

City of Dardanelle, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DARDANELLE, ARKANSAS
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Arkansas

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



Rep. Richard Womack
House Chair
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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 Dardanelle, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Dardanelle, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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.

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" paragraph, the 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 City of Dardanelle, Arkansas, as of December 31, 2020, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the 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 Dardanelle, Arkansas, as of December 31, 2020, 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.

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 Government Accounting Standards Board. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
September 24, 2021
LOM102420

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 Dardanelle, 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 accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Dardanelle, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021. 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.

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

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

Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated September 24, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 24, 2021

Arkansas

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



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2020:

Mayor: Jimmy Witt
Clerk: Frances Cross:
Treasurer: Betty Smith
Police Chief: Wilson Short

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 24, 2021

CITY OF DARDANELLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 1,450,807	\$ 243,606	\$ 582,222
Investments			647,511
Accounts receivable	208,448		94,518
Interfund receivables		5,000	
	<u>1,659,255</u>	<u>248,606</u>	<u>1,324,251</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 37,529	\$ 10,924	\$ 51,636
Interfund payables	5,000		
Settlements pending			3,356
Total Liabilities	<u>42,529</u>	<u>10,924</u>	<u>54,992</u>
Fund Balances:			
Restricted	2,464	40,025	1,162,028
Committed			107,231
Assigned	61,640	197,657	
Unassigned	1,552,622		
Total Fund Balances	<u>1,616,726</u>	<u>237,682</u>	<u>1,269,259</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 1,659,255</u>	<u>\$ 248,606</u>	<u>\$ 1,324,251</u>

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

CITY OF DARDANELLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 70,401	\$ 358,204	\$ 33,259
Federal aid	194,045		127,989
Property taxes	189,470	37,502	37,459
Franchise fees	205,315		12,860
Sales taxes	1,466,387		1,044,291
Fines, forfeitures, and costs	175,929		65,471
Interest	8,955	2,361	16,099
Local permits and fees	20,894		
Sanitation fees			274,884
Cemetery lot sales	21,805		
Recreation fees	22,205		
Concession fees	21,338		
Rental income	29,251		
Grant income	10,075		
Net increase/(decrease) in fair value of investments			50,091
Other	107,449		1,446
TOTAL REVENUES	2,543,519	398,067	1,663,849
EXPENDITURES			
Current:			
General government	509,009		45,858
Law enforcement	1,167,830		51,901
Highways and streets		447,233	33,225
Public safety	101,624		210,470
Sanitation			235,218
Recreation and culture	472,527		71,282
Social services	28,304		
2019 flood expenses	2,260		
Total Current	2,281,554	447,233	647,954
Debt Service:			
Bond principal			320,000
Bond interest and other charges			123,507
Lease principal	23,476		
Lease interest	1,073		
Note principal	57,909		
Note interest	8,748		
TOTAL EXPENDITURES	2,372,760	447,233	1,091,461

CITY OF DARDANELLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 170,759	\$ (49,166)	\$ 572,388
OTHER FINANCING SOURCES (USES)			
Contribution to water department			(600,667)
Contribution from water department	9,394		
TOTAL OTHER FINANCING SOURCES (USES)	9,394		(600,667)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	180,153	(49,166)	(28,279)
FUND BALANCES - JANUARY 1	1,436,573	286,848	1,297,538
FUND BALANCES - DECEMBER 31	<u>\$ 1,616,726</u>	<u>\$ 237,682</u>	<u>\$ 1,269,259</u>

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

CITY OF DARDANELLE, 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, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 175,000	\$ 70,401	\$ (104,599)	\$ 585,000	\$ 358,204	\$ (226,796)
Federal aid		194,045	194,045			
Property taxes	200,000	189,470	(10,530)	32,000	37,502	5,502
Franchise fees	200,000	205,315	5,315			
Sales taxes	1,400,000	1,466,387	66,387			
Fines, forfeitures, and costs	200,000	175,929	(24,071)			
Interest	3,700	8,955	5,255		2,361	2,361
Local permits and fees	25,000	20,894	(4,106)			
Cemetery lot sales	10,000	21,805	11,805			
Recreation fees	140,000	22,205	(117,795)			
Concession fees		21,338	21,338			
Rental income		29,251	29,251			
Grant income		10,075	10,075			
Other	215,000	107,449	(107,551)			
TOTAL REVENUES	2,568,700	2,543,519	(25,181)	617,000	398,067	(218,933)
EXPENDITURES						
Current:						
General government	888,371	509,009	379,362			
Law enforcement	1,096,726	1,167,830	(71,104)			
Highways and streets				811,843	447,233	364,610
Public safety	111,028	101,624	9,404			
Recreation and culture	622,683	472,527	150,156			
Social services	28,042	28,304	(262)			
2019 flood expenses		2,260	(2,260)			
Total Current	2,746,850	2,281,554	465,296	811,843	447,233	364,610
Debt Service:						
Lease principal		23,476	(23,476)			
Lease interest		1,073	(1,073)			
Note principal		57,909	(57,909)			
Note interest		8,748	(8,748)			
TOTAL EXPENDITURES	2,746,850	2,372,760	374,090	811,843	447,233	364,610

