

City of Stuttgart, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF STUTTGART, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Independent Auditor's Report
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*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

| | <u>Exhibit</u> |
|--|----------------|
| Balance Sheet – Regulatory Basis | A |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis | B |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis | C |
| Notes to Financial Statements | |

SUPPLEMENTARY INFORMATION

| | <u>Schedule</u> |
|--|-----------------|
| Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis | 1 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis | 2 |
| Notes to Schedules 1 and 2 | |

OTHER INFORMATION

| | |
|---|-----|
| Schedule of Capital Assets (Unaudited) | 3 |
| Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited) | 4-1 |
| Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited) | 4-2 |
| Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited) | 4-3 |



Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Stuttgart, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
September 8, 2022
LOM108521

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Stuttgart, Arkansas (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 regulatory basis financial statements, and have issued our report thereon dated September 8, 2022. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated September 8, 2022.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 8, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relate to the following officials who held office during 2021:

Mayor: Becky Burgess (January 1, 2021 through April 26, 2021)
Norma Strabala (April 27, 2021 through December 31, 2021)
City Clerk/Treasurer: Becky Burgess
Finance Officer: Kimberly Burgess
District Court Clerk: Vicky Maxwell (January 1, 2021 through August 12, 2021)
Cynthia McCoy (August 13, 2021 through December 31, 2021)
Police Chief: Mark Duke
Library Director: Clara Jane Timmerman

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Marti Steel".

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 8, 2022

CITY OF STUTTGART, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

| | General | Street | Other Funds in the Aggregate |
|-------------------------------------|-------------------|-------------------|------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 232,937 | \$ 652,285 | \$ 34,349,968 |
| Investments | 4,081 | | |
| Accounts receivable | 494,994 | 5,398 | 812,711 |
| Interfund receivables | 258,391 | 2,054 | 742 |
| | <u>990,403</u> | <u>659,737</u> | <u>35,163,421</u> |
| TOTAL ASSETS | <u>\$ 990,403</u> | <u>\$ 659,737</u> | <u>\$ 35,163,421</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 193,947 | \$ 12,366 | \$ 918,465 |
| Interfund payables | | | 261,187 |
| Settlements pending | | | 32,949 |
| Total Liabilities | <u>193,947</u> | <u>12,366</u> | <u>1,212,601</u> |
| Fund Balances: | | | |
| Restricted | | 78,092 | 33,939,545 |
| Committed | 455,031 | | 88,076 |
| Assigned | 43,260 | 569,279 | |
| Unassigned | 298,165 | | (76,801) |
| Total Fund Balances | <u>796,456</u> | <u>647,371</u> | <u>33,950,820</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 990,403</u> | <u>\$ 659,737</u> | <u>\$ 35,163,421</u> |

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

CITY OF STUTTGART, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

| | General | Street | Other Funds in the Aggregate |
|--|------------|------------|------------------------------------|
| REVENUES | | | |
| State aid | \$ 157,406 | \$ 784,710 | \$ 258,053 |
| Federal aid | 119,734 | | 1,026,411 |
| Property taxes | 540,649 | 253,503 | 218,461 |
| Franchise fees | 678,397 | | |
| Sales taxes | 2,655,594 | | 5,311,188 |
| Fines, forfeitures, and costs | 283,356 | | 34,831 |
| Interest | 380 | | 928 |
| Local permits and fees | 306,135 | | |
| Sanitation fees | | | 1,575,288 |
| Advertising and promotion taxes | | | 27,630 |
| Mosquito fees | 410,569 | | |
| Airport fuel sales | | | 210,558 |
| Rental income | | | 248,946 |
| Donations | | | 72,366 |
| Net increase/(decrease) in fair value of investments | 322 | | |
| Other | 134,156 | 72,287 | 91,973 |
| TOTAL REVENUES | 5,286,698 | 1,110,500 | 9,076,633 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 833,453 | | 102,768 |
| Law enforcement | 2,063,102 | | 391,330 |
| Highways and streets | | 1,051,769 | 673,719 |
| Public safety | 1,335,812 | | 310,732 |
| Sanitation | | | 1,749,328 |
| Health | 391,203 | | 538 |
| Recreation and culture | 384,774 | | 283,799 |
| Social services | 11,104 | | |
| Airport | | | 766,355 |
| Water and sewer | | | 12,918 |
| Total Current | 5,019,448 | 1,051,769 | 4,291,487 |
| Debt Service: | | | |
| Bond principal | | | 1,935,000 |
| Bond interest and other charges | | | 636,248 |
| Note principal | | | 27,209 |
| Note interest | | | 10,665 |
| TOTAL EXPENDITURES | 5,019,448 | 1,051,769 | 6,900,609 |

CITY OF STUTTGART, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

| | General | Street | Other Funds in the Aggregate |
|--|------------|------------|------------------------------------|
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 267,250 | \$ 58,731 | \$ 2,176,024 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | 155,000 | 73,583 |
| Transfers out | (155,000) | | (73,583) |
| Sales tax transferred to hospital | | | (1,984,355) |
| Proceeds from refunding and improvement bond issues | | | 40,395,000 |
| Payment to refunding bond escrow agent | | | (12,240,000) |
| Premium on bond issues | | | 1,436,892 |
| TOTAL OTHER FINANCING SOURCES (USES) | (155,000) | 155,000 | 27,607,537 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 112,250 | 213,731 | 29,783,561 |
| FUND BALANCES - JANUARY 1 | 684,206 | 433,640 | 4,167,259 |
| FUND BALANCES - DECEMBER 31 | \$ 796,456 | \$ 647,371 | \$ 33,950,820 |

