

City of Beebe, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BEEBE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial and Compliance Report

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis (Unaudited)	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis (Unaudited)	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis (Unaudited)	C

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	2
Notes to Schedules 1 and 2 Other General Information	
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	3-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	3-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	3-3

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Beebe, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated August 14, 2018. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2017:

Mayor: Mike Robertson
Clerk/Treasurer: Carol Crump-Westergren
District Court Clerk: Misty Perkins (terminated December 18, 2017)
Police Chief: Wayne Ballew

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

Our procedures indicated that the office of **District Court Clerk** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor**, **Clerk/ Treasurer**, and **Police Chief**.

Mayor

1. The City reimbursed employees \$1,397 for meals, awards, and gifts for children of employees at December "safety meetings" held for the Fire Department (\$1,137) and Police Department (\$260). Fire Department expenditures were supported by a written business purpose/agenda; however, a sign-in sheet indicated 25 firefighters participated while 70 adult and 13 child meals were purchased, indicating an unidentified number of nonemployees were included as attendees. Police Department expenditures were not supported by a written business purpose/agenda. These expenditures appear to conflict with the "public purpose" doctrine, as discussed in Attorney General Opinion No. 91-410.
2. Competitive bids were not solicited by advertising in a local newspaper nor did the governing body waive the requirements of competitive bidding, as required by Ark. Code Ann. § 14-58-303, for a \$51,600 purchase of 4 police cars, or a \$21,000 purchase of 2 police cars.

Police Chief

The Police Department did not perform monthly bank reconciliations, as required by Ark. Code Ann. § 16-10-207.

The following Information Systems weaknesses were discovered during review of computers:

Clerk/ Treasurer

Management again had no process to periodically review appropriate access security. The lack of adequate supervisory oversight of user security permissions increases the risk of unauthorized access and misuse of information resources.

Police Chief

There again was no formally documented and approved Disaster Recovery or Business Continuity Plan. This situation could cause the entity to be without computer processing for an extended period of time in the event of a disaster or major interruption and could have a severe impact on critical resources and affect essential services placing undue financial and personnel burdens on the resources of the entity.

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

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
August 14, 2018
LOM100817

CITY OF BEEBE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017
(UNAUDITED)

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 1,645,278	\$ 354,371	\$ 412,682
Investments			138,346
Accounts receivable	360,322	2,545	47,582
Interfund receivables	<u>49,035</u>	<u>11,055</u>	
TOTAL ASSETS	<u><u>\$ 2,054,635</u></u>	<u><u>\$ 367,971</u></u>	<u><u>\$ 598,610</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 29,511	\$ 15,165	\$ 51
Interfund payables	11,055		49,035
Settlements pending			<u>53,757</u>
Total Liabilities	<u><u>40,566</u></u>	<u><u>15,165</u></u>	<u><u>102,843</u></u>
Fund Balances:			
Restricted	272,060		489,278
Committed			6,489
Assigned	175,732	352,806	
Unassigned	<u>1,566,277</u>		
Total Fund Balances	<u><u>2,014,069</u></u>	<u><u>352,806</u></u>	<u><u>495,767</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,054,635</u></u>	<u><u>\$ 367,971</u></u>	<u><u>\$ 598,610</u></u>

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

CITY OF BEEBE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 116,036	\$ 503,209	\$ 40,127
Property taxes	157,079	52,022	
Franchise fees	392,528		
Sales taxes	2,481,955		
Fines, forfeitures, and costs	525,623		57,468
Interest	2,745	272	5,606
Local permits and fees	104,639		30,542
Sanitation fees	800,073		
Contributions from county			102,142
Other	<u>293,826</u>	<u>50,450</u>	<u>5,510</u>
 TOTAL REVENUES	 <u>4,874,504</u>	 <u>605,953</u>	 <u>241,395</u>
 EXPENDITURES			
Current:			
General government	715,302		
Law enforcement	2,248,444		54,262
Highways and streets		735,102	
Public safety	463,158		17,077
Sanitation	763,923		
Recreation and culture	431,645		
Cemetery	28,871		
Total Current	<u>4,651,343</u>	<u>735,102</u>	<u>71,339</u>
Debt Service:			
Lease principal	166,833		179,712
Lease interest			17,551
 TOTAL EXPENDITURES	 <u>4,818,176</u>	 <u>735,102</u>	 <u>268,602</u>

