

City of Nashville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF NASHVILLE, ARKANSAS
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Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

City of Nashville, 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 Nashville, Arkansas, as of and for the year ended December 31, 2019, 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 Nashville, Arkansas, as of December 31, 2019, 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 Nashville, Arkansas, as of December 31, 2019, 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 another fund 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, this fund is 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 March 10, 2021, 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
March 10, 2021
LOM106719

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

City of Nashville, 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 Nashville, Arkansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2021. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated March 10, 2021.

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
March 10, 2021

Arkansas



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Sen. Gary Stubblefield
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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2019:

Mayor: Billy Ray Jones
City Clerk: Mary Woodruff
District Court Clerk: Cynthia Grady
Police Chief: Dale Pierce
Park Director: Mark Dale
Finance Director: Kimberly Green

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

Mayor

The City paid \$529 for meals for a retired firemen's dinner in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. no. 91-410.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Marti Steel".

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 10, 2021

CITY OF NASHVILLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2019

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 523,447	\$ 41,470	\$ 187,090
Investments			388,826
Accounts receivable	252,985	4,618	29,274
TOTAL ASSETS	\$ 776,432	\$ 46,088	\$ 605,190
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 21,585	\$ 2,438	\$ 21,801
Settlements pending			73,455
Total Liabilities	21,585	2,438	95,256
Fund Balances:			
Restricted	22,066		418,127
Assigned	102,243	43,650	91,807
Unassigned	630,538		
Total Fund Balances	754,847	43,650	509,934
TOTAL LIABILITIES AND FUND BALANCES	\$ 776,432	\$ 46,088	\$ 605,190

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

CITY OF NASHVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 164,386	\$ 331,754	\$ 3,900
Federal aid	2,300		
Property taxes	161,432	62,002	
Franchise fees	222,445		
Sales taxes	2,334,695		
Fines, forfeitures, and costs	48,069		
Interest	2,239	175	20,717
Local permits and fees	16,394		
Sanitation fees			212,449
Park activity and concessions			117,640
Insurance proceeds	304,691		
Net increase/(decrease) in fair value of investments			47,715
Other	51,428	13,011	18,739
	<u>3,308,079</u>	<u>406,942</u>	<u>421,160</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	623,606		
Law enforcement	1,487,717		
Highways and streets		498,646	
Public safety	439,319		56,140
Sanitation			275,224
Recreation and culture	511,240		108,996
Total Current	<u>3,061,882</u>	<u>498,646</u>	<u>440,360</u>
Debt Service:			
Bond principal			95,000
Bond interest and other charges	1,925		47,230
	<u>3,063,807</u>	<u>498,646</u>	<u>582,590</u>
TOTAL EXPENDITURES			

CITY OF NASHVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 244,272</u>	<u>\$ (91,704)</u>	<u>\$ (161,430)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		56,200	144,965
Transfers out	(201,165)		
Contribution to water department	(25,471)		
Contribution from water department		<u>35,000</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(226,636)</u>	<u>91,200</u>	<u>144,965</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,636	(504)	(16,465)
FUND BALANCES - JANUARY 1	<u>737,211</u>	<u>44,154</u>	<u>526,399</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 754,847</u></u>	<u><u>\$ 43,650</u></u>	<u><u>\$ 509,934</u></u>

