

ARKANSAS TREASURER OF STATE

**Annual Financial Report**

June 30, 2018

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LEGISLATIVE JOINT AUDITING COMMITTEE



ARKANSAS TREASURER OF STATE  
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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

Arkansas Treasurer of State  
Legislative Joint Auditing Committee

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State, an office of Arkansas state government, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Arkansas Treasurer of State's departmental 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 accounting principles generally accepted in the United States of America; this includes 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 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.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As indicated above, the financial statements of the Arkansas Treasurer of State are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the major fund and the aggregate remaining fund information of the State that is attributable to the transactions of the Arkansas Treasurer of State. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2018, the changes in its financial position, and budgetary comparisons for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

The Governmental Accounting Standards Board requires that a Management's Discussion and Analysis be presented to supplement government-wide financial statements. However, as discussed in the "Emphasis of Matter" paragraph above, the financial statements of the Arkansas Treasurer of State are only for the specific transactions and activity of the Agency and not for the State as a whole. Therefore, the Management's Discussion and Analysis is not required to be presented for the Arkansas Treasurer of State individually. Our opinions on the departmental financial statements are not affected by the omission of this information.

### *Other Information*

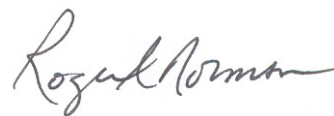
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arkansas Treasurer of State's departmental financial statements. The schedules describing Distribution of General Revenues, Distribution of Interest Receipts from the Securities Reserve Fund (TAS), Distribution to Counties, Distribution to Cities, the Schedule of Selected Information, and Other General Information, listed as Other Information in the table of contents, are presented for purposes of additional analysis and are not a required part of the departmental financial statements.

The schedules describing Distribution of General Revenues, Distribution of Interest Receipts from the Securities Reserve Fund (TAS), Distribution to Counties, Distribution to Cities, Schedule of Selected Information, and Other General Information have not been subjected to the auditing procedures applied in the audit of the departmental financial statements, and accordingly, we do not express an opinion or provide any assurance on this information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2019, on our consideration of the Arkansas Treasurer of State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Arkansas Treasurer of State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Arkansas Treasurer of State's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
July 29, 2019  
SA0406918

# Arkansas



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

### 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

Arkansas Treasurer of State  
Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State (the "Agency"), an office of Arkansas state government, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Arkansas Treasurer of State's departmental financial statements, and have issued our report thereon dated July 29, 2019.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

***Purpose of this Report***

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Tom Bullington", written in a cursive style.

Tom Bullington, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
July 29, 2019

ARKANSAS TREASURER OF STATE  
BALANCE SHEET – GOVERNMENTAL FUND  
JUNE 30, 2018

Exhibit A

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 53,697,815
Investments	15,000,000
Receivable, net:	
Tobacco settlement	28,523,840
Accrued interest	4,119,010
Federal receivable	3,947,614
Motor fuel tax	11,546,997
Due from other state agencies	3,947,282
Due from other governments	550,017
Prepaid items	179,029
<b>TOTAL ASSETS</b>	<b>\$ 121,511,604</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 172,861
Accrued payroll	105,290
Due to other governments	4,401,579
Due to other state agencies	581,276
Total Liabilities	5,261,006
Deferred inflows of resources:	
Related to revenues	28,526,126
Fund balance:	
Nonspendable for:	
Prepaid items	179,029
Restricted for:	
Debt service	16,295,365
Tobacco settlement	44,412,942
Committed for program requirements	15,808,812
Committed for securities reserve fund distributions	10,718,672
Unassigned	309,652
Total Fund Balance	87,724,472
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 121,511,604</b>

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

ARKANSAS TREASURER OF STATE Exhibit B  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
JUNE 30, 2018

	General Fund
<b>REVENUES</b>	
Consumer sales and use taxes	\$ 261,097,097
Motor user taxes and fees	257,564,914
Fines and penalties	297,444
Real estate transfer taxes	1,333,853
Severance taxes	4,288,842
Tobacco Master Settlement Agreement receipts	57,047,680
Investment income available for distribution	79,138,560
Federal grants and reimbursements	9,810,080
Other taxes, fees, and earnings	92,768
	670,671,238
<b>EXPENDITURES</b>	
Salary and benefits	2,755,740
Communication and transportation of commodities	48,240
Printing and advertising	8,449
Repairing and servicing	19,836
Utilities and rent	191,081
Travel and subsistence	38,781
Professional services	928,899
Insurance and bonds	9,957
Other expenses and services	684,283
Commodities for household, office, and institutions	163,620
Assistance, grants, and aids	327,059,863
Refunds, taxes, and claims	262,007,754
Debt service:	
Principal	36,015,000
Interest	13,398,835
Pay agent fees	52,700
Capital outlay	44,055
	643,427,093
<b>TOTAL EXPENDITURES</b>	<b>643,427,093</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>27,244,145</b>

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



ARKANSAS TREASURER OF STATE Exhibit B  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
JUNE 30, 2018

	General Fund
OTHER FINANCING SOURCES (USES)	
Interagency transfers in:	
Funding from Arkansas Natural Resources Commission - debt service	\$ 15,193,152
Interagency transfers out:	
Tobacco settlement distribution	(47,983,256)
General revenue distribution	89,697,733
General/Special revenue allocation	5,200,000
Boating safety	306,689
Funding from Administration of Justice Fund	6,999,022
Funding from Securities Reserve Fund (TAS)	4,623,825
Securities reserve fund distribution	(66,672,714)
Payments to state agencies from County and Municipal Aid funds	(9,265,149)
Transfer to fiscal agent for debt service - tobacco settlement bonds	(5,083,891)
Other transfers in	(222,437)
	(7,207,026)
 TOTAL OTHER FINANCING SOURCES (USES)	 (7,207,026)
 NET CHANGE IN FUND BALANCE	 20,037,119
 FUND BALANCE - JULY 1	 67,687,353
 FUND BALANCE - JUNE 30	 \$ 87,724,472

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

ARKANSAS TREASURER OF STATE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit C