CITY OF BEEBE, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 56,328</u>	<u>\$ (129,149)</u>	<u>\$ (27,207)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		350,000	
Transfers out	<u>(350,000)</u>	<u> </u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(350,000)</u>	<u>350,000</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(293,672)	220,851	(27,207)
FUND BALANCES - JANUARY 1	<u>2,307,741</u>	<u>131,955</u>	<u>522,974</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,014,069</u></u>	<u><u>\$ 352,806</u></u>	<u><u>\$ 495,767</u></u>

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

CITY OF BEEBE, 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, 2017
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 146,778	\$ 116,036	\$ (30,742)	\$ 503,209	\$ 503,209	
Property taxes	155,379	157,079	1,700	51,456	52,022	\$ 566
Franchise fees	310,775	392,528	81,753			
Sales taxes	2,469,266	2,481,955	12,689			
Fines, forfeitures, and costs	724,963	525,623	(199,340)			
Interest	2,456	2,745	289	272	272	
Local permits and fees	145,243	104,639	(40,604)			
Sanitation fees	881,924	800,073	(81,851)			
Other	314,734	293,826	(20,908)	50,451	50,450	(1)
TOTAL REVENUES	5,151,518	4,874,504	(277,014)	605,388	605,953	565
EXPENDITURES						
Current:						
General government	756,246	715,302	40,944			
Law enforcement	2,487,079	2,248,444	238,635			
Highways and streets				741,320	735,102	6,218
Public safety	683,255	463,158	220,097			
Sanitation	766,647	763,923	2,724			
Recreation and culture	449,338	431,645	17,693			
Cemetery	28,871	28,871				
Total Current	5,171,436	4,651,343	520,093	741,320	735,102	6,218
Debt Service:						
Lease principal		166,833	(166,833)			
TOTAL EXPENDITURES	5,171,436	4,818,176	353,260	741,320	735,102	6,218

CITY OF BEEBE, 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, 2017
 (UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (19,918)	\$ 56,328	\$ 76,246	\$ (135,932)	\$ (129,149)	\$ 6,783
OTHER FINANCING SOURCES (USES)						
Transfers in				350,000	350,000	
Transfers out	(350,000)	(350,000)				
TOTAL OTHER FINANCING SOURCES (USES)	(350,000)	(350,000)		350,000	350,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(369,918)	(293,672)	76,246	214,068	220,851	6,783
FUND BALANCES - JANUARY 1		2,307,741	2,307,741		131,955	131,955
FUND BALANCES - DECEMBER 31	\$ (369,918)	\$ 2,014,069	\$ 2,383,987	\$ 214,068	\$ 352,806	\$ 138,738

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

CITY OF BEEBE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Radio Equipment and Repair	Intoximeter	Fire Protection Plan	District Court Automation	Asset Forfeiture - Federal	Asset Forfeiture - State	County Fire Tax	Beebe Animal Control
ASSETS								
Cash and cash equivalents	\$ 11,834	\$ 3,324	\$ 50,046	\$ 12,894	\$ 8,279	\$ 1,173	\$ 9,982	\$ 8,058
Investments								
Accounts receivable				2,040			45,542	
TOTAL ASSETS	\$ 11,834	\$ 3,324	\$ 50,046	\$ 14,934	\$ 8,279	\$ 1,173	\$ 55,524	\$ 8,058
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable				\$ 51				
Interfund payables							\$ 49,035	
Settlements pending								
Total Liabilities				51			49,035	
Fund Balances:								
Restricted	\$ 11,834	\$ 3,324	\$ 50,046	14,883	\$ 8,279	\$ 1,173		\$ 8,058
Committed							6,489	
Total Fund Balances	11,834	3,324	50,046	14,883	8,279	1,173	6,489	8,058
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,834	\$ 3,324	\$ 50,046	\$ 14,934	\$ 8,279	\$ 1,173	\$ 55,524	\$ 8,058

