

City of Sheridan, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SHERIDAN, 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 Sheridan, 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 Sheridan, 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 Sheridan, 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 Sheridan, 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 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 August 24, 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
August 24, 2022
LOM119321

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 Sheridan, 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 Sheridan, 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 August 24, 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 August 24, 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, appearing to read "Timothy R. Jones". The signature is fluid and cursive, with the first name "Timothy" being more prominent.

Timothy R. Jones, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 24, 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 Sheridan, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

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

Mayor: Joe Wise, Jr.
Clerk/Treasurer: Carrie Smith
District Court Clerk: Jody Logan
Police Chief: Jason Teague

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, reading "Timothy R. Jones".

Timothy R. Jones, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 24, 2022

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 428,640	\$ 1,098,693	\$ 3,861,514
Accounts receivable	65,947	1,195	449,446
Interfund receivables	4,103		71,500
	<u>498,690</u>	<u>1,099,888</u>	<u>4,382,460</u>
TOTAL ASSETS	<u>\$ 498,690</u>	<u>\$ 1,099,888</u>	<u>\$ 4,382,460</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 23,106		\$ 162,822
Interfund payables			75,603
Settlements pending			169,483
Total Liabilities	<u>23,106</u>		<u>407,908</u>
Fund Balances:			
Restricted		\$ 1,099,888	1,619,198
Committed			88,328
Assigned	4,787		2,304,425
Unassigned	470,797		(37,399)
Total Fund Balances	<u>475,584</u>	<u>1,099,888</u>	<u>3,974,552</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 498,690</u>	<u>\$ 1,099,888</u>	<u>\$ 4,382,460</u>

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

CITY OF SHERIDAN, 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	\$ 75,793	\$ 386,980	\$ 58,383
Federal aid	5,519		595,797
Property taxes		112,440	
Franchise fees	180,885		
Sales taxes		156,502	3,034,634
Fines, forfeitures, and costs	97,773		38,199
Interest	1,848	4,844	4,325
Local permits and fees	20,533		70,062
Sanitation fees	413,982		
Insurance proceeds			6,536
Commissary			17,579
Sale of equipment			14,953
Jail fees			988,018
Contribution from Grant County	6,750		9,750
Other	3,617		241,473
TOTAL REVENUES	806,700	660,766	5,079,709
EXPENDITURES			
Current:			
General government	331,110		
Law enforcement	543,895		2,345,980
Highways and streets		584,899	
Public safety	119,345		51,433
Sanitation	299,913		
Recreation and culture			1,128,974
Total Current	1,294,263	584,899	3,526,387
Debt Service:			
Bond principal			195,000
Bond interest and other charges			47,898
TOTAL EXPENDITURES	1,294,263	584,899	3,769,285

CITY OF SHERIDAN, 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	\$ (487,563)	\$ 75,867	\$ 1,310,424
OTHER FINANCING SOURCES (USES)			
Transfers in	616,991		7,480
Transfers out	(7,480)		(616,991)
Contribution from water department	40,000		
TOTAL OTHER FINANCING SOURCES (USES)	649,511		(609,511)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	161,948	75,867	700,913
FUND BALANCES - JANUARY 1	313,636	1,024,021	3,273,639
FUND BALANCES - DECEMBER 31	\$ 475,584	\$ 1,099,888	\$ 3,974,552

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

CITY OF SHERIDAN, 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	\$ 79,950	\$ 75,793	\$ (4,157)	\$ 315,306	\$ 386,980	\$ 71,674
Federal aid	3,200	5,519	2,319			
Property taxes				103,000	112,440	9,440
Franchise fees	201,000	180,885	(20,115)			
Sales taxes				102,000	156,502	54,502
Fines, forfeitures, and costs	102,190	97,773	(4,417)			
Interest	1,504	1,848	344	5,600	4,844	(756)
Local permits and fees	21,400	20,533	(867)			
Sanitation fees	410,000	413,982	3,982			
Contribution from Grant County	6,750	6,750	0			
Other	405,242	3,617	(401,625)			
TOTAL REVENUES	1,231,236	806,700	(424,536)	525,906	660,766	134,860
EXPENDITURES						
Current:						
General government	342,312	331,110	11,202			
Law enforcement	535,482	543,895	(8,413)			
Highways and streets				1,064,575	584,899	479,676
Public safety	139,750	119,345	20,405			
Sanitation	317,239	299,913	17,326			
TOTAL EXPENDITURES	1,334,783	1,294,263	40,520	1,064,575	584,899	479,676
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(103,547)	(487,563)	(384,016)	(538,669)	75,867	614,536
OTHER FINANCING SOURCES (USES)						
Transfers in	122,500	616,991	494,491			
Transfers out	(7,300)	(7,480)	(180)			
Contribution from water department		40,000	40,000			
TOTAL OTHER FINANCING SOURCES (USES)	115,200	649,511	534,311			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	11,653	161,948	150,295	(538,669)	75,867	614,536
FUND BALANCES - JANUARY 1	250,000	313,636	63,636	900,000	1,024,021	124,021
FUND BALANCES - DECEMBER 31	\$ 261,653	\$ 475,584	\$ 213,931	\$ 361,331	\$ 1,099,888	\$ 738,557