CITY OF DARDANELLE, 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, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (178,150)	\$ 170,759	\$ 348,909	\$ (194,843)	\$ (49,166)	\$ 145,677
OTHER FINANCING SOURCES (USES)						
Transfers in	81,000		(81,000)			
Contribution from water department		9,394	9,394			
TOTAL OTHER FINANCING SOURCES (USES)	81,000	9,394	(71,606)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(97,150)	180,153	277,303	(194,843)	(49,166)	145,677
FUND BALANCES - JANUARY 1	505,000	1,436,573	1,436,573	290,000	286,848	(3,152)
FUND BALANCES - DECEMBER 31	<u>\$ 407,850</u>	<u>\$ 1,616,726</u>	<u>\$ 1,713,876</u>	<u>\$ 95,157</u>	<u>\$ 237,682</u>	<u>\$ 142,525</u>

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Dardanelle 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 Waste Water. 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.

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 DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand, savings, money market accounts, and certificates of deposit.

Investments

Investments are reported at fair value.

Settlements Pending

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

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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)	\$ 1,000,000	\$ 1,000,000
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	1,201,950	1,258,150
Uncollateralized	74,585	74,585
Total Deposits	\$ 2,276,535	\$ 2,332,735

The above total deposits do not include cash on hand of \$100.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$74,585 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury 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.

CITY OF DARDANELLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

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

Pension Trust Funds

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2020 Fair Value
Firemen's Pension	\$ 647,511

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City's investments are composed of the following:

<u>December 31, 2020</u> Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Stocks and Exchange-Traded funds	\$ 348,778
Mutual funds	298,733
Totals	\$ 647,511

The fair value of stocks, mutual funds, and exchange-traded funds is measured on a recurring basis and is based on quoted marked prices obtained from independent pricing sources, are classified as Level I inputs.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2020, is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Federal aid	\$ 3,609	
Property taxes	22,371	
Franchise fees	50,463	\$ 2,887
Sales taxes	124,011	88,916
Fines, forfeitures, and costs	5,316	2,715
Interest	198	
Other	2,480	
Totals	<u>\$ 208,448</u>	<u>\$ 94,518</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 37,529</u>	<u>\$ 10,924</u>	<u>\$ 51,636</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2020	
	Interfund Receivables	Interfund Payables
General Fund		\$ 5,000
Street Fund	\$ 5,000	
	<u>\$ 5,000</u>	<u>\$ 5,000</u>

Interfund receivables and payables consist of an error in transferring restricted revenues. This balance was repaid on July 28, 2021.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 2,464		\$ 36,805
Law enforcement			170,382
Highways and streets		\$ 40,025	
Public safety			157,384
Pension benefits			685,592
Debt service			111,865
Total Restricted	2,464	40,025	1,162,028
Committed for:			
Law enforcement			1,475
Sanitation			105,756
Total Committed			107,231
Assigned to:			
General government	29,889		
Highways and streets		197,657	
Social services	31,751		
Total Assigned	61,640	197,657	
Unassigned	1,552,622		
Totals	\$ 1,616,726	\$ 237,682	\$ 1,269,259

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, 2020, the legal debt limit for the bonded debt was \$7,689,475. 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, 2020, the legal debt limit for short-term financing obligations was \$2,025,757. The amount of short-term financing obligations was \$139,952, leaving a legal debt margin of \$1,885,805.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2020:

	December 31, 2020
Long-term liabilities	\$ 4,853,593

Long-term liabilities

Long-term liabilities at December 31, 2020, are comprised of the following:

	December 31, 2020
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds, Series 2017, dated January 18, 2017, in the amount of \$5,695,000, due in annual installments of \$235,000 - \$430,000, plus interest of 2.55%, through November 1, 2032. Payments are to be made from the 2017 Sales and Use Tax Refunding Bonds Fund.	\$ 4,525,000
<u>Direct Borrowings</u>	
Note payable with Cornwell Properties, LLC, dated November 8, 2017, in the amount of \$80,000, for the purchase of land, interest rate of 0%, with five (5) annual payments of \$16,000. Payments are to be made from the General Fund (Recreation).	32,000
Promissory note with KS StateBank, dated June 30, 2019, in the amount of \$42,183, for the LED lighting conversion projects, interest rate of 7.682%, with sixty (60) monthly payments of \$849. Payments are to be made from three funds: General Fund, General Fund (Recreation), and contributions from the water department.	33,100
Promissory note with Chambers Bank, dated July 16, 2019, in the amount of \$109,425, for the purchase of nine (9) police cars, interest rate of 5.3%, with three (3) annual payments \$40,469. Payments are to be made from the General Fund.	74,852
Total Direct Borrowings	139,952
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	188,641
Total Long-term liabilities	\$ 4,853,593

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

The City's outstanding bonds payable of \$4,525,000 contain a provision that in an event of default, the Trustee may, and shall, upon written request of (1) the Insurer or (2) with the consent of the Insurer, the owners of not less than 10% in principal amount of the bonds then outstanding, by proper suit compel the performance of the duties of the officials of the City under the Constitution and laws of the State and under this Ordinance, and to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

The City's outstanding notes from direct borrowings of \$107,952 (exclusive of \$32,000 note payable with Cornwell Properties, LLC) 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.

The City's outstanding note payable with Cornwell Properties, LLC, in the amount of \$32,000, for the purchase of land contains a security interest in the property purchased for the lender.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2020	Maturities to December 31, 2020
<u>Bonds</u>					
1/18/17	11/1/32	2.55%	\$ 5,695,000	\$ 4,525,000	\$ 1,170,000
<u>Direct Borrowings</u>					
11/8/17	11/8/22	0%	80,000	32,000	48,000
6/30/19	6/30/24	7.682%	42,183	33,100	9,083
7/16/19	7/16/22	5.3%	109,425	74,852	34,573
Total Direct Borrowings			<u>231,608</u>	<u>139,952</u>	<u>91,656</u>
Total Long-Term Debt			<u>\$ 5,926,608</u>	<u>\$ 4,664,952</u>	<u>\$ 1,261,656</u>

Changes in Long-Term Debt

	Balance January 01, 2020	Issued	Retired	Balance December 31, 2020
Bonds payable	\$ 4,845,000		\$ 320,000	\$ 4,525,000
<u>Direct Borrowings</u>				
Notes payable	197,861		57,909	139,952
Capital leases	23,476		23,476	0
Total Direct Borrowings	<u>221,337</u>		<u>81,385</u>	<u>139,952</u>
Total Long-Term Debt	<u>\$ 5,066,337</u>	<u>\$ 0</u>	<u>\$ 401,385</u>	<u>\$ 4,664,952</u>

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 330,000	\$ 113,284	\$ 443,284	\$ 60,366	\$ 6,290	\$ 66,656
2022	335,000	104,869	439,869	62,955	3,701	66,656
2023	345,000	96,263	441,263	9,230	957	10,187
2024	355,000	87,401	442,401	7,401	239	7,640
2025	360,000	78,285	438,285			
2026 through 2030	1,950,000	247,669	2,197,669			
2031 through 2032	850,000	27,221	877,221			
Totals	<u>\$ 4,525,000</u>	<u>\$ 754,992</u>	<u>\$ 5,279,992</u>	<u>\$ 139,952</u>	<u>\$ 11,187</u>	<u>\$ 151,139</u>

NOTE 11: Pledged Revenues

The City pledged future one percent sales and use taxes to repay \$5,695,000 in bonds that were issued in 2017 to refund bonds issued in 2011. Total principal and interest remaining on the bonds are \$4,525,000 and \$754,992, respectively, payable through November 1, 2032. For 2020, principal and interest paid were \$320,000 and \$121,508, respectively.

The Debt Service Fund received \$1,044,291 in sales taxes in 2020. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to operate and maintain the City's water system and to acquire and equip extensions, betterments, and improvements to the system.