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
<b>REVENUES</b>				
Consumer sales and use taxes	\$256,000,000	\$256,000,000	\$ 261,097,097	\$ 5,097,097
Motor user taxes and fees	380,000,000	380,000,000	257,564,914	(122,435,086)
Fines and penalties	600,000	600,000	297,444	(302,556)
Real estate transfer taxes			1,333,853	1,333,853
Severance taxes			4,288,842	4,288,842
Tobacco Master Settlement Agreement receipts			57,047,680	57,047,680
Investment earnings	3,600,000	3,600,000	79,138,560	75,538,560
Federal grants and reimbursements	20,000,000	20,000,000	9,810,080	(10,189,920)
Other taxes, fees, and earnings			92,768	92,768
<b>TOTAL REVENUES</b>	<b>660,200,000</b>	<b>660,200,000</b>	<b>670,671,238</b>	<b>10,471,238</b>
<b>EXPENDITURES</b>				
Regular salaries	2,239,462	2,239,462	2,095,848	143,614
Extra help	35,000	35,000	11,572	23,428
Operating expenses	1,180,000	1,160,500	1,069,481	91,019
Personal services matching	689,407	689,407	648,319	41,088
Conference fees and travel	37,260	52,260	38,355	13,905
Professional fees and services	209,375	219,375	95,138	124,237
Capital outlay	75,000	104,000	44,055	59,945
Data processing	1,080,000	1,051,000	870,373	180,627
Facility debt service and operating expenses	887,908	887,908	887,908	
General revenue - counties	21,428,616	21,426,616	14,191,197	7,235,419
Special revenue - counties	200,000,000	200,000,000	145,978,513	54,021,487
Mineral sale or lease - minerals, oil, and gas	20,000,000	20,000,000	7,565,801	12,434,199
General revenue - cities	29,372,099	29,368,599	27,961,961	1,406,638
Special revenue - cities	180,000,000	180,000,000	131,061,663	48,938,337
Emergency medical	300,000	300,000	148,722	151,278
Local law enforcement	300,000	300,000	148,722	151,278
Premiums and discounts	600,000	600,000		600,000
Principal, interest, paying agent fees	3,000,000	3,000,000	19,795	2,980,205
Refunds, reimbursements	60,000,000	60,000,000		60,000,000
Debt service	60,000,000	60,000,000	49,466,534	10,533,466
Real property tax reduction - counties	250,000,000	300,000,000	257,119,846	42,880,154
Distribution to counties	4,000,000	2,000,000	2,000,000	
Distribution to cities	2,000,000	2,000,000	2,000,000	

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

ARKANSAS TREASURER OF STATE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit C

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
EXPENDITURES (Continued)				
Animal Shelters - counties	\$ 50,000	\$ 50,000	\$ 1,645	\$ 48,355
Animal Shelters - cities	50,000	50,000	1,645	48,355.00
<b>TOTAL EXPENDITURES</b>	<b>837,534,127</b>	<b>885,534,127</b>	<b>643,427,093</b>	<b>242,107,034</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(177,334,127)</b>	<b>(225,334,127)</b>	<b>27,244,145</b>	<b>252,578,272</b>
OTHER FINANCING SOURCES (USES)				
Interagency transfers in:				
Funding from Arkansas Natural Resources Commission - debt service	68,000,000	68,000,000	15,193,152	(52,806,848)
Interagency transfers out:				
Tobacco settlement distribution			(47,983,256)	(47,983,256)
Transfer to fiscal agent for debt service - tobacco settlement bonds			(5,083,891)	(5,083,891)
General revenue distribution	103,788,623	103,788,623	89,697,733	(14,090,890)
General/Special revenue allocation	5,570,829	5,570,829	5,200,000	(370,829)
Securities reserve fund distribution			(66,672,714)	(66,672,714)
Funding from Securities Reserve Fund (TAS)			4,623,825	4,623,825
Payments to State agencies from County and Municipal Aid funds			(9,265,149)	(9,265,149)
Funding From Admin of Justice Fund			6,999,022	6,999,022
Boating safety			306,689	306,689
Other financing sources			(222,437)	(222,437)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>177,359,452</b>	<b>177,359,452</b>	<b>(7,207,026)</b>	<b>(184,566,478)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>25,325</b>	<b>(47,974,675)</b>	<b>20,037,119</b>	<b>68,011,794</b>
<b>FUND BALANCE - JULY 1</b>	<b>67,687,353</b>	<b>67,687,353</b>	<b>67,687,353</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 67,712,678</b>	<b>\$ 19,712,678</b>	<b>\$ 87,724,472</b>	<b>\$ 68,011,794</b>

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

ARKANSAS TREASURER OF STATE  
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2018

Exhibit D

	Investment Trust Fund State Treasury	Agency Funds Appropriated Treasury Funds	Total Fiduciary Funds
	Money Management Trust Fund		
<b>ASSETS</b>			
Cash and cash equivalents	\$ 728,703,371	\$ 1,943,581,340	\$ 2,672,284,711
Investments:			
Money market accounts		603,487	603,487
State Treasury money management trust fund		283,439,423	283,439,423
Certificates of deposit		74,421,524	74,421,524
Commercial paper		193,713,484	193,713,484
Mortgage-backed securities	660,005	1,643,630,525	1,644,290,530
Israel bonds		19,901,000	19,901,000
Municipal bonds		2,999,849	2,999,849
Accrued interest receivable	108,802	7,131,703	7,240,505
	<b>729,472,178</b>	<b>4,169,422,335</b>	<b>4,898,894,513</b>
<b>LIABILITIES</b>			
Due to other governmental units		4,169,422,335	4,169,422,335
<b>NET POSITION</b>			
Held in trust for pool participants:			
Treasurer of State	\$ 283,439,423		283,439,423
Other pool participants	446,032,755		446,032,755
	<b>729,472,178</b>		<b>446,032,755</b>
<b>TOTAL NET POSITION</b>	<b>\$ 729,472,178</b>	<b>\$ 0</b>	<b>\$ 729,472,178</b>

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

ARKANSAS TREASURER OF STATE  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2018

Exhibit E

	Total State Treasury Money Management Trust Fund
<b>ADDITIONS</b>	
Investment income:	
Net increase (decrease) in the fair value of investments	\$ 327,302
Interest, dividends, and other	12,662,600
Total investment income	12,989,902
Capital share and individual account transactions:	
Shares sold	4,542,574,065
Reinvested distributions	10,298,497
Shares redeemed	(4,123,501,564)
Net capital share and individual account transactions	429,370,998
TOTAL ADDITIONS	442,360,900
<b>DEDUCTIONS</b>	
Distributions to shareholders	10,298,497
CHANGE IN NET POSITION HELD FOR PLAN SPONSOR AND OTHER POOL PARTICIPANTS	432,062,403
NET POSITION - BEGINNING	297,409,775
NET POSITION - ENDING	\$ 729,472,178

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

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

Ark. Const. art. 6 created the office of Treasurer of State, who is elected by the qualified electors of the State. Arkansas Code Annotated specifies duties of the Treasurer of State, including banking and investing functions for the State's appropriated treasury funds and the Treasurer's money management trust fund; distribution of the State's general, special, and certain other revenues; distributions to local government entities; receipt and allocation of the State's Tobacco Settlement proceeds; debt service payments on the State's general obligation bonds and certain revenue bonds; as well as other duties.

B. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. 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 all related liabilities and residual equities or 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, if applicable to this Agency, are recognized in the accompanying financial statements.

Governmental Funds

General Fund – General Fund is the general operating fund and is used to report all financial resources, except those required to be accounted for in another fund.

Fiduciary Funds

Trust and Agency Funds – Trust and Agency Funds are used to report resources held by the Agency in a trustee capacity or as an agent for individuals, other governmental units, and other funds. These include Pension Trust Funds, Employee Health Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds. The specific activity accounted for at this Agency includes the following:

Investment Trust Funds account for assets held by the Agency in an investment pool and are further described in Note 2.