CITY OF BEEBE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	TRUST FUND	AGENCY FUNDS			Totals
	Firemen's Pension and Relief	Police Bond and Fine	District Court - City	District Court - County	
ASSETS					
Cash and cash equivalents	\$ 253,335	\$ 594	\$ 33,619	\$ 19,544	\$ 412,682
Investments	138,346				138,346
Accounts receivable					47,582
TOTAL ASSETS	\$ 391,681	\$ 594	\$ 33,619	\$ 19,544	\$ 598,610
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 51
Interfund payables					49,035
Settlements pending		\$ 594	\$ 33,619	\$ 19,544	53,757
Total Liabilities		594	33,619	19,544	102,843
Fund Balances:					
Restricted	\$ 391,681				489,278
Committed					6,489
Total Fund Balances	391,681				495,767
TOTAL LIABILITIES AND FUND BALANCES	\$ 391,681	\$ 594	\$ 33,619	\$ 19,544	\$ 598,610

CITY OF BEEBE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							TRUST FUND		Totals
	Radio Equipment and Repair	Intoximeter	Fire Protection Plan	District Court Automation	Asset Forfeiture - Federal	Asset Forfeiture - State	County Fire Tax	Beebe Animal Control	Firemen's Pension and Relief	
REVENUES										
State aid			\$ 32,506						\$ 7,621	\$ 40,127
Fines, forfeitures, and costs	\$ 4,128	\$ 334		\$ 27,934	\$ 24,710	\$ 362				57,468
Interest									5,606	5,606
Local permits and fees							\$ 30,542			30,542
Contributions from county							102,142			102,142
Other								\$ 3,764	1,746	5,510
TOTAL REVENUES	4,128	334	32,506	27,934	24,710	362	132,684	3,764	14,973	241,395
EXPENDITURES										
Current:										
Law enforcement	104	68		32,734	17,954	2,907		495		54,262
Public safety							18		17,059	17,077
Total Current	104	68		32,734	17,954	2,907	18	495	17,059	71,339
Debt Service:										
Lease principal			29,510				150,202			179,712
Lease interest			920				16,631			17,551
TOTAL EXPENDITURES	104	68	30,430	32,734	17,954	2,907	166,851	495	17,059	268,602
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,024	266	2,076	(4,800)	6,756	(2,545)	(34,167)	3,269	(2,086)	(27,207)
FUND BALANCES - JANUARY 1	7,810	3,058	47,970	19,683	1,523	3,718	40,656	4,789	393,767	522,974
FUND BALANCES - DECEMBER 31	\$ 11,834	\$ 3,324	\$ 50,046	\$ 14,883	\$ 8,279	\$ 1,173	\$ 6,489	\$ 8,058	\$ 391,681	\$ 495,767

CITY OF BEEBE, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017
 (UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
Radio Equipment and Repair	Ark. Code Ann. § 14-52-202 and Beebe Ordinance no. 97-13 (September 11, 1997) established fund to receive 25% of fees for serving notices to vacate, warrants, and bail bonds to be used for law enforcement purposes.
Intoximeter	Ark. Code Ann. § 16-10-308 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
Fire Protection Plan	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.
Asset Forfeiture - Federal	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.
Asset Forfeiture - State	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.
County Fire Tax	Established to receive the City's portion 5% of a one percent county sales and use tax for all volunteer fire departments, and the county-wide quarter-percent sales and use tax for fire protection services.
Beebe Animal Control	Established to account for donations received from the community to assist the City with expenses associated with the operations of the animal shelter.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court - City	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court - County	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

1. A. 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 and property taxes that are restricted or committed for maintaining and constructing highways and streets.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 and 2 are 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. The Pension Trust Fund presented on Schedules 1 and 2 is 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). The Agency Funds presented on Schedule 1 are reported with other funds in the aggregate.