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

CITY OF NASHVILLE, 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, 2019

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 111,086	\$ 164,386	\$ 53,300	\$ 331,754	\$ 331,754	\$ 0
Federal aid	7,300	2,300	(5,000)			
Property taxes	175,263	161,432	(13,831)	60,933	62,002	1,069
Franchise fees	222,630	222,445	(185)			
Sales taxes	2,327,831	2,334,695	6,864			
Fines, forfeitures, and costs	33,289	48,069	14,780			
Interest	2,239	2,239		175	175	
Local permits and fees	16,394	16,394				
Insurance proceeds		304,691	304,691			
Other	803,076	51,428	(751,648)	19,267	13,011	(6,256)
TOTAL REVENUES	3,699,108	3,308,079	(391,029)	412,129	406,942	(5,187)
EXPENDITURES						
Current:						
General government	1,286,362	623,606	662,756			
Law enforcement	1,321,318	1,487,717	(166,399)			
Highways and streets				505,639	498,646	6,993
Public safety	489,265	439,319	49,946			
Recreation and culture	513,693	511,240	2,453			
Total Current	3,610,638	3,061,882	548,756	505,639	498,646	6,993
Debt Service:						
Bond interest and other charges		1,925	(1,925)			
TOTAL EXPENDITURES	3,610,638	3,063,807	546,831	505,639	498,646	6,993
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	88,470	244,272	155,802	(93,510)	(91,704)	1,806
OTHER FINANCING SOURCES (USES)						
Transfers in	553,476		(553,476)	91,200	56,200	(35,000)
Transfers out	(631,162)	(201,165)	429,997			
Contribution to water department		(25,471)	(25,471)			
Contribution from water department					35,000	35,000
TOTAL OTHER FINANCING SOURCES (USES)	(77,686)	(226,636)	(148,950)	91,200	91,200	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	10,784	17,636	6,852	(2,310)	(504)	1,806
FUND BALANCES - JANUARY 1		737,211	737,211		44,154	44,154
FUND BALANCES - DECEMBER 31	\$ 10,784	\$ 754,847	\$ 744,063	\$ (2,310)	\$ 43,650	\$ 45,960

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

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Nashville was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Water and Sewer. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

B. Basis of Presentation – Regulatory

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

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

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

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

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

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

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

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

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

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government’s policy is to establish fees or charges designed to recover the cost of providing services. See Schedules 1 and 2 for the Enterprise Fund as reported with other funds in the aggregate.

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

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

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. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. 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. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and other funds 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.

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.

CITY OF NASHVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 307,285	\$ 342,793
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	418,597	481,204
U.S. government guaranteed accounts	24,469	24,469
Total Deposits	\$ 750,351	\$ 848,466

The above total deposits do not include cash on hand of \$1,656.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

<u>Fund Type</u>	<u>December 31, 2019</u> <u>Fair Value</u>
Pension Trust	<u>\$ 388,826</u>

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, 2019</u> <u>Investment Type</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Investments</u> <u>Level I</u>
Mutual funds	<u>\$ 388,826</u>

The fair value of mutual funds is measured on a recurring basis and is based on quoted market prices obtained from independent pricing sources. As a result, these were classified as level I inputs.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2019, is composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in</u> <u>the Aggregate</u>
Property taxes	\$ 11,987	\$ 4,618	
Franchise fees	45,459		
Sales taxes	192,120		
Fines, forfeitures, and costs	3,105		
Sanitation fees			<u>\$ 29,274</u>
Totals	<u>\$ 252,985</u>	<u>\$ 4,618</u>	<u>\$ 29,274</u>

CITY OF NASHVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2019, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 21,585	\$ 2,438	\$ 21,801

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2019, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 11,634		
Public safety	10,432		
Pension benefits			\$ 393,658
Debt service			24,469
Total Restricted	<u>22,066</u>		<u>418,127</u>
Assigned to:			
General government	14,349		
Law enforcement	21,084		
Highways and streets		\$ 43,650	
Public safety	55,989		
Sanitation			26,271
Recreation and culture	10,821		65,536
Total Assigned	<u>102,243</u>	<u>43,650</u>	<u>91,807</u>
Unassigned	<u>630,538</u>		
Totals	<u>\$ 754,847</u>	<u>\$ 43,650</u>	<u>\$ 509,934</u>

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2019, the legal debt limit for the bonded debt was \$ 12,109,739. 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, 2019, the legal debt limit for short-term financing obligations was \$3,245,396. There were no short-term financing obligations.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2019:

	December 31, 2019
Long-term liabilities	\$ 1,423,987

Long-term liabilities

Long-term liabilities at December 31, 2019, are comprised of the following:

	December 31, 2019
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds, Series 2014 dated March 25, 2014, in the amount of \$1,760,000, annual installments of \$40,000 - \$140,000 plus interest through November 1, 2030; interest of .75% to 4%, due May 1 and November 1 of each year. Payments are to be made from the 2014 Sales and Use Tax Refunding Bond Issue Debt Service Fund.	\$ 1,260,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	163,987
Total Long-term liabilities	\$ 1,423,987

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

The City's outstanding bonds payable of \$1,260,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Compensated Absences

Compensated absences do vest or accumulate.