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Sheridan 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, property taxes, and sales 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.

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.

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 and savings accounts, certificates of deposit, and treasury bills.

Settlements Pending

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

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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)	\$ 901,820	\$ 905,806
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	4,344,982	4,434,800
Uncollateralized	141,870	141,870
 Total Deposits	 \$ 5,388,672	 \$ 5,482,476

The above total deposits do not include cash on hand of \$175.

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

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial risk. As of December 31, 2021, \$141,870 of the City's bank balance of \$5,482,476 was exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasurer Obligations, 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.

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
State aid		\$ 1,195	
Federal aid	\$ 2,969		\$ 9,881
Franchise fees	22,973		
Sales taxes			279,644
Fines, forfeitures, and costs	7,368		1,105
Sanitation fees	32,637		
Insurance proceeds			6,136
Jail fees			85,929
Transfer in			8,750
Other			58,001
Totals	<u>\$ 65,947</u>	<u>\$ 1,195</u>	<u>\$ 449,446</u>

NOTE 5: Accounts Payable

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

Description	General Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 23,106</u>	<u>\$ 162,822</u>

CITY OF SHERIDAN, 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	\$ 4,103	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Fire Equipment and Training		\$ 71,500
Jail Operations	71,500	4,103
Totals	<u>\$ 75,603</u>	<u>\$ 75,603</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid as funds are available.

NOTE 7: 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			\$ 510,889
Law enforcement			26,495
Highways and streets		\$ 1,099,888	
Public safety			173,700
Recreation and culture			398,683
Pension benefits			227,739
Debt service			281,692
Total Restricted		<u>1,099,888</u>	<u>1,619,198</u>
Committed for:			
Law enforcement			43,263
Public safety			45,065
Total Committed			<u>88,328</u>
Assigned to:			
Law enforcement	\$ 4,787		1,590,811
Recreation and culture			713,614
Total Assigned	<u>4,787</u>		<u>2,304,425</u>
Unassigned	<u>470,797</u>		<u>(37,399)</u>
Totals	<u>\$ 475,584</u>	<u>\$ 1,099,888</u>	<u>\$ 3,974,552</u>

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

NOTE 8: 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:	
Fire Equipment and Training	\$ (37,399)

NOTE 9: 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 \$15,599,362. 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 \$4,018,297. There were no short-term financing obligations.

NOTE 10: Commitments

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

	December 31, 2021
Long-term liabilities	\$ 1,241,170
Construction contracts	388,096
	<hr/>
Total Commitments	\$ 1,629,266

Long-term liabilities

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

	December 31, 2021
<u>Bonds</u>	
Sales and Use Tax Capital Improvement Bond Series 2011 dated December 13, 2011, in the amount of \$2,800,000, annual installments beginning December 1, 2012, of \$155,000 - \$230,000 plus interest, due June 1, 2012 through December 1, 2026; interest at 2.0% - 3.9%. Payments are to be made from the Debt Service Fund.	\$ 1,070,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost.	171,170
	<hr/>
Total Long-term liabilities	\$ 1,241,170

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

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

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$1,070,000 contains 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.

