City of Cabot, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2016

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF CABOT, ARKANSAS
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

City of Cabot, 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 Cabot, Arkansas, as of and for the year ended December 31, 2016, 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 Cabot, Arkansas, as of December 31, 2016, 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 Cabot, Arkansas, as of December 31, 2016, 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 4 to the financial statements, in 2016 the City adopted new accounting guidance. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application.* Our opinions are not modified with respect to this 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 October 5, 2017, 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
October 5, 2017
LOM101616

Arkansas

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Senate Chair
Sen. Lance Eads
Senate Vice Chair

Rep. Richard Womack
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

City of Cabot, 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 Cabot, Arkansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2017. 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.*

Other Issues

The commentary contained in this section relates to the following officials that held office during 2016:

Mayor: William A. “Bill” Cypert
Clerk/Treasurer: Tammy Yocom
District Court Clerk: Rachel Ellis
Police Chief: Jackie Davis

We reviewed the City's compliance with certain Arkansas laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our audit procedures indicated that the above offices of were in substantial compliance with Arkansas fiscal and financial laws.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT

Marti Steel

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 5, 2017

CITY OF CABOT, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 1,139,646	$ 100,696	$ 5,328,533
Investments			2,661,031
Accounts receivable	954,176	82,932	401,222
Interfund receivables	11,407		8,687
TOTAL ASSETS	$ 2,105,229	$ 183,628	$ 8,399,473
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 508,440	$ 123,229	$ 373,595
Interfund payables	8,687	11,407	
Settlements pending			57,459
Total Liabilities	517,127	134,636	431,054
Fund Balances:			
Restricted		48,992	7,210,425
Committed			757,562
Assigned	18,440		432
Unassigned	1,569,662		
Total Fund Balances	1,588,102	48,992	7,968,419
TOTAL LIABILITIES AND FUND BALANCES	$ 2,105,229	$ 183,628	$ 8,399,473

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

Exhibit B

CITY OF CABOT, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 739,982	$ 1,645,601	$ 20,396
Federal aid	16,236	47,072	30,056
Property taxes	334,556	317,964	668,973
Franchise fees	1,071,848		
Sales taxes	6,738,844		4,397,745
Fines, forfeitures, and costs	238,050		70,367
Investment income	1,453	186	49,792
Local permits and fees	326,753		
Sanitation fees	1,752,211		
Other	909,419	66,340	495
TOTAL REVENUES	12,129,352	2,077,163	5,237,824
EXPENDITURES			
Current:			
General government	1,829,493		
Law enforcement	4,524,608		45,464
Highways and streets	329,306	2,040,922	8,888,413
Public safety	3,031,458		645,591
Sanitation	1,756,172		
Health			32,446
Recreation and culture			338,890
Social services			93,885
Wastewater			1,053,489
Total Current	11,471,037	2,040,922	11,098,178
Debt Service:			
Bond principal			2,865,000
Bond interest and other charges			1,334,753
Note principal	32,116		83,547
Note interest	2,696		6,434
Line of credit principal	70,681		
Line of credit interest	3,582		
TOTAL EXPENDITURES	11,580,112	2,040,922	15,387,912

CITY OF CABOT, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 549,240	$ 36,241	$ (10,150,088)
OTHER FINANCING SOURCES (USES)			
Transfers in			4,000
Transfers out	(4,000)		
Contribution to Parks and Recreation Commission	(300,000)		(6,281,387)
Contribution from Parks and Recreation Commission	74,263		
Notes proceeds			449,577
Bond proceeds			8,290,000
TOTAL OTHER FINANCING SOURCES (USES)	(229,737)		2,462,190
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	319,503	36,241	(7,687,898)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,268,599	12,751	15,425,662
Restatement adjustment (Note 12)			230,655
FUND BALANCES - JANUARY 1, AS RESTATED	1,268,599	12,751	15,656,317
FUND BALANCES - DECEMBER 31	$ 1,588,102	$ 48,992	$ 7,968,419

