

City of Blytheville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BLYTHEVILLE, ARKANSAS
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Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
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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 Blytheville, 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 Blytheville, Arkansas, as of and for the year ended December 31, 2017, 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 Blytheville, Arkansas, as of December 31, 2017, 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 Blytheville, Arkansas, as of December 31, 2017, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included some funds under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
September 10, 2018
LOM101217

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, 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 Blytheville, 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 Blytheville, Arkansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2018. 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 following issue is not a significant deficiency, material weakness, or material instance of noncompliance, but is an issue that is presented to assist in the efficient operation of the City.

The commentary contained in this section relates to the following officials that held office during 2017:

Mayor: James Sanders
Finance Director: John Callens
Clerk/Treasurer: Connie Mosley
District Court Clerk: Darla Atchley
Police Chief: Ross Thompson
Advertising and Promotion Commissioner: Don Houseworth

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 offices of the **Mayor, Finance Director, Clerk/Treasurer, District Court Clerk, and Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of the **Advertising and Promotion Commissioner**.

Advertising and Promotion Commissioner

The Advertising and Promotion Commission paid a total of \$38,400 to the following organizations without a contract, which is suspect under the "public purpose" doctrine and Ark. Const. art. 12, § 5, which states, in part, "No ...City...shall obtain or appropriate money for...any corporation, association, institution or individual," and under Ark. Code Ann. § 26-75-606, which prohibits taxes from being used for "...general subsidy of any civic group...":

- \$17,000 to Chamber of Commerce.
- \$10,000 to the Blytheville Baseball/Softball Boosters.
- \$10,000 to the American Legion Post 33 and 24.
- \$1,400 to the Miss Northeast Arkansas Scholarship Pageant.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 10, 2018

CITY OF BLYTHEVILLE, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 DECEMBER 31, 2017

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 1,980,606	\$ 217,753	\$ 2,531,067
Investments			2,100,108
Accounts receivable	703,707	34,588	397,480
Interfund receivables	<u>5,529</u>		
TOTAL ASSETS	<u><u>\$ 2,689,842</u></u>	<u><u>\$ 252,341</u></u>	<u><u>\$ 5,028,655</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 94,064	\$ 25,981	\$ 165,635
Interfund payables		3,036	2,493
Settlements pending			<u>331,629</u>
Total Liabilities	<u><u>94,064</u></u>	<u><u>29,017</u></u>	<u><u>499,757</u></u>
Fund Balances:			
Restricted		223,324	4,093,490
Assigned	481,458		435,408
Unassigned	<u>2,114,320</u>		
Total Fund Balances	<u><u>2,595,778</u></u>	<u><u>223,324</u></u>	<u><u>4,528,898</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,689,842</u></u>	<u><u>\$ 252,341</u></u>	<u><u>\$ 5,028,655</u></u>

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

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 247,732	\$ 1,074,521	\$ 248,575
Federal aid	52,230		152,128
Property taxes	505,168	273,989	77,059
Franchise fees	1,021,015		
Sales taxes	2,818,439		2,322,503
Fines, forfeitures, and costs	343,530		10,175
Interest	2,434	297	122,313
Local permits and fees	387,678		
Sanitation fees	1,169,711		
Advertising and promotion taxes			98,587
Golf course fees			224,738
Net increase (decrease) in fair value of investments			219,628
Insurance proceeds	555,317		
Other	378,543	2,222	57,641
	<u>7,481,797</u>	<u>1,351,029</u>	<u>3,533,347</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	1,397,870		952
Law enforcement	2,721,927		400,632
Highways and streets		1,400,879	4,656
Public safety	1,517,599		700,723
Sanitation	1,303,749		
Health	195,700		
Recreation and culture	6,266		1,085,642
Advertising and promotion			101,076
Airport			160,287
Total Current	<u>7,143,111</u>	<u>1,400,879</u>	<u>2,453,968</u>
Debt Service:			
Lease principal			186,234
Lease interest			21,163
Note principal	252,944	30,961	4,945
Note interest	2,112	3,455	80
	<u>7,398,167</u>	<u>1,435,295</u>	<u>2,666,390</u>
TOTAL EXPENDITURES			