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

CITY OF STUTTGART, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit C

| | General | | | Street | | |
|--|--------------|------------|--|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| State aid | \$ 178,825 | \$ 157,406 | \$ (21,419) | \$ 784,705 | \$ 784,710 | \$ 5 |
| Federal aid | 977,795 | 119,734 | (858,061) | | | |
| Property taxes | 471,370 | 540,649 | 69,279 | 220,950 | 253,503 | 32,553 |
| Franchise fees | 681,315 | 678,397 | (2,918) | | | |
| Sales taxes | 2,606,970 | 2,655,594 | 48,624 | | | |
| Fines, forfeitures, and costs | 357,745 | 283,356 | (74,389) | | | |
| Interest | 340 | 380 | 40 | | | |
| Local permits and fees | 307,700 | 306,135 | (1,565) | | | |
| Mosquito fees | 411,755 | 410,569 | (1,186) | | | |
| Net increase/(decrease) in fair value of investments | | 322 | 322 | | | |
| Other | 165,240 | 134,156 | (31,084) | 77,300 | 72,287 | (5,013) |
| TOTAL REVENUES | 6,159,055 | 5,286,698 | (872,357) | 1,082,955 | 1,110,500 | 27,545 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,022,625 | 833,453 | 189,172 | | | |
| Law enforcement | 2,614,165 | 2,063,102 | 551,063 | | | |
| Highways and streets | | | | 1,229,750 | 1,051,769 | 177,981 |
| Public safety | 1,664,005 | 1,335,812 | 328,193 | | | |
| Health | 411,755 | 391,203 | 20,552 | | | |
| Recreation and culture | 410,470 | 384,774 | 25,696 | | | |
| Social services | 17,415 | 11,104 | 6,311 | | | |
| TOTAL EXPENDITURES | 6,140,435 | 5,019,448 | 1,120,987 | 1,229,750 | 1,051,769 | 177,981 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 18,620 | 267,250 | 248,630 | (146,795) | 58,731 | 205,526 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | 155,000 | 155,000 | 0 |
| Transfers out | (155,000) | (155,000) | 0 | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | (155,000) | (155,000) | 0 | 155,000 | 155,000 | 0 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (136,380) | 112,250 | 248,630 | 8,205 | 213,731 | 205,526 |
| FUND BALANCES - JANUARY 1, | 10,000 | 684,206 | 674,206 | | 433,640 | 433,640 |
| FUND BALANCES - DECEMBER 31 | \$ (126,380) | \$ 796,456 | \$ 922,836 | \$ 8,205 | \$ 647,371 | \$ 639,166 |

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government's policy is to establish fees or charges designed to recover the cost of providing services. See Schedules 1 and 2 for the Enterprise Fund reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

| | Carrying Amount | Bank Balance |
|--|----------------------|----------------------|
| Insured (FDIC) | \$ 1,156,377 | \$ 1,193,571 |
| Collateralized: | | |
| Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name | 2,793,673 | 3,172,277 |
| Uncollateralized | 31,282,164 | 31,282,164 |
| | <u>\$ 35,232,214</u> | <u>\$ 35,648,012</u> |
| Total Deposits | | |

The above total deposits do not include cash on hand of \$2,976.

Custodial credit risk is risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2021, \$31,282,164 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in accounts consisting of U.S. government securities, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: Accounts Receivable

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

| Description | General Fund | Street Fund | Other Funds in the Aggregate |
|---------------------------------|-------------------|-----------------|---------------------------------|
| Federal aid | | | \$ 49,000 |
| Franchise fees | \$ 169,578 | | |
| Sales taxes | 262,809 | | 525,618 |
| Fines, forfeitures, and costs | 21,717 | | 1,606 |
| Interest | 27 | | |
| Local permits and fees | 4,320 | | |
| Sanitation fees | | | 122,765 |
| Advertising and promotion taxes | | | 2,552 |
| Mosquito fees | 34,191 | | |
| Airport fuel sales | | | 90,622 |
| Rental income | | | 20,015 |
| Other | 2,352 | \$ 5,398 | 533 |
| Totals | <u>\$ 494,994</u> | <u>\$ 5,398</u> | <u>\$ 812,711</u> |

NOTE 5: Accounts Payable

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

| Description | General Fund | Street Fund | Other Funds in the Aggregate |
|-----------------------|-------------------|------------------|---------------------------------|
| Vendor payables | \$ 43,437 | \$ 12,366 | \$ 761,126 |
| Payroll taxes payable | 19,361 | | 217 |
| Other | 131,149 | | 157,122 |
| Totals | <u>\$ 193,947</u> | <u>\$ 12,366</u> | <u>\$ 918,465</u> |

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

| | December 31, 2021 | |
|-------------------------------|--------------------------|-----------------------|
| | Interfund Receivables | Interfund Payables |
| General Fund | \$ 258,391 | |
| Street Fund | 2,054 | |
| Other Funds in the Aggregate: | | |
| Special Revenue Funds: | | |
| Airport | | \$ 261,187 |
| Enterprise Funds: | | |
| Solid Waste | 742 | |
| Totals | <u>\$ 261,187</u> | <u>\$ 261,187</u> |

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances were repaid in 2022.

NOTE 7: Federal Funds Program Compliance

The grants of the U.S. Department of Transportation Federal Aviation Administration, Coronavirus Aid, Relief and Economic Securities (CARES) Act, Coronavirus Emergency Supplemental Funding (CESF) Program and American Rescue Plan Act (ARPA) of 2021 were not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. As of the report date, however, the City has contracted for an audit of these federal funds. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: Details of Fund Balance Classifications

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

| Description | General Fund | Street Fund | Other Funds in the Aggregate |
|------------------------|-------------------|-------------------|---------------------------------|
| Fund Balances | | | |
| Restricted for: | | | |
| General government | | | \$ 289,773 |
| Law enforcement | | | 198,474 |
| Highways and streets | | \$ 78,092 | |
| Public safety | | | 58,742 |
| Health | | | 1,663,075 |
| Recreation and culture | | | 325,097 |
| Capital outlay | | | 29,935,601 |
| Debt service | | | 1,468,783 |
| Total Restricted | | <u>78,092</u> | <u>33,939,545</u> |
| Committed for: | | | |
| Sanitation | | | 88,076 |
| Health | \$ 455,031 | | |
| Total Committed | <u>455,031</u> | | <u>88,076</u> |
| Assigned to: | | | |
| Law enforcement | 43,260 | | |
| Highways and streets | | 569,279 | |
| Total Assigned | <u>43,260</u> | <u>569,279</u> | |
| Unassigned | <u>298,165</u> | | <u>(76,801)</u> |
| Totals | <u>\$ 796,456</u> | <u>\$ 647,371</u> | <u>\$ 33,950,820</u> |

NOTE 9: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2021:

| | December 31, 2021 |
|-------------------------------|----------------------|
| Other Funds in the Aggregate: | |
| Special Revenue Funds: | |
| Airport | <u>\$ (76,801)</u> |

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$34,242,731. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$8,867,249. The amount of short-term financing obligations, was \$413,954 leaving a legal debt margin of \$8,453,295.