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

CITY OF CABOT, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2016

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 767,094	$ 739,982	$ (27,112)	$ 1,545,440	$ 1,645,601	$ 100,161
Federal aid	4,800	16,236	11,436		47,072	47,072
Property taxes	375,000	334,556	(40,444)	323,900	317,964	(5,936)
Franchise fees	1,043,550	1,071,848	28,298			
Sales taxes	6,516,528	6,738,844	222,316			
Fines, forfeitures, and costs	269,000	238,050	(30,950)			
Investment income	900	1,453	553	250.00	186	(64)
Local permits and fees	526,572	326,753	(199,819)			
Sanitation fees	1,737,946	1,752,211	14,265			
Other	424,712	909,419	484,707	17,500	66,340	48,840
TOTAL REVENUES	11,666,102	12,129,352	463,250	1,887,090	2,077,163	190,073
EXPENDITURES						
Current:						
General government	1,868,656	1,829,493	39,163			
Law enforcement	4,541,203	4,524,608	16,595			
Highways and streets	338,204	329,306	8,898	2,129,237	2,040,922	88,315
Public safety	3,080,147	3,031,458	48,689			
Sanitation	1,756,278	1,756,172	106			
Total Current	11,584,488	11,471,037	113,451	2,129,237	2,040,922	88,315
Debt Service:						
Note principal		32,116	(32,116)			
Note interest		2,696	(2,696)			
Line of credit principal		70,681	(70,681)			
Line of credit interest		3,582	(3,582)			
TOTAL EXPENDITURES	11,584,488	11,580,112	4,376	2,129,237	2,040,922	88,315
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	81,614	549,240	467,626	(242,147)	36,241	278,388
OTHER FINANCING SOURCES (USES)						
Transfers out		(4,000)	(4,000)			
Contribution to Parks and Recreation Commission	(304,000)	(300,000)	4,000			
Contribution from Parks and Recreation Commission		74,263	74,263			
TOTAL OTHER FINANCING SOURCES (USES)	(304,000)	(229,737)	74,263			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(222,386)	319,503	541,889	(242,147)	36,241	278,388
FUND BALANCES - JANUARY 1	(249,083)	1,268,599	1,517,682	(1,041,245)	12,751	1,053,996
FUND BALANCES - DECEMBER 31	$ (471,469)	$ 1,588,102	$ 2,059,571	$ (1,283,392)	$ 48,992	$ 1,332,384

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Cabot 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: Water and Wastewater Department, Advertising and Promotion Commission, and Parks and Recreation Commission. However, under Arkansas's regulatory basis described below, inclusion of these funds are 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.

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

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

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

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

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

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

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

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

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

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.

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.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

3. Assigned fund balance - amounts that are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed.

4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is discussed at a City Council meeting prior to adoption.

c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.

d. Appropriations lapse at the end of each year.

e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 354,480	$ 354,480
Collateralized:		
Collateral held by the City's agent, pledging bank, or pledging bank's trust department or agent in the City's name	1,801,355	2,195,612
U.S. government guaranteed accounts	4,412,226	4,412,226
Total Deposits	$ 6,568,061	$ 6,962,318

The above total deposits do not include cash on hand of $814.

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.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2016 Fair Value
Pension Trust	$ 2,661,031

Investments are reported at fair value. In 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

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

The City's investments are composed of the following:

December 31, 2016 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Equities	$ 1,168,586
Mutual funds	1,345,294
Fixed income	147,151
Totals	$ 2,661,031

The fair values of federal agency obligations, stocks, and mutual funds are measured on a recurring basis and are based on quoted marked prices obtained from independent pricing sources, and are classified as Level I inputs.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2016, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid		$ 75,000	
Property taxes	$ 2,450	2,332	$ 4,908
Franchise fees	200,843		
Sales taxes	580,060		362,366
Fines, forfeitures, and costs	16,887		3,406
Investment income			486
Sanitation fees	148,009		
Other	5,927	5,600	30,056
Totals	$ 954,176	$ 82,932	$ 401,222

NOTE 6: Accounts Payable

The accounts payable balance at December 31**,** 2016, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	$ 253,785	$ 101,256	$ 373,595
Salaries payable	219,590	20,474	
Payroll taxes payable	35,065	1,499	
Totals	$ 508,440	$ 123,229	$ 373,595

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2016	
Fund	Interfund Receivables	Interfund Payables
General	$ 11,407	$ 8,687
Road		11,407
Other Funds in the Aggregate:		
Special Revenue:		
Firemen's Pension	8,687	
Totals	$ 20,094	$ 20,094

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances were repaid in January 2017.

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2016, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			$ 21,233
Highways and streets		$ 48,992	
Public safety			71
Pension benefits			2,780,561
Capital outlay			1,203,104
Debt service			3,205,456
Total Restricted		48,992	7,210,425
Committed for:			
Highways and streets			241,857
Public safety			188,995
Health			318,467
Recreation and culture			2,809
Social services			5,434
Total Committed			757,562
Assigned to:			
Law enforcement	$ 18,440		432
Unassigned	1,569,662		
Totals	$ 1,588,102	$ 48,992	$ 7,968,419

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2016, the legal debt limit for the bonded debt was $68,778,443. 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, 2016, the legal debt limit for short-term financing obligations was $17,857,610. The amount of short-term financing obligations was $1,067,862, leaving a legal debt margin of $16,789,748.