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 83,630</u>	<u>\$ (84,266)</u>	<u>\$ 866,957</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			53,734
Transfers out	(53,734)		
Contribution to water department			(292,583)
Contribution from water department	284,453		
Contribution to sewer department			(78,390)
Contribution from sewer department	<u>92,838</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>323,557</u>		<u>(317,239)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	407,187	(84,266)	549,718
FUND BALANCES - JANUARY 1	<u>2,188,591</u>	<u>307,590</u>	<u>3,979,180</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,595,778</u></u>	<u><u>\$ 223,324</u></u>	<u><u>\$ 4,528,898</u></u>

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

CITY OF BLYTHEVILLE, 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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 248,746	\$ 247,732	\$ (1,014)	\$ 1,027,108	\$ 1,074,521	\$ 47,413
Federal aid		52,230	52,230			
Property taxes	494,149	505,168	11,019	266,907	273,989	7,082
Franchise fees	1,016,247	1,021,015	4,768			
Sales taxes	2,869,814	2,818,439	(51,375)			
Fines, forfeitures, and costs	408,230	343,530	(64,700)			
Interest	1,102	2,434	1,332	223	297	74
Local permits and fees	415,891	387,678	(28,213)			
Sanitation fees	1,190,164	1,169,711	(20,453)			
Insurance proceeds	506,138	555,317	49,179			
Other	190,790	378,543	187,753	47,667	2,222	(45,445)
TOTAL REVENUES	7,341,271	7,481,797	140,526	1,341,905	1,351,029	9,124
EXPENDITURES						
Current:						
General government	1,503,441	1,397,870	105,571			
Law enforcement	3,199,074	2,721,927	477,147			
Highways and streets				1,563,166	1,400,879	162,287
Public safety	1,640,303	1,517,599	122,704			
Sanitation	1,322,261	1,303,749	18,512			
Health	196,000	195,700	300			
Recreation and culture		6,266	(6,266)			
Total Current	7,861,079	7,143,111	717,968	1,563,166	1,400,879	162,287
Debt Service:						
Note principal	432,000	252,944	179,056	34,415	30,961	3,454
Note interest		2,112	(2,112)		3,455	(3,455)
TOTAL EXPENDITURES	8,293,079	7,398,167	894,912	1,597,581	1,435,295	162,286

CITY OF BLYTHEVILLE, 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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (951,808)	\$ 83,630	\$ 1,035,438	\$ (255,676)	\$ (84,266)	\$ 171,410
OTHER FINANCING SOURCES (USES)						
Transfers out		(53,734)	(53,734)			
Contribution from water department		284,453	284,453			
Contribution from sewer department		92,838	92,838			
TOTAL OTHER FINANCING SOURCES (USES)		323,557	323,557			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(951,808)	407,187	1,358,995	(255,676)	(84,266)	171,410
FUND BALANCES - JANUARY 1	315,000	2,188,591	1,873,591	205,700	307,590	101,890
FUND BALANCES - DECEMBER 31	\$ (636,808)	\$ 2,595,778	\$ 3,232,586	\$ (49,976)	\$ 223,324	\$ 273,300

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Blytheville 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: Waterworks and Sewer. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

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. The General Fund heading as it appears in the financial statements includes the following accounts: General and Jail Fee.

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

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

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

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.

Pension Trust Fund - 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year-end.

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 977,994	\$ 1,063,917
Collateralized:		
Collateral held by the City's agent, pledging bank, or pledging bank's trust department or agent in the City's name	3,619,861	3,831,761
Insured by supplemental commercial insurance held by the City's trustee in the trustee's name	123,571	123,571
Total Deposits	\$ 4,721,426	\$ 5,019,249

The above total deposits do not include cash on hand of \$8,000.

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, 2017 Fair Value
Firemen's Pension Trust	\$ 2,100,108

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

NOTE 4: Public Fund Investments (Continued)

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

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

The City's investments are composed of the following:

<u>December 31, 2017</u> Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual funds	\$ 2,100,108

Other required disclosures for investments:

- **Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments subject to credit risk at December 31, 2017 were \$1,303,598 (62%). Morningstar Rating Service rates fixed income investments on five levels ranging from low to high. Morningstar rated the City's fixed income investment as follows: 19% low; 16% below average; 56% average; and 9% above average.
- **Interest Rate Risk** – Interest rate risk is the risk that the value of investments will be reduced when market interest rates climb higher than the interest rate of the investment. The City invests in bond mutual funds which are subject to interest rate risk. At December 31, 2017, the value of investments at risk were \$1,303,598 (62%).