Agency Funds account for assets held by the Agency in a custodial capacity for other state governmental units in accordance with constitutional and other legal requirements.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities (i.e., 45 days). Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred. Revenues from federal grants and federal reimbursements are recognized when all applicable eligibility requirements and the availability criteria of 45 days have been met. The economic resources measurement focus and accrual basis of accounting are used in all Proprietary and Fiduciary Fund financial statements. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, cash in State Treasury, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less. All short-term investments are stated at fair value.

E. Deposits and Investments

State Board of Finance Policies

Ark. Code Ann. §§ 19-3-501 – 19-3-523 governs the management of monies held by the Treasurer of State and prescribes the eligible deposits and investments of the office. Arkansas Code Annotated §§ 19-3-701 – 19-3-705 created the State Board of Finance and grants the Board the authority to establish, maintain, and enforce all policies and procedures concerning the management and investment of State Treasury funds.

The Treasurer of State has adopted an investment policy approved by the State Board of Finance that describes the proportion, duration, and other characteristics of eligible investments. The policy objectives are the preservation of capital, maintaining necessary levels of liquidity, and optimizing the return on investments.

Deposits

Deposits are carried at cost and consist of cash in bank, cash in State Treasury, and certificates of deposit. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Treasurer of State's collateralization policy requires the use of depository insurance and collateralization deposits with prescribed securities having a market value equal to or exceeding 105% of the total balance and any accrued interest. Securities pledged as collateral are placed in the custody of third party safekeeping agents under contract provisions preventing access by the pledging bank unless granted by the Treasurer of State. As of June 30, 2018, none of the Agency's bank balance of \$749,041,602 was exposed to custodial credit risk.

Investments

Except for certain interest-earning investment contracts, commercial paper holdings with less than a year to maturity at time of purchase, and money market investments, investments are reported at fair value. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation assumptions used to measure the fair value of the asset as follows:

- Level 1 – quoted prices in active markets for identical assets
- Level 2 – significant other observable assumptions
- Level 3 – significant unobservable assumptions

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investments (Continued)

The Agency has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Valuation Method	Amount
Mortgage-backed securities	Level 2	\$ 1,644,290,529
Municipal bonds	Level 2	2,999,849
Israel bonds	Level 2	19,901,000
Total		<u>\$ 1,667,191,378</u>

Nonparticipating contracts (certificates of deposit) and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Changes in the fair value of investments are recognized as revenue in the operating statements.

Investment in the State Treasury Money Management Trust Fund – During the year, the Agency participated in the State Treasury Money Management Trust Fund for investment purposes. Ark. Code Ann. §§ 19-3-601 – 19-3-606 authorizes the State Treasury Money Management Trust Fund (“Fund”) to be a means by which state agencies and local governments and subdivisions may enhance their investment opportunities and earnings of idle cash funds and is defined as an external investment pool by the Governmental Accounting Standards Board Statement Number 31 (GASB 31). The Treasurer of State, the pool sponsor, may invest the Fund’s assets in those investments authorized by the State Treasury Management Law (Ark. Code Ann. § 19-3-518). The Treasurer of State has established procedures for participation in the Fund and its operation. Participants make deposits to and withdrawals from their accounts in the Fund using electronic banking transfers. Participants must notify the Fund managers of withdrawals no later than the close of business on the day prior to the withdrawal. Monthly earnings are distributed at the end of the following month, with each participant receiving their proportionate share of earnings less any fees assessed. Monthly statements of activity are provided to each participant. Although the Treasurer of State reports do not reflect the Fund’s participants fair values of the proportionate share of the Fund’s investments, we have determined that there is not a significant difference for reporting purposes between the Agency’s cost plus interest earnings and the fair value of its investment in the Fund. Although the Agency did participate in the Fund, for increased clarity the amount invested will not be included as a separate line item in the following investment notes, because the holdings of the entire Fund are already included.

As of June 30, 2018, the Agency has the following investment balances and segmented maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
Money market funds	\$ 603,487	\$ 603,487			
Commercial paper	1,989,544,945	1,989,544,945			
Mortgage-backed securities	1,644,290,530	669,387			\$ 1,643,621,143
Israel bond	19,901,000		\$ 19,901,000		
Municipal bonds	2,999,849	2,246,650			753,199
Total	<u>\$ 3,657,339,811</u>	<u>\$ 1,993,064,469</u>	<u>\$ 19,901,000</u>	<u>\$ 0</u>	<u>\$ 1,644,374,342</u>



ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency has a formal investment policy that limits expected individual investment maturities to 10 years and the average maturity of the portfolio to 10 years as a means of managing its exposure to fair value losses arising from increasing interest rates. Exceptions to the 10-year limitation on individual investments include U.S. agency mortgage backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments. For these instruments, the allowed duration of the instrument is an average life of not greater than 10 years at the time of purchase using payment speed analysis models. The policy for investments in the State Treasury Money Management Trust Fund restricts maturity of individual investments to 397 days and the average maturity of the portfolio to 60 days. Exceptions to the 397 day limitation on individual investments include U.S. agency mortgage backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments. For these instruments, the allowed duration of the instrument is an average life of not greater than 397 days at the time of purchase using prepayment speed analysis models. The summary shown above indicates that 46% of the Agency’s investment maturities are one year or longer.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency’s credit risk policy is that commercial paper carry an investment rating of A-1 or better by Standard and Poor’s Rating Services (S&P) and P-1 by Moody’s Investors Service (Moody’s) for maturities exceeding 90 days but not exceeding 180 days. For maturities not exceeding 90 days, the ratings for commercial paper should be A-2 or better by S&P and P-2 or better by Moody’s. The policy for corporate bonds of maturity of one year or less is that they should have ratings of A- or A3 or better by at least two of the credit ratings agencies (S&P, Moody’s or Fitch Ratings Inc. (Fitch)), and bonds of maturity over one year should have ratings of AA- or better by each of the credit ratings agencies (S&P, Moody’s, or Fitch). The Agency’s exposure to credit risk as of June 30, 2018, is as follows:

Moody’s Investor’s Service		Standard and Poor’s	
Rating	Fair Value	Rating	Fair Value
Aaa	\$ 1,356,686	AAA	\$ 603,487
A	19,901,000	AA	1,000,000
P-1	312,269,860	A	21,147,650
P-2	1,677,275,085	A-1	290,228,680
Unrated	1,646,537,180	A-2	1,699,316,265
		Unrated	1,645,043,729
Total	\$ 3,657,339,811	Total	\$ 3,657,339,811

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has adopted the State Board of Finance Policy requiring the use of depository insurance and collateralization procedures to manage the risk that investments may not be returned. None of the Agency’s investments were exposed to custodial credit risk at June 30, 2018.