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2016:

	December 31, 2016
Long-term liabilities	$ 44,479,901
Noncancellable lease	52,359
Construction contracts	1,341,213
Total Commitments	$ 45,873,473

Long-term liabilities

Long-term liabilities at December 31, 2016 are comprised of the following:

	2016
2013 Sales and Use Tax Refunding and Improvement Bonds; principal due June 1; maturing June 1, 2043; interest rate 1%-5%. Payments are to be made from the 2013 Debt Service Bond Fund.	$ 34,305,000
2016 Sales and Use Tax Improvement Bonds; principal due June 1; maturing June 1, 2043; interest rate 2%-3.25%. Payments are to be made from the 2016 Debt Service Bond Fund.	8,145,000
Bank of the Ozarks line of credit, dated May 28, 2013; $300,000 maximum line of credit; interest rate 2.25%; quarterly payments begin May 28, 2014; maturing May 28, 2018. Payments are to be made from the General Fund.	109,187
Promissory note dated November 16, 2015; interest rate 1.64%; monthly payments begin December 16, 2015; maturing November 16, 2020. Total promissory note of $431,669. Payments are to be made from the Fire Apparatus Fund.	341,214
Promissory note dated March 3, 2016; interest rate 1.72%; monthly payments begin April 1, 2016; maturing March 1, 2021. Total promisorry note of $200,000. Payments are to be made from the General Fund.	167,884
Promissory note dated December 29, 2016; interest rate 1.72%; monthly payments begin January 19, 2017; maturing December 19, 2021. Total promisorry note of $449,577. Payments are to be made from the Fire Apparatus Fund.	449,577
Unfunded liability balance due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payment amounts adjusted annually by APERS. Payments are to be made from the General Fund.	30,071
Compensated absences consisting of accrued vacation and sick leave adjusted to the current salary cost.	931,968
Total Long-term liabilities	$ 44,479,901

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

NOTE 10: 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, 2016:

Years Ending December 31,	Bonds	Notes	Line of Credit	Total
2017	$ 2,460,339	$ 225,660	$ 74,005	$ 2,760,004
2018	2,497,889	225,660	37,598	2,761,147
2019	2,501,564	225,660		2,727,224
2020	2,489,439	218,161		2,707,600
2021	2,492,714	100,867		2,593,581
2022 through 2026	12,422,626			12,422,626
2027 through 2031	12,403,416			12,403,416
2032 through 2036	12,390,568			12,390,568
2037 through 2041	10,806,718			10,806,718
2042 through 2043	720,140			720,140
Total Obligations	61,185,413	996,008	111,603	62,293,024
Less Interest	18,735,413	37,333	2,416	18,775,162
Total Principal	$ 42,450,000	$ 958,675	$ 109,187	$ 43,517,862

Noncancellable Leases

The City entered into 7 noncancellable lease agreements for a total of 11 copiers from January 2013 through March 2021. Terms of the lease are monthly rental payments ranging from $65 to $557. At the end of the lease terms, the City will return the copiers . The City is obligated for the following amounts for the next five years:

Year	December 31, 2016
2017	$ 15,994
2018	14,585
2019	12,265
2020	7,843
2021	1,672
Total	$ 52,359

Rental expense for 2016 was $19,674.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2016:

Project Name	Estimated Completion Date	Contract Balance December 31, 2016
North Terminal Interchange	December 2019	$ 284,000
Cabot Sports Complex & Allman-Bevis Softball Fields	August 2017	265,838
Veteran's Park Community Center Expansion	August 2017	791,375
Total Construction Contracts		$ 1,341,213

NOTE 11: **Interfund Transfers**

The General Fund transferred $4,000 to the Other Funds in the Aggregate for the reimbursement of expenditures.

NOTE 12: Prior Year Restatement

The January 1, 2016 fund balance for the Other Funds in the Aggregate was increased $230,655 to reflect investments at fair value.

NOTE 13: Pledged Revenues

Sales and Use Tax

The City pledged future 1% sales and use taxes to repay $42,625,000 in bonds that were issued in 2013 to refund bonds issued in 2005 and for capital improvements. Total principal and interest remaining on the bonds are $34,305,000 and $15,428,590, respectively, payable through June 1, 2041. For 2016, principal and interest paid were $2,720,000 and $1,191,295, respectively.