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2017, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			\$ 86,896
Property taxes	\$ 60,030	\$ 32,558	9,157
Franchise fees	219,565		
Sales taxes	228,077		282,122
Fines, forfeitures, and costs	23,303		522
Local permits and fees	20,741		
Sanitation fees	101,229		
Advertising and promotion taxes			6,502
Contribution from sewer department	11,300		
Contribution from water department	11,502		
Other	27,960	2,030	12,281
Totals	\$ 703,707	\$ 34,588	\$ 397,480

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

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2017, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 94,064	\$ 25,981	\$ 162,237
Payroll taxes payable			3,398
Totals	<u>\$ 94,064</u>	<u>\$ 25,981</u>	<u>\$ 165,635</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2017	
	Interfund Receivables	Interfund Payables
General	\$ 5,529	
Street		\$ 3,036
Other Funds in the Aggregate:		
Special Revenue Funds:		
Parks and Recreation		2,493
Totals	<u>\$ 5,529</u>	<u>\$ 5,529</u>

Interfund receivables and payables consist of interfund loans. These balances were repaid in 2017.

NOTE 8: 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:			
General government			\$ 467,747
Law enforcement			554,357
Highways and streets		\$ 223,324	
Public safety			607,685
Advertising and promotion			174,636
Airport			31,014
Pension benefits			2,242,689
Capital outlay			15,362
Total Restricted		<u>223,324</u>	<u>4,093,490</u>
Assigned to:			
Law enforcement	\$ 481,458		
Public safety			3,900
Recreation and culture			431,508
Total Assigned	<u>481,458</u>		<u>435,408</u>
Unassigned	<u>2,114,320</u>		
Totals	<u>\$ 2,595,778</u>	<u>\$ 223,324</u>	<u>\$ 4,528,898</u>

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

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, 2017, the legal debt limit for the bonded debt was \$27,318,781. 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, 2017, the legal debt limit for short-term financing obligations was \$7,304,391. The amount of short-term financing obligations was \$854,061, leaving a legal debt margin of \$6,450,330.

NOTE 10: Commitments

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

	December 31, 2017
Long-term liabilities	\$ 1,456,096
Noncancellable lease	92,262
Construction contract	135,375
 Total Commitments	 \$ 1,683,733

Long-term liabilities

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

	December 31, 2017
Lease-purchase agreement entered on June 15, 2007, with First Security Leasing for the purchase of energy conservation equipment, quarterly installments ranging from \$7,145 to \$8,568 for 15 years with interest rate of 4.85%. Payments are to be made from the Infrastructure Improvement Fund.	\$ 133,700
Lease-purchase agreement entered on July 26, 2013, and extended on December 13, 2015, with Bancorp South for the purchase of various trucks with 24 monthly installments of \$14,609 and a final payment of \$521,720 with an interest rate of 2.24%. Payments are to be made from the Infrastructure Improvement Fund.	534,362
Note payable to Bancorp South dated September 1, 2017, for a street sweeper with 24 monthly payments of \$2,935 and a final payment of \$134,000 with an interest rate of 2.39%. Payments are to be made from the Street Fund.	185,999
Compensated absences	602,035
 Total Long-term liabilities	 \$ 1,456,096

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

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

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Notes	Leases	Total
2018	\$ 35,220	\$ 568,841	\$ 604,061
2019	157,480	32,940	190,420
2020		33,376	33,376
2021		33,820	33,820
2022		17,136	17,136
Total Obligations	192,700	686,113	878,813
Less Interest	6,701	18,051	24,752
Total Principal	<u>\$ 185,999</u>	<u>\$ 668,062</u>	<u>\$ 854,061</u>

Noncancellable Leases

The City entered into a noncancellable lease agreement for 48 golf carts on May 12, 2014. Terms of the lease are monthly rental payments of \$2,973 for 48 months. At the end of the lease term the equipment will be returned to the vendor.

The City entered into a noncancellable lease agreement for golf equipment on June 2, 2014. Terms of the lease are monthly rental payments of \$4,465 plus taxes for 60 months. At the end of the lease term, the equipment will remain property of the lessor.

The City is obligated for the following amounts for the next two years:

<u>Year</u>	<u>December 31, 2017</u>
2018	\$ 65,472
2019	26,790
Total	<u>\$ 92,262</u>

Rental expense for 2017 was \$98,851.