NOTE 11: Commitments

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

| | December 31, 2021 |
|-----------------------|-----------------------------|
| Long-term liabilities | \$ 41,516,636 |
| Construction contract | <u>92,258</u> |
| Total Commitments | <u><u>\$ 41,608,894</u></u> |

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11: Commitments (Continued)

Long-term liabilities

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

| | <u>December 31, 2021</u> |
|--|------------------------------|
| <u>Bonds</u> | |
| 2021 Sales and Use Tax Refunding Bonds Series A, dated December 14, 2021, in the amount of \$10,940,000, due in annual installments of \$275,000 - \$485,000 plus interest through December 1, 2051; interest rate at 0.71 to 2.625%. Payments are to be made from the Sales and Use Tax - Debt Service Fund. | \$ 10,940,000 |
| 2021 Sales and Use Tax Improvement Bonds Series B, dated December 14, 2021, in the amount of \$29,455,000, due in annual installments of \$575,000 - \$1,440,000 plus interest through December 1, 2051; interest rate at 2.5 to 5.0%. Payments are to be made from the Sales and Use Tax - Debt Service Fund. | <u>29,455,000</u> |
| Total Bonds | <u>40,395,000</u> |
| <u>Direct Borrowings</u> | |
| Promissory note, dated January 17, 2017, with John Cain Trust in the amount of \$350,000, for a building addition to the Stuttgart Public Library. Payable in 18 annual installments of \$25,000 and one final payment of \$6,540 through March 2035; interest rate at 3.25%. Payments are to be made from the Library Fund. | 265,817 |
| Promissory note, dated July 20, 2021, with BancorpSouth Equipment Finance in the amount of \$159,500 for a garbage truck. Payable in 30 monthly installments of \$2,575 and one final payment of \$89,804 through February 2024; interest rate at 2.34%. Payments are to be made from the Solid Waste Fund. | <u>148,137</u> |
| Total Direct Borrowings | <u>413,954</u> |
| Arkansas District Judge's Retirement unfunded pension liability balance due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payment amounts adjusted annually by APERS. Payments are to be made from the Judge & Clerk Retirement Fund. | 28,349 |
| Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost | 378,329 |
| Landfill closure and postclosure care costs | <u>301,004</u> |
| Total Long-term liabilities | <u>\$ 41,516,636</u> |

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11: Commitments (Continued)

The City's outstanding bonds payable of \$40,395,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding notes from direct borrowings of \$413,954 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Landfill Closure and Postclosure Care Costs

The City of Stuttgart is the owner of permit #0291-S4 to operate a class IV solid waste landfill. State and Federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and the performance of certain maintenance and monitoring functions at the site for two years after the closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure care costs are being recognized as a commitment each year based on landfill capacity used as of the balance sheet date. The estimated commitment for the landfill closure and postclosure care costs has a balance of \$301,004 as of December 31, 2021, and represents the cumulative amount reported to date based on 69% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$132,099 as the remaining capacity is filled. At the present utilization rate, the landfill site life is estimated to exhaust in 11 years from the balance sheet date.

Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by Ark. Code Ann. § 8-6-1603 to establish financial assurance for the cost of closure and postclosure care in compliance with state regulations and the solid waste permit. The City has provided financial assurance of \$329,137 in the form of a Letter of Credit Note with BancorpSouth of Stuttgart, Arkansas.

Long-Term Debt Issued and Outstanding

| Date of Issue | Date of Final Maturity | Rate of Interest | Amount Authorized and Issued | Debt Outstanding December 31, 2021 | Maturities to December 31, 2021 |
|--------------------------|---------------------------|---------------------|------------------------------------|--|---------------------------------------|
| <u>Bonds</u> | | | | | |
| 12/14/21 | 12/1/51 | 0.71 - 2.625% | \$ 10,940,000 | \$ 10,940,000 | \$ 0 |
| 12/14/21 | 12/1/51 | 2.5 - 5% | 29,455,000 | 29,455,000 | 0 |
| Total Bonds | | | <u>40,395,000</u> | <u>40,395,000</u> | <u>0</u> |
| <u>Direct Borrowings</u> | | | | | |
| 1/17/17 | 3/1/35 | 3.25% | 350,000 | 265,817 | 84,183 |
| 7/20/21 | 2/29/24 | 2.34% | 159,500 | 148,137 | 11,363 |
| Total Direct Borrowings | | | <u>509,500</u> | <u>413,954</u> | <u>95,546</u> |
| Total Long-Term Debt | | | <u>\$ 40,904,500</u> | <u>\$ 40,808,954</u> | <u>\$ 95,546</u> |

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11: Commitments (Continued)

Changes in Long-Term Debt

| | Balance January 01, 2021 | Issued | Retired | Balance December 31, 2021 |
|--------------------------|-----------------------------|---------------|-----------------|------------------------------|
| Bonds payable | \$ 14,175,000 | \$ 40,395,000 | \$ 14,175,000 * | \$ 40,395,000 |
| <u>Direct Borrowings</u> | | | | |
| Notes payable | 281,663 | 159,500 | 27,209 | 413,954 |
| Total Long-Term Debt | \$ 14,456,663 | \$ 40,554,500 | \$ 14,202,209 | \$ 40,808,954 |

* Includes \$12,240,000 early retirement of debt – See Note 12.

