

City of Clarksville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2018

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF CLARKSVILLE, ARKANSAS
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Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
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 Clarksville, 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 Clarksville, Arkansas, as of and for the year ended December 31, 2018, 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 Clarksville, Arkansas, as of December 31, 2018, 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 Clarksville, Arkansas, as of December 31, 2018, 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 some funds 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, these funds are 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 June 11, 2019, 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
June 11, 2019
LOM102018

Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
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 Clarksville, 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 Clarksville, Arkansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2019. 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) to determine the 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 determination of financial statement amounts. 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 June 11, 2019.

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

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

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 11, 2019

Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relate to the following officials who held office during 2018:

Mayor: Jon Mark Simpson
Clerk/Treasurer: Barbara Blackard
District Court Clerk: Marta Chavez
Police Chief: Kevin Weathers

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
June 11, 2019

CITY OF CLARKSVILLE, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 DECEMBER 31, 2018

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 7,345,873	\$ 474,738	\$ 3,658,658
Accounts receivable	388,442	17,901	227,935
Interfund receivables			46,223
	<u>7,734,315</u>	<u>492,639</u>	<u>3,932,816</u>
TOTAL ASSETS			
LIABILITES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 210,182	\$ 59,036	\$ 46,848
Interfund payables			46,223
Settlements pending			201,291
Total Liabilities	<u>210,182</u>	<u>59,036</u>	<u>294,362</u>
Fund Balances:			
Restricted	31,779	433,603	3,638,454
Assigned	1,639,749		
Unassigned	5,852,605		
Total Fund Balances	<u>7,524,133</u>	<u>433,603</u>	<u>3,638,454</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 7,734,315</u>	<u>\$ 492,639</u>	<u>\$ 3,932,816</u>

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

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 196,777	\$ 642,827	\$ 95,520
Federal aid	392,022		
Property taxes	264,909	180,647	
Franchise fees	1,164,899		
Sales taxes	3,117,048		2,199,745
Fines, forfeitures, and costs	187,628		55,654
Interest	78,737	2,640	36,740
Local permits and fees	30,225		
Gas and oil company reimbursements	3,672		
Advertising and promotion taxes	291,789		39,871
Airport hanger fees and fuel sales	118,616		
Park fees, rentals, and sales	299,533		
Other	104,940	5,554	491
TOTAL REVENUES	6,250,795	831,668	2,428,021
EXPENDITURES			
Current:			
General government	2,136,289		
Law enforcement	1,699,035		167,542
Highways and streets	1,665,019	789,283	
Public safety	295,444		79,460
Sanitation	45,934		
Recreation and culture	1,078,185		307,721
Advertising and promotion			27,520
Airport	552,841		
Total Current	7,472,747	789,283	582,243
Debt Service:			
Bond principal			1,290,000
Bond interest and other charges			392,158
TOTAL EXPENDITURES	7,472,747	789,283	2,264,401

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,221,952)</u>	<u>\$ 42,385</u>	<u>\$ 163,620</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	578,275		
Transfers out		(446,159)	(132,116)
Contribution from water department	<u>277,340</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>855,615</u>	<u>(446,159)</u>	<u>(132,116)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(366,337)	(403,774)	31,504
FUND BALANCES - JANUARY 1	<u>7,890,470</u>	<u>837,377</u>	<u>3,606,950</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 7,524,133</u></u>	<u><u>\$ 433,603</u></u>	<u><u>\$ 3,638,454</u></u>

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

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATOR BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 146,525	\$ 196,777	\$ 50,252	\$ 634,600	\$ 642,827	\$ 8,227
Federal aid		392,022	392,022			
Property taxes	228,000	264,909	36,909	175,000	180,647	5,647
Franchise fees	1,138,000	1,164,899	26,899			
Sales taxes	2,730,000	3,117,048	387,048			
Fines, forfeitures, and costs	168,500	187,628	19,128			
Interest	25,150	78,737	53,587	1,750	2,640	890
Local permits and fees	20,000	30,225	10,225			
Gas and oil company reimbursements	2,500	3,672	1,172			
Advertising and promotion taxes	275,000	291,789	16,789			
Airport hanger fees and fuel sales	76,000	118,616	42,616			
Park fees, rentals, and sales	400,000	299,533	(100,467)			
Other	89,750	104,940	15,190	1,000	5,554	4,554
TOTAL REVENUES	5,299,425	6,250,795	951,370	812,350	831,668	19,318
EXPENDITURES						
Current:						
General government	3,131,982	2,136,289	995,693			
Law enforcement	1,809,588	1,699,035	110,553			
Highways and streets	1,116,866	1,665,019	(548,153)	771,447	789,283	(17,836)
Public safety	390,686	295,444	95,242			
Sanitation	47,495	45,934	1,561			
Recreation and culture	1,157,089	1,078,185	78,904			
Airport	142,800	552,841	(410,041)			
TOTAL EXPENDITURES	7,796,506	7,472,747	323,759	771,447	789,283	(17,836)