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2017:

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance December 31, 2017</u>
Taxiway and Apron Rehabilitation	August 7, 2018	<u>\$ 135,375</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$53,734 to Other Funds in the Aggregate (Parks and Recreation) to supplement recreation and culture expenditures.

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

NOTE 12: Risk Management

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

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

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

Municipal Vehicle Program

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

Municipal 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.

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

NOTE 13: Firemen's Pension and Relief Plan

Plan Description

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

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City did not contribute to the plan for the year ended December 31, 2017. Based on the December 31, 2017 actuarial valuation, the plan has a net pension liability of \$3,257,460.

Deferred Retirement Option Plan

The local firemen's pension and relief board of trustees approved the participation in the Arkansas Fire Fighter's Deferred Retirement Option Plan (DROP). Any full-paid fire fighter who is a member of the firemen's pension and relief fund who has at least 20 years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed 5 years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the fire fighter and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the firemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

At the end of the five years, the participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a fire fighter and start receiving the member's accrued monthly retirement benefit from the firemen's pension and relief fund.

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

Plan Description

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

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

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

Plan Description (Continued)

On May 18, 2004, administration of the City of Blytheville Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of this plan was not changed.

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 \$274,633 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$218,916 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 \$4,392,991.

NOTE 15: Nonuniformed Employee Pension Plan (A Defined Contribution Plan)

On July 1, 1987, the City established a defined contribution pension plan for all nonuniformed employees with a private insurance carrier who maintains accounts for the City. In a defined pension plan, benefits depends solely on amounts contributed to the plan plus investment earnings. The contribution plan requires the City to contribute to the insurance carrier an amount equal to six percent of the employees base salary. The City's contribution shall be invested ratably in the guaranteed benefit portion of the annuity contract unless the employee chooses otherwise. Eligibility commences one year from date of employment and employees are vested after five years. City contributions for and interest forfeited by employees who leave employment before being fully vested are used to reduce the City's future period contribution requirements. Interest earned is credited to each employee's account. Employees are entitled only to the funds deposited on their behalf. The City's contribution to the plan was \$140,051 for the year ended December 31, 2017.

NOTE 16: Mayor's Retirement Benefits

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the time of their retirement. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. During 2017, the city paid retired Mayor Barrett Harrison \$35,124.

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

NOTE 17: Clerk/Treasurer Retirement Benefits

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive monthly a sum equal to one-half (1/2) of the monthly salary received by him or her during the last preceding year of his or her service. Retirement benefits are to be paid monthly from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. During 2017, the City paid retired Clerk Grace Haynie \$17,755.

NOTE 18: Subsequent Events

On February 12, 2018, the city entered into a 24 month lease with Bancorp South for four freightliners in the amount of \$706,961.

A final settlement of \$900,000 was reached on May 21, 2018 for jail fees due to Mississippi County for the period of February 1, 2013 through February 28, 2018. Payments of \$350,000 and \$550,000 were made from the Jail Fee Fund and General Fund, respectively.

CITY OF BLYTHEVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

SPECIAL REVENUE FUNDS										
	Airport	Advertising and Promotion	Magnetek	Court Automation	Infrastructure Improvement	Police	Fire	Public Safety	Parks and Recreation	Asset Forfeiture
ASSETS										
Cash and cash equivalents	\$ 31,889	\$ 168,134	\$ 97,543	\$ 113,981	\$ 341,596	\$ 275,393	\$ 588,066	\$ 26,641	\$ 401,213	\$ 2,798
Investments										
Accounts receivable	86,896	6,502		522	56,425	39,336	28,212	112,849	57,581	
TOTAL ASSETS	<u>\$ 118,785</u>	<u>\$ 174,636</u>	<u>\$ 97,543</u>	<u>\$ 114,503</u>	<u>\$ 398,021</u>	<u>\$ 314,729</u>	<u>\$ 616,278</u>	<u>\$ 139,490</u>	<u>\$ 458,794</u>	<u>\$ 2,798</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 87,771				\$ 27,817	\$ 4,038	\$ 4,693	\$ 13,125	\$ 24,793	
Interfund payables									2,493	
Settlements pending										
Total Liabilities	<u>87,771</u>				<u>27,817</u>	<u>4,038</u>	<u>4,693</u>	<u>13,125</u>	<u>27,286</u>	
Fund Balances:										
Restricted	31,014	\$ 174,636	\$ 97,543	\$ 114,503	370,204	310,691	607,685	126,365		\$ 2,798
Assigned							3,900		431,508	
Total Fund Balances	<u>31,014</u>	<u>174,636</u>	<u>97,543</u>	<u>114,503</u>	<u>370,204</u>	<u>310,691</u>	<u>611,585</u>	<u>126,365</u>	<u>431,508</u>	<u>2,798</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 118,785</u>	<u>\$ 174,636</u>	<u>\$ 97,543</u>	<u>\$ 114,503</u>	<u>\$ 398,021</u>	<u>\$ 314,729</u>	<u>\$ 616,278</u>	<u>\$ 139,490</u>	<u>\$ 458,794</u>	<u>\$ 2,798</u>

