	5,705
Supplies	77,400	77,400	77,446	(46)
Other	18,100	18,100	32,109	(14,009)
Capital	-	-	17,978	(17,978)
Total Shiloh Museum Expenditures	892,110	892,110	954,180	(62,070)
Springdale Senior Centers				
Personnel	452,040	452,040	439,903	12,137
Buildings and equipment	41,500	41,500	51,246	(9,746)
Supplies	258,300	258,300	203,318	54,982
Other	51,600	51,600	80,433	(28,833)
Total Springdale Senior Centers Expenditures	803,440	803,440	774,900	28,540
Parks and Recreation				
Personnel	2,405,790	2,405,790	2,524,260	(118,470)
Buildings and equipment	617,000	617,000	582,242	34,758
Supplies	914,960	914,960	998,653	(83,693)
Other	120,270	120,270	119,998	272
Capital	154,000	154,000	715,895	(561,895)
Total Parks and Recreation Expenditures	4,212,020	4,212,020	4,941,048	(729,028)
Total Culture and Recreation Expenditures	5,907,570	5,907,570	6,670,128	(762,558)
Community Development				
Planning and Community Development				
Personnel	442,720	442,720	425,983	16,737
Buildings and equipment	6,500	6,500	3,067	3,433
Supplies	8,500	8,500	6,860	1,640
Other	48,000	48,000	37,799	10,201
Total Planning and Community Development Expenditures	505,720	505,720	473,709	32,011

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering				
Personnel	588,800	588,800	629,497	(40,697)
Buildings and equipment	4,000	4,000	4,482	(482)
Supplies	11,700	11,700	11,773	(73)
Other	140,450	140,450	93,047	47,403
Total Engineering Expenditures	<u>744,950</u>	<u>744,950</u>	<u>738,799</u>	<u>6,151</u>
Total Community Development Expenditures	<u>1,250,670</u>	<u>1,250,670</u>	<u>1,212,508</u>	<u>38,162</u>
Public Safety:				
Animal Services				
Personnel	674,270	674,270	576,061	98,209
Buildings and equipment	102,500	102,500	41,514	60,986
Supplies	140,500	140,500	139,666	834
Other	98,700	98,700	84,802	13,898
PS Animal-Capital	109,900	109,900	-	109,900
Total Animal Services Expenditures	<u>1,125,870</u>	<u>1,125,870</u>	<u>842,043</u>	<u>283,827</u>
Building Inspection				
Personnel	616,230	616,230	629,306	(13,076)
Buildings and equipment	10,000	10,000	4,848	5,152
Supplies	33,850	33,850	29,223	4,627
Other	53,900	53,900	29,267	24,633
Total Building Inspection Expenditures	<u>713,980</u>	<u>713,980</u>	<u>692,644</u>	<u>21,336</u>
Neighborhood Services/Code Enforcement				
Personnel	373,650	373,650	340,751	32,899
Buildings and equipment	14,000	14,000	9,387	4,613
Supplies	31,000	31,000	31,409	(409)
Other	22,450	22,450	9,361	13,089
PS Community-Capital	29,960	29,960	29,951	9
Total Neighborhood Services Expenditures	<u>471,060</u>	<u>471,060</u>	<u>420,859</u>	<u>50,201</u>
Police				
Personnel	17,583,970	17,583,970	16,266,992	1,316,978
Buildings and equipment	428,650	428,650	475,927	(47,277)
Supplies	837,900	837,900	882,014	(44,114)
Other	735,410	735,410	701,749	33,661
Capital	430,390	430,390	2,000,115	(1,569,725)
Total Police Expenditures	<u>20,016,320</u>	<u>20,016,320</u>	<u>20,326,797</u>	<u>(310,477)</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2021