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Agency’s investment in a single issuer that represents 5% or more of total investments. The State places no limit on the amount the State Treasury may invest in U.S. government agency securities. The Agency’s policy for corporate debt, including both commercial paper and bonded debt of an issuer, is that no investment with a maturity of greater than eight days shall be made in any single issuer which, at the time of purchase exceeds 5% of the total portfolio of the Treasury or STMMT. As of June 30, 2018, the Agency had the following investments that represent more than 5% of total fiduciary fund investments, excluding investments that are fully insured or collateralized such as certificates of deposit:

Federal Home Loan Mortgage Corporation	29.10%
Federal National Mortgage Association	15.54%
Romulus Funding Corporation	8.77%
Banco de Credito	6.50%
China National Petroleum Corporation	6.41%
Intesa Funding, LLC	5.32%

Mortgage-Backed Securities – As of June 30, 2018, mortgage-backed securities held by the Agency had a market value of \$1,644,290,530. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost. At June 30, 2018, no mortgage-backed securities were considered highly sensitive to changes in interest rates.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Agency does not have an investment policy that limits investment in foreign currency.

F. Interfund Balances and Transfers

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Details of interfund transfers are disclosed in the financial statements.

G. Prepaid Expenses

Prepaid expenses generally represent the cost of consumable supplies on hand or unexpired services at year-end. The cost of these items is included with expenditures at the time of purchase. Prepaid expenses, as reported in the general fund financial statements, are also recorded as a nonspendable component of fund balance indicating that they do not constitute “available, spendable financial resources.”

H. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (an expense or expenditure) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period.

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Fund Equity

Fund Balance

In the financial statements, fund balance is reported in one of five classifications, where applicable, based on the constraints imposed on the use of the resources.

The nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid items, inventories, long-term amount of loans and notes receivables, etc.) or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balance, where applicable, comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes according to constraints imposed by legislation of the General Assembly, the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the General Assembly removes or changes the constraint by the same action that imposed the constraint.

*Assigned fund balance.* This classification reflects amounts constrained by the State's "intent" to be used for specific purposes but are neither restricted nor committed. The General Assembly has the authority to assign amounts to be used for specific purposes by legislation or approved methods of financing.

*Unassigned fund balance.* This amount is the residual classification for the general fund.

When more than one spendable classification is available for use, it is the State's policy to use the resources in this order: restricted, committed, assigned, and unassigned.

I. Budgetary Data

The State utilizes an annual budgeting process with budget amounts initially derived from the previous fiscal year's funded allocation. In accordance with the appropriations and funding provided by the Legislature, individual state agencies have been charged with the responsibility of administering and managing their programs as authorized by the Legislature. Agencies are also charged with the responsibility of preparing an annual operations plan as a part of the budgetary process for the operation of each of their assigned programs. State law provides for the establishment of a comprehensive financial management system that includes adequate controls over receipts, expenditures, and balances of Agency funds. It is mandated that this system include a modified accrual system, conform with generally accepted governmental accounting principles, and provide a reporting system whereby actual expenditures are compared to expenditures projected in the Agency's annual operation plan.

NOTE 2: State Treasury Money Management Trust Fund

Ark. Code Ann. §§ 19-3-601 – 19-3-606 authorizes the Arkansas Treasurer of State to establish the State Treasury Money Management Trust Fund for state agencies and political subdivisions to provide additional investment opportunities. Participation in the fund is voluntary. At June 30, 2018, there were 25 participants in the fund, including the Treasury of State's investment of agency funds of the State.

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2: State Treasury Money Management Trust Fund (Continued)

The fund is not registered with the Securities and Exchange Commission (SEC) as an investment company. The portfolio of the Fund's investments is determined by the Chief Investment Officer of the Treasurer of State, in accordance with the State Treasury Management Law, with review by Treasury Management. The fair values of the Fund's investments are determined for financial statement purposes in accordance with the standards discussed in Note 1. The total value of the participants' shares in the pool is the same as the total value of the pool. No legally-binding guarantees were provided or obtained to support the value of shares of the Fund.

The holdings of the State Treasury Money Management Trust Fund at June 30, 2018, consisted of short-term commercial paper, demand accounts, and mortgage backed securities. The summary financial statements of the fund are presented below:

ARKANSAS TREASURER OF STATE  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2017

	Totals
<b>ASSETS</b>	
Cash and cash equivalents	\$ 728,703,371
Investments:	
Mortgage-backed securities	660,005
Accrued interest receivable	108,802
<b>TOTAL ASSETS</b>	<b>\$ 729,472,178</b>
 <b>NET POSITION</b>	
Held in trust for pool participants:	
Treasurer of State	\$ 283,439,423
Other pool participants	446,032,755
<b>TOTAL NET POSITION</b>	<b>\$ 729,472,178</b>

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2: State Treasury Money Management Trust Fund (Continued)

ARKANSAS TREASURER OF STATE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS -  
INVESTMENT TRUST  
FOR THE YEAR ENDED JUNE 30, 2017

	Totals
<b>ADDITIONS</b>	
Investment income:	
Net increase (decrease) in the fair value of investments	\$ 327,302
Interest, dividends, and other	12,662,600
Total investment income	12,989,902
Capital share and individual account transactions:	
Shares sold	4,542,574,065
Reinvested distributions	10,298,497
Shares redeemed	(4,123,501,564)
Net capital share and individual account transactions	429,370,998
TOTAL ADDITIONS	442,360,900
<b>DEDUCTIONS</b>	
Distributions to shareholders	10,298,497
CHANGE IN NET POSITION HELD FOR PLAN SPONSOR AND OTHER POOL PARTICIPANTS	432,062,403
NET POSITION - BEGINNING	297,409,775
NET POSITION - ENDING	\$ 729,472,178

NOTE 3: Commitments and Contingencies – Litigation

The Agency is involved in legal proceedings concerning an illegal exaction lawsuit, *Wilson v. Walther, et. al.*, to recover unspent General Improvement Fund monies. The plaintiff was originally awarded attorneys' fees of roughly \$320,000. The defendants appealed that fee award to the Arkansas Supreme Court, which found in the defendants' favor and remanded the attorneys' fee issue back to the trial court for a new calculation. The trial court recently entered a new award of attorneys' fees that was essentially the same as the previously overturned ruling. In response, defendants have entered another notice of appeal to the Arkansas Supreme Court. The State has accrued a liability of \$320,000 for the payment of this claim in the event of an unfavorable ruling.

ARKANSAS TREASURER OF STATE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4: Subsequent Event – Concentration of Credit Risk

As discussed in Note 1E, Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Agency’s investment in a single issuer that represents 5% or more of total investments. A review of Agency records as of June 30, 2019, showed significant changes in the concentration of credit risk for the Agency. The table comparing investments in a single issuer that represented more than 5% of total fiduciary fund investments as of June 30, 2019, to those that represented more than 5% of total fiduciary fund investments as of June 30, 2018 is included below.