CITY OF BLYTHEVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

	CAPITAL PROJECTS FUNDS		TRUST FUND	AGENCY FUNDS					Totals
	2001 Maintenance Construction	2000 Sidewalk Improvements	Firemen's Pension	Administration of Justice	Police Bond and Fine	District Court Clerk - Small Claims/Civil	Payroll		
ASSETS									
Cash and cash equivalents	\$ 11,821	\$ 3,541	\$ 136,822	\$ 16,835	\$ 54,413	\$ 16,785	\$ 243,596	\$ 2,531,067	
Investments			2,100,108					2,100,108	
Accounts receivable			9,157					397,480	
TOTAL ASSETS	<u>\$ 11,821</u>	<u>\$ 3,541</u>	<u>\$ 2,246,087</u>	<u>\$ 16,835</u>	<u>\$ 54,413</u>	<u>\$ 16,785</u>	<u>\$ 243,596</u>	<u>\$ 5,028,655</u>	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 3,398					\$ 165,635	
Interfund payables								2,493	
Settlements pending				\$ 16,835	\$ 54,413	\$ 16,785	\$ 243,596	331,629	
Total Liabilities			<u>3,398</u>	<u>16,835</u>	<u>54,413</u>	<u>16,785</u>	<u>243,596</u>	<u>499,757</u>	
Fund Balances:									
Restricted	\$ 11,821	\$ 3,541	2,242,689					4,093,490	
Assigned								435,408	
Total Fund Balances	<u>11,821</u>	<u>3,541</u>	<u>2,242,689</u>					<u>4,528,898</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,821</u>	<u>\$ 3,541</u>	<u>\$ 2,246,087</u>	<u>\$ 16,835</u>	<u>\$ 54,413</u>	<u>\$ 16,785</u>	<u>\$ 243,596</u>	<u>\$ 5,028,655</u>	

CITY OF BLYTHEVILLE, 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

Schedule 2

SPECIAL REVENUE FUNDS

	Airport	Advertising and Promotion	Magnetek	Court Automation	Infrastructure Improvement	Police	Fire	Public Safety
REVENUES								
State aid	\$ 15,597						\$ 94,961	
Federal aid	141,451					\$ 10,677		
Property taxes								
Sales taxes	5,547				\$ 700,028	350,014	350,014	\$ 216,872
Fines, forfeitures, and costs				\$ 10,175				
Interest		\$ 246	\$ 96	166	374	436	1,461	
Advertising and promotion taxes		98,587						
Golf course fees								
Net increase (decrease) in fair value of investments								
Other	31,814					17,166		100
TOTAL REVENUES	194,409	98,833	96	10,341	700,402	378,293	446,436	216,972
EXPENDITURES								
Current:								
General government					952			
Law enforcement				6,275	5,108	330,176		58,977
Highways and streets					1,177			
Public safety					2,135		209,433	31,630
Recreation and culture					370			
Advertising and promotion		101,076						
Airport	160,287							
Total Current	160,287	101,076		6,275	9,742	330,176	209,433	90,607
Debt Service:								
Lease principal					186,234			
Lease interest					21,163			
Note principal	4,945							
Note interest	80							
TOTAL EXPENDITURES	165,312	101,076		6,275	217,139	330,176	209,433	90,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	29,097	(2,243)	96	4,066	483,263	48,117	237,003	126,365
OTHER FINANCING SOURCES (USES)								
Transfers in								
Contribution to water department					(292,583)			
Contribution to sewer department					(78,390)			
TOTAL OTHER FINANCING SOURCES (USES)					(370,973)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	29,097	(2,243)	96	4,066	112,290	48,117	237,003	126,365
FUND BALANCES - JANUARY 1	1,917	176,879	97,447	110,437	257,914	262,574	374,582	
FUND BALANCES - DECEMBER 31	\$ 31,014	\$ 174,636	\$ 97,543	\$ 114,503	\$ 370,204	\$ 310,691	\$ 611,585	\$ 126,365