The Debt Service Fund received $4,109,114 in sales taxes in 2016. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to retire the bonds.

The City pledged future 1% sales and use taxes to repay $8,290,000 in bonds that were issued in 2016 to provide funding for capital improvements. Total principal and interest remaining on the bonds are $8,145,000 and $3,306,823, respectively, payable through June 1, 2043. For 2016, principal and interest paid were $145,000 and $143,458, respectively.

The Debt Service Fund received $288,631 in sales taxes in 2016. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to retire the bonds.

NOTE 14: Related Party Transactions

The City paid $23,949 to Summit Truck Group, formerly Diamond International Trucks, Inc. for a snow plow and various other expenditures in 2016. City Councilman Rick Prentice is employed by Summit Truck Group. City of Cabot Ordinance no. 24 of 2016 (November 21, 2016) allows the City to conduct business with this related party.

NOTE 15: Jointly Governed Organization

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Central Arkansas Regional Solid Waste Management District and Board were organized to protect the public health and environmental quality for its service area by establishing a regional solid waste management system in the Arkansas Counties of Lonoke, Prairie, and Monroe. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the Counties in the District and representatives of all first class cities, of all cities with a population over 2,000, and of the largest city of each county in the District. The City made no contributions to or disbursements on behalf of the Central Arkansas Regional Solid Waste Management District in 2016. Separate financial statements of the Central Arkansas Regional Solid Waste Management District are available at 902 N. Center, Lonoke, Arkansas, 72086.

NOTE 16: Risk Management

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

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

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

NOTE 16: Risk Management (Continued)

Municipal Vehicle Program

A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: $25,000 because of bodily injury to or death of one person in any one accident; $50,000 because of bodily injury to or death of two or more persons in any one accident; and $25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.

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

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

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

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

NOTE 17: Firemen's Pension and Relief Plan

Plan Description

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

NOTE 17: Firemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of $12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was $0 for the year ended December 31, 2016, because there were no active participants. Based on the December 31, 2016 actuarial valuation, the plan has no net pension liability.

NOTE 18: 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 $370,416 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $324,116 for the year ended December 31, 2016.

Net Pension Liability

The City's proportionate share of the collective net pension liability at December 31, 2016 (actuarial valuation date and measurement date) was $7,037,123.

NOTE 19: 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.

NOTE 19: Arkansas Public Employees Retirement System (Continued)

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 $362,518 for the year ended December 31, 2016.

Net Pension Liability

The City's proportionate share of the collective net pension liability at June 30, 2016 (actuarial valuation date and measurement date) was $5,644,608.

NOTE 20: Contribution to Parks and Recreation Commission

Bond proceeds from the 2013 Sales and Use Tax Refunding and Improvement Bonds are being used to finance multiple projects. Three projects were completed in 2016 and the remaining projects estimated completion dates range from January 2017 to August 2017. Upon completion, complete charge of the municipally owned recreational parks, swimming pools, facilities and programs shall vest in the Commissioners. Current year expenditures totaled $6,281,387. For financial statement purposes, these amounts are considered contributions to Parks and Recreation Commission as shown in Exhibit B. Total remaining expenditures based on contract totals as of December 31, 2016 were $1,057,213.

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2015

Schedule 1

	SPECIAL REVENUE FUNDS						
	Act 833 Fire Protection	District Court Automation	District Court Cost	Half Street Improvement	Senior Citizen/Health/Library	District Court Retirement	Drug Control
ASSETS							
Cash and cash equivalents	$ 71	$ 1,142	$ 4,977	$ 8,089	$ 351,951	$ 24,254	$ 17,373
Investments							
Accounts receivable			2,044		3,100		
Interfund receivables							
TOTAL ASSETS	$ 71	$ 1,142	$ 7,021	$ 8,089	$ 355,051	$ 24,254	$ 17,373
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		$ 50	$ 816		$ 28,341		$ 3,005
Settlements pending							
Total Liabilities		50	816		28,341		3,005
Fund Balances:							
Restricted	$ 71	1,092	5,773			$ 24,254	14,368
Committed				$ 8,089	326,710		
Assigned			432				
Total Fund Balances	71	1,092	6,205	8,089	326,710	24,254	14,368
TOTAL LIABILITIES AND FUND BALANCES	$ 71	$ 1,142	$ 7,021	$ 8,089	$ 355,051	$ 24,254	$ 17,373