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>					
12/13/11	12/1/26	2.0 - 3.9%	<u>\$ 2,800,000</u>	<u>\$ 1,070,000</u>	<u>\$ 1,730,000</u>

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
Bonds payable	<u>\$ 1,265,000</u>	<u>\$ 0</u>	<u>\$ 195,000</u>	<u>\$ 1,070,000</u>

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2022	\$ 200,000	\$ 39,565	\$ 239,565
2023	205,000	32,665	237,665
2024	215,000	25,285	240,285
2025	220,000	17,330	237,330
2026	230,000	8,970	238,970
Totals	<u>\$ 1,070,000</u>	<u>\$ 123,815</u>	<u>\$ 1,193,815</u>

Construction Contracts

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

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2021
High Street Sidewalk	April 15, 2022	\$ 132,990
Sports Complex Concession Stand	August 19, 2022	255,106
Total Construction Contracts		<u>\$ 388,096</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$7,480 to the Other Funds in the Aggregate (Police Equipment) to supplement operations. The Other Funds in the Aggregate transferred \$616,991 (\$576,991 from Jail Operations and 40,000 from Parks and Recreation) to the General Fund for excess sales taxes collected.

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

NOTE 12: Pledged Revenues

The City pledged future one percent sales and use taxes levied by Sheridan Ordinance no. 09-4 (February 12, 2009) approved by voters at a special election on April 14, 2009 to repay \$2,800,000 in bonds that were issued in 2011 pursuant to Sheridan Ordinance no. 11-06 (October 18, 2011) to finance paving and improving streets in the City. Total principal and interest remaining on the bonds are \$1,070,000 and \$123,815, respectively, payable through December 1, 2026. For 2021, principal and interest paid were \$195,000 and \$46,098, respectively.

The Debt Service Fund received \$253,049 in sales taxes in 2021. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city purposes.

NOTE 13: Related Party Transactions

The City of Sheridan maintained bank balances of \$3,472,450 with Peoples Bank as of December 31, 2021. A member of the City's City Council is also the Vice President at Peoples Bank. The City Council approved Ordinance no. 2021-7 authorizing the continuation of business with Peoples Bank.

NOTE 14: Joint Venture – Regional Airport Authority

The City of Sheridan and Grant County share in joint ownership of the airport on a 50-50 basis as established by an Interlocal agreement, as Grant County Ordinance no. 1978-21 (January 9, 1978). The authority is governed by eight board members. Each governing body appoints three members and the County Judge and Mayor each appoint an additional member. The City did not make any contributions on behalf of the Regional Airport Authority in 2021. The financial statements of the Regional Airport Authority have not been audited. Financial information may be obtained at 101 West Center, Sheridan, AR 72150.

NOTE 15: Jointly Governed Organization

The Prosecuting Attorneys of the Seventh and Ninth (East) Judicial Districts, the Sheriffs' Departments of Clark, Grant, and Hot Springs Counties, and the Police Departments of Malvern, Sheridan, and Arkadelphia entered into an agreement to establish the Group "6" Narcotics Enforcement Unit. The agreement covers the period July 1, 2021 to July 1, 2022, and may be extended by mutual agreement. Funding was provided through federal and state grants in addition to contributions from the participating entities. The City made salary and expense payments on behalf of the Group "6" narcotics Enforcement Unit in the amount of \$102,728 and received reimbursement from the Group "6" Narcotics Enforcement Unit in the amount of \$55,774. Separate financial statements of the Group "6" Narcotics Enforcement Unit are not available.

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.

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

NOTE 16: Risk Management (Continued)

Municipal Vehicle Program (Continued)

- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$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 December 31, 2012, administration of the City of Sheridan's Firemen'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:

- 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

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

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

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 \$20,149 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$17,842 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 \$99,118.

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 \$314,299 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 \$789,883.