CITY OF BLYTHEVILLE, 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

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		TRUST FUND	Totals
	Parks and Recreation	Asset Forfeiture	2001 Maintenance Construction	2000 Sidewalk Improvements	Firemen's Pension	
REVENUES						
State aid	\$ 46,349				\$ 91,668	\$ 248,575
Federal aid						152,128
Property taxes					77,059	77,059
Sales taxes	700,028					2,322,503
Fines, forfeitures, and costs						10,175
Interest	1,431	\$ 4	\$ 111	\$ 4	117,984	122,313
Advertising and promotion taxes						98,587
Golf course fees	224,738					224,738
Net increase (decrease) in fair value of investments					219,628	219,628
Other	8,524				37	57,641
TOTAL REVENUES	981,070	4	111	4	506,376	3,533,347
EXPENDITURES						
Current:						
General government						952
Law enforcement		96				400,632
Highways and streets				3,479		4,656
Public safety					457,525	700,723
Recreation and culture	1,076,766		8,506			1,085,642
Advertising and promotion						101,076
Airport						160,287
Total Current	1,076,766	96	8,506	3,479	457,525	2,453,968
Debt Service:						
Lease principal						186,234
Lease interest						21,163
Note principal						4,945
Note interest						80
TOTAL EXPENDITURES	1,076,766	96	8,506	3,479	457,525	2,666,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(95,696)	(92)	(8,395)	(3,475)	48,851	866,957
OTHER FINANCING SOURCES (USES)						
Transfers in	53,734					53,734
Contribution to water department						(292,583)
Contribution to sewer department						(78,390)
TOTAL OTHER FINANCING SOURCES (USES)	53,734					(317,239)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(41,962)	(92)	(8,395)	(3,475)	48,851	549,718
FUND BALANCES - JANUARY 1	473,470	2,890	20,216	7,016	2,193,838	3,979,180
FUND BALANCES - DECEMBER 31	\$ 431,508	\$ 2,798	\$ 11,821	\$ 3,541	\$ 2,242,689	\$ 4,528,898

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
Airport	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Magnetek	Established by the City to account for restricted bond proceeds used to fund improvements and repairs to the Magnetek building. Interest on the fund and other sources have also been added to the fund.
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.
Infrastructure Improvement	Blytheville Ordinance no. 1429 (November 18, 1997) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay for the cost of improvements and betterments to the infrastructure of the City, including but not limited to, maintaining and closing ditches, building and repairing sidewalks, and maintaining alleyways.
Police	Blytheville Ordinance no. 1683 (January 20, 2009) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of police and fire protection expenditures.
Fire	Blytheville Ordinance no. 1683 (January 20, 2009) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of police and fire protection expenditures.
Public Safety	Blytheville Ordinance no. 1814 (February 21, 2017) established fund to receive one half of one percent sales and use tax, approved by voters, to fund public safety purposes (including police, firefighting, code enforcement and animal control purposes) and to pay and secure the repayment of bonds approved by the voters and issued by the City from time to time to finance capital improvements.
Parks and Recreation	Blytheville Ordinance no. 1648 (July 17, 2007) established fund to receive one quarter of one percent sales and use tax, approved by voters, to pay the related expenses to finance all or a portion of park and recreational expenditures.
Asset Forfeiture	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.

CITY OF BLYTHEVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
2001 Maintenance Construction	Blytheville Ordinance no. 1516 (February 20, 2001) established fund to receive bond issue proceeds, approved by voters, to pay the related expenses to finance all or a portion of the cost of capital improvements.
2000 Sidewalk Improvements	Blytheville Ordinance no. 1497 (April 8, 2000) established fund to receive bond issue proceeds, approved by voters, to pay the related expenses to finance all or a portion of the cost of street, sidewalk, and drainage improvements.
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.
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.
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 Clerk - Small Claims/Civil	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.
Payroll	Established to process the payroll of City's employees.