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2015

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS	
	Public Safety and Equipment	Sidewalk	Fire Apparatus	2013 Capital Projects	2016 Capital Projects	2013 Debt Service Bond/Reserve	2016 Debt Service Bond/Reserve
ASSETS							
Cash and cash equivalents	$ 20,553	$ 221,096	$ 167,220	$ 1,303,063	$ 209,368	$ 2,622,369	$ 220,517
Investments							
Accounts receivable	1,362	982	982	30,166	16	362,553	17
Interfund receivables							
TOTAL ASSETS	$ 21,915	$ 222,078	$ 168,202	$ 1,333,229	$ 209,384	$ 2,984,922	$ 220,534
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 1,122	$ 752		$ 339,509			
Settlements pending							
Total Liabilities	1,122	752		339,509			
Fund Balances:							
Restricted				993,720	$ 209,384	$ 2,984,922	$ 220,534
Committed	20,793	221,326	$ 168,202				
Assigned							
Total Fund Balances	20,793	221,326	168,202	993,720	209,384	2,984,922	220,534
TOTAL LIABILITIES AND FUND BALANCES	$ 21,915	$ 222,078	$ 168,202	$ 1,333,229	$ 209,384	$ 2,984,922	$ 220,534

CITY OF CABOT, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2015

Schedule 1

	TRUST FUND	AGENCY FUNDS					
	Firemen's Pension	District Court County	District Court City	District Court Small Claims	Court Credit Card	Administration of Justice	Totals
ASSETS							
Cash and cash equivalents	$ 86,589	$ 9,029	$ 28,595	$ 7,345	$ 12,460	$ 30	$ 5,328,533
Investments	2,661,031						2,661,031
Accounts receivable							401,222
Interfund receivables	8,687						8,687
TOTAL ASSETS	$ 2,756,307	$ 9,029	$ 28,595	$ 7,345	$ 12,460	$ 30	$ 8,399,473
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							$ 373,595
Settlements pending		$ 9,029	$ 28,595	$ 7,345	$ 12,460	$ 30	57,459
Total Liabilities		9,029	28,595	7,345	12,460	30	431,054
Fund Balances:							
Restricted	$ 2,756,307						7,210,425
Committed							757,562
Assigned							432
Total Fund Balances	2,756,307						7,968,419
TOTAL LIABILITIES AND FUND BALANCES	$ 2,756,307	$ 9,029	$ 28,595	$ 7,345	$ 12,460	$ 30	$ 8,399,473

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Act 833 Fire Protection	District Court Automation	District Court Cost	Half Street Improvement	Senior Citizen/Health/ Library	District Court Retirement	Drug Control	Street Bond Refund	Public Safety and Equipment
REVENUES									
State aid	$ 14,888								
Federal aid									
Property taxes					$ 401,481				$ 1
Sales taxes									
Fines, forfeitures, and costs		$ 16,073	$ 24,313			$ 2,364	$ 86		20,988
Investment income	23	2	5	$ 8	798	11	17	$ 13	24
Other			211				284		
TOTAL REVENUES	14,911	16,075	24,529	8	402,279	2,375	387	13	21,013
EXPENDITURES									
Current:									
Law enforcement		16,382	26,077				3,005		
Highways and streets									
Public safety	32,000								19,057
Health					32,446				
Recreation and culture					308,247				
Social services					93,885				
Wastewater									
Total Current	32,000	16,382	26,077		434,578		3,005		19,057
Debt Service:									
Bond principal									
Bond interest and other charges									
Note principal									
Note interest									
TOTAL EXPENDITURES	32,000	16,382	26,077		434,578		3,005		19,057
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,089)	(307)	(1,548)	8	(32,299)	2,375	(2,618)	13	1,956
OTHER FINANCING SOURCES (USES)									
Transfers in			4,000						
Contribution to Parks and Recreation Commission									
Notes proceeds									
Bond proceeds									
TOTAL OTHER FINANCING SOURCES (USES)			4,000						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(17,089)	(307)	2,452	8	(32,299)	2,375	(2,618)	13	1,956

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Act 833 Fire Protection	District Court Automation	District Court Cost	Half Street Improvement	Senior Citizen/Health/ Library	District Court Retirement	Drug Control	Street Bond Refund	Public Safety and Equipment
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	$ 17,160	$ 1,399	$ 3,753	$ 8,081	$ 359,009	$ 21,879	$ 16,986	$ 12,429	$ 18,837
Restatement adjustment (Note 12)									
FUND BALANCES - JANUARY 1, AS RESTATED	17,160	1,399	3,753	8,081	359,009	21,879	16,986	12,429	18,837
FUND BALANCES - DECEMBER 31	$ 71	$ 1,092	$ 6,205	$ 8,089	$ 326,710	$ 24,254	$ 14,368	$ 12,442	$ 20,793