NOTE 19: 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). The City was awarded \$1,021,194 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$1,021,194 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF SHERIDAN, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS								
	Parks and Recreation	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Alcohol Testing Device	Police Equipment	Fire Equipment and Training	District Court Costs	Court Automation	Fire Equipment
ASSETS									
Cash and cash equivalents	\$ 1,256,624	\$ 102	\$ 173,700	\$ 3,888	\$ 37,127 6,136	\$ 34,101	\$ 100	\$ 22,405	\$ 45,065
Accounts receivable									
Interfund receivables									
TOTAL ASSETS	<u>\$ 1,256,624</u>	<u>\$ 102</u>	<u>\$ 173,700</u>	<u>\$ 3,888</u>	<u>\$ 43,263</u>	<u>\$ 34,101</u>	<u>\$ 100</u>	<u>\$ 22,405</u>	<u>\$ 45,065</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 144,327								
Interfund payables						\$ 71,500			
Settlements pending									
Total Liabilities	<u>144,327</u>					<u>71,500</u>			
Fund Balances:									
Restricted	398,683	\$ 102	\$ 173,700	\$ 3,888			\$ 100	\$ 22,405	
Committed					\$ 43,263				\$ 45,065
Assigned	713,614								
Unassigned						(37,399)			
Total Fund Balances	<u>1,112,297</u>	<u>102</u>	<u>173,700</u>	<u>3,888</u>	<u>43,263</u>	<u>(37,399)</u>	<u>100</u>	<u>22,405</u>	<u>45,065</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,256,624</u>	<u>\$ 102</u>	<u>\$ 173,700</u>	<u>\$ 3,888</u>	<u>\$ 43,263</u>	<u>\$ 34,101</u>	<u>\$ 100</u>	<u>\$ 22,405</u>	<u>\$ 45,065</u>

CITY OF SHERIDAN, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CUSTODIAL FUNDS					
	District Judge's Retirement	Jail Operations	American Rescue Plan Act	Debt Service	Police Bond and Fine	District Court	Administration of Justice	Payroll	Tiger Commissary	Totals
ASSETS										
Cash and cash equivalents	\$ 227,739	\$ 1,238,421	\$ 510,889	\$ 141,870	\$ 16,779	\$ 110,445	\$ 100	\$ 17,562	\$ 24,597	\$ 3,861,514
Accounts receivable		303,488		139,822						449,446
Interfund receivables		71,500								71,500
TOTAL ASSETS	\$ 227,739	\$ 1,613,409	\$ 510,889	\$ 281,692	\$ 16,779	\$ 110,445	\$ 100	\$ 17,562	\$ 24,597	\$ 4,382,460
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable		\$ 18,495								\$ 162,822
Interfund payables		4,103								75,603
Settlements pending					\$ 16,779	\$ 110,445	\$ 100	\$ 17,562	\$ 24,597	169,483
Total Liabilities		22,598			16,779	110,445	100	17,562	24,597	407,908
Fund Balances:										
Restricted	\$ 227,739		\$ 510,889	\$ 281,692						1,619,198
Committed										88,328
Assigned		1,590,811								2,304,425
Unassigned										(37,399)
Total Fund Balances	227,739	1,590,811	510,889	281,692						3,974,552
TOTAL LIABILITIES AND FUND BALANCES	\$ 227,739	\$ 1,613,409	\$ 510,889	\$ 281,692	\$ 16,779	\$ 110,445	\$ 100	\$ 17,562	\$ 24,597	\$ 4,382,460

CITY OF SHERIDAN, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS					
	Parks and Recreation	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Alcohol Testing Device	Police Equipment	Fire Equipment and Training
REVENUES						
State aid						\$ 58,383
Federal aid						
Sales taxes	\$ 1,185,993					
Fines, forfeitures, and costs		\$ 7,918		\$ 186	\$ 3,145	\$ 1,096
Interest	116	4	\$ 472	4	23	1
Local permits and fees	48,587					
Insurance proceeds					6,536	
Commissary					17,579	
Sale of equipment	3,000				11,953	
Jail fees						
Contribution from Grant County						
Other	126				6,300	
TOTAL REVENUES	1,237,822	7,922	472	190	45,536	58,383
EXPENDITURES						
Current:						
Law enforcement		7,922			18,871	1,097
Public safety			2,300			4,823
Recreation and culture	1,128,974					
Total Current	1,128,974	7,922	2,300		18,871	4,823
Debt Service:						
Bond principal						
Bond interest and other charges						
TOTAL EXPENDITURES	1,128,974	7,922	2,300		18,871	4,823
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108,848		(1,828)	190	26,665	53,560
OTHER FINANCING SOURCES (USES)						
Transfers in					7,480	
Transfers out	(40,000)					
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)				7,480	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	68,848		(1,828)	190	34,145	53,560
FUND BALANCES - JANUARY 1	1,043,449	102	175,528	3,698	9,118	(90,959)
FUND BALANCES - DECEMBER 31	\$ 1,112,297	\$ 102	\$ 173,700	\$ 3,888	\$ 43,263	\$ (37,399)