CITY OF BLYTHEVILLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2017
(Unaudited)

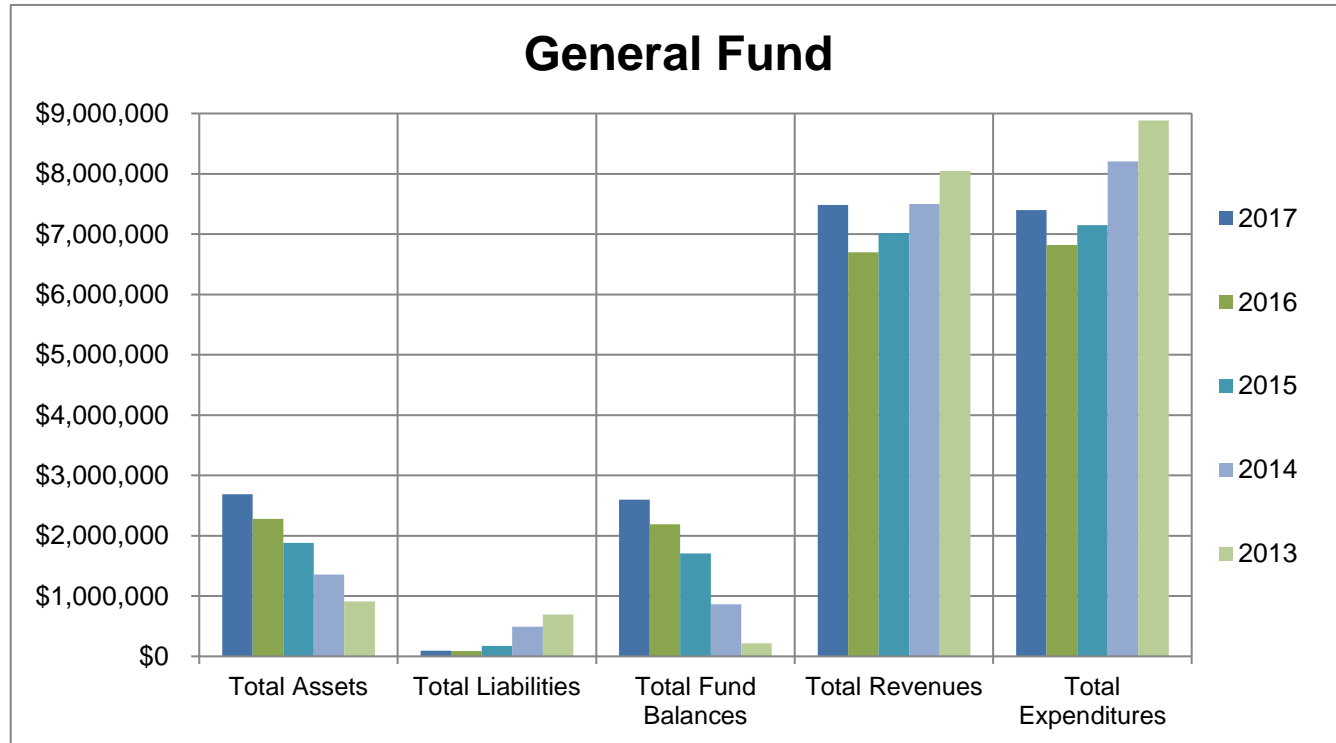
Schedule 3

	<u>December 31, 2017</u>
Land, buildings and improvements	\$ 21,133,099
Equipment	8,508,282
Construction in progress	<u>137,499</u>
Total	<u>\$ 29,778,880</u>