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATOR BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,497,081)	\$ (1,221,952)	\$ 1,275,129	\$ 40,903	\$ 42,385	\$ 1,482
OTHER FINANCING SOURCES (USES)						
Transfers in	239,900	578,275	338,375			
Transfers out	(13,401)		13,401	(446,159)	(446,159)	0
Contribution from water department	272,560	277,340	4,780			
TOTAL OTHER FINANCING SOURCES (USES)	499,059	855,615	356,556	(446,159)	(446,159)	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,998,022)	(366,337)	1,631,685	(405,256)	(403,774)	1,482
FUND BALANCES - JANUARY 1		7,890,470	7,890,470		837,377	837,377
FUND BALANCES - DECEMBER 31	\$ (1,998,022)	\$ 7,524,133	\$ 9,522,155	\$ (405,256)	\$ 433,603	\$ 838,859

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Clarksville 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 funds of the City would have been included in the reporting entity: Light and Water Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are 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, 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 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.

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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. 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.

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 and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and payroll reimbursements 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. 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.
3. 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 CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

There were no committed fund balances at year end.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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)	\$ 974,298	\$ 974,460
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	10,357,381	10,452,948
Uncollateralized	147,190	197,829
Total Deposits	\$ 11,478,869	\$ 11,625,237

The above total deposits do not include cash on hand of \$400.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At December 31, 2018, \$197,829 of the City's bank balance of \$11,625,237 was exposed to custodial credit risk as follows:

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.

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.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2018, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 25,691	\$ 17,581	
Franchise fees	25,322		
Sales taxes	273,721		\$ 184,892
Fines, forfeitures, and costs	12,965		37,657
Interest	3,491		
Advertising and promotion taxes	21,210		5,386
Airport hanger fees and fuel sales	1,620		
Park fees, rentals, and sales	485		
Contribution from water department	23,804		
Other	133	320	
Totals	<u>\$ 388,442</u>	<u>\$ 17,901</u>	<u>\$ 227,935</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2018, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 210,182</u>	<u>\$ 59,036</u>	<u>\$ 46,848</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2018	
	Interfund Receivables	Interfund Payables
Other Funds in the Aggregate:		
Special Revenue Funds:		
Aquatic Maintenance	\$ 23,111	
Police Maintenance	11,556	
Fire Maintenance	11,556	
Debt Service Funds:		
2011 and 2012 Sales and Use Tax Debt Service Reserve		\$ 46,223
	<u>\$ 46,223</u>	<u>\$ 46,223</u>

Interfund receivables and payables consist of sales tax revenues that are transferred between funds within the Other Funds in the Aggregate. The sales tax was transferred in January, 2019.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2018, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			\$ 473,457
Highways and streets		\$ 433,603	
Public safety			185,881
Recreation and culture			473,729
Advertising and promotion			61,772
Airport	\$ 31,779		
Debt service			2,443,615
Total Restricted	<u>31,779</u>	<u>433,603</u>	<u>3,638,454</u>
Assigned to:			
General government	929,976		
Law enforcement	5,164		
Highways and streets	691,182		
Recreation and culture	13,427		
Total Assigned	<u>1,639,749</u>		
Unassigned	<u>5,852,605</u>		
Totals	<u>\$ 7,524,133</u>	<u>\$ 433,603</u>	<u>\$ 3,638,454</u>

NOTE 8: 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, 2018, the legal debt limit for the bonded debt was \$23,401,147. 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, 2018, the legal debt limit for short-term financing obligations was \$6,003,211. There were no short-term financing obligations.