CITY OF SHERIDAN, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	
	Court Automation	Fire Equipment	District Judge's Retirement	Jail Operations	American Rescue Plan Act	Debt Service	Totals
REVENUES							
State aid							\$ 58,383
Federal aid				\$ 85,197	\$ 510,600		595,797
Sales taxes				1,595,592		\$ 253,049	3,034,634
Fines, forfeitures, and costs	\$ 8,069		\$ 5,373	12,412			38,199
Interest	2		348	3,014	289	52	4,325
Local permits and fees		\$ 21,475					70,062
Insurance proceeds							6,536
Commissary							17,579
Sale of equipment							14,953
Jail fees				988,018			988,018
Contribution from Grant County		9,750					9,750
Other		865		234,182			241,473
TOTAL REVENUES	8,071	32,090	5,721	2,918,415	510,889	253,101	5,079,709
EXPENDITURES							
Current:							
Law enforcement	6,404			2,311,686			2,345,980
Public safety		44,310					51,433
Recreation and culture							1,128,974
Total Current	6,404	44,310		2,311,686			3,526,387
Debt Service:							
Bond principal						195,000	195,000
Bond interest and other charges						47,898	47,898
TOTAL EXPENDITURES	6,404	44,310		2,311,686		242,898	3,769,285
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,667	(12,220)	5,721	606,729	510,889	10,203	1,310,424
OTHER FINANCING SOURCES (USES)							
Transfers in							7,480
Transfers out				(576,991)			(616,991)
TOTAL OTHER FINANCING SOURCES (USES)				(576,991)			(609,511)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,667	(12,220)	5,721	29,738	510,889	10,203	700,913
FUND BALANCES - JANUARY 1	20,738	57,285	222,018	1,561,073		271,489	3,273,639
FUND BALANCES - DECEMBER 31	\$ 22,405	\$ 45,065	\$ 227,739	\$ 1,590,811	\$ 510,889	\$ 281,692	\$ 3,974,552

CITY OF SHERIDAN, 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>
Parks and Recreation	Established by Sheridan Ordinance no. 97-7 (May 19, 2007) for the operation and maintenance of the City's recreation center. Continued by Sheridan Ordinance no. 09-5 (February 12, 2009) following extension of the related sales tax.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive the City's share of uniform court cost and filing fees to be used to defray a part of the expenses of the administration of justice in the City.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Alcohol Testing Device	Ark. Code Ann. § 16-10-307 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
Police Equipment	Established by Sheridan Ordinance no. 03-3 (February 4, 2003) to replace and maintain the Police Department's vehicles and equipment.
Fire Equipment and Training	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 Court Costs	Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.
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.
Fire Equipment	Established by Sheridan Ordinance no. 03-4 (February 4, 2003) for the operation and maintenance of the City's Fire Department. Interlocal agreement with Grant County pursuant to Ark. Code Ann. § 25-20-101 provides for Grant County to subsidize emergency medical service with a portion of the quarter percent sales tax approved by voters on August 12, 2008. Sheridan Ordinance no. 12-5 (June 5, 2012) established an annual subscription fee of \$35 for providing fire protection services outside of the City.

CITY OF SHERIDAN, 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 Judge's 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.
Jail Operations	Sheridan Ordinance no. 95-6 (July 6, 1995) levied a one percent sales and use tax for the purpose of issuing bonds to finance the construction of a jail facility and to pay for the operation and maintenance of the jail facility. Sheridan Ordinance no. 14-3 (August 4, 2014) continued the levy of a one percent sales and use tax for police protection, fire protection, and operating and maintaining the jail facility for the City.
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.
Debt Service	In 2011, voters approved a one cent sales and use tax to retire bonds issued related to parks and recreation operations and street maintenance and construction. Taxes collected in excess of parks and recreation operations and street debt service requirements may be used for general purposes of the City.
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.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the City's share of uniform court costs and filing fees to be used to defray a part of the expenses of the administration of justice in the City.
Payroll	Established to process the payroll of all employees.
Tiger Commissary	Established to receive funds from inmates to be used to operate the inmate commissary and other law enforcement expenses.