	<u>% of total as of June 30, 2018</u>	<u>% of total as of June 30, 2019</u>	<u>% change</u>
Federal Home Loan Mortgage Corporation	29.10%	23.31%	-19.90%
Federal National Mortgage Association	15.54%	10.70%	-31.15%
Romulus Funding Corporation	8.77%	7.99%	-8.89%
Banco de Credito	6.50%		-100.00%
China National Petroleum Corporation	6.41%	24.29%	278.94%
Intesa Funding , LLC	5.32%	11.01%	106.95%

ARKANSAS TREASURER OF STATE  
 DISTRIBUTION OF GENERAL REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2018

Schedule 1

Description	Amount	Percentage
Public education	\$ 3,529,170,708	52.47%
Human services	1,572,957,308	23.38%
Tax refunds	532,781,472	7.92%
Public safety	523,463,998	7.78%
General government	208,397,975	3.10%
Public health and environmental quality	83,422,092	1.24%
Economic development, agriculture, and labor	69,322,129	1.03%
Aid to local governments	66,488,623	0.99%
Parks, recreation, and heritage	29,592,335	0.44%
Other	110,952,992	1.65%
 Total general revenue distribution	 \$ 6,726,549,632	 100%

ARKANSAS TREASURER OF STATE  
DISTRIBUTION OF INTEREST RECEIPTS FROM THE SECURITIES RESERVE FUND (TAS)  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 2

Payee	Fund	Amount	Authority
County Aid Fund	MLC	\$ 2,311,912	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds.
Municipal Aid Fund	MLM	2,311,912	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds.
Various Funds	N Funds	2,090,160	Ark. Code Ann. § 19-3-518 - Interest earnings on balances previously held as cash funds in financial institutions other than the State Treasury.
Federal Grant Interest	FIG	8,215	Interest earnings on deposits from the Edward Byrne Justice Assistance Grant Program.
Highway Department Fund	RRA	14,845,645	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds. (70% after Treasurer of State service charge)
Game Protection Fund	SDG	1,001,037	Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (After 3% Treasurer of State service charge)
Budget Stabilization Trust Fund	TBS	20,258,441	Ark. Code Ann. § 19-5-905(a)(9) - After distribution in subdivision (a)(7) and (8) a transfer of \$5 million each fiscal year to the Budget Stabilization Trust Fund. (a)(11) - For a transfer on the last business day of the fiscal year to the Budget Stabilization Trust Fund to reimburse the Budget Stabilization Trust Fund for any current fiscal year transfers that have been made to the applicable funds.
State Central Services Fund	HSC	442,984	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds. Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (2/3 of Treasurer of State service charge)
Long Term Reserve Fund	SRD	3,191,161	Ark. Code Ann. § 19-5-905(a)(12) - After all distribution and transfers..., less \$100,000..., for a transfer by the Chief Fiscal Officer of the State on the last business day of the fiscal year of the fund balance to the Long Term Reserve Fund.
Arkansas Highway Transfer Fund	SHI	20,000,000	Ark. Code Ann. §19-5-905(a)(10) - After the transfer to the Budget Stabilization Trust Fund enumerated in subdivision (a)(9) of this section, for a transfer by the Chief Fiscal Officer of the State of \$20 million dollars beginning in Fiscal Year 2018 and each fiscal year thereafter to the Arkansas Highway Transfer Fund.
Constitutional Officers Fund	MCF	<u>211,247</u>	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds. Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (1/3 of Treasurer of State service charge)
<b>TOTAL</b>		<u>\$ 66,672,714</u>	



ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO COUNTIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 3

County	County Aid Fund (MLC)	Property Tax Relief Fund (TPR)
Arkansas County	\$ 1,941,836	\$ 1,666,519
Ashley County	1,949,418	1,862,610
Baxter County	2,437,256	4,852,778
Benton County	6,194,609	22,614,896
Boone County	2,164,915	3,626,871
Bradley County	1,407,739	948,007
Calhoun County	1,258,933	528,641
Carroll County	1,919,018	2,675,113
Chicot County	1,422,184	845,571
Clark County	1,767,413	1,735,566
Clay County	1,490,514	1,540,112
Cleburne County	1,993,209	2,585,952
Cleveland County	1,345,256	816,346
Columbia County	2,665,504	1,970,245
Conway County	1,722,777	2,104,534
Craighead County	3,208,174	8,105,664
Crawford County	2,782,623	5,560,563
Crittenden County	1,988,808	3,508,699
Cross County	1,555,147	1,526,645
Dallas County	1,318,619	644,838
Desha County	1,514,145	926,867
Drew County	1,737,618	1,414,511
Faulkner County	3,822,914	10,048,555
Franklin County	1,799,972	1,738,386
Fulton County	1,450,888	1,289,901
Garland County	4,041,388	9,867,393
Grant County	1,609,368	1,765,816
Greene County	2,054,389	3,700,320
Hempstead County	1,757,034	1,664,321
Hot Spring County	2,039,717	2,981,686
Howard County	1,446,055	1,134,544
Independence County	2,262,517	3,229,154
Izard County	1,427,494	1,413,766
Jackson County	1,494,215	1,257,953
Jefferson County	2,735,981	5,528,863
Johnson County	2,253,131	2,418,589
Lafayette County	1,473,062	616,692
Lawrence County	1,526,907	1,489,551
Lee County	1,403,738	565,859
Lincoln County	1,474,035	880,804
Little River County	1,412,110	1,226,277
Logan County	2,022,716	2,190,833
Lonoke County	2,925,838	6,367,838
Madison County	1,866,600	1,584,827
Marion County	1,675,498	1,864,243
Miller County	2,165,571	3,648,802
Mississippi County	2,175,693	3,171,429
Monroe County	1,292,570	573,471

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO COUNTIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 3

County	County Aid Fund (MLC)	Property Tax Relief Fund (TPR)
Montgomery County	\$ 2,812,404	\$ 959,266
Nevada County	1,369,547	701,456
Newton County	2,069,940	929,067
Ouachita County	2,305,216	2,153,047
Perry County	1,595,871	1,036,814
Phillips County	1,668,563	1,241,920
Pike County	1,496,009	1,000,580
Poinsett County	1,806,045	1,996,488
Polk County	2,423,067	1,994,100
Pope County	3,141,723	5,571,029
Prairie County	1,372,708	803,742
Pulaski County	8,581,766	33,784,131
Randolph County	1,628,449	1,665,367
Saline County	3,922,089	12,234,128
Scott County	2,616,735	929,114
Searcy County	1,462,624	793,302
Sebastian County	3,493,214	10,889,375
Sevier County	1,500,788	1,292,301
Sharp County	1,533,765	1,782,427
St. Francis County	1,706,446	1,468,668
Stone County	1,632,104	1,218,860
Union County	3,424,407	3,806,436
Van Buren County	1,782,873	1,719,325
Washington County	5,656,079	15,956,043
White County	3,425,947	6,608,752
Woodruff County	1,243,254	548,321
Yell County	2,623,427	1,752,365
Totals	<u>\$ 165,690,176</u>	<u>\$ 259,117,845</u>