B. 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.

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

1. Basis of Presentation – Regulatory (Continued)

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

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.

D. 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.

E. 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.

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

1. Basis of Presentation – Regulatory (Continued)

E. Budget Law (Continued)

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 and Street Fund.

F. 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.

2. Details of Fund Balance Classifications

Fund balance classifications at December 31, 2017, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 272,060		\$ 47,551
Public safety			50,046
Pension benefits			391,681
Total Restricted	<u>272,060</u>		<u>489,278</u>
Committed for:			
Public safety			<u>6,489</u>
Assigned to:			
General government	175,732		
Highways and streets		\$ 352,806	
Total Assigned	<u>175,732</u>	<u>352,806</u>	
Unassigned	<u>1,566,277</u>		
Totals	<u>\$ 2,014,069</u>	<u>\$ 352,806</u>	<u>\$ 495,767</u>

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

3. Commitments

Total commitments consist of the following at December 31, 2017:

	December 31, 2017
Long-term liabilities	\$ 475,007

Long-term liabilities

Long-term liabilities at December 31, 2017, are comprised of the following:

	December 31, 2017
Lease-purchase agreement with Community First National Bank for the purchase of a Ferrara pumper truck annual payments of \$166,833 for five years. Interest at 2.66%. Final payment is due January 5, 2021. Payments are to be made from the County Fire Tax Fund.	\$ 475,007

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

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2017:

Years Ending December 31,	Leases
2019	\$ 166,833
2020	166,833
2021	166,833
Total Obligations	500,499
Less Interest	25,492
Total Principal	\$ 475,007

The City paid the 2018 principal and interest payment of \$150,202 and \$16,631, respectively, during 2017.

4. Interfund Transfers

The City transferred \$350,000 from the General Fund to the Street Fund to supplement expenditures.

5. Joint Venture: White County Regional Library System

White County and Bald Knob, Bradford, Beebe, Pangburn, Searcy, Rose Bud, and Judsonia entered into an agreement in 1998, in accordance with Ark. Code Ann. § 13-2-401, to establish the White County Regional Library System. The agreement states that the Regional Library is to be financed from the revenue generated for real and personal property taxes from the County Public Library Fund, state aid, grant money, and any other funds which the County has or may acquire for the System. The City contributed \$47,578 for the expenses of the White County Regional Library System for the year ended December 31, 2017. Separate financial statements of the White County Regional Library System are available at 113 East Pleasure, Searcy, Arkansas 72143.

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

6. Firemen's Pension and Relief Plan

Plan Description

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

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax. 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 \$939 for the year ended December 31, 2017. Based on the December 31, 2017 actuarial valuation, the plan has a net pension liability of \$262,831.

**7. 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

CITY OF BEEBE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017

**7. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$4,828 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$12,717 for the year ended December 31, 2017.

Net Pension Liability

The City's proportionate share of the collective net pension liability at December 31, 2017 (actuarial valuation date and measurement date) was \$159,708.

8. Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$253,341 for the year ended June 30, 2017.

Net Pension Liability

The City's proportionate share of the collective net pension liability at June 30, 2017 (actuarial valuation date and measurement date) was \$2,505,097.

9. Capital Assets

The City's capital assets records are summarized below:

	December 31, 2017
Land	\$ 407,814
Buildings	2,471,802
Improvements	159,637
Equipment	<u>2,402,980</u>
Total	<u>\$ 5,442,233</u>