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

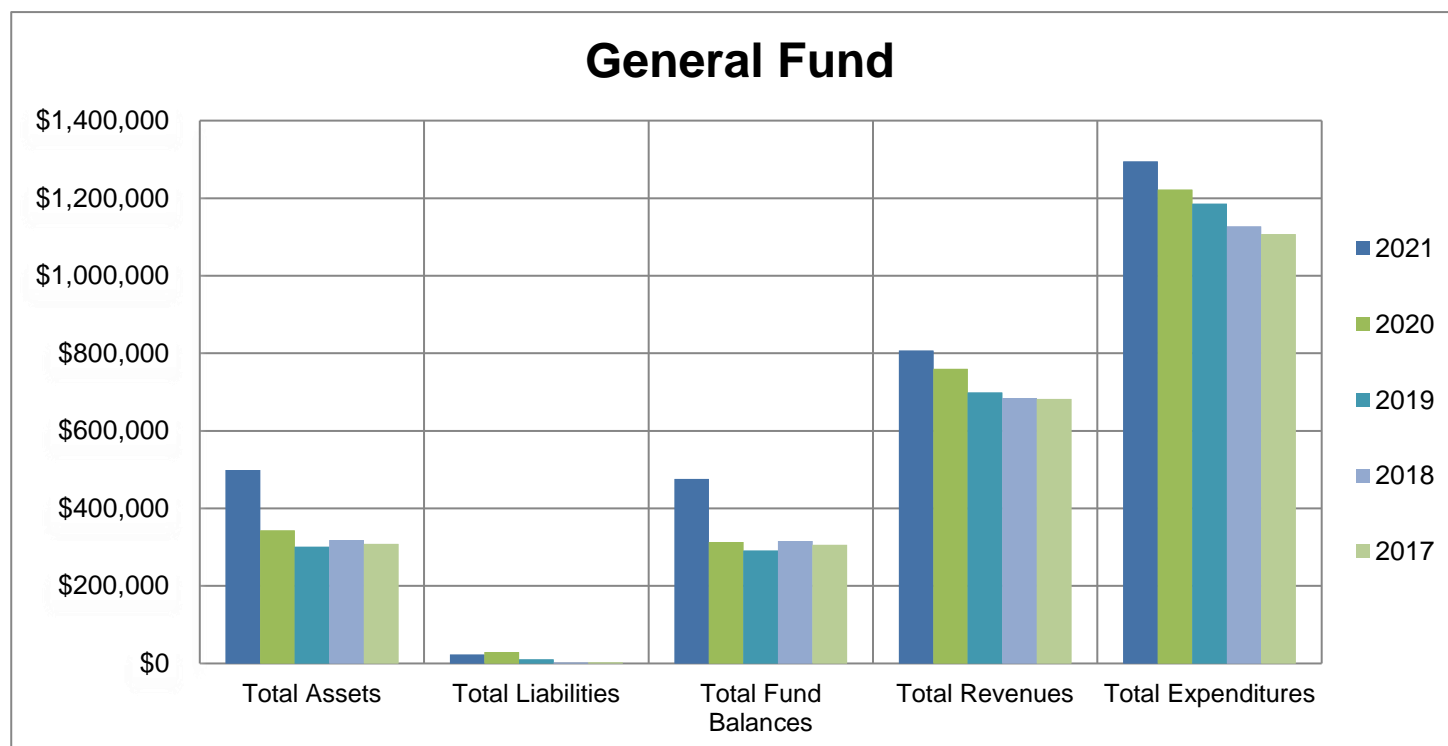
Schedule 3

	December 31, 2021
Land	\$ 582,232
Buildings	3,353,520
Construction in progress	232,177
Infrastructure	210,150
Improvements	2,397,498
Heavy machinery	58,300
Vehicles	2,007,735
Equipment	899,686
	<hr/>
Total	\$ 9,741,298
	<hr/>