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

Schedule 4-1

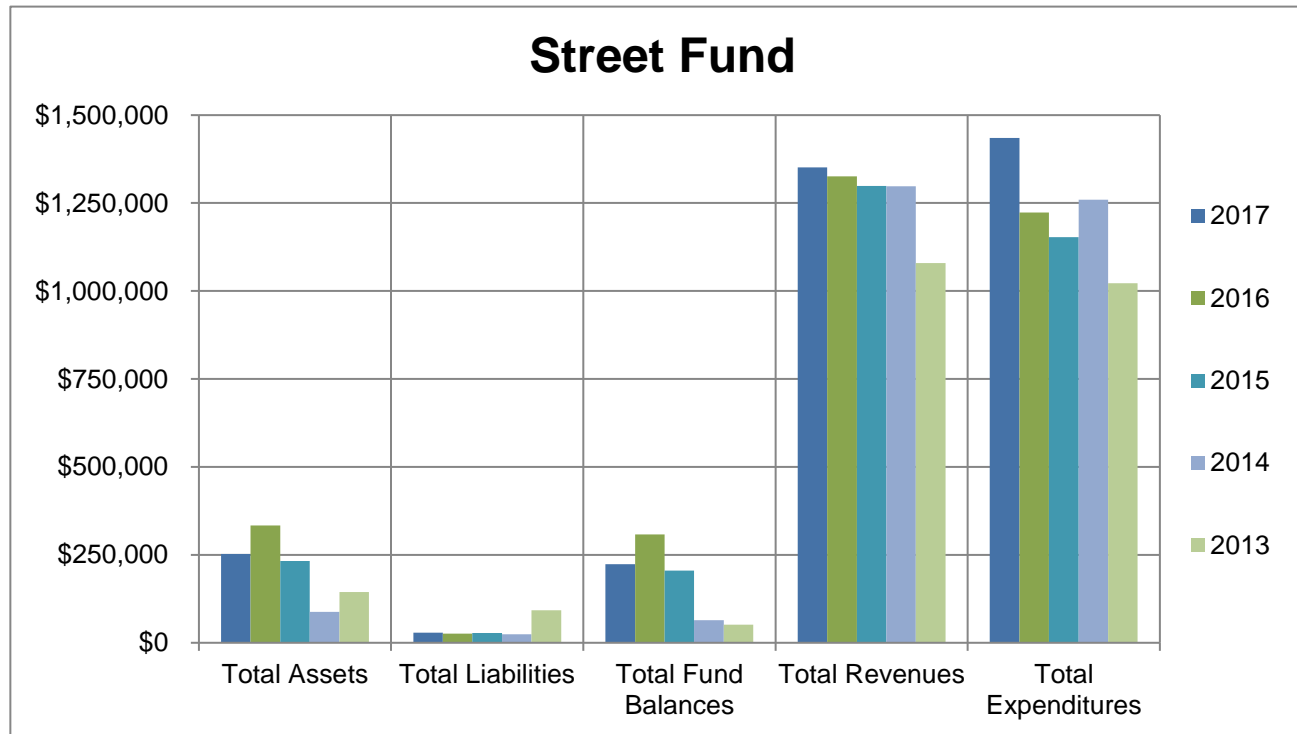
<u>General</u>	2017	2016	2015	2014	2013
Total Assets	\$ 2,689,842	\$ 2,276,342	\$ 1,883,563	\$ 1,356,902	\$ 909,100
Total Liabilities	94,064	87,751	175,138	491,887	692,379
Total Fund Balances	2,595,778	2,188,591	1,708,425	865,015	216,721
Total Revenues	7,481,797	6,700,015	7,016,633	7,499,443	8,044,028
Total Expenditures	7,398,167	6,818,842	7,151,418	8,206,701	8,886,389
Total Other Financing Sources/Uses	323,557	598,993	978,195	1,431,898	464,709



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

Schedule 4-2

<u>Street</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 252,341	\$ 333,804	\$ 232,798	\$ 88,201	\$ 143,963
Total Liabilities	29,017	26,214	27,703	23,858	92,354
Total Fund Balances	223,324	307,590	205,095	64,343	51,609
Total Revenues	1,351,029	1,325,604	1,298,528	1,297,393	1,079,132
Total Expenditures	1,435,295	1,223,109	1,152,658	1,259,967	1,022,234
Total Other Financing Sources/Uses			(5,118)		



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 5,028,655	\$ 4,343,828	\$ 4,578,725	\$ 5,396,618	\$ 5,930,270
Total Liabilities	499,757	364,648	453,720	572,868	282,897
Total Fund Balances	4,528,898	3,979,180	4,125,005	4,823,750	5,647,373
Total Revenues	3,533,347	3,261,004	3,219,485	3,059,255	5,869,736
Total Expenditures	2,666,390	2,927,894	3,503,790	2,876,983	3,258,505
Total Other Financing Sources/Uses	(317,239)	(478,935)	(414,440)	(985,442)	(2,276,460)