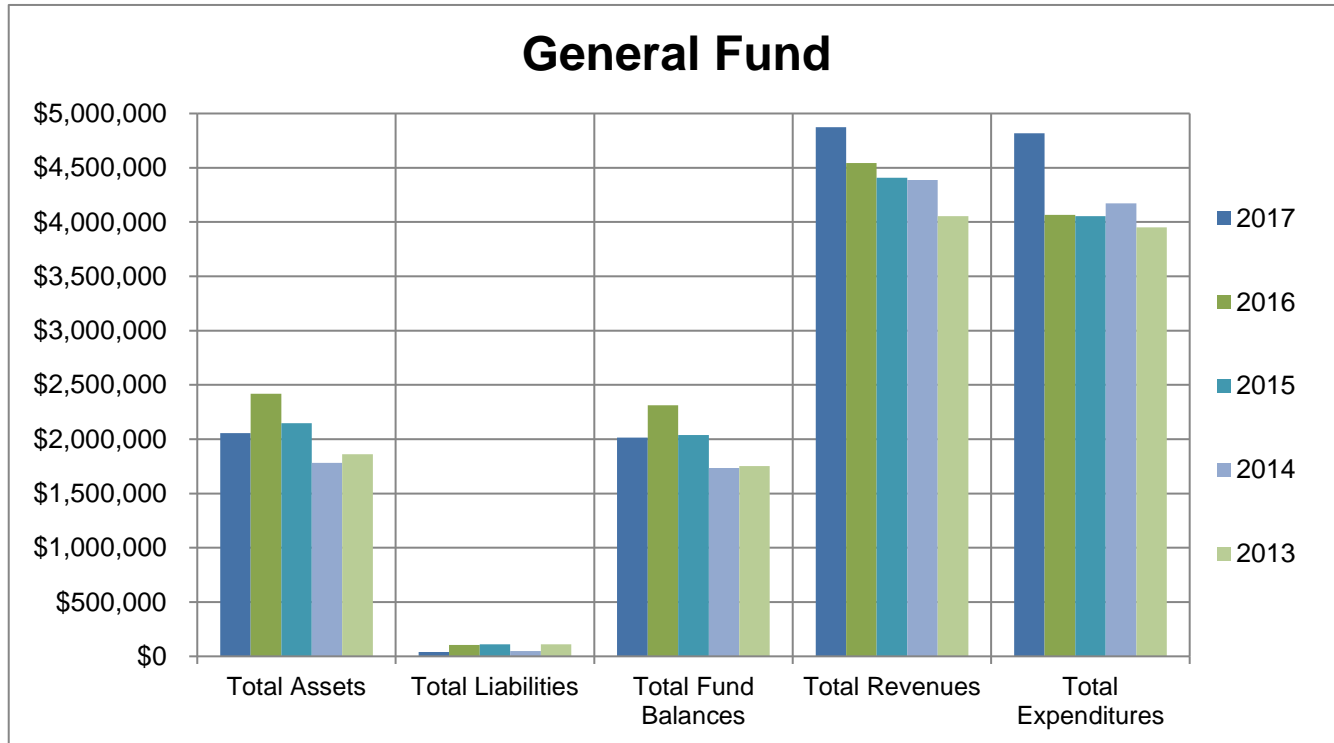
10. Subsequent Events

On September 14, 2018, the City contracted to purchase 3.22 acres of land and a house for \$225,000.