Debt Service Requirements to Maturity

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

| Years Ending December 31, | Bonds | | | Direct Borrowings | | |
|------------------------------|---------------|---------------|---------------|-------------------|-----------|------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 850,000 | \$ 1,113,750 | \$ 1,963,750 | \$ 44,089 | \$ 11,809 | \$ 55,898 |
| 2023 | 840,000 | 1,124,773 | 1,964,773 | 45,277 | 10,622 | 55,899 |
| 2024 | 875,000 | 1,094,113 | 1,969,113 | 109,446 | 7,933 | 117,379 |
| 2025 | 905,000 | 1,060,868 | 1,965,868 | 18,008 | 6,992 | 25,000 |
| 2026 | 940,000 | 1,025,105 | 1,965,105 | 18,593 | 6,407 | 25,000 |
| 2027 through 2031 | 5,290,000 | 4,535,213 | 9,825,213 | 102,416 | 22,584 | 125,000 |
| 2032 through 2036 | 6,210,000 | 3,632,565 | 9,842,565 | 76,125 | 5,415 | 81,540 |
| 2037 through 2041 | 7,140,000 | 2,681,340 | 9,821,340 | | | |
| 2042 through 2046 | 8,160,000 | 1,673,790 | 9,833,790 | | | |
| 2047 through 2051 | 9,185,000 | 651,557 | 9,836,557 | | | |
| Totals | \$ 40,395,000 | \$ 18,593,074 | \$ 58,988,074 | \$ 413,954 | \$ 71,762 | \$ 485,716 |

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2021:

| Project Name | Completed or Estimated Completion | Contract Balance December 31, 2021 |
|---------------------|--------------------------------------|---------------------------------------|
| Airport Layout Plan | December 31, 2022 | \$ 92,258 |

NOTE 12: Debt Refunding

On December 14, 2021, the City issued, at par, \$10,940,000 in sales and use tax refunding revenue bonds with interest rates of 0.71 to 2.625 percent, to advance refund \$12,240,000 of outstanding bonds dated May 5, 2012, with interest rates from 2.0 to 5.0 percent. Bond proceeds of \$10,418,653, and debt service reserves of \$1,814,517, were deposited with an escrow agent to advance refund the bonds and pay related interest and fees. Proceeds of \$266,986 were used to establish a debt service reserve. The remaining proceeds of \$73,583 (net of issuance costs of \$180,778) will be utilized for street capital improvements.

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13: Interfund Transfers

General Fund transferred \$155,000 in excess sales tax to the Street Fund. Within Other Funds in the Aggregate, the Sales and Use Tax – Debt Service Fund transferred \$73,583 to the 2021 Sales and Use Tax – Capital Projects Fund, in accordance with bond terms, for capital improvements.

NOTE 14: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$40,395,000 in bonds that were issued in 2021 to provide funding for refunding bonds and street and drainage improvements. Total principal and interest remaining on the bonds are \$40,395,000 and \$18,593,074, respectively, payable through December 1, 2051. For 2021, principal and interest paid were \$1,935,000 and \$612,227, respectively.

The Debt Service Fund received \$2,655,594 in sales taxes in 2021, all of which must be used solely for the retirement of the underlying debt. When the bonds have been fully retired, the one cent sales and use tax shall no longer be levied or collected and any excess proceeds remaining at that time are permitted to be used for any municipal purpose.

NOTE 15: Stuttgart Library Commission

The Stuttgart Library Commission and the Arkansas County Library (Northern District) Library Board entered into an agreement in May 1975, in accordance with Amendment no. 30 and Section 4 of Amendment no. 38 to the Arkansas Constitution. The agreement states that the Stuttgart Library Commission agrees to make its facilities, books, and employees available for County Library purposes to all residents of the Northern District of Arkansas County, Arkansas. The Arkansas County (Northern District) Library Board agrees to pay over all the County Library taxes it receives to the Stuttgart Library Commission so as to eliminate duplication of effort and purchases and to achieve the maximum possible benefits of the coordination agreements. The Stuttgart Library Commission agrees to keep accurate records of all monies received and all monies expended, and to render an annual accounting to the Arkansas County (Northern District) Library Board and Arkansas County.

NOTE 16: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

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

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

Municipal Vehicle Program

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 16: Risk Management (Continued)

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

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

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

**NOTE 17: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On November 1, 2011, administration of the City of Stuttgart Firemen's Pension and Relief Fund and on January 1, 2010, the City of Stuttgart Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

**NOTE 17: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$424,981 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$225,594 for the year ended December 31, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$2,355,040.

NOTE 18: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$444,588 for the year ended June 30, 2021.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$1,117,321.

NOTE 19: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayor Marianne Maynard \$20,500 for the year ended December 31, 2021.

CITY OF STUTTGART, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 20: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer Mitri Greenhill \$21,000 for the year ended December 31, 2021.

NOTE 21: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City Received \$44,457 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act and \$19,121 from the Coronavirus Emergency Supplemental Funding (CESF) Program. The City was awarded \$1,758,965 in federal aid from the American Rescue Plan Act (ARPA) of 2021, and as of report date, \$1,758,965 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 22: Energy Service Agreement

The City entered into a 30 year energy service agreement on May 8, 2020, with Scenic Hill Solar to purchase all electricity produced by a solar photovoltaic array facility to be constructed in the city limits of Stuttgart, at an established variable rate. The agreement contains a provision that in an event of default by the city during the first year, an early termination fee of \$5,571,386 may be declared immediately due and the provider may exercise any rights and remedies available to it under applicable law. The early termination fee decreases each year over the term of the agreement. As of the report date, construction has not started.