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Fire				
Personnel	12,911,810	12,911,810	13,556,091	(644,281)
Buildings and equipment	499,000	499,000	548,682	(49,682)
Supplies	1,157,300	1,157,300	1,001,614	155,686
Other	610,200	610,200	700,337	(90,137)
Capital	715,000	715,000	1,428,965	(713,965)
Total Fire Expenditures	15,893,310	15,893,310	17,235,689	(1,342,379)
Total Public Safety Expenditures	38,220,540	38,220,540	39,518,032	(1,297,492)
Total expenditures	50,756,270	50,831,270	53,468,666	(2,637,396)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,613,450	2,538,450	9,775,178	7,236,728
Other financing sources (uses)				
Transfers in	-	-	12,428,835	12,428,835
Transfers out	(2,092,780)	(2,092,780)	(1,916,619)	176,161
Proceeds from sale of capital assets	-	-	47,470	47,470
Insurance recoveries	-	-	122,452	122,452
Total other financing sources (uses)	(2,092,780)	(2,092,780)	10,682,138	12,774,918
Net Change in Fund Balances	520,670	445,670	20,457,316	20,011,646
Fund Balances - Beginning of Year	24,615,823	24,615,823	12,187,088	(12,428,735)
Fund Balances - End of Year	\$ 25,136,493	\$ 25,061,493	\$ 32,644,404	\$ 7,582,911

City of Springdale, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Street Fund
Year Ended December 30, 2021

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem	\$ 1,195,000	\$ 1,195,000	\$ 1,335,525	\$ 140,525
Other	32,300	32,300	31,670	(630)
Federal and state grants	-	-	250,000	250,000
State turnback - street	5,313,400	5,313,400	6,287,397	973,997
Other grants and contributions	1,000,000	1,000,000	650,643	(349,357)
Other revenues	-	-	350	350
Street signs	9,700	9,700	7,415	(2,285)
Street and curb cut repairs	21,000	21,000	20,293	(707)
Investment earnings(losses)	20,000	20,000	20,200	200
Miscellaneous	8,000	8,000	16,581	8,581
Total revenues	7,599,400	7,599,400	8,620,074	1,020,674
Expenditures				
Personnel	2,781,200	2,781,200	2,693,762	87,438
Building and equipment	230,250	230,250	196,636	33,614
Supplies	1,126,000	1,126,000	978,606	147,394
Regional support	369,440	369,440	369,440	-
Other	434,680	434,680	529,623	(94,943)
Capital	7,442,000	7,442,000	3,418,438	4,023,562
Total Public Works Expenditures	12,383,570	12,383,570	8,186,505	4,197,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,784,170)	(4,784,170)	433,569	5,217,739
Other financing sources (uses)				
Transfers in	419,760	419,760	382,999	(36,761)
Insurance recoveries	-	-	47,439	47,439
Total other financing sources (uses)	419,760	419,760	430,438	10,678
Net Change in Fund Balances	(4,364,410)	(4,364,410)	864,007	5,228,417
Fund Balances - Beginning of Year	7,287,344	7,287,344	7,287,344	-
Fund Balances - End of Year	\$ 2,922,934	\$ 2,922,934	\$ 8,151,351	\$ 5,228,417

City of Springdale, Arkansas
Notes to Required Supplementary Information
Year Ended December 31, 2021

Stewardship, Compliance and Accountability

Budgetary Information

The City follows these procedures as set out by City Ordinance in establishing the budgetary data reflected in the financial statements:

- During July, public hearings are conducted which allow for taxpayer comments.
- On or before August 1, staff projects revenue available for the following year.
- On or before September 1, the Mayor projects funds available for each division/department.
- On or before September 15, division /department heads deliver proposed detailed budget to the Mayor for review. City Council sets the dates for work sessions in October and November to review and make budget changes.
- On or before October 15, the Mayor delivers the proposed budget to the City Council.
- During October and November, the City Council conducts special work sessions to review the budget with each division/department head.
- On or before December 10, the City Council legally enacts a budget through passage of a resolution. State law requires the adoption of the annual budget on or before February 1 of each year.

The original budget of the General Fund was amended during 2021. The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* for the General and Street funds present the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