Post Employment Benefits Other Than Pensions

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

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9: Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2019	Maturities to December 31, 2019
<u>Bonds</u>					
3/25/14	11/1/30	.75% - 4.00%	\$ 1,760,000	\$ 1,260,000	\$ 500,000

Changes in Long-Term Debt

	Balance January 01, 2019	Retired	Balance December 31, 2019
Bonds payable	\$ 1,355,000	\$ 95,000	\$ 1,260,000

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2019:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2020	\$ 95,000	\$ 45,235	\$ 140,235
2021	100,000	42,527	142,527
2022	100,000	39,678	139,678
2023	105,000	36,378	141,378
2024	110,000	32,912	142,912
2025 through 2029	610,000	101,265	711,265
2030	140,000	5,600	145,600
Totals	\$ 1,260,000	\$ 303,595	\$ 1,563,595

NOTE 10: Interfund Transfers

The General Fund (Franchise Fee Fund) transferred \$56,200 to the Street Fund for supplemental funding and the General Fund transferred \$141,080 to Other Funds in the Aggregate, 2014 Sales and Use Tax Refunding Bond Issue Debt Service Fund, for debt service requirements. Additionally, the General Fund transferred \$3,885 to Other Funds in the Aggregate, Fireman's Pension and Relief Fund, for state aid received in the prior year.

NOTE 11: Subsequent Events

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on the financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak, revenue collections, and any other possible issues – all of which are uncertain and cannot be predicted. The financial impact of COVID-19 to the City is uncertain.

During 2020, the City received \$183,311 in federal aid from the Coronavirus Aid, Relief, and Economic Securities (CARES) Act.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11: Subsequent Events (Continued)

Bond Issue

The City of Nashville passed Ordinance no. 960 (July 13, 2020) issuing Sales and Use Tax Refunding Bonds, Series 2020, dated August 25, 2020 in the amount of \$1,239,623 with an interest rate of 1.85% payable through 2030 to advance refund Sales and Use Tax Refunding Bonds, Series 2014, in the amount of \$1,260,000 to achieve debt service savings.

Construction Contract and Installment Financing Agreement

On July 13, 2020, the City of Nashville entered into a construction contract in the amount of \$2,339,831 with McKinstry Essention, LLC to construct solar panels for energy conservation purposes. In conjunction with this construction contract, an installment financing agreement was entered into on October 29, 2020, with First Security Finance, Inc. in the amount of \$2,388,626 with an interest rate of 2.98% for two hundred seventy seven months (277) to finance the construction project.

NOTE 12: Pledged Revenues

The City of Nashville has pledged future collections of an existing 1% sales and use tax to repay \$1,760,000 in sales and use tax refunding bonds that were issued in 2014 for the purpose of refunding a 2005 sales and use tax refunding and water and sewer improvements bonds issue. The total principal and interest on the bonds at December 31, 2019, was \$1,260,000 and \$303,595 respectively, payable through November 1, 2030, however these bonds were refunded with ordinance no. 960 dated July 13, 2020. Principal and interest paid in 2019 on this bond issue was \$95,000 and \$47,230 respectively. Sales tax revenue in excess of debt service requirements on the bonds may be used for other City purposes.