CITY OF CLARKSVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2018:

	December 31, 2018
Long-term liabilities	\$ 11,125,597

Long-term liabilities

Long-term liabilities at December 31, 2018, are comprised of the following:

	December 31, 2018
Sales and Use Tax Capital Improvement Bonds, Series 2011, principal amount of \$10,000,000, due in annual installments of \$360,000 - \$800,000 plus interest through July 1, 2028. Interest from 1% - 4%. Payments are to be made from 2011 and 2012 Sales and Use Tax Debt Service Reserve Fund.	\$ 5,645,000
Sales and Use Tax Capital Improvement Bonds, Series 2012, principal amount of \$7,400,000, due in annual installments of \$310,000 - \$580,000 plus interest through July 1, 2028. Interest from 1% - 3.625%. Payments are to be made from 2011 and 2012 Sales and Use Tax Debt Service Reserve Fund.	5,020,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	460,597
Total Long-term liabilities	\$ 11,125,597

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

CITY OF CLARKSVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 9: Commitments (Continued)

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2018:

Years Ending December 31,	Bonds
2019	\$ 1,384,513
2020	1,388,467
2021	1,383,964
2022	1,386,552
2023	1,386,340
2024 through 2028	5,752,647
Total Obligations	12,682,483
Less Interest	2,017,483
Total Principal	\$ 10,665,000

NOTE 10: Pledged Revenues

The City pledged future 0.75% temporary sales and use taxes and 0.25% permanent sales and use tax revenues to repay \$10,000,000 and \$7,400,000 in bonds that were issued in 2011 and 2012, respectively, to provide funding for an Aquatic Center Project, a Police Station Project, and a Fire Station Project. Collection of these taxes commenced on April 1, 2012. Total principal and interest remaining on the bonds are \$10,665,000 and \$2,017,483, respectively, payable through July 1, 2028. For 2018, principal and interest paid were \$1,290,000 and \$386,359, respectively.

The Debt Service Fund received \$1,649,808 in temporary sales taxes in 2018. Any temporary sales taxes collected in excess of debt service payments on these bonds is permitted to be used for redemption of Series 2011 and 2012 Bonds, payments of any arbitrage rebates, and payments to Trustee and Paying Agent fees and expenses. Permanent sales taxes collected shall be used to make debt service payments if the temporary tax collections are unable to meet debt service obligations. However, any permanent taxes not needed for debt service obligations shall be allocated and used as follows:

- 50% for operation of the Aquatic Center and other park facilities
- 25% for operation and maintenance expenses associated with Police Department Operations
- 25% for operation and maintenance expenses associated with Fire Department Operations

Permanent sales taxes collected totaled \$549,937 in 2018.

NOTE 11: Related Party Transactions

During 2018, the City received franchise fees from Clarksville Connected (formerly Clarksville Light & Water) in the amount of \$1,017,497 and contributions in the amount of \$277,340.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12: Jointly Governed Organization

Fifth Judicial Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Pope, Johnson, and Franklin Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Fifth Judicial District Drug Task Force are not available. The City did not contribute any funding to the Task Force.

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle 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.

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 purchased commercial insurance for coverage of property and equipment. Coverage is based on the cost of the replacement of equipment less a \$5,000 deductible.

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

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

Municipal Vehicle Program

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 13: Risk Management (Continued)

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

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

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

Plan Description

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

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$106,045 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$66,735 for the year ended December 31, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2017 (actuarial valuation date and measurement date) was \$1,800,031.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. 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 \$182,122 for the year ended June 30, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was \$1,454,124.

NOTE 16: Subsequent Events

On April 15, 2019, the City entered into a \$384,993 contract for repairs to the airport facility hangar.

NOTE 17: Interfund Transfers

The Street Fund and the Other Funds in the Aggregate (Police Maintenance) transferred \$446,159 and \$132,116, respectively, to the General Fund for their portions of the new City facilities building, which will house the Street Department and the Police Department evidence room.

CITY OF SAMPLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2018

Schedule 1

SPECIAL REVENUE FUNDS								
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance
ASSETS								
Cash and cash equivalents	\$ 58,902	\$ 76,560	\$ 130,380	\$ 61,646	\$ 5,853	\$ 458,006	\$ 248,245	\$ 112,829
Accounts receivable	5,386	341	1,287		1,633			
Interfund receivables						23,111	11,556	11,556
TOTAL ASSETS	\$ 64,288	\$ 76,901	\$ 131,667	\$ 61,646	\$ 7,486	\$ 481,117	\$ 259,801	\$ 124,385
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 2,516				\$ 1,225	\$ 7,388	\$ 1,173	\$ 150
Interfund payables								
Settlements pending								
Total Liabilities	2,516				1,225	7,388	1,173	150
Fund Balances:								
Restricted	61,772	\$ 76,901	\$ 131,667	\$ 61,646	6,261	473,729	258,628	124,235
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,288	\$ 76,901	\$ 131,667	\$ 61,646	\$ 7,486	\$ 481,117	\$ 259,801	\$ 124,385