City of Springdale, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds					Public Library Board Foundation Fund
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	
Assets						
Cash and cash equivalents	\$ 290,452	\$ 248,184	\$ 201,022	\$ 19,301	\$ 199,778	\$ 200,301
Investments	-	385,007	298,360	-	502,086	564,452
Accounts receivable, net	960	-	22,154	10,666	-	-
Interest receivable	-	-	490	-	4,157	-
Due from other funds	390	6,438	-	32,706	-	2,759
Assets held for resale	-	-	-	-	-	-
Other assets	37,743	32	-	176	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	180,251	-	-
Investments	-	1,942,868	-	177,475	-	-
Interest receivable	-	-	-	1,838	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 329,545</u>	<u>\$ 2,582,529</u>	<u>\$ 522,026</u>	<u>\$ 422,413</u>	<u>\$ 706,021</u>	<u>\$ 767,512</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 13,233	\$ 3,791	\$ 116	\$ 5,350	\$ 7,543	\$ -
Salaries payable	41,468	-	-	22,150	-	-
Payable from restricted assets:						
Accounts payable	-	-	-	-	-	-
Due to other funds	3,926	-	-	-	-	29,577
Deposits	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	2,935	-	-	55,850	95,774
Total Liabilities	<u>58,627</u>	<u>6,726</u>	<u>116</u>	<u>27,500</u>	<u>63,393</u>	<u>125,351</u>
Fund Balances						
Nonspendable						
Assets held for resale	-	-	-	-	-	-
Cemetery perpetual care	-	-	-	-	-	-
Endowments	-	1,942,868	-	-	-	-
Other nonspendable	37,743	32	-	176	-	-
Restricted						
Court automation	-	-	-	394,737	-	-
Capital projects	-	-	-	-	-	-
Assigned						
Special revenue funds	233,175	632,903	521,910	-	642,628	642,161
Capital projects funds	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>270,918</u>	<u>2,575,803</u>	<u>521,910</u>	<u>394,913</u>	<u>642,628</u>	<u>642,161</u>
Total Liabilities and Fund Balances	<u>\$ 329,545</u>	<u>\$ 2,582,529</u>	<u>\$ 522,026</u>	<u>\$ 422,413</u>	<u>\$ 706,021</u>	<u>\$ 767,512</u>

Special Revenue Funds		Capital Projects						Permanent
Community Development Block Grant Fund	District Court Fund	Public Facilities Board Fund	Sales and Use Tax Fund	2018 Parks & Recreation Improvement Construction F	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	Bluff Cemetery Fund
\$ -	\$ 481,384	\$ 1,479,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,032
-	-	417,641	-	-	-	-	-	439,950
-	-	-	-	-	-	-	-	10,785
-	-	166	-	-	-	-	-	167
-	68,314	-	-	-	-	-	-	-
-	-	1,992,811	-	-	-	-	-	-
76	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,195	-	-
-	-	-	-	-	21,763	7,264,006	-	-
-	-	-	-	-	45	1,925	-	-
-	-	-	-	-	-	71,840	-	-
<u>\$ 76</u>	<u>\$ 549,698</u>	<u>\$ 3,889,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,808</u>	<u>\$ 7,340,966</u>	<u>\$ -</u>	<u>\$ 558,934</u>
\$ 120	\$ 84,514	\$ -	\$ -	\$ -	\$ -	\$ 414,482	\$ -	\$ 469
3,383	-	-	-	-	-	-	-	-
-	-	-	-	-	574	1,534,486	-	-
44,408	166,973	-	-	-	-	30,943	22	-
-	6,723	-	-	-	-	-	-	-
-	301,263	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>47,911</u>	<u>559,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574</u>	<u>1,979,911</u>	<u>22</u>	<u>469</u>
-	-	1,992,811	-	-	-	-	-	-
-	-	-	-	-	-	-	-	32,720
-	-	-	-	-	-	-	-	-
76	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	21,234	5,361,055	-	-
-	-	-	-	-	-	-	-	-
-	-	1,896,968	-	-	-	-	-	-
-	-	-	-	-	-	-	-	525,745
(47,911)	(9,775)	-	-	-	-	-	(22)	-
<u>(47,835)</u>	<u>(9,775)</u>	<u>3,889,779</u>	<u>-</u>	<u>-</u>	<u>21,234</u>	<u>5,361,055</u>	<u>(22)</u>	<u>558,465</u>
<u>\$ 76</u>	<u>\$ 549,698</u>	<u>\$ 3,889,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,808</u>	<u>\$ 7,340,966</u>	<u>\$ -</u>	<u>\$ 558,934</u>