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		TRUST FUND	
	Sidewalk	Fire Apparatus	2013 Capital Projects	2016 Capital Projects	2013 Debt Service Bond/Reserve	2016 Debt Service Bond/Reserve	Firemen's Pension	Totals
REVENUES								
State aid							$ 5,508	$ 20,396
Federal aid			$ 30,056					30,056
Property taxes	$ 133,754	$ 133,737						668,973
Sales taxes					$ 4,109,114	$ 288,631		4,397,745
Fines, forfeitures, and costs							6,543	70,367
Investment income	172	130	6,723	$ 377	622	44	40,823	49,792
Other								495
TOTAL REVENUES	133,926	133,867	36,779	377	4,109,736	288,675	52,874	5,237,824
EXPENDITURES								
Current:								
Law enforcement								45,464
Highways and streets	48,702		979,035	7,755,164		105,512		8,888,413
Public safety		449,577					144,957	645,591
Health								32,446
Recreation and culture			30,643					338,890
Social services								93,885
Wastewater			1,053,489					1,053,489
Total Current	48,702	449,577	2,063,167	7,755,164		105,512	144,957	11,098,178
Debt Service:								
Bond principal					2,720,000	145,000		2,865,000
Bond interest and other charges					1,191,295	143,458		1,334,753
Note principal		83,547						83,547
Note interest		6,434						6,434
TOTAL EXPENDITURES	48,702	539,558	2,063,167	7,755,164	3,911,295	393,970	144,957	15,387,912
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	85,224	(405,691)	(2,026,388)	(7,754,787)	198,441	(105,295)	(92,083)	(10,150,088)
OTHER FINANCING SOURCES (USES)								
Transfers in								4,000
Contribution to Parks and Recreation Commission			(6,281,387)					(6,281,387)
Notes proceeds		449,577						449,577
Bond proceeds				7,964,171		325,829		8,290,000
TOTAL OTHER FINANCING SOURCES (USES)		449,577	(6,281,387)	7,964,171		325,829		2,462,190
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	85,224	43,886	(8,307,775)	209,384	198,441	220,534	(92,083)	(7,687,898)

CITY OF CABOT, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		TRUST FUND	
	Sidewalk	Fire Apparatus	2013 Capital Projects	2016 Capital Projects	2013 Debt Service Bond/Reserve	2016 Debt Service Bond/Reserve	Firemen's Pension	Totals
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	$ 136,102	$ 124,316	$ 9,301,495		$ 2,786,481		$ 2,617,735	$ 15,425,662
Restatement adjustment (Note 12)							230,655	230,655
FUND BALANCES - JANUARY 1, AS RESTATED	136,102	124,316	9,301,495		2,786,481		2,848,390	15,656,317
FUND BALANCES - DECEMBER 31	$ 221,326	$ 168,202	$ 993,720	$ 209,384	$ 2,984,922	$ 220,534	$ 2,756,307	$ 7,968,419

CITY OF CABOT, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2016

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

Fund Name	Fund Description
Act 833 Fire Protection	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court 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.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Half Street Improvement	Established to account for bonds collected for street improvements in new subdivisions as authorized by Cabot Ordinance no. 25 (June 13, 1994).
Senior Citizen/Health/Library	Cabot Ordinance no. 3 (January 8, 1996) established fund to account for the receipts and disbursements of the property tax millage.
District Court Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Street Bond Refund	Established to account for refunding of bonds from Half-Street Improvement.
Public Safety and Equipment	Cabot Ordinance no. 18 (November 15, 2010) established fund to receive 10% of court fines.
Sidewalk	Cabot Ordinance no. 17 (November 15, 2010) established fund to receive property taxes for sidewalk projects.
Fire Apparatus	Cabot Ordinance no. 8 (May 18, 2015) established fund to receive property taxes for fire apparatus.
2013 Capital Projects	Cabot Ordinance no. 11 (May 16, 2013) established a capital projects fund to pay the construction costs of betterments and improvements for the City's park and recreation system, north interchange, community center, Highland area drainage, library, and wastewater collection system.

CITY OF CABOT, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2016

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

Fund Name	Fund Description
2016 Capital Projects	Cabot Ordinance no 4 (February 15, 2016) established a capital projects fund to complete the financing of the North Terminal Interchange improvements.
2013 Debt Service Bond/Reserve	Cabot Ordinance no. 11 (May 16, 2013) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
2016 Debt Service Bond/Reserve	Cabot Ordinance no. 4 (February 15, 2016) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund equal to one-half of the maximum annual debt service requirements on the bonds.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
District Court County	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court City	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court Small Claims	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.
Court Credit Card	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.