CITY OF STUTTGART, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020

Schedule 1

| | SPECIAL REVENUE FUNDS | | | | | | | |
|--|-----------------------|---------------------------|-------------------|---------------------------------------|-------------------------------------|---------------------------|----------------------------|------------------|
| | District Court Cost | District Court Automation | Library | Fire Equipment and Training (Act 833) | District Judge and Clerk Retirement | Advertising and Promotion | Hospital Sales and Use Tax | Grants Projects |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 107,804 | \$ 84,414 | \$ 332,402 | \$ 58,742 | \$ 4,650 | \$ 40,388 | \$ 2,099,288 | \$ 46,833 |
| Accounts receivable | 533 | 540 | 533 | | 533 | 2,552 | 262,809 | |
| Interfund receivables | | | | | | | | |
| TOTAL ASSETS | \$ 108,337 | \$ 84,954 | \$ 332,935 | \$ 58,742 | \$ 5,183 | \$ 42,940 | \$ 2,362,097 | \$ 46,833 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | | | \$ 7,838 | | | | \$ 699,022 | |
| Interfund payables | | | | | | | | |
| Settlements pending | | | | | | | | |
| Total Liabilities | | | 7,838 | | | | 699,022 | |
| Fund Balances: | | | | | | | | |
| Restricted | \$ 108,337 | \$ 84,954 | 325,097 | \$ 58,742 | \$ 5,183 | \$ 42,940 | 1,663,075 | \$ 46,833 |
| Committed | | | | | | | | |
| Unassigned | | | | | | | | |
| Total Fund Balances | 108,337 | 84,954 | 325,097 | 58,742 | 5,183 | 42,940 | 1,663,075 | 46,833 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 108,337 | \$ 84,954 | \$ 332,935 | \$ 58,742 | \$ 5,183 | \$ 42,940 | \$ 2,362,097 | \$ 46,833 |

CITY OF STUTTGART, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2020

Schedule 1

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECTS FUNDS | | DEBT SERVICE FUND | ENTERPRISE FUND | CUSTODIAL FUNDS | | |
|-------------------------------------|-----------------------|--------------------------------|---|---|--|--------------------|-------------------------|------------------|----------------------|
| | Airport | American Rescue Plan Act | 2012 Sales and Use Tax - Capital Projects | 2021 Sales and Use Tax - Capital Projects | Sales and Use Tax - Debt Service | Solid Waste | Police Bond and Fine | District Court | Totals |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 36,810 | \$ 200,000 | \$ 176,431 | \$ 29,859,860 | \$ 1,245,872 | \$ 23,525 | \$ 1,650 | \$ 31,299 | \$ 34,349,968 |
| Accounts receivable | 159,637 | | | | 262,809 | 122,765 | | | 812,711 |
| Interfund receivables | | | | | | 742 | | | 742 |
| | | | | | | | | | |
| TOTAL ASSETS | <u>\$ 196,447</u> | <u>\$ 200,000</u> | <u>\$ 176,431</u> | <u>\$ 29,859,860</u> | <u>\$ 1,508,681</u> | <u>\$ 147,032</u> | <u>\$ 1,650</u> | <u>\$ 31,299</u> | <u>\$ 35,163,421</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 12,061 | | | \$ 100,690 | \$ 39,898 | \$ 58,956 | | | \$ 918,465 |
| Interfund payables | 261,187 | | | | | | | | 261,187 |
| Settlements pending | | | | | | | \$ 1,650 | \$ 31,299 | 32,949 |
| Total Liabilities | <u>273,248</u> | | | <u>100,690</u> | <u>39,898</u> | <u>58,956</u> | <u>1,650</u> | <u>31,299</u> | <u>1,212,601</u> |
| Fund Balances: | | | | | | | | | |
| Restricted | | \$ 200,000 | \$ 176,431 | 29,759,170 | 1,468,783 | | | | 33,939,545 |
| Committed | | | | | | 88,076 | | | 88,076 |
| Unassigned | (76,801) | | | | | | | | (76,801) |
| Total Fund Balances | <u>(76,801)</u> | <u>200,000</u> | <u>176,431</u> | <u>29,759,170</u> | <u>1,468,783</u> | <u>88,076</u> | | | <u>33,950,820</u> |
| | | | | | | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 196,447</u> | <u>\$ 200,000</u> | <u>\$ 176,431</u> | <u>\$ 29,859,860</u> | <u>\$ 1,508,681</u> | <u>\$ 147,032</u> | <u>\$ 1,650</u> | <u>\$ 31,299</u> | <u>\$ 35,163,421</u> |