City of Springdale, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

	Total Nonmajor Governmental Fund
Assets	
Cash and cash equivalents	\$ 3,227,615
Investments	2,607,496
Accounts receivable, net	44,565
Interest receivable	4,980
Due from other funds	110,607
Assets held for resale	1,992,811
Other assets	38,027
Restricted assets:	
Cash and cash equivalents	183,446
Investments	9,406,112
Interest receivable	3,808
Due from other funds	71,840
Total assets	<u>\$ 17,691,307</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 529,618
Salaries payable	67,001
Payable from restricted assets:	
Accounts payable	1,535,060
Due to other funds	275,849
Deposits	6,723
Due to other governments	301,263
Unearned revenue	154,559
Total Liabilities	<u>2,870,073</u>
Fund Balances	
Nonspendable	
Assets held for resale	1,992,811
Cemetery perpetual care	32,720
Endowments	1,942,868
Other nonspendable	38,027
Restricted	
Court automation	394,737
Capital projects	5,382,289
Assigned	
Special revenue funds	2,672,777
Capital projects funds	1,896,968
Permanent fund	525,745
Unassigned	(57,708)
Total Fund Balances	<u>14,821,234</u>
Total Liabilities and Fund Balances	<u>\$ 17,691,307</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds						
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	Public Library Board Foundation Fund	Community Development Block Grant Fund
Revenues							
Taxes	\$ 55,173	\$ -	\$ 430,939	\$ -	\$ -	\$ -	\$ -
Fees and permits	-	24,473	-	-	-	-	-
Intergovernmental	1,582,263	-	-	39,137	-	-	1,267,803
Other grants and contributions	62	53,528	-	-	-	53,344	1,232
Charges for goods and services	-	2,875	-	272,277	289,677	-	-
Fines and forfeitures	9,644	-	-	-	-	-	-
Investment earnings (loss)	722	270,756	2,003	(842)	(2,149)	53,174	-
Miscellaneous	13,800	402	-	163	-	-	113,208
Total revenues	1,661,664	352,034	432,942	310,735	287,528	106,518	1,382,243
Expenditures							
Current							
General government	-	-	-	942,828	-	-	-
Community development	-	-	-	-	-	-	1,210,482
Culture and recreation	2,278,963	123,036	-	-	233,578	101,271	-
Economic development	-	-	355,019	-	-	-	-
Capital expenditures	14,828	11,096	-	-	48,174	-	236,311
Debt Service	-	-	-	-	-	-	-
Total expenditures	2,293,791	134,132	355,019	942,828	281,752	101,271	1,446,793
Excess (Deficiency) of Revenues Over (Under) Expenditures	(632,127)	217,902	77,923	(632,093)	5,776	5,247	(64,550)
Other Financing Sources (Uses)							
Transfers in	843,150	-	-	690,470	-	-	-
Transfers out	-	-	-	-	-	-	-
Insurance recoveries	26,982	-	-	-	-	-	-
Total other financing sources (uses)	870,132	-	-	690,470	-	-	-
Net Change in Fund Balances	238,005	217,902	77,923	58,377	5,776	5,247	(64,550)
Fund Balances, Beginning of Year	32,913	2,357,901	443,987	336,536	636,852	636,914	16,715
Fund Balances, End of Year	\$ 270,918	\$ 2,575,803	\$ 521,910	\$ 394,913	\$ 642,628	\$ 642,161	\$ (47,835)

Special Revenue Funds		Capital Projects						Debt Service	
District Court Fund	2012 Bonds Parks Improvement Construction Fund	Public Facilities Board Fund	Sales and Use Tax Fund	2018 Parks & Recreation Improvement Construction F	2018 Fire Department Improvement Construction Fund	2018 Series Bonds Criminal Justice Admin	2018 Animal Shelter Construction Fund	2012 Debt Service Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
184,545	-	896,864	-	-	-	-	-	-	
2,908,180	-	-	-	-	-	-	-	-	
773	-	7,726	-	1,332	115	34,751	6	-	
-	-	5,930	-	-	-	-	-	-	
3,093,498	-	910,520	-	1,332	115	34,751	6	-	
3,095,453	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	703,507	-	-	-	-	-	-	
-	-	31,200	-	1,705,379	1,928,475	10,342,651	-	-	
3,095,453	-	734,707	-	1,705,379	1,928,475	10,342,651	-	-	
(1,955)	-	175,813	-	(1,704,047)	(1,928,360)	(10,307,900)	6	-	
-	-	-	-	341,371	-	-	-	-	
-	-	-	(12,428,735)	-	-	-	(3)	-	
-	-	-	-	-	-	-	-	-	
-	-	-	(12,428,735)	341,371	-	-	(3)	-	
(1,955)	-	175,813	(12,428,735)	(1,362,676)	(1,928,360)	(10,307,900)	3	-	
(7,820)	-	3,713,966	12,428,735	1,362,676	1,949,594	15,668,955	(25)	-	
\$ (9,775)	\$ -	\$ 3,889,779	\$ -	\$ -	\$ 21,234	\$ 5,361,055	\$ (22)	\$ -	