NOTE 12: Jointly Governed Organizations

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Alma, Atkins, Booneville, Charleston, Clarksville, Dardanelle, Morrilton, Ozark, Paris, Russellville, Waldron, and Van Buren entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The City did not provide any funding to the District. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

Fifteenth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifteenth Judicial District, the Sheriffs' Departments of Conway, Logan, Scott, and Yell Counties, and the Police Departments of Booneville, Danville, Dardanelle, Magazine, Mansfield, Menifee, Morrilton, Ola, Oppelo, Paris, Plainview, Plumerville, and Waldron entered into an agreement to establish the Fifteenth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney, of the Fifteenth Judicial Drug Task Force. Financial statements of the Fifteenth Judicial Drug Task Force are not available. The City did not contribute any funding to the Task Force.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. 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.

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.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$37,459 for the year ended December 31, 2020. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2020 actuarial valuation, the plan has a net pension liability of \$0.

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$77,755, and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$39,879 for the year ended December 31, 2020.

CITY OF DARDANELLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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, 2020 (actuarial valuation date and measurement date) was \$812,171.

NOTE 16: Retirement System

Plan Description

The City contributes to the Government Agency Retirement Plan, a defined contribution plan. The plan is a 401(a) program as defined by the Internal Revenue Service and is administered by Billings and Company, Inc.

Funding Policy/Contributions

The participants' contributions are tax sheltered and amount to five percent of compensation. The City's contribution rate is five percent. Participants are fully vested after five years.

NOTE 17: 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). On December 2, 2020, the City Received \$187,986 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. On July 26, 2021, the City received \$469,176 in federal aid from the American Rescue Plan Act of 2021. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain; however, the City is expecting to receive additional federal aid for coronavirus relief.

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

Schedule 1

	SPECIAL REVENUE FUNDS						
	Fire Equipment and Training (Act 833)	Refuse	District Court Automation	Police Department Ordinance	Local Law Enforcement Block Grant (LLEBG)	Police Vehicle Identification Number (VIN) Verifications	Federal Emergency Management (FEMA)
ASSETS							
Cash and cash equivalents	\$ 157,384	\$ 102,869	\$ 136,216	\$ 31,520	\$ 1	\$ 1,405	\$ 36,805
Investments							
Accounts receivable		2,887	2,111	534		70	
TOTAL ASSETS	<u>\$ 157,384</u>	<u>\$ 105,756</u>	<u>\$ 138,327</u>	<u>\$ 32,054</u>	<u>\$ 1</u>	<u>\$ 1,475</u>	<u>\$ 36,805</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							
Settlements pending							
Total Liabilities							
Fund Balances:							
Restricted	\$ 157,384		\$ 138,327	\$ 32,054	\$ 1		\$ 36,805
Committed		\$ 105,756				\$ 1,475	
Total Fund Balances	<u>157,384</u>	<u>105,756</u>	<u>138,327</u>	<u>32,054</u>	<u>1</u>	<u>1,475</u>	<u>36,805</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 157,384</u>	<u>\$ 105,756</u>	<u>\$ 138,327</u>	<u>\$ 32,054</u>	<u>\$ 1</u>	<u>\$ 1,475</u>	<u>\$ 36,805</u>

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

Schedule 1

	<u>DEBT SERVICE FUND</u>	<u>TRUST FUND</u>	<u>CUSTODIAL FUND</u>	
	2017 Sales and Use Tax Refunding Bonds	Firemen's Pension and Relief	Police Bond and Fine	Totals
ASSETS				
Cash and cash equivalents	\$ 74,585	\$ 38,081	\$ 3,356	\$ 582,222
Investments		647,511		647,511
Accounts receivable	<u>88,916</u>			<u>94,518</u>
TOTAL ASSETS	<u><u>\$ 163,501</u></u>	<u><u>\$ 685,592</u></u>	<u><u>\$ 3,356</u></u>	<u><u>\$ 1,324,251</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 51,636			\$ 51,636
Settlements pending			<u>\$ 3,356</u>	<u>3,356</u>
Total Liabilities	<u><u>51,636</u></u>		<u><u>3,356</u></u>	<u><u>54,992</u></u>
Fund Balances:				
Restricted	111,865	\$ 685,592		1,162,028
Committed				<u>107,231</u>
Total Fund Balances	<u><u>111,865</u></u>	<u><u>685,592</u></u>		<u><u>1,269,259</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 163,501</u></u>	<u><u>\$ 685,592</u></u>	<u><u>\$ 3,356</u></u>	<u><u>\$ 1,324,251</u></u>