CITY OF STUTTGART, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

| | SPECIAL REVENUE FUNDS | | | | | | | |
|--|-----------------------|---------------------------|----------------|---------------------------------------|-------------------------------------|---------------------------|----------------------------|-----------------|
| | District Court Cost | District Court Automation | Library | Fire Equipment and Training (Act 833) | District Judge and Clerk Retirement | Advertising and Promotion | Hospital Sales and Use Tax | Grants Projects |
| REVENUES | | | | | | | | |
| State aid | | | \$ 43,156 | \$ 25,506 | | | | \$ 2,550 |
| Federal aid | | | 44,457 | | | | | |
| Property taxes | | | 218,461 | | | | | |
| Sales taxes | | | | | | | \$ 2,655,594 | |
| Fines, forfeitures, and costs | \$ 17,943 | \$ 9,957 | | | \$ 6,931 | | | |
| Interest | 69 | 48 | 141 | 33 | | | | |
| Sanitation fees | | | | | | | | |
| Advertising and promotion taxes | | | | | | \$ 27,630 | | |
| Airport fuel sales | | | | | | | | |
| Rental income | | | | | | | | |
| Donations | | | 72,366 | | | | | |
| Other | | | 4,053 | | | | | |
| TOTAL REVENUES | 18,012 | 10,005 | 382,634 | 25,539 | 6,931 | 27,630 | 2,655,594 | 2,550 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | | | | | | 25,349 | | |
| Law enforcement | 25,440 | 3,740 | | | 3,555 | | | 2,321 |
| Highways and streets | | | | | | | | |
| Public safety | | | | 18,916 | | | | |
| Sanitation | | | | | | | | |
| Health | | | | | | | | |
| Recreation and culture | | | 282,722 | | | | | |
| Airport | | | | | | | | |
| Water and sewer | | | | | | | | |
| Total Current | 25,440 | 3,740 | 282,722 | 18,916 | 3,555 | 25,349 | | 2,321 |
| Debt Service: | | | | | | | | |
| Bond principal | | | | | | | | |
| Bond interest and other charges | | | | | | | | |
| Note principal | | | 15,846 | | | | | |
| Note interest | | | 9,154 | | | | | |
| TOTAL EXPENDITURES | 25,440 | 3,740 | 307,722 | 18,916 | 3,555 | 25,349 | | 2,321 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (7,428) | 6,265 | 74,912 | 6,623 | 3,376 | 2,281 | 2,655,594 | 229 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | | | | | | | | |
| Transfers out | | | | | | | | |
| Sales tax transferred to hospital | | | | | | | (1,984,355) | |
| Proceeds from refunding and improvement bond issues | | | | | | | | |
| Payment to refunding bond escrow agent | | | | | | | | |
| Premium on bond issues | | | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | | | | (1,984,355) | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (7,428) | 6,265 | 74,912 | 6,623 | 3,376 | 2,281 | 671,239 | 229 |
| FUND BALANCES - JANUARY 1, | 115,765 | 78,689 | 250,185 | 52,119 | 1,807 | 40,659 | 991,836 | 46,604 |
| FUND BALANCES - DECEMBER 31 | \$ 108,337 | \$ 84,954 | \$ 325,097 | \$ 58,742 | \$ 5,183 | \$ 42,940 | \$ 1,663,075 | \$ 46,833 |

CITY OF STUTTGART, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

| | SPECIAL REVENUES FUNDS | | CAPITAL PROJECTS FUNDS | | DEBT SERVICE FUND | ENTERPRISE FUND | |
|--|------------------------|--------------------------|---|---|----------------------------------|------------------|-------------------|
| | Airport | American Rescue Plan Act | 2012 Sales and Use Tax - Capital Projects | 2021 Sales and Use Tax - Capital Projects | Sales and Use Tax - Debt Service | Solid Waste | Totals |
| REVENUES | | | | | | | |
| State aid | \$ 186,841 | | | | | | \$ 258,053 |
| Federal aid | 102,466 | \$ 879,488 | | | | | 1,026,411 |
| Property taxes | | | | | | | 218,461 |
| Sales taxes | | | | | \$ 2,655,594 | | 5,311,188 |
| Fines, forfeitures, and costs | | | | | | | 34,831 |
| Interest | | | \$ 49 | \$ 1 | 495 | \$ 92 | 928 |
| Sanitation fees | | | | | | 1,575,288 | 1,575,288 |
| Advertising and promotion taxes | | | | | | | 27,630 |
| Airport fuel sales | 210,558 | | | | | | 210,558 |
| Rental income | 248,946 | | | | | | 248,946 |
| Donations | | | | | | | 72,366 |
| Other | 38,675 | | | | | 49,245 | 91,973 |
| TOTAL REVENUES | 787,486 | 879,488 | 49 | 1 | 2,656,089 | 1,624,625 | 9,076,633 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | | 2,287 | 75,132 | | | | 102,768 |
| Law enforcement | | 356,274 | | | | | 391,330 |
| Highways and streets | | 5,472 | | 487,469 | 180,778 | | 673,719 |
| Public safety | | 291,816 | | | | | 310,732 |
| Sanitation | | 7,715 | | | | 1,741,613 | 1,749,328 |
| Health | | 538 | | | | | 538 |
| Recreation and culture | | 1,077 | | | | | 283,799 |
| Airport | 764,964 | 1,391 | | | | | 766,355 |
| Water and sewer | | 12,918 | | | | | 12,918 |
| Total Current | 764,964 | 679,488 | 75,132 | 487,469 | 180,778 | 1,741,613 | 4,291,487 |
| Debt Service: | | | | | | | |
| Bond principal | | | | | 1,935,000 | | 1,935,000 |
| Bond interest and other charges | | | | | 636,248 | | 636,248 |
| Note principal | | | | | | 11,363 | 27,209 |
| Note interest | | | | | | 1,511 | 10,665 |
| TOTAL EXPENDITURES | 764,964 | 679,488 | 75,132 | 487,469 | 2,752,026 | 1,754,487 | 6,900,609 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 22,522 | 200,000 | (75,083) | (487,468) | (95,937) | (129,862) | 2,176,024 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | | | | 73,583 | | | 73,583 |
| Transfers out | | | | | (73,583) | | (73,583) |
| Sales tax transferred to hospital | | | | | | | (1,984,355) |
| Proceeds from refunding and improvement bond issues | | | | 28,736,163 | 11,658,837 | | 40,395,000 |
| Payment to refunding bond escrow agent | | | | | (12,240,000) | | (12,240,000) |
| Premium on bond issues | | | | 1,436,892 | | | 1,436,892 |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | 30,246,638 | (654,746) | | 27,607,537 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 22,522 | 200,000 | (75,083) | 29,759,170 | (750,683) | (129,862) | 29,783,561 |
| FUND BALANCES - JANUARY 1, | (99,323) | | 251,514 | | 2,219,466 | 217,938 | 4,167,259 |
| FUND BALANCES - DECEMBER 31 | \$ (76,801) | \$ 200,000 | \$ 176,431 | \$ 29,759,170 | \$ 1,468,783 | \$ 88,076 | \$ 33,950,820 |