City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2021

	<u>Debt Service</u> <u>Public</u> <u>Facilities</u> <u>Debt Service</u> <u>Fund</u>	<u>Permanent</u> <u>Bluff</u> <u>Cemetery</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Fund</u>
Revenues			
Taxes	\$ -	\$ -	\$ 486,112
Fees and permits	-	-	24,473
Intergovernmental	-	-	2,889,203
Other grants and contributions	-	-	108,166
Charges for goods and services	-	56,500	1,702,738
Fines and forfeitures	-	-	2,917,824
Investment earnings (loss)	-	(1,082)	367,285
Miscellaneous	-	-	133,503
Total revenues	-	55,418	8,629,304
Expenditures			
Current			
General government	-	53,201	4,091,482
Community development	-	-	1,210,482
Culture and recreation	-	-	2,736,848
Economic development	-	-	1,058,526
Capital expenditures	-	-	14,318,114
Debt Service	-	-	-
Total expenditures	-	53,201	23,415,452
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	2,217	(14,786,148)
Other Financing Sources (Uses)			
Transfers in	-	-	1,874,991
Transfers out	-	-	(12,428,738)
Insurance recoveries	-	-	26,982
Total other financing sources (uses)	-	-	(10,526,765)
Net Change in Fund Balances	-	2,217	(25,312,913)
Fund Balances, Beginning of Year	-	556,248	40,134,147
Fund Balances, End of Year	\$ -	\$ 558,465	\$ 14,821,234

City of Springdale, Arkansas
Combining Statement of Net Position -
Nonmajor Enterprise Funds
December 31, 2021

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 26,765	\$ 280,321	\$ 307,086
Investments	-	94,338	94,338
Accounts receivable, net	-	43,646	43,646
Accrued interest	-	242	242
Other assets	-	453	453
Total current assets	<u>26,765</u>	<u>419,000</u>	<u>445,765</u>
Capital assets			
Machinery and equipment	-	280,774	280,774
Less accumulated depreciation	-	(153,054)	(153,054)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>127,720</u>	<u>127,720</u>
Total assets	<u>26,765</u>	<u>546,720</u>	<u>573,485</u>
Deferred Outflows of Resources			
Other postemployment benefits	-	1,111	1,111
Total Deferred Outflows of Resources	<u>-</u>	<u>1,111</u>	<u>1,111</u>
Liabilities			
Current Liabilities			
Accounts payable	-	4,651	4,651
Salaries payable	-	1,711	1,711
Total current liabilities	<u>-</u>	<u>6,362</u>	<u>6,362</u>
Noncurrent liabilities			
Due within one year	-	114	114
Due in more than one year	-	8,897	8,897
Total noncurrent liabilities	<u>-</u>	<u>9,011</u>	<u>9,011</u>
Total liabilities	<u>-</u>	<u>15,373</u>	<u>15,373</u>
Deferred Inflows of Resources			
Other postemployment benefits	-	2,880	2,880
Total Deferred Inflows of Resources	<u>-</u>	<u>2,880</u>	<u>2,880</u>
Net Position			
Net investment in capital assets	-	127,720	127,720
Unrestricted	<u>26,765</u>	<u>401,858</u>	<u>428,623</u>
Total net position	<u>\$ 26,765</u>	<u>\$ 529,578</u>	<u>\$ 556,343</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenses and Changes in Net Position -
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total
Operating Revenues			
Charges for services			
Other service fees	\$ 3,864	\$ 174,601	\$ 178,465
Other revenue	-	39	39
Total operating revenues	<u>3,864</u>	<u>174,640</u>	<u>178,504</u>
Operating Expenses			
Personnel	-	75,883	75,883
Maintenance	-	2,207	2,207
Supplies	35	17,400	17,435
Other operating expenses	-	3,295	3,295
Depreciation	-	28,077	28,077
Total operating expenses	<u>35</u>	<u>126,862</u>	<u>126,897</u>
Operating Income	<u>3,829</u>	<u>47,778</u>	<u>51,607</u>
Nonoperating Revenues (Expenses)			
Investment earnings (loss)	-	(1,806)	(1,806)
Total Nonoperating Revenues	<u>-</u>	<u>(1,806)</u>	<u>(1,806)</u>
Income Before Transfers	3,829	45,972	49,801
Transfers out	(100)	-	(100)
Change in Net Position	3,729	45,972	49,701
Net Position - Beginning of Year	<u>23,036</u>	<u>483,606</u>	<u>506,642</u>
Net Position - End of Year	<u>\$ 26,765</u>	<u>\$ 529,578</u>	<u>\$ 556,343</u>