NOTE 13: Joint Venture – Animal Control Commission

On September 23, 1997, the Cities of Nashville, Mineral Springs, Dierks, Tollette, and Murfreesboro entered into an interlocal agreement creating the Animal Control Commission. The Commission is comprised of one representative appointed by the respective Mayors with Council approval. Additionally, one local veterinarian is appointed by the Mayor of Nashville. The Commission is financed on a per capita basis. In the event of termination of the agreement, in whole or in part, all real estate and personal property will become property of the City of Nashville. The original interlocal agreement has been amended on several occasions subsequent to the formation of the Animal Control Commission. As of December 31, 2019, Nashville, Dierks, Murfreesboro, Washington, Mineral Springs, Delight, and Prescott were participating in this joint venture. In 2019, the City of Nashville's per capita contribution to the Animal Control Commission was \$51,442. Additionally in 2017, the Mayor and City Clerk of the City of Nashville signed a promissory note in the amount of \$19,640 plus interest for the purchase of an animal control vehicle. Payments are \$364 monthly for 60 months beginning on February 26, 2017. Payments are to be made by the Animal Control Commission Fund. The financial statements for the Animal Control Commission are available at the Nashville City Hall, 426 Main Street, Nashville, AR 71852.

NOTE 14: Jointly Governed Organizations

Ninth West Judicial Drug Task Force

The Prosecuting Attorney of the Ninth West Judicial District, the Sheriff's Departments of Sevier, Little River, Howard, and Pike Counties, and the Police Departments of De Queen, Ashdown, and Nashville entered into an agreement to establish the Ninth West Judicial Drug Task Force. The agreement covers the period July 1, 2019 to June 30, 2020 and may be extended upon written mutual agreement. Funding is provided through federal and state grants in addition to contributions from participating entities. In 2019, the City of Nashville did not contribute to the Ninth West Judicial Drug Task Force. Separate financial statements for the Ninth West Judicial Drug Task Force are not available.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14: Jointly Governed Organizations (Continued)

Upper Southwest Arkansas Regional Solid Waste Management District

The Upper Southwest Arkansas Regional Solid Waste Management District is a jointly governed organization comprised of representatives from Howard, Pike, Sevier, Little River, Hempstead, Lafayette, Montgomery, Nevada, and Polk Counties and participating cities within the aforementioned counties. The District is governed by a Board of Directors consisting of the respective county judges and mayors of the county seats for the area served, unless other representatives are appointed by the respective entity. In 2019, the City paid \$11,297 to the Upper Southwest Arkansas Regional Solid Waste Management District. The latest audited financial statements for the Upper Southwest Arkansas Regional Solid Waste Management District are available at www.arklegaudit.gov.

Nashville/Howard County Airport Commission

On July 8, 1997, the City entered into an interlocal agreement with Howard County forming the Nashville/Howard County Airport Commission. The joint commission was not established in accordance with Ark. Code Ann. §§ 14-362-104 – 14-362-131 (the Regional Airport Act) and appears to be acting in an advisory capacity. The County owns all real and personal property per the agreement. Accordingly, the Nashville/Howard County Airport Commission is presented in the financial statements of Howard County in the other Funds in the Aggregate as a special revenue fund. Howard County's financial statements are available at www.arklegaudit.gov.

NOTE 15: 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 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 participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for coverage in the following areas:

Building and Contents Program - This program is a blanket policy with coverage up to \$100,000,000 for any one loss with a \$500 deductible. Even though the APERMA property program limits are blanket, the City's property limits are tied back to the insurance statement of values. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city property.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 15: Risk Management (Continued)

Vehicle Program

- A. Liability - This program may pay all sums the City legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered city vehicle and for which the City is liable. The limit of payment for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city vehicles owned or leased by the City.
- B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating city. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Police Department vehicles and \$500 for all other covered vehicles and mobile equipment. The City agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the city government of a participating city and pay judgments imposed on City officials and employees and the city government and city-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

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

NOTE 16: 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 did not contribute to the plan for the year ended December 31, 2019. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2019 actuarial valuation, the plan has a net pension liability of \$51,642.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

**NOTE 17: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$24,083 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$17,369 for the year ended December 31, 2019.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2019 (actuarial valuation date and measurement date