CITY OF SAMPLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2018

Schedule 1

	DEBT SERVICE FUND	AGENCY FUNDS				Totals
	2011 and 2012 Sales and Use Tax Debt Service Reserve	District Court	Administration of Justice	Tax and Loan	Payroll	
ASSETS						
Cash and cash equivalents	\$ 2,304,946	\$ 99,469	\$ 1,477	\$ 100	\$ 100,245	\$ 3,658,658
Accounts receivable	184,892		34,396			227,935
Interfund receivables						46,223
TOTAL ASSETS	<u>\$ 2,489,838</u>	<u>\$ 99,469</u>	<u>\$ 35,873</u>	<u>\$ 100</u>	<u>\$ 100,245</u>	<u>\$ 3,932,816</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable			\$ 34,396			\$ 46,848
Interfund payables	\$ 46,223					46,223
Settlements pending		\$ 99,469	1,477	\$ 100	\$ 100,245	201,291
Total Liabilities	<u>46,223</u>	<u>99,469</u>	<u>35,873</u>	<u>100</u>	<u>100,245</u>	<u>294,362</u>
Fund Balances:						
Restricted	<u>2,443,615</u>					<u>3,638,454</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,489,838</u>	<u>\$ 99,469</u>	<u>\$ 35,873</u>	<u>\$ 100</u>	<u>\$ 100,245</u>	<u>\$ 3,932,816</u>

CITY OF SAMPLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	Totals
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance	
REVENUES									
State aid				\$ 40,570			\$ 54,950		\$ 95,520
Sales taxes						\$ 274,968	137,485	\$ 137,484	\$ 2,199,745
Fines, forfeitures, and costs		\$ 4,094	\$ 21,958		\$ 29,602				55,654
Interest	\$ 288	402	63	244	23	2,392	1,216	401	36,740
Advertising and promotion taxes	39,871								39,871
Other				491					491
TOTAL REVENUES	40,159	4,496	22,021	41,305	29,625	277,360	193,651	137,885	1,681,519
EXPENDITURES									
Current:									
Law enforcement			9,099		24,360		134,083		167,542
Public safety				16,765			62,695		79,460
Recreation and culture						307,721			307,721
Advertising and promotion	27,520								27,520
Total Current	27,520		9,099	16,765	24,360	307,721	134,083	62,695	582,243
Debt Service:									
Bond principal									1,290,000
Bond interest and other charges									392,158
TOTAL EXPENDITURES	27,520		9,099	16,765	24,360	307,721	134,083	62,695	1,682,158
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,639	4,496	12,922	24,540	5,265	(30,361)	59,568	75,190	(639)
OTHER FINANCING SOURCES (USES)									
Transfers out							(132,116)		(132,116)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,639	4,496	12,922	24,540	5,265	(30,361)	(72,548)	75,190	(639)
FUND BALANCES - JANUARY 1	49,133	72,405	118,745	37,106	996	504,090	331,176	49,045	2,444,254
FUND BALANCES - DECEMBER 31	\$ 61,772	\$ 76,901	\$ 131,667	\$ 61,646	\$ 6,261	\$ 473,729	\$ 258,628	\$ 124,235	\$ 2,443,615

CITY OF CLARKSVILLE, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2018

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

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Clarksville Ordinance no. 15-736 (January 12, 2015) established fund to accumulate an additional 1% tax upon the gross receipts of hotels and motels in the City.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive court costs to be used for housing prisoners.
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.
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.
Jail	Ark. Code Ann. § 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.
Aquatic Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Aquatic Center.
Police Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Police Department.
Fire Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Fire Department.
2011 and 2012 Sales and Use Tax Debt Service Reserve	Created by the bond indenture to account for monies used to pay principal and interest payments on Sales and Use Tax Construction Bonds, Series 2011 and Series 2012, issued December 1, 2011 and February 1, 2012, respectively.
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 levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Tax and Loan	Established to remit payroll taxes to the U.S. Treasury.
Payroll	Established to pay payroll related expenditures.