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Adona	\$ 17,596	\$ 221
Alexander	244,245	3,069
Alicia	10,440	131
Allport	8,451	122
Alma	456,244	5,734
Almyra	23,827	299
Alpena	33,004	415
Altheimer	82,846	1,041
Altus	62,999	802
Amagon	8,251	104
Amity	60,872	765
Anthonyville	13,670	170
Antoine	9,851	124
Arkadelphia	902,090	11,336
Arkansas City	30,815	387
Ash Flat	91,097	1,145
Ashdown	397,645	4,997
Atkins	253,927	3,191
Aubrey	14,313	180
Augusta	185,150	2,327
Austin	259,484	3,261
Avoca	41,086	516
Bald Knob	243,908	3,065
Banks	10,440	131
Barling	391,415	4,919
Bassett	14,565	183
Batesville	862,813	10,843
Bauxite	41,002	515
Bay	151,632	1,906
Bearden	81,331	1,022
Beaver	8,419	106
Beebe	615,903	7,740
Beedeville	9,009	113
Bella Vista	2,233,312	28,066
Bellefonte	38,224	480
Belleville	37,129	467
Ben Lomond	12,208	153
Benton	2,583,258	32,462
Bentonville	2,972,108	37,350
Bergman	36,961	464
Berryville	450,939	5,667
Bethel Heights	199,707	2,510
Big Flat	8,840	111
Bigelow	22,892	333
Biggers	29,215	367
Birdsong	3,452	43
Biscoe	30,562	384

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Black Oak	\$ 22,059	\$ 277
Black Rock	55,736	700
Black Springs	8,335	105
Blevins	26,521	333
Blue Eye	2,526	32
Blue Mountain	10,440	131
Bluff City	10,440	131
Blytheville	1,315,100	16,527
Bodcaw	11,619	146
Bonanza	48,411	608
Bono	179,416	2,255
Booneville	335,931	4,222
Bradford	63,903	803
Bradley	52,873	664
Branch	30,899	388
Briarcliff	19,870	250
Brinkley	268,408	3,373
Brookland	245,339	3,083
Bryant	1,405,085	17,657
Buckner	23,153	291
Bull Shoals	164,177	2,063
Burdette	16,081	202
Cabot	2,001,876	25,156
Caddo Valley	53,463	672
Caldwell	46,727	587
Cale	6,651	84
Calico Rock	130,079	1,635
Calion	41,592	523
Camden	1,023,316	12,890
Cammack Village	64,660	813
Campbell Station	21,469	270
Caraway	107,683	1,353
Carlisle	186,404	2,343
Carthage	28,878	363
Casa	14,397	181
Cash	28,794	362
Caulksville	17,933	225
Cave City	160,304	2,015
Cave Springs	320,861	4,032
Cedarville	117,365	1,475
Centerton	801,099	10,067
Central City	42,265	531
Charleston	212,336	2,668
Cherokee Village	393,267	4,942
Cherry Valley	54,810	689
Chester	13,387	168
Chidester	24,332	306

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Clarendon	\$ 140,098	\$ 1,761
Clarkedale	31,501	393
Clarksville	772,726	9,711
Clinton	219,071	2,753
Coal Hill	85,204	1,071
Colt	31,825	400
Concord	20,543	258
Conway	4,959,896	62,328
Corning	282,857	3,573
Cotter	81,668	1,026
Cotton Plant	50,395	687
Cove	32,162	404
Coy	416	
Crawfordsville	40,670	507
Crossett	463,653	5,827
Cushman	38,055	478
Daisy	9,682	122
Damascus	32,162	404
Danville	202,822	2,549
Dardanelle	399,497	5,020
Datto	8,419	106
Decatur	143,044	1,798
Delaplaine	9,766	123
Delight	23,490	295
Dell	18,775	236
Denning	26,437	332
DeQueen	555,197	6,977
Dermott	238,073	3,057
Des Arc	144,560	1,817
DeValls Bluff	52,116	655
DeWitt	277,164	3,483
Diamond City	65,839	827
Diaz	110,967	1,395
Dierks	95,391	1,199
Donaldson	25,342	318
Dover	116,018	1,458
Dumas	396,214	4,979
Dyer	73,753	927
Dyess	27,919	434
Earle	204,965	2,554
East Camden	78,384	985
Edmondson	36,255	452
Egypt	9,430	119
El Dorado	1,589,568	19,980
Elaine	53,547	673
Elkins	222,944	2,802

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Elm Springs	\$ 159,378	\$ 2,003
Emerson	30,983	389
Emmet	43,612	548
England	237,846	2,989
Enola	28,457	358
Etowah	29,552	371
Eudora	191,035	2,401
Eureka Springs	174,533	2,193
Evening Shade	36,372	457
Everton	11,198	141
Fairfield Bay	196,844	2,474
Fargo	8,251	104
Farmington	502,971	6,321
Fayetteville	6,194,944	77,852
Felsenthal	12,629	159
Fifty Six	14,565	183
Fisher	15,475	236
Flippin	114,082	1,434
Fordyce	362,031	4,550
Foreman	85,119	1,070
Forrest City	1,294,135	16,263
Fort Smith	7,258,222	91,214
Fouke	72,322	909
Fountain Hill	14,734	185
Fountain Lake	42,349	532
Fourche	5,220	66
Franklin	16,670	210
Friendship	14,818	186
Fulton	15,573	213
Garfield	42,265	531
Garland	20,375	256
Garner	23,911	300
Gassville	174,954	2,199
Gateway	34,098	429
Gentry	288,362	3,624
Georgetown	10,440	131
Gilbert	2,357	30
Gillett	58,178	731
Gillham	13,471	169
Gilmore	22,331	278
Glenwood	187,583	2,357
Goshen	90,171	1,133
Gosnell	298,718	3,754
Gould	70,470	886
Grady	37,803	475
Grannis	46,643	586
Gravette	262,094	3,294

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Green Forest	\$ 232,458	\$ 2,921
Greenbrier	396,214	4,979
Greenland	108,946	1,369
Greenway	17,596	221
Greenwood	753,699	9,472
Greers Ferry	75,016	943
Griffithville	18,944	238
Grubbs	32,499	408
Guion	7,241	91
Gum Springs	10,103	127
Gurdon	186,236	2,340
Guy	59,609	749
Hackett	68,365	859
Hamburg	240,540	3,023
Hampton	111,472	1,401
Hardy	64,997	817
Harrell	21,385	269
Harrisburg	193,813	2,436
Harrison	1,089,685	13,694
Hartford	54,052	679
Hartman	43,696	549
Haskell	335,931	4,222
Hatfield	34,772	437
Havana	31,572	397
Haynes	12,629	159
Hazen	123,596	1,553
Heber Springs	603,245	7,581
Hector	37,887	476
Helena-West Helena	1,034,062	12,995
Hermitage	69,880	878
Hickory Ridge	22,901	288
Higden	10,103	127
Higginson	52,284	657
Highfill	49,085	617
Highland	87,982	1,106
Hindsville	5,136	65
Holland	46,896	589
Holly Grove	50,684	637
Hope	849,882	10,681
Horatio	87,898	1,105
Horseshoe Bend	183,887	2,311
Horseshoe Lake	24,793	309
Hot Springs	2,962,725	37,236
Houston	14,565	183
Hoxie	234,057	2,941
Hughes	121,323	1,525
Humnoke	23,911	300