City of Springdale, Arkansas
Combining Statement of Cash Flows –
Nonmajor Enterprise Funds
Year Ended December 31, 2021

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 3,864	173,007	176,871
Payments to suppliers	(35)	(18,366)	(18,401)
Payments to employees	-	(81,771)	(81,771)
Net cash provided by operating activities	<u>3,829</u>	<u>72,870</u>	<u>76,699</u>
Cash Flows From Noncapital Financing Activities			
Receipt (payment) of interfund balances	(77)	15,000	14,923
Net cash provided by (used in) noncapital financing activities	<u>(77)</u>	<u>15,000</u>	<u>14,923</u>
Cash Flows From Investing Activities			
Interest received	-	1,735	1,735
Net cash provided by (used in) investing activities	<u>-</u>	<u>1,735</u>	<u>1,735</u>
Net Increase in Cash and Cash Equivalents	3,752	89,605	93,357
Cash and Cash Equivalents, January 1	<u>23,013</u>	<u>190,716</u>	<u>213,729</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 26,765</u></u>	<u><u>\$ 280,321</u></u>	<u><u>\$ 307,086</u></u>
Reconciliation of Operating Income (Loss) to Net			
Cash provided by (used in) operating activities			
Operating income (loss)	<u>\$ 3,829</u>	<u>\$ 47,778</u>	<u>\$ 51,607</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating activities			
Depreciation expense	-	28,077	28,077
Decrease in accounts receivable	-	(1,633)	(1,633)
Decrease in other assets	-	2,667	2,667
Decrease in deferred outflows of resources	-	998	998
Increase in accounts payable	-	1,869	1,869
Increase in salaries payable	-	(1,434)	(1,434)
Decrease in compensated absences	-	-	-
Decrease in deferred inflows of resources	-	(1,497)	(1,497)
Decrease in OPEB liability	-	(3,955)	(3,955)
	<u>-</u>	<u>25,092</u>	<u>25,092</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 3,829</u></u>	<u><u>\$ 72,870</u></u>	<u><u>\$ 76,699</u></u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Public Library Fund
Year Ended December 31, 2021

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
Ad valorem	\$ 55,000	\$ 55,000	\$ 55,173	\$ 173
Intergovernmental				
Federal and state grants	3,600	3,600	161,787	158,187
County	1,420,480	1,420,480	1,420,476	(4)
Other grants and contributions	-	-	62	62
Fines	20,000	20,000	9,644	(10,356)
Investment earnings	-	-	722	722
Miscellaneous	20,000	20,000	13,800	(6,200)
Total revenues	1,519,080	1,519,080	1,661,664	142,584
Expenditures				
Culture and recreation				
Public Library				
Personnel	1,546,950	1,546,950	1,385,651	161,299
Maintenance	222,400	249,380	258,403	(9,023)
Supplies	540,000	540,000	521,358	18,642
Other	129,510	129,510	113,551	15,959
Capital	-	-	14,828	(14,828)
Total Public Library expenditures	2,438,860	2,465,840	2,293,791	172,049
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(919,780)	(946,760)	(632,127)	314,633
Other Financing Sources (Uses)				
Transfers in	919,780	919,780	843,150	(76,630)
Insurance recoveries	-	26,980	26,982	2
Total other financing sources (uses)	919,780	946,760	870,132	(76,628)
Net Change in Fund Balances	-	-	238,005	238,005
Fund Balances - Beginning of Year	32,913	32,913	32,913	-
Fund Balances - End of Year	\$ 32,913	\$ 32,913	\$ 270,918	\$ 238,005