CITY OF CLARKSVILLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2018
(Unaudited)

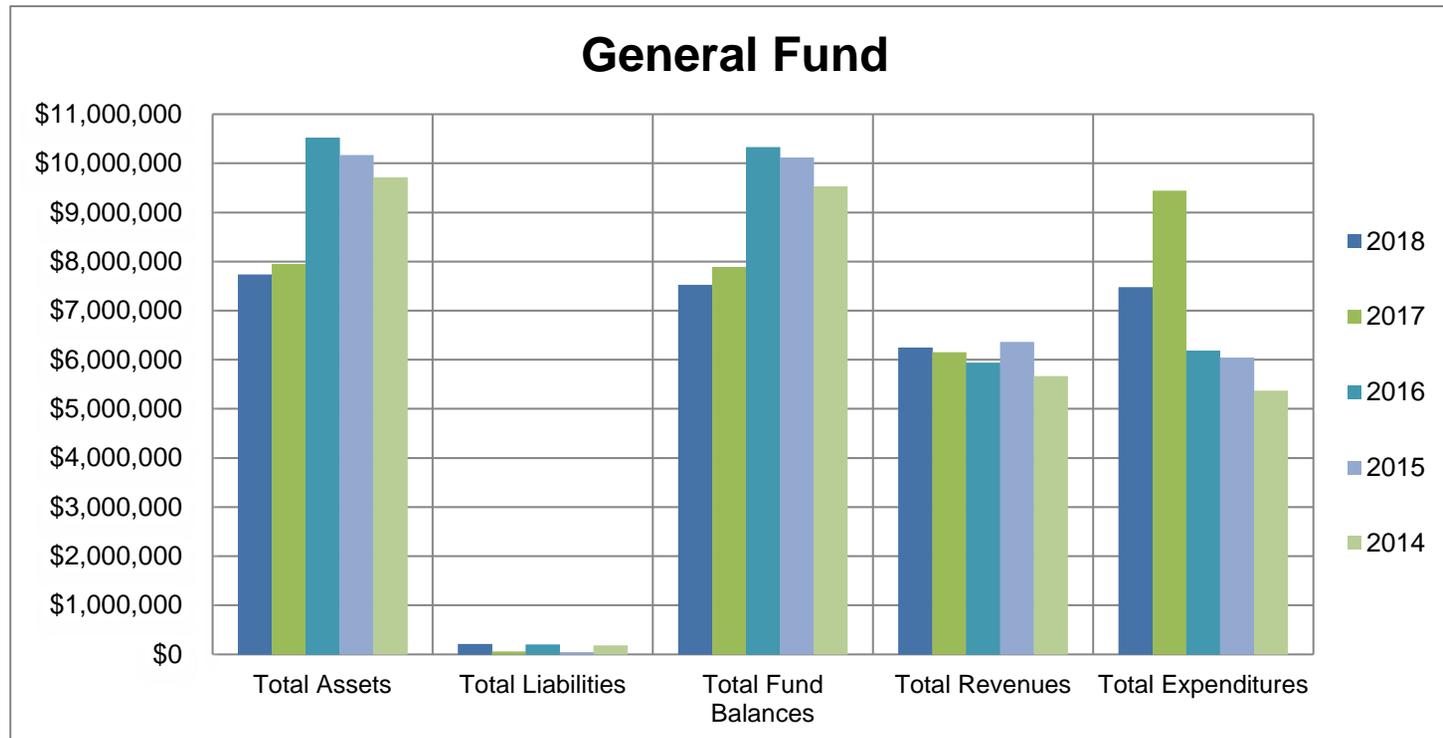
Schedule 3

	December 31, 2018
Land	\$ 2,533,854
Buildings	18,935,958
Improvements	1,985,853
Equipment	<u>7,067,644</u>
Total	<u>\$ 30,523,309</u>

CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-1

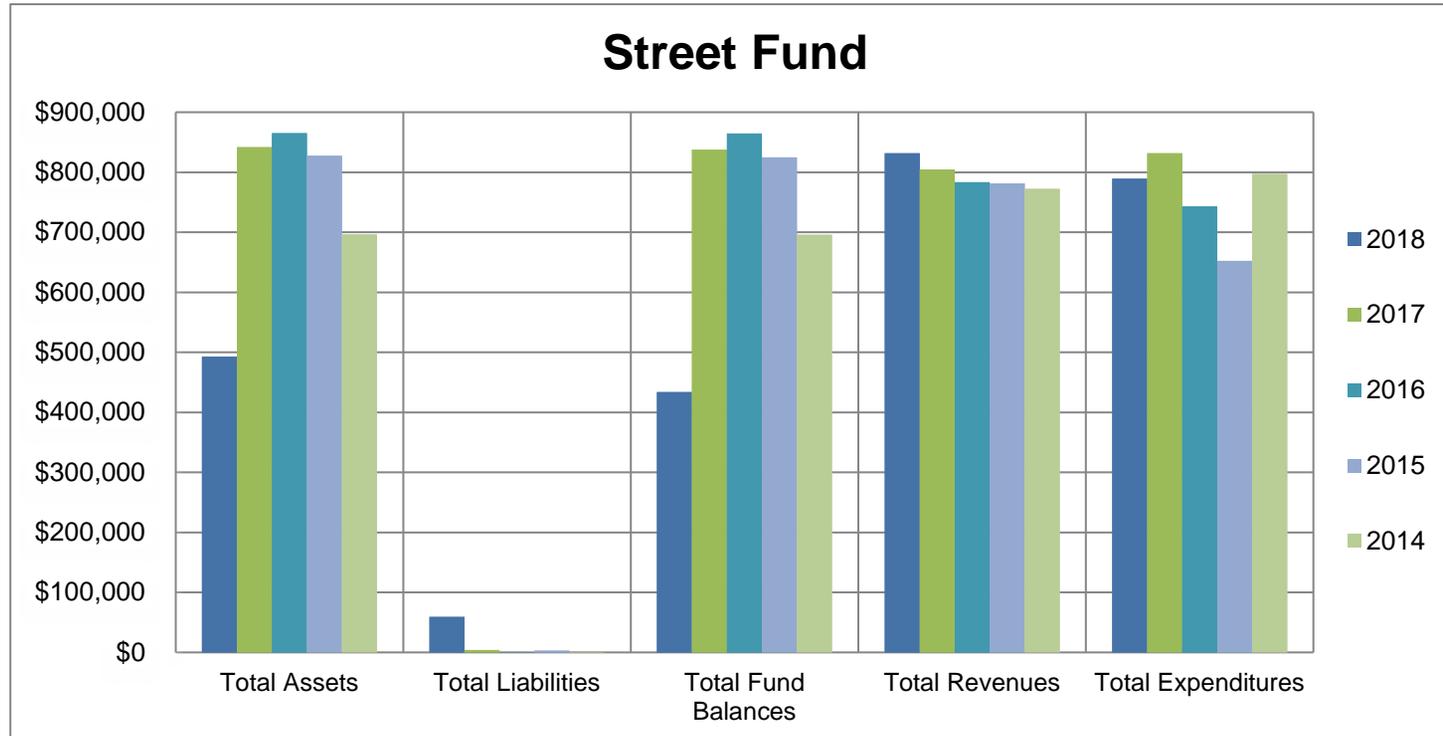
<u>General</u>	2018	2017	2016	2015	2014
Total Assets	\$ 7,734,315	\$ 7,946,359	\$ 10,522,532	\$ 10,167,101	\$ 9,710,676
Total Liabilities	210,182	55,889	197,663	45,541	179,849
Total Fund Balances	7,524,133	7,890,470	10,324,869	10,121,560	9,530,827
Total Revenues	6,250,795	6,147,642	5,936,634	6,356,014	5,664,876
Total Expenditures	7,472,747	9,436,699	6,185,174	6,039,414	5,369,158
Total Other Financing Sources/Uses	855,615	854,658	451,849	274,133	300,359



CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-2

<u>Street</u>	2018	2017	2016	2015	2014
Total Assets	\$ 492,639	\$ 841,641	\$ 865,150	\$ 827,604	\$ 696,211
Total Liabilities	59,036	4,264	545	2,932	461
Total Fund Balances	433,603	837,377	864,605	824,672	695,750
Total Revenues	831,668	804,667	783,215	781,095	772,077
Total Expenditures	789,283	831,895	743,282	652,173	797,422
Total Other Financing Sources/Uses	(446,159)				



CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2018	2017	2016	2015	2014
Total Assets	\$ 3,932,816	\$ 3,795,058	\$ 5,533,387	\$ 5,584,700	\$ 6,067,399
Total Liabilities	294,362	188,108	166,397	254,494	507,643
Total Fund Balances	3,638,454	3,606,950	5,366,990	5,330,206	5,559,756
Total Revenues	2,428,021	2,385,636	2,392,820	2,755,015	2,251,362
Total Expenditures	2,264,401	2,991,996	2,196,971	2,986,384	5,219,181
Total Other Financing Sources/Uses	(132,116)	(1,153,680)	(159,065)	1,818	