CITY OF DARDANELLE, 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						DEBT SERVICE FUND	TRUST FUND	Totals	
	Fire Equipment and Training (Act 833)	Refuse	District Court Automation	Police Department Ordinance	Local Law Enforcement Block Grant (LLEBG)	Police Vehicle Identification Number (VIN) Verifications	Federal Emergency Management (FEMA)	2017 Sales and Use Tax Refunding Bonds		Firemen's Pension and Relief
REVENUES										
State aid	\$ 29,261								\$ 3,998	\$ 33,259
Federal aid							\$ 127,989			127,989
Property taxes									37,459	37,459
Franchise fees		\$ 12,860								12,860
Sales taxes								\$ 1,044,291		1,044,291
Fines, forfeitures, and costs			\$ 40,132	\$ 24,694		\$ 645				65,471
Interest	847	59	552	30			30	361	14,220	16,099
Sanitation fees		274,884								274,884
Net increase/(decrease) in fair value of investments									50,091	50,091
Other		1,446								1,446
TOTAL REVENUES	30,108	289,249	40,684	24,724		645	128,019	1,044,652	105,768	1,663,849
EXPENDITURES										
Current:										
General government							45,858			45,858
Law enforcement			26,901	25,000						51,901
Highways and streets							33,225			33,225
Public safety	145,092								65,378	210,470
Sanitation		235,218								235,218
Recreation and culture							71,282			71,282
Total Current	145,092	235,218	26,901	25,000			150,365		65,378	647,954
Debt Service:										
Bond principal								320,000		320,000
Bond interest and other charges								123,507		123,507
TOTAL EXPENDITURES	145,092	235,218	26,901	25,000			150,365	443,507	65,378	1,091,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(114,984)	54,031	13,783	(276)		645	(22,346)	601,145	40,390	572,388
OTHER FINANCING SOURCES (USES)										
Contribution to water department								(600,667)		(600,667)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(114,984)	54,031	13,783	(276)		645	(22,346)	478	40,390	(28,279)
FUND BALANCES - JANUARY 1	272,368	51,725	124,544	32,330	\$ 1	830	59,151	111,387	645,202	1,297,538
FUND BALANCES - DECEMBER 31	\$ 157,384	\$ 105,756	\$ 138,327	\$ 32,054	\$ 1	\$ 1,475	\$ 36,805	\$ 111,865	\$ 685,592	\$ 1,269,259

CITY OF DARDANELLE, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2020

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Refuse	Dardanelle Ordinance no. 1995-03 (February 6, 1995) established this fund to account for revenue and disbursements for the City's trash service.
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.
Police Department Ordinance	Ark. Code § 16-17-129 established fund to receive \$20 additional fee from each defendant who pleads guilty, nolo contendere, is found guilty of, or forfeits bonds for any misdemeanor or traffic violation to be used for expenses of incarcerating city prisoners.
Local Law Enforcement Block Grant (LLEBG)	Established to account for federal grant received.
Police Vehicle Identification Number (VIN) Verifications	Ark. Code Ann. § 27-14-725 allows that the Department of Arkansas State Police, a local law enforcement agency, or the designee of the Department of Arkansas State Police may charge a fee for the vehicle identification number verification not to exceed twenty-five dollars (\$25.00). A fee owed to a local law enforcement agency or a designee may be collected and retained by the agency or the designee at the time of the inspection.
Federal Emergency Management (FEMA)	Established to account for federal grant received.
2017 Sales and Use Tax Refunding Bonds	Dardanelle Ordinance no. 2016-05 (December 5, 2016) established fund to accumulate resources for the payment of interest and principal on 2017 Sales and Use Tax Refunding Bonds as required by the bond issue.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.