Schedule 3

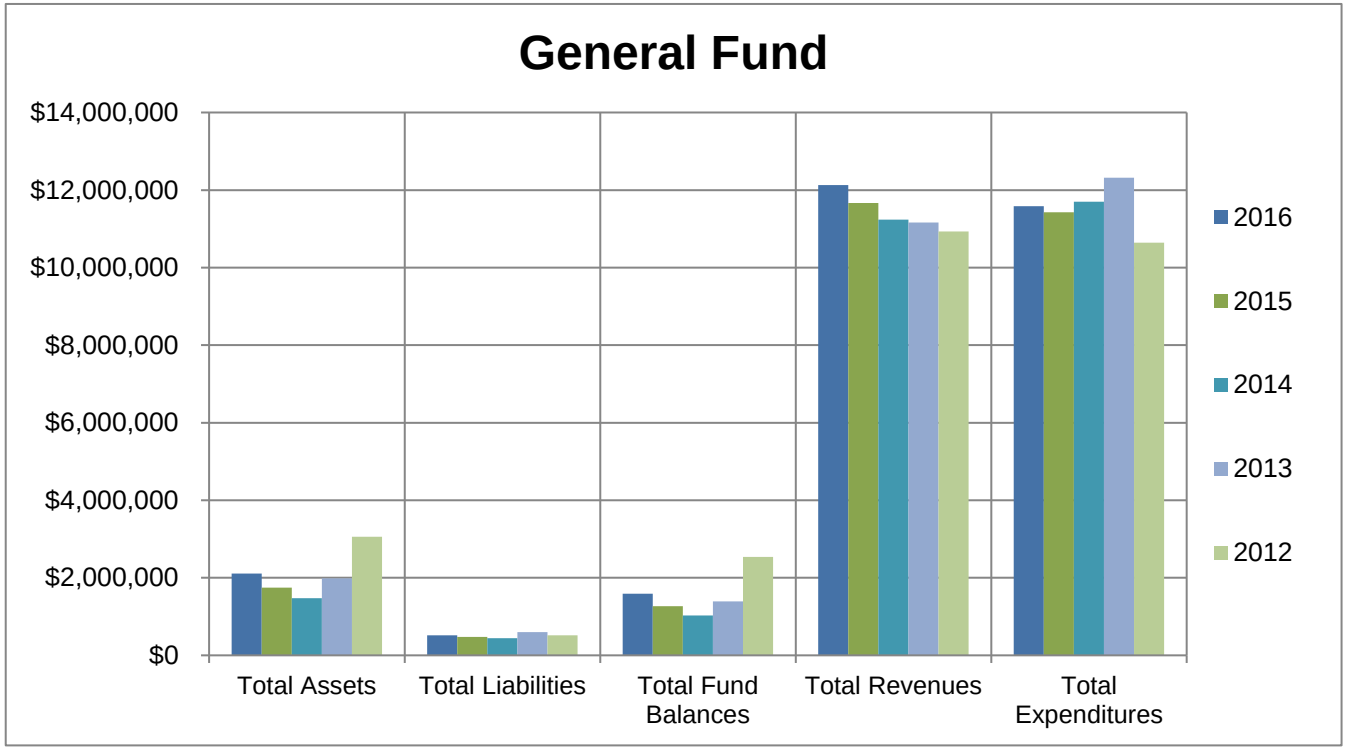
CITY OF CABOT, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2016
(Unaudited)

	December 31, 2016
Land	$ 1,657,292
Buildings	9,445,327
Equipment	6,105,679
Total	$ 17,208,298

CITY OF CABOT, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2016
(Unaudited)