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Humphrey	\$ 43,251	\$ 589
Hunter	8,840	111
Huntington	53,463	672
Huntsville	197,518	2,482
Huttig	50,263	632
Imboden	56,999	716
Jacksonport	17,849	224
Jacksonville	2,388,173	30,011
Jasper	39,234	493
Jennette	9,764	122
Jericho	10,104	126
Jerome	3,284	41
Johnson	282,384	3,549
Joiner	48,495	609
Jonesboro	5,663,095	71,168
Judsonia	169,986	2,136
Junction City	48,916	615
Keiser	63,903	803
Kensett	138,757	1,744
Keo	21,554	271
Kibler	80,910	1,017
Kingsland	37,634	473
Knobel	24,163	304
Knoxville	61,545	773
Lafe	38,561	485
LaGrange	7,493	94
Lake City	175,290	2,203
Lake View	34,399	469
Lake Village	216,798	2,725
Lakeview	62,387	784
Lamar	135,130	1,698
Lavaca	192,719	2,422
Leachville	167,797	2,109
Lead Hill	22,816	287
Leola	42,181	530
Lepanto	159,378	2,003
Leslie	37,129	467
Letona	21,469	270
Lewisville	107,767	1,354
Lexa	24,079	303
Lincoln	189,351	2,380
Little Flock	217,640	2,735
Little Rock	16,292,643	204,759
Lockesburg	62,219	782
London	87,477	1,099
Lonoke	357,401	4,491
Lonsdale	7,914	99



ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Louann	\$ 13,808	\$ 174
Lowell	616,884	7,752
Luxora	99,180	1,246
Lynn	24,248	305
Madison	64,745	814
Magazine	71,312	896
Magness	17,007	214
Magnolia	974,706	12,249
Malvern	868,707	10,917
Mammoth Spring	82,257	1,034
Manila	165,421	3,536
Mansfield	95,896	1,205
Marianna	346,455	4,354
Marie	7,072	89
Marion	1,048,226	13,062
Marked Tree	216,040	2,715
Marmaduke	93,539	1,176
Marshall	114,082	1,434
Marvell	99,853	1,255
Maumelle	1,445,010	18,159
Mayflower	188,097	2,364
Maynard	35,866	451
McCaskill	8,083	102
McCrary	145,570	1,829
McDougal	15,660	197
McGehee	355,212	4,464
McNab	5,725	72
McNeil	43,444	546
McRae	57,420	722
Melbourne	155,589	1,955
Mena	483,017	6,070
Menifee	25,426	320
Midland	27,363	344
Midway	32,751	412
Mineral Springs	101,706	1,278
Minturn	9,177	115
Mitchellville	30,310	381
Monette	126,374	1,588
Monticello	797,058	10,017
Montrose	29,804	375
Moorefield	11,535	145
Moro	18,186	229
Morrilton	569,736	7,160
Morrison Bluff	5,388	68
Mount Ida	90,592	1,138
Mount Pleasant	34,856	438
Mount Vernon	12,208	153

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Mountain Home	\$ 1,048,038	\$ 13,171
Mountain Pine	64,829	815
Mountain View	231,363	2,908
Mountainburg	53,126	668
Mulberry	139,340	1,751
Murfreesboro	138,161	1,736
Nashville	389,563	4,896
Newark	99,011	1,244
Newport	663,359	8,336
Nimmons	5,809	73
Norfolk	43,023	541
Norman	31,825	400
Norphlet	71,059	893
North Little Rock	5,245,580	65,921
Oak Grove	31,067	390
Oak Grove Heights	74,848	941
Oakhaven	5,304	67
Oden	19,533	245
Ogden	15,155	190
Oil Trough	21,890	275
O'Kean	16,333	205
Okolona	12,376	156
Ola	107,852	1,355
Omaha	14,229	179
Oppelo	65,755	826
Osceola	653,119	8,207
Oxford	56,410	709
Ozan	7,156	90
Ozark	310,168	3,898
Palestine	57,336	721
Pangburn	50,600	636
Paragould	2,198,540	27,629
Paris	297,261	3,737
Parkdale	23,322	293
Parkin	93,034	1,169
Patmos	5,388	68
Patterson	38,055	478
Pea Ridge	403,623	5,072
Peach Orchard	11,366	143
Perla	20,291	255
Perry	22,732	286
Perrytown	22,901	288
Perryville	122,922	1,545
Piggott	324,060	4,072
Pindall	9,430	119
Pine Bluff	4,132,657	51,933
Pineville	20,038	252

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Plainview	\$ 51,190	\$ 643
Pleasant Plains	29,384	369
Plumerville	69,544	874
Pocahontas	556,376	6,992
Pollard	18,691	235
Portia	36,792	462
Portland	36,203	455
Pottsville	238,941	3,003
Powhatan	6,062	76
Poyen	24,416	307
Prairie Grove	372,640	4,683
Prattsville	25,679	323
Prescott	277,501	3,487
Pyatt	18,607	234
Quitman	64,155	806
Ratcliff	17,007	214
Ravenden	39,571	497
Ravenden Springs	9,935	125
Rector	166,450	2,092
Redfield	109,199	1,372
Reed	14,481	182
Reyno	38,392	482
Rison	113,156	1,422
Rockport	63,566	799
Roe	9,598	121
Rogers	4,711,795	59,213
Rondo	16,670	210
Rose Bud	40,581	510
Rosston	21,974	276
Rudy	5,136	65
Russell	18,186	229
Russellville	2,350,677	29,541
Salem	137,656	1,730
Salesville	37,887	476
Scranton	18,859	237
Searcy	1,924,491	24,185
Sedgwick	12,797	161
Shannon Hills	264,620	3,325
Sheridan	387,542	4,870
Sherrill	7,072	89
Sherwood	2,485,758	31,237
Shirley	24,500	308
Sidney	15,239	192
Siloam Springs	1,266,183	15,912
Smackover	157,021	1,973
Smithville	6,567	83
South Lead Hill	8,588	108