CITY OF DARDANELLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2020
(Unaudited)

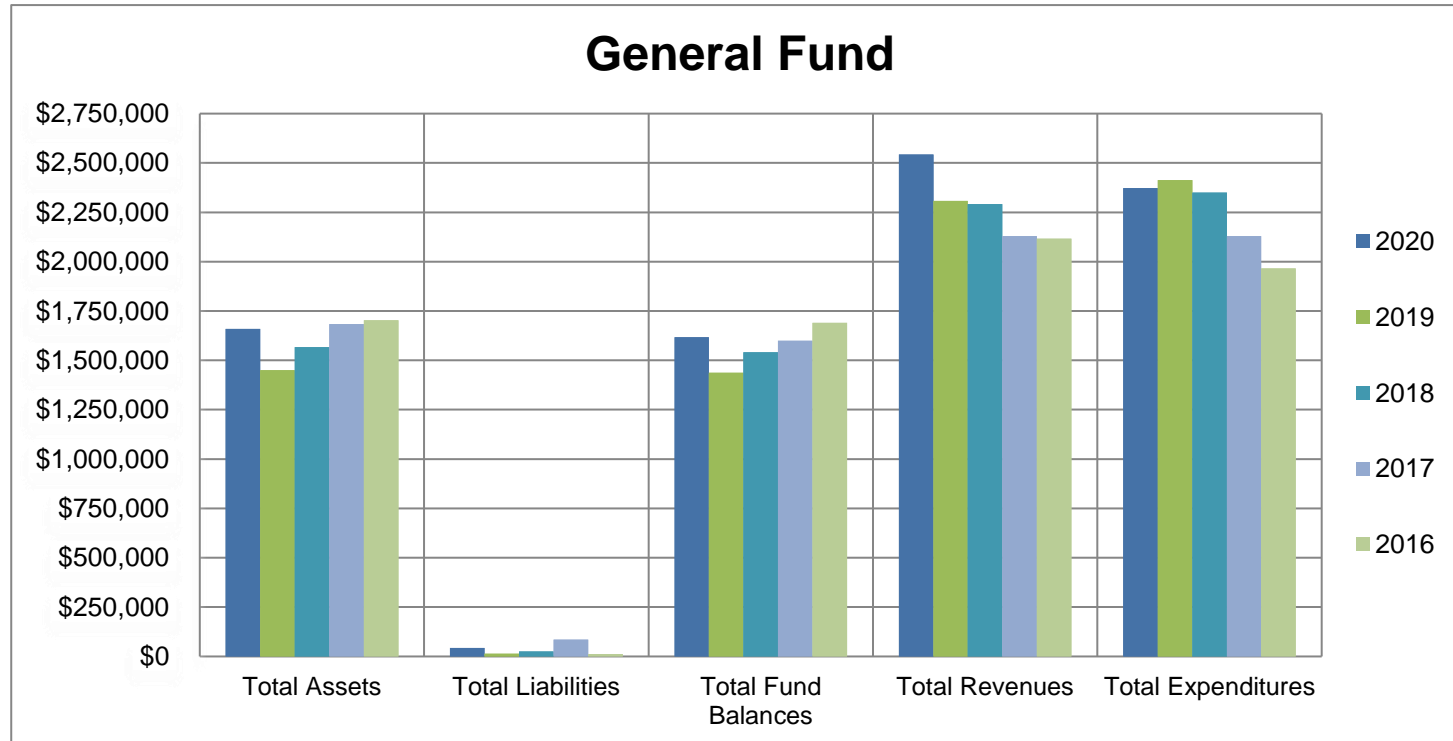
Schedule 3

	December 31, 2020
Land	\$ 933,943
Buildings	3,508,817
Improvements	3,643,033
Equipment	<u>2,466,080</u>
Total	<u>\$ 10,551,873</u>

CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

Schedule 4-1

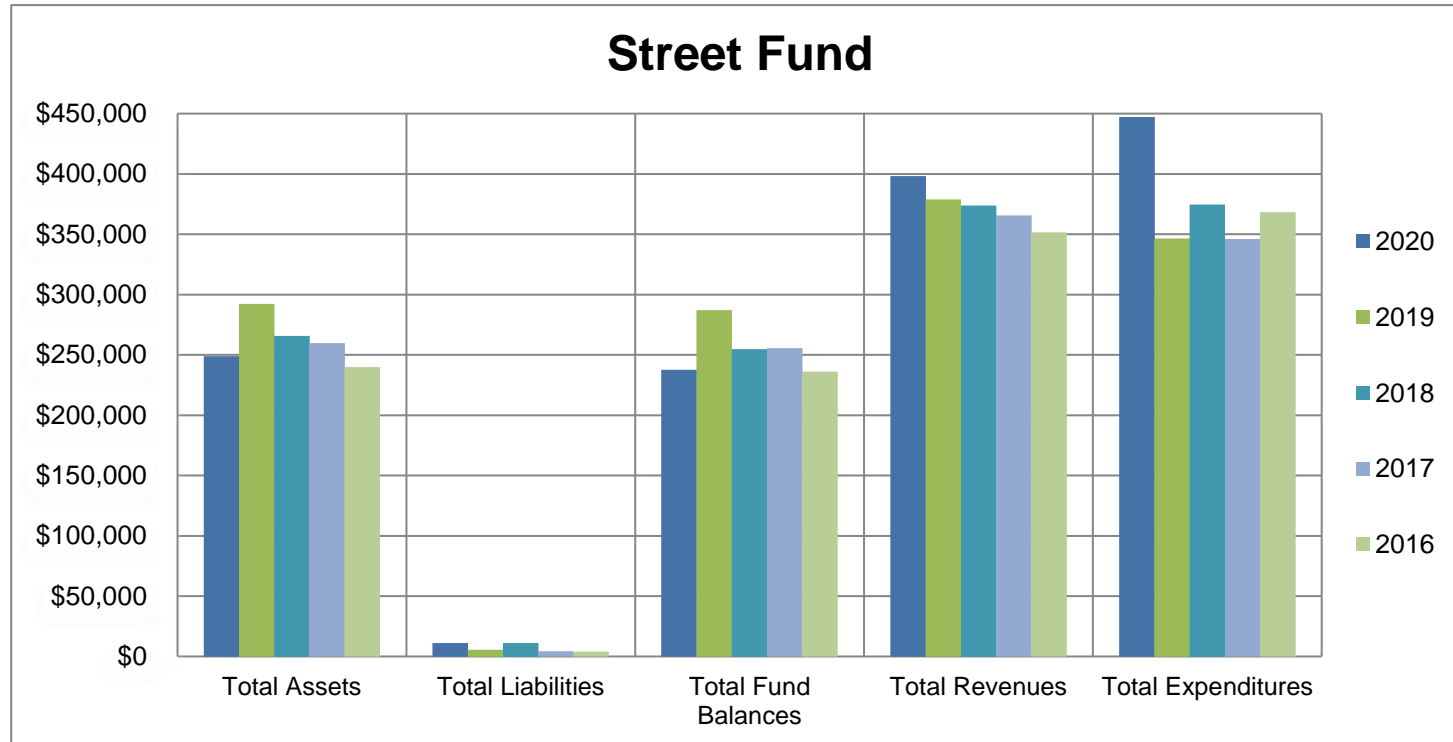
<u>General</u>	2020	2019	2018	2017	2016
Total Assets	\$ 1,659,255	\$ 1,449,973	\$ 1,566,379	\$ 1,684,282	\$ 1,702,774
Total Liabilities	42,529	13,400	24,856	84,472	12,525
Total Fund Balances	1,616,726	1,436,573	1,541,523	1,599,810	1,690,249
Total Revenues	2,543,519	2,307,873	2,290,843	2,129,550	2,116,244
Total Expenditures	2,372,760	2,413,791	2,349,130	2,129,989	1,964,953
Total Other Financing Sources/Uses	9,394	968		(90,000)	(50,025)



CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

Schedule 4-2

<u>Street</u>	2020	2019	2018	2017	2016
Total Assets	\$ 248,606	\$ 292,297	\$ 265,754	\$ 259,585	\$ 239,762
Total Liabilities	10,924	5,449	11,140	4,258	3,736
Total Fund Balances	237,682	286,848	254,614	255,327	236,026
Total Revenues	398,067	378,617	373,688	365,383	351,469
Total Expenditures	447,233	346,383	374,401	346,082	368,164
Total Other Financing Sources/Uses					



CITY OF DARDANELLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2020
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Assets	\$ 1,324,251	\$ 1,356,363	\$ 1,148,197	\$ 1,137,077	\$ 1,332,178
Total Liabilities	54,992	58,825	51,366	55,092	43,053
Total Fund Balances	1,269,259	1,297,538	1,096,831	1,081,985	1,289,125
Total Revenues	1,663,849	1,599,243	1,274,862	1,480,801	1,247,436
Total Expenditures	1,091,461	892,186	781,358	1,074,882	767,272
Total Other Financing Sources/Uses	(600,667)	(506,350)	(478,658)	(613,059)	(339,649)