Schedule 4-1

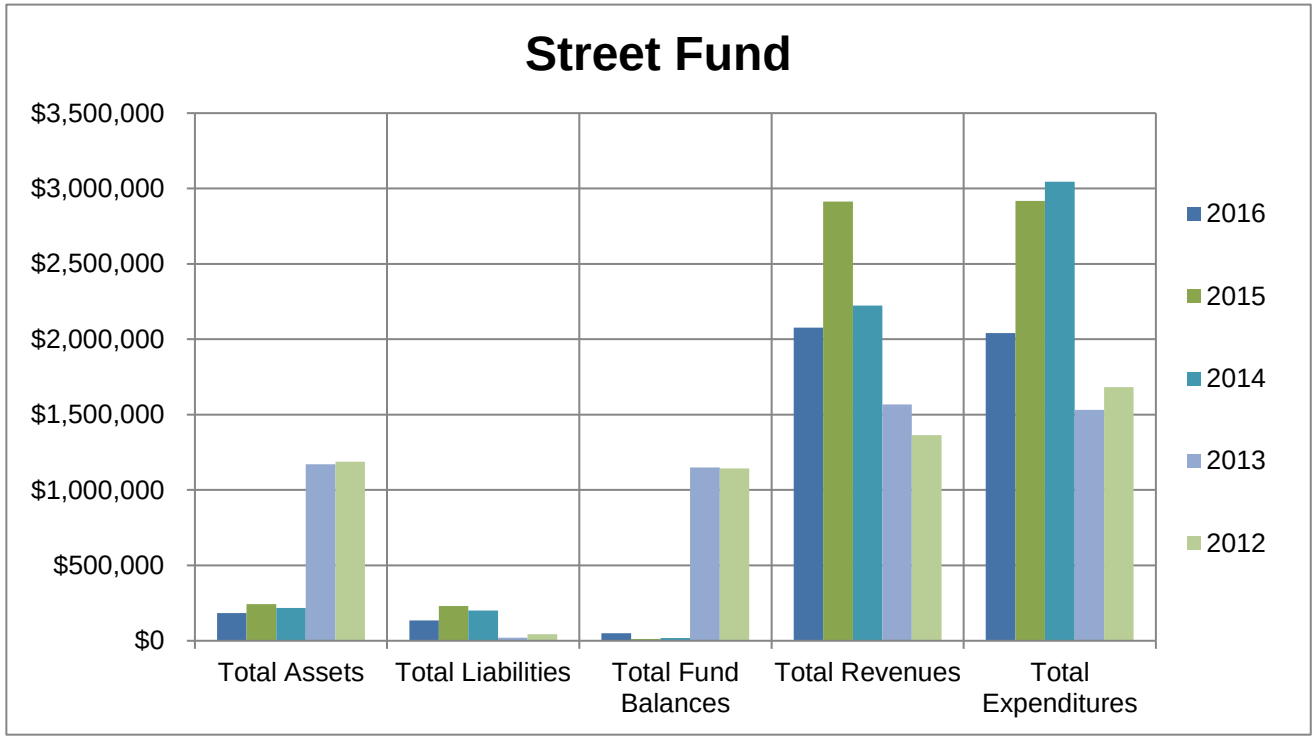
General	2016	2015	2014	2013	2012
Total Assets	$ 2,105,229	$ 1,743,550	$ 1,471,792	$ 1,988,416	$ 3,054,970
Total Liabilities	517,127	474,951	440,023	599,532	519,464
Total Fund Balances	1,588,102	1,268,599	1,031,769	1,388,884	2,535,506
Total Revenues	12,129,352	11,668,758	11,234,464	11,158,512	10,930,066
Total Expenditures	11,580,112	11,425,533	11,695,754	12,317,402	10,639,588
Total Other Financing Sources/Uses	(229,737)	(6,395)	104,175	86,780	(357,500)



CITY OF CABOT, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2016
(Unaudited)

Schedule 4-2

Street	2016	2015	2014	2013	2012
Total Assets	$ 183,628	$ 243,703	$ 217,497	$ 1,171,164	$ 1,187,547
Total Liabilities	134,636	230,952	199,884	20,761	43,452
Total Fund Balances	48,992	12,751	17,613	1,150,403	1,144,095
Total Revenues	2,077,163	2,912,401	2,224,554	1,568,365	1,363,861
Total Expenditures	2,040,922	2,917,263	3,045,210	1,531,371	1,681,982
Total Other Financing Sources/Uses			(312,134)	53,455	



CITY OF CABOT, ARKANSAS

Schedule 4-3

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

DECEMBER 31, 2016

(Unaudited)

Other Funds in the Aggregate	2016	2015	2014	2013	2012
Total Assets	$ 8,399,473	$ 16,294,554	$ 29,026,128	$ 37,391,917	$ 7,873,421
Total Liabilities	431,054	868,892	471,112	109,517	81,035
Total Fund Balances	7,968,419	15,425,662	28,555,016	37,282,400	7,792,386
Total Revenues	5,237,824	5,331,778	5,183,327	5,233,102	5,040,116
Total Expenditures	15,387,912	11,123,907	12,282,438	6,980,419	4,337,020
Total Other Financing Sources/Uses	2,462,190	(7,337,225)	(1,628,273)	31,237,331	13,833