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - District Court Costs Fund
Year Ended December 31, 2021

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Intergovernmental				
County	\$ 39,140	\$ 39,140	\$ 39,137	\$ (3)
Fees and permit				
Installment plan fees	110,000	110,000	103,855	(6,145)
Other revenues	160,000	160,000	168,422	8,422
Investment earnings	4,000	4,000	(842)	(4,842)
Miscellaneous	-	-	163	163
Total revenues	313,140	313,140	310,735	(2,405)
Expenditures				
General government				
Court Costs				
Personnel	863,830	863,830	824,978	38,852
Maintenance	69,900	69,900	52,598	17,302
Supplies	38,400	38,400	29,476	8,924
Other	84,250	84,250	35,776	48,474
Total Court Costs expenditures	1,056,380	1,056,380	942,828	113,552
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(743,240)	(743,240)	(632,093)	111,147
Other Financing Sources (Uses)				
Transfers in	753,240	753,240	690,470	(62,770)
Total other financing sources (uses)	753,240	753,240	690,470	(62,770)
Special Items				
Total special items	-	-	-	-
Net Change in Fund Balances	10,000	10,000	58,377	48,377
Fund Balances - Beginning of Year	336,536	336,536	336,536	-
Fund Balances - End of Year	\$ 346,536	\$ 346,536	\$ 394,913	\$ 48,377

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Arvest Ballpark Fund
Year Ended December 31, 2021

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rent	\$ 390,000	\$ 390,000	\$ 289,677	\$ (100,323)
Investment earnings	9,500	9,500	(2,149)	(11,649)
Total revenues	<u>399,500</u>	<u>399,500</u>	<u>287,528</u>	<u>(111,972)</u>
Expenditures				
Culture and recreation				
Maintenance	156,000	156,000	158,206	(2,206)
Other	60,000	60,000	75,372	(15,372)
Capital	-	-	48,174	(48,174)
Total Arvest Ball Park expenditures	<u>216,000</u>	<u>216,000</u>	<u>281,752</u>	<u>(65,752)</u>
Other Financing Sources (Uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	183,500	183,500	5,776	(177,724)
Fund Balances - Beginning of Year	<u>636,852</u>	<u>636,852</u>	<u>636,852</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 820,352</u>	<u>\$ 820,352</u>	<u>\$ 642,628</u>	<u>\$ (177,724)</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Bluff Cemetery Fund
Year Ended December 31, 2021

	Budgets		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues				
Charges for goods				
Cemetery lots	\$ 44,000	\$ 44,000	\$ 56,500	\$ 12,500
Investment earnings(losses)	3,500	3,500	(1,082)	(4,582)
Total revenues	47,500	47,500	55,418	7,918
Expenditures				
General government				
Cemetery				
Maintenance	45,400	45,400	52,404	(7,004)
Other	3,750	3,750	797	2,953
Total Bluff Cemetery expenditures	49,150	49,150	53,201	(4,051)
Net Change in Fund Balances	(1,650)	(1,650)	2,217	3,867
Fund Balances - Beginning of Year	556,248	556,248	556,248	-
Fund Balances - End of Year	\$ 554,598	\$ 554,598	\$ 558,465	\$ 3,867

City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position -
Budget and Actual - Municipal Airport Fund
Year Ended December 31, 2021