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

Schedule 4-1

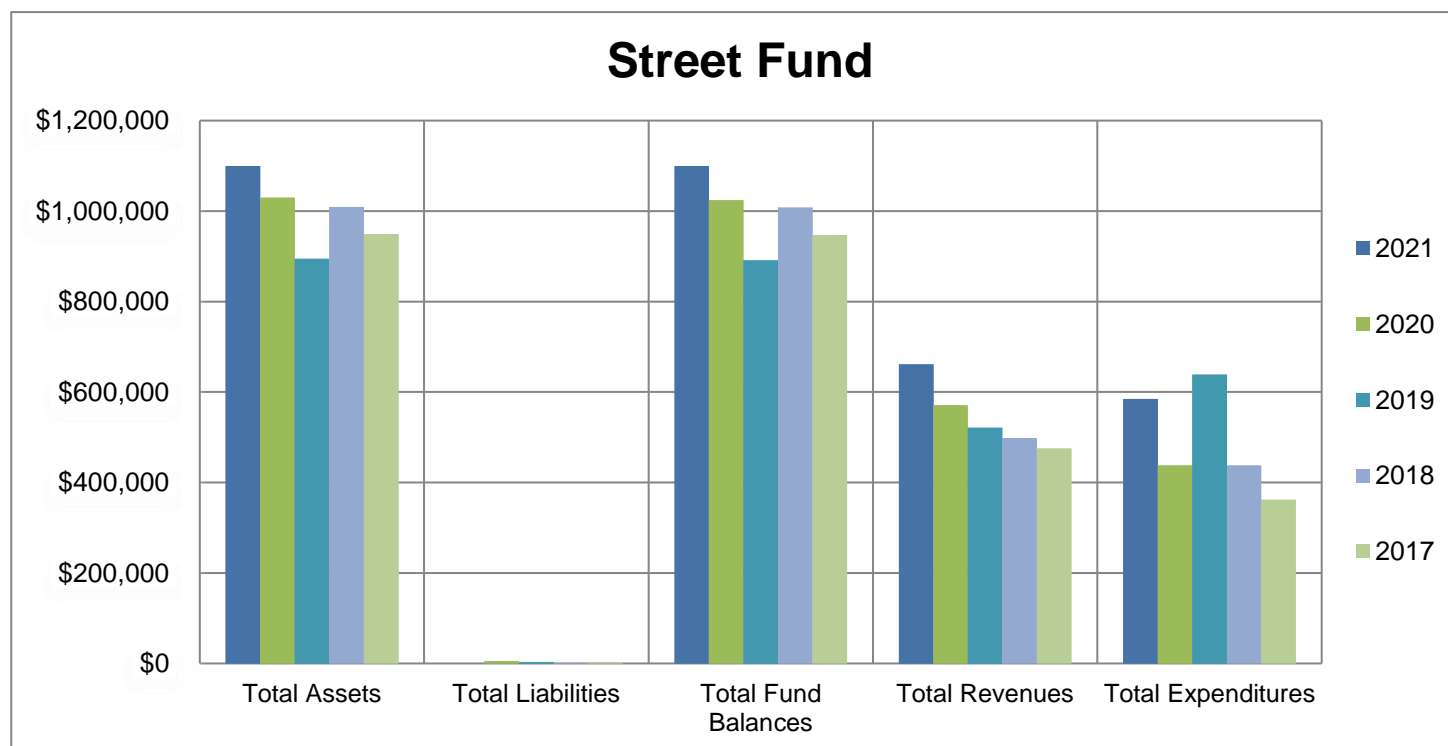
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 498,690	\$ 342,961	\$ 300,931	\$ 318,055	\$ 308,538
Total Liabilities	23,106	29,325	10,231	2,446	2,607
Total Fund Balances	475,584	313,636	290,700	315,609	305,976
Total Revenues	806,700	759,740	698,722	684,982	682,422
Total Expenditures	1,294,263	1,221,828	1,185,308	1,127,141	1,106,918
Total Other Financing Sources/Uses	649,511	485,024	461,677	451,792	444,723



CITY OF SHERIDAN, 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	\$ 1,099,888	\$ 1,029,650	\$ 894,221	\$ 1,009,336	\$ 949,185
Total Liabilities		5,629	3,551	1,400	2,032
Total Fund Balances	1,099,888	1,024,021	890,670	1,007,936	947,153
Total Revenues	660,766	570,671	521,111	498,680	474,813
Total Expenditures	584,899	437,320	638,377	437,897	362,200
Total Other Financing Sources/Uses					



CITY OF SHERIDAN, 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	\$ 4,382,460	\$ 3,553,165	\$ 2,998,290	\$ 2,677,373	\$ 2,583,359
Total Liabilities	407,908	279,526	300,535	291,635	294,294
Total Fund Balances	3,974,552	3,273,639	2,687,755	2,385,738	2,289,065
Total Revenues	5,079,709	4,220,075	4,038,178	3,644,412	3,362,420
Total Expenditures	3,769,285	3,184,167	3,306,485	3,127,771	3,018,743
Total Other Financing Sources/Uses	(609,511)	(450,024)	(429,676)	(419,968)	(413,523)