CITY OF STUTTGART, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|---------------------------------------|---|
| District Court Cost | Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court. |
| District Court Automation | Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology. |
| Library | Ark. Code Ann. § 13-2-501 established fund to receive 100% of library property taxes collected by the County, state aid, interest from investments, and miscellaneous fees collected. Funds to be used solely for library related expenditures. |
| Fire Equipment and Training (Act 833) | Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs. |
| District Judge and Clerk Retirement | Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks. |
| Advertising and Promotion | Ark. Code Ann. § 26-75-606 and Stuttgart Ordinance no. 1868 (December 6, 2011) established fund to account for the tax levied on gross receipts of rental accommodations such as hotels. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. |
| Hospital Sales and Use Tax | Stuttgart Ordinance no. 1893 (December 17, 2013) established fund to receive sales and use tax monies for payment of hospital expenses. |
| Grants Projects | Established to receive and disburse funds granted from: U.S. Department of Commerce - Economic Development Administration, U.S. Department of Transportation - Federal Aviation Administration, and Arkansas Aeronautics to be used for airport infrastructure and rehabilitation; U.S. Fish and Wildlife Service in conjunction with the Arkansas Natural Heritage Commission, Arkansas Game and Fish Commission, Audubon Arkansas, and Arkansas Forestry Commission to be used for restoring and expanding prairie grass; and other agencies. |

CITY OF STUTTGART, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|---|--|
| Airport | Ark. Code Ann. § 14-361-116 established fund to receive revenues obtained by a municipality from the ownership, control, or operation of any airport or air navigation facility, including proceeds from the sale of any airport or portion thereof or air navigation facility property. The revenues shall be used solely for airport purposes. |
| American Rescue Plan Act | Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency. |
| 2012 Sales and Use Tax - Capital Projects | Established by Stuttgart Ordinance no. 1870 (April 26, 2012) to receive bond proceeds and accrued interest for the payment of capital equipment items and construction projects. |
| 2021 Sales and Use Tax - Capital Projects | Established by Stuttgart Ordinance no. 1987 (November 2, 2021) to receive bond proceeds and accrued interest for the payment of capital improvements. |
| Sales and Use Tax - Debt Service | Established by Stuttgart Ordinance no. 1870 (April 26, 2012) and 1987 (November 2, 2021) to receive sales and use tax monies for payment of principal, interest, and fees on the Sales and Use Tax bond series. |
| Solid Waste | Established by Stuttgart Ordinance no. 745 (June 7, 1972) to receive fees collected for sanitation related services. |
| Police Bond and Fine | Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department. |
| District Court | Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court. |

CITY OF STUTTGART, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

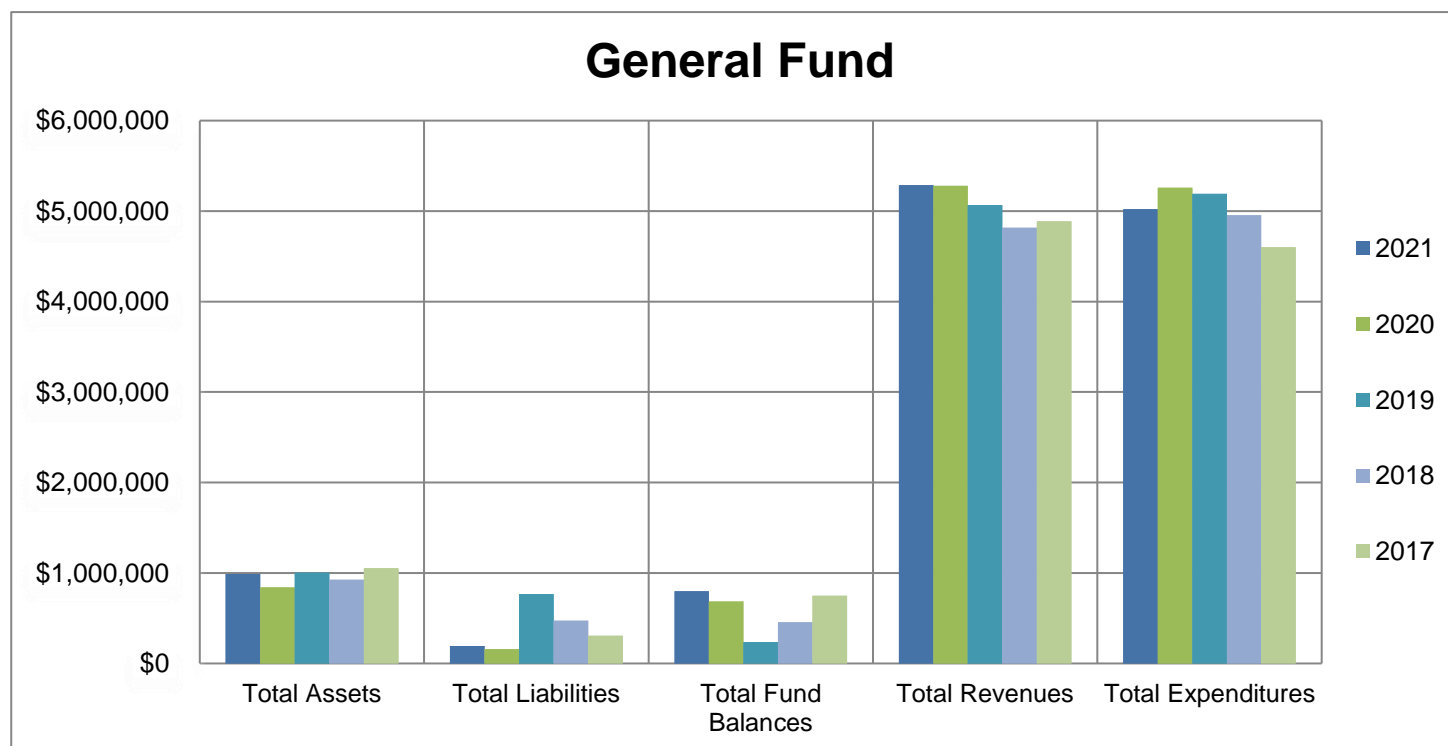
Schedule 3

| | December 31, 2021 |
|-----------|-----------------------------|
| Land | \$ 2,620,731 |
| Buildings | 10,118,085 |
| Equipment | <u>8,149,720</u> |
| Total | <u><u>\$ 20,888,536</u></u> |