	Budgets	
	Original	Final
Operating Revenues		
Fuel flowage fees	\$ 47,000	\$ 47,000
Other service fees	17,170	17,170
Rental fees	348,870	348,870
Total operating revenues	<u>413,040</u>	<u>413,040</u>
Operating Expenses		
Personnel	98,460	98,460
Maintenance	82,500	82,500
Supplies	44,300	44,300
Other operating expenses	151,600	151,600
Depreciation	-	-
Total operating expenses	<u>376,860</u>	<u>376,860</u>
Operating Income (Loss)	<u>36,180</u>	<u>36,180</u>
Nonoperating Revenues (Expenses)		
Sales taxes	12,000	12,000
Gain (loss) on sale/disposal of assets	-	-
Investment earnings (loss)	500	500
Insurance recoveries	-	-
Total nonoperating revenues (expenses)	<u>12,500</u>	<u>12,500</u>
Income (Loss) before Capital Contributions and Special Items	48,680	48,680
Capital grants and contributions	<u>-</u>	<u>-</u>
Change in Net Position	48,680	48,680
Net Position - Beginning of Year	<u>8,899,141</u>	<u>8,899,141</u>
Net Position - End of Year	<u>\$ 8,947,821</u>	<u>\$ 8,947,821</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 56,656	\$ -	\$ 56,656	\$ 9,656
17,170	-	17,170	-
354,070	-	354,070	5,200
<u>427,896</u>	<u>-</u>	<u>427,896</u>	<u>14,856</u>
77,552	-	77,552	20,908
99,345	-	99,345	(16,845)
49,787	-	49,787	(5,487)
198,421	-	198,421	(46,821)
487,748	(487,748)	-	-
<u>912,853</u>	<u>(487,748)</u>	<u>425,105</u>	<u>(48,245)</u>
<u>(484,957)</u>	<u>487,748</u>	<u>2,791</u>	<u>(33,389)</u>
52,555	-	52,555	40,555
(2,076)	-	(2,076)	(2,076)
1,255	-	1,255	755
4,208	-	4,208	4,208
<u>55,942</u>	<u>-</u>	<u>55,942</u>	<u>43,442</u>
(429,015)	487,748	58,733	10,053
<u>168,034</u>	<u>-</u>	<u>168,034</u>	<u>168,034</u>
(260,981)	487,748	226,767	178,087
<u>8,899,141</u>	<u>-</u>	<u>8,899,141</u>	<u>-</u>
<u>\$ 8,638,160</u>	<u>\$ 487,748</u>	<u>\$ 9,125,908</u>	<u>\$ 178,087</u>

City of Springdale, Arkansas
Statement of Revenues, Expenditures, and Changes in Net Position -
Budget and Actual - Sanitation Fund
Year Ended December 31, 2021

	Budgets	
	Original	Final
Operating Revenues		
Charges for services		
Other service fees	\$ 164,550	\$ 164,550
Other revenue	-	-
Total operating revenues	<u>164,550</u>	<u>164,550</u>
Operating Expenses		
Personnel	95,220	95,220
Maintenance	2,000	2,000
Supplies	10,200	10,200
Other operating expenses	4,500	4,500
Depreciation	-	-
Total operating expenses	<u>111,920</u>	<u>111,920</u>
Operating Income (Loss)	<u>52,630</u>	<u>52,630</u>
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	<u>1,000</u>	<u>1,000</u>
Total nonoperating revenues (expenses)	<u>1,000</u>	<u>1,000</u>
Change in Net Position	53,630	53,630
Net Position - Beginning of Year	<u>483,606</u>	<u>483,606</u>
Net Position - End of Year	<u>\$ 537,236</u>	<u>\$ 537,236</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ 174,601	\$ -	\$ 174,601	\$ 10,051
39	-	39	39
<u>174,640</u>	<u>-</u>	<u>174,640</u>	<u>10,090</u>
75,883	-	75,883	19,337
2,207	-	2,207	(207)
17,400	-	17,400	(7,200)
3,295	-	3,295	1,205
28,077	(28,077)	-	-
<u>126,862</u>	<u>(28,077)</u>	<u>98,785</u>	<u>13,135</u>
<u>47,778</u>	<u>28,077</u>	<u>75,855</u>	<u>23,225</u>
(1,806)	-	(1,806)	(2,806)
<u>(1,806)</u>	<u>-</u>	<u>(1,806)</u>	<u>(2,806)</u>
45,972	28,077	74,049	20,419
<u>483,606</u>	<u>-</u>	<u>483,606</u>	<u>-</u>
<u>\$ 529,578</u>	<u>\$ 28,077</u>	<u>\$ 557,655</u>	<u>\$ 20,419</u>

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 Springdale, Arkansas
Springdale, 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 Springdale, Arkansas, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 15, 2023.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Rogers, Arkansas
May 15, 2023

Independent Accountant's Report on Compliance With Certain State Acts

The Honorable Mayor and Members of the City Council
City of Springdale, Arkansas
Springdale, Arkansas

We have examined management's assertions that the City of Springdale, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2021.

- (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 on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether 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 judgment, 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 Springdale, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2021.

FORVIS, LLP

Rogers, Arkansas
May 15, 2023