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Southside	\$ 328,438	\$ 4,127
Sparkman	35,951	452
Springdale	5,956,708	74,854
Springtown	7,325	92
St. Charles	19,364	243
St. Francis	21,048	265
St. Joe	11,114	140
St. Paul	9,514	120
Stamps	142,539	1,791
Star City	191,456	2,406
Stephens	75,016	943
Strawberry	25,426	320
Strong	46,980	590
Stuttgart	785,224	9,867
Subiaco	48,159	605
Success	12,545	158
Sulphur Rock	38,392	482
Sulphur Springs	43,023	541
Summit	50,853	639
Sunset	16,812	210
Swifton	67,186	844
Taylor	47,653	599
Texarkana	2,519,100	31,656
Thornton	34,267	431
Tillar	18,944	238
Tinsman	4,546	57
Tollette	20,206	254
Tontitown	207,116	2,603
Traskwood	43,612	548
Trumann	614,274	7,720
Tuckerman	156,768	1,970
Tull	37,719	474
Tupelo	15,155	190
Turrell	52,218	651
Twin Groves	28,205	354
Tyronza	64,155	806
Ulm	14,313	180
Valley Springs	15,407	194
Van Buren	1,918,850	24,114
Vandervoort	7,325	92
Victoria	3,115	39
Vilonia	321,198	4,036
Viola	28,373	357
Wabbaseka	21,469	270
Waldenburg	5,136	65
Waldo	115,513	1,452
Waldron	304,611	3,828

ARKANSAS TREASURER OF STATE  
DISTRIBUTION TO CITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Walnut Ridge	\$ 449,424	\$ 5,648
Ward	342,431	4,303
Warren	505,412	6,352
Washington	15,155	190
Watson	17,765	223
Weiner	60,282	758
Weldon	6,315	79
West Fork	195,076	2,452
West Memphis	2,209,654	27,758
West Point	15,576	196
Western Grove	32,330	406
Wheatley	29,889	376
Whelen Springs	7,746	97
White Hall	465,252	5,847
Wickes	63,482	798
Widener	22,985	289
Wiederkehr Village	3,199	40
Williford	6,315	79
Willisville	12,797	161
Wilmar	43,023	541
Wilmot	46,306	582
Wilson	76,027	955
Wilton	31,488	396
Winchester	14,060	177
Winslow	32,920	414
Winthrop	16,165	203
Wooster	72,406	910
Wrightsville	177,985	2,237
Wynne	704,446	8,853
Yellville	101,368	1,274
Zinc	8,672	109
Totals	<u>\$ 159,007,460</u>	<u>\$ 2,000,000</u>

ARKANSAS TREASURER OF STATE  
 SCHEDULE OF SELECTED INFORMATION  
 FOR THE FIVE-YEAR PERIOD ENDED JUNE 30, 2018

Schedule 5

	For the Year Ended June 30,				
	2018	2017	2016	2015	2014
<b>General Fund</b>					
Total Assets	\$ 121,511,604	\$ 94,377,671	\$ 197,813,421	\$ 198,088,253	\$ 203,201,240
Total Liabilities	5,261,006	1,428,805	1,481,096	1,722,823	1,785,945
Total Deferred Inflows of Resources	28,526,126	25,261,513	24,777,485	24,928,301	24,985,424
Total Fund Equity	87,724,472	67,687,353	171,554,840	171,437,129	176,429,871
Net Revenues	670,671,238	625,245,238	603,837,432	577,261,012	563,366,015
Total Expenditures	643,427,093	629,084,886	627,659,387	620,444,965	601,809,895
Total Other Financing Sources (Uses)	(7,207,026)	(100,027,839)	23,939,666	38,191,211	(12,326,586)
<b>Aggregate Remaining Fund Information</b>					
Total Assets	\$ 4,898,894,513	\$ 4,214,930,640	\$ 4,060,879,918	\$ 3,729,231,272	\$ 3,435,318,730
Total Liabilities	4,169,422,335	3,917,520,865	3,743,832,294	3,536,464,370	3,246,352,895
Total Net Position	729,472,178	297,409,775	317,047,624	192,766,902	188,965,835
Total Additions	25,605,961,014	21,048,197,743	20,207,909,655	19,832,350,039	18,395,117,020
Total Deletions	24,921,997,141	20,894,147,021	19,876,261,009	19,538,437,496	18,278,871,331

ARKANSAS TREASURER OF STATE  
OTHER GENERAL INFORMATION  
JUNE 30, 2018  
(UNAUDITED)

A. Capital Assets

Capital assets purchased and in the custody of this Agency were recorded as expenditures at the time of purchase. Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs, and installation costs). Infrastructure or public domain fixed assets (such as roads, bridges, tunnels, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are also capitalized. Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Agency would have purchased the item. In accordance with current accounting principles generally accepted in the United States of America, general capital assets and depreciation are reported in the State's "Government-Wide" financial statements but are not reported in the governmental fund financial statements. Depreciation is reported for proprietary fund capital assets based on a straight-line method, with no salvage value. Estimated useful lives generally assigned are as follows:

<u>Assets:</u>	<u>Years</u>
Equipment	5-20
Buildings and building improvements	20-50
Infrastructure	10-40
Land improvements	10-100
Intangibles	4-95
Other capital assets	10-15

Capital assets activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Equipment	\$ 640,836	\$ 44,055	\$ 966	\$ 683,925
Intangibles	1,873,550			1,873,550
Total governmental activities	<u>\$ 2,514,386</u>	<u>\$ 44,055</u>	<u>\$ 966</u>	<u>\$ 2,557,475</u>

B. Pension Plan

Arkansas Public Employees Retirement System (APERS)

Plan Description – The Agency contributes to APERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the APERS Board of Trustees. APERS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests with the General Assembly the legislative power to enact and amend benefit provisions of APERS as published in Chapters 2, 3, and 4 of Title 24 of the Arkansas Code Annotated. APERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Little Rock, Arkansas 72201 or by calling 1-501-682-7855.

Funding Policy – Contributory plan members are required to contribute 5% of their annual covered salary. The Agency is required to contribute for all covered state employees at the rate of 14.75% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the Arkansas General Assembly. The contribution requirements of the Agency are established and may be amended by the APERS Board of Trustees. The Agency's contributions to APERS for the years ended June 30, 2018, 2017, and 2016, were \$306,488, \$293,721, and \$307,262, respectively, equal to the required contributions for each year.

ARKANSAS TREASURER OF STATE  
OTHER GENERAL INFORMATION  
JUNE 30, 2018  
(UNAUDITED)

C. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Finance and Administration – Employee Benefits Division (DFA-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DFA-EBD related to medical and prescription drug plans are established by the State and Public School Life and Health Insurance Board (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DFA-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DFA-EBD is included in the State of Arkansas’s Comprehensive Annual Financial Report (CAFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Finance and Administration, 1509 West Seventh Street, Suite 403, Little Rock, Arkansas 72201 or by calling 501-682-1675.

The Agency contributes to the Plan, a single employer defined benefit OPEB plan administered by DFA-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retirees and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State’s annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed \$450 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer.

D. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of \$7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences are reported in the State’s “Government-Wide” financial statements but are not reported as liabilities or expenditures in the governmental funds. However, the compensated absences payable attributable to this Agency’s employee annual and sick leave as of June 30, 2018 and 2017, amounted to \$164,105 and \$152,311, respectively. The net changes to compensated absences payable during the year ended June 30, 2018, amounted to \$11,794.