CITY OF STUTT GART, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-1

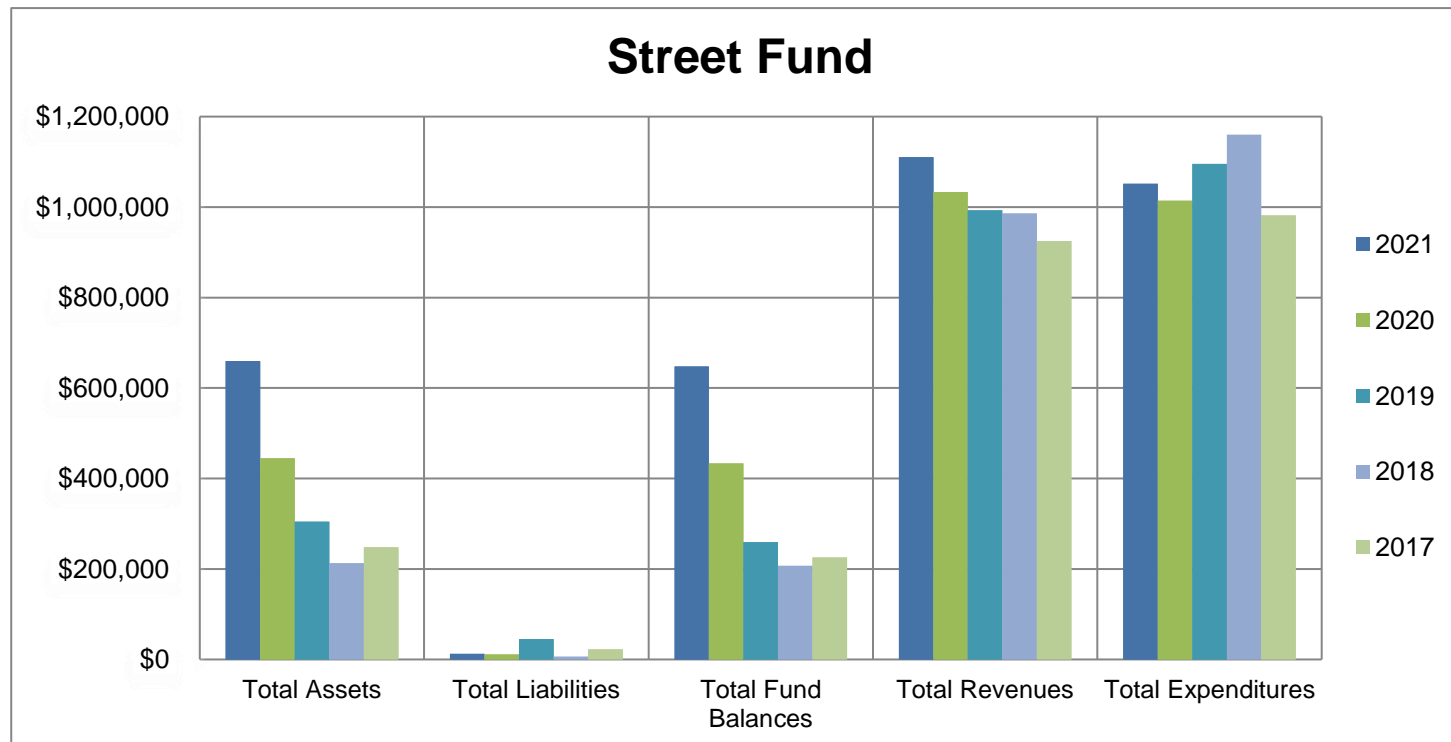
| <u>General</u> | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------------|------------|------------|--------------|------------|--------------|
| Total Assets | \$ 990,403 | \$ 840,765 | \$ 1,001,462 | \$ 925,838 | \$ 1,053,964 |
| Total Liabilities | 193,947 | 156,559 | 765,526 | 470,876 | 306,798 |
| Total Fund Balances | 796,456 | 684,206 | 235,936 | 454,962 | 747,166 |
| Total Revenues | 5,286,698 | 5,279,120 | 5,066,525 | 4,815,625 | 4,887,438 |
| Total Expenditures | 5,019,448 | 5,257,055 | 5,192,352 | 4,952,829 | 4,598,208 |
| Total Other Financing Sources/Uses | (155,000) | (155,000) | (93,199) | (155,000) | (155,000) |



CITY OF STUTTGART, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-2

| <u>Street</u> | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total Assets | \$ 659,737 | \$ 444,703 | \$ 304,567 | \$ 212,825 | \$ 247,839 |
| Total Liabilities | 12,366 | 11,063 | 45,289 | 5,939 | 22,463 |
| Total Fund Balances | 647,371 | 433,640 | 259,278 | 206,886 | 225,376 |
| Total Revenues | 1,110,500 | 1,033,229 | 992,882 | 986,104 | 924,721 |
| Total Expenditures | 1,051,769 | 1,013,867 | 1,095,490 | 1,159,594 | 981,394 |
| Total Other Financing Sources/Uses | 155,000 | 155,000 | 155,000 | 155,000 | 155,000 |



CITY OF STUTTGART, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-3

| Other Funds in the Aggregate | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 35,163,421 | \$ 5,083,841 | \$ 5,537,379 | \$ 6,014,905 | \$ 6,558,361 |
| Total Liabilities | 1,212,601 | 916,582 | 937,057 | 857,772 | 799,177 |
| Total Fund Balances | 33,950,820 | 4,167,259 | 4,600,322 | 5,157,133 | 5,759,184 |
| Total Revenues | 9,076,633 | 8,295,067 | 8,208,707 | 8,601,305 | 7,553,441 |
| Total Expenditures | 6,900,609 | 5,697,444 | 6,734,348 | 6,868,485 | 5,371,775 |
| Total Other Financing Sources/Uses | 27,607,537 | (2,449,481) | (2,031,170) | (2,334,871) | (2,244,535) |