CITY OF BEEBE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 3-1

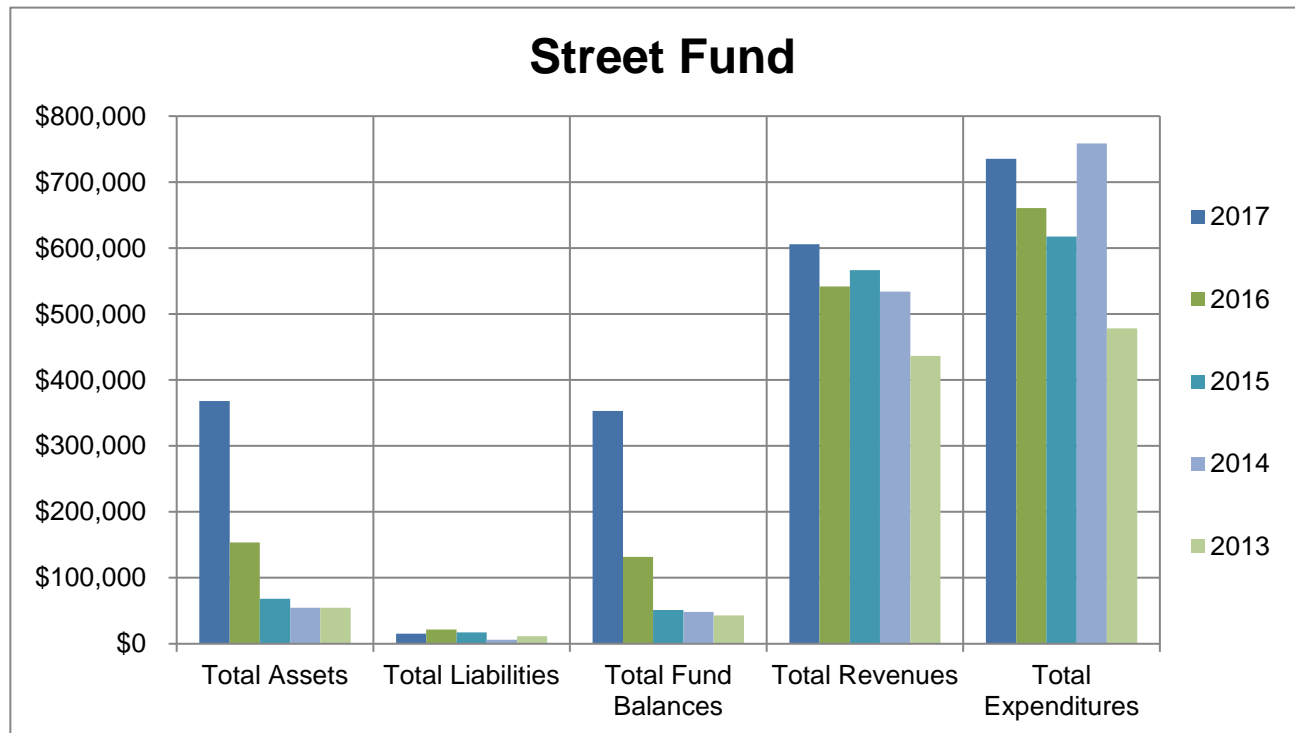
<u>General</u>	2017	2016	2015	2014	2013
Total Assets	\$ 2,054,635	\$ 2,418,207	\$ 2,148,744	\$ 1,783,270	\$ 1,861,442
Total Liabilities	40,566	105,052	111,078	48,337	109,538
Total Fund Balances	2,014,069	2,313,155	2,037,666	1,734,933	1,751,904
Total Revenues	4,874,504	4,542,228	4,409,243	4,386,736	4,053,629
Total Expenditures	4,818,176	4,066,771	4,053,036	4,173,707	3,950,100
Total Other Financing Sources/Uses	(350,000)	(199,968)	(53,474)	(230,000)	(85,000)



CITY OF BEEBE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 3-2

<u>Street</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 367,971	\$ 153,647	\$ 68,141	\$ 54,418	\$ 54,388
Total Liabilities	15,165	21,692	17,080	5,920	11,251
Total Fund Balances	352,806	131,955	51,061	48,498	43,137
Total Revenues	605,953	541,680	566,486	534,035	436,673
Total Expenditures	735,102	660,786	617,375	758,674	478,091
Total Other Financing Sources/Uses	350,000	200,000	53,452	230,000	85,000



CITY OF BEEBE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 598,610	\$ 627,627	\$ 639,699	\$ 535,785	\$ 481,916
Total Liabilities	102,843	104,653	87,864	42,322	40,682
Total Fund Balances	495,767	522,974	551,835	493,463	441,234
Total Revenues	241,395	91,600	201,080	98,118	48,818
Total Expenditures	268,602	120,429	142,730	45,889	49,154
Total Other Financing Sources/Uses		(32)	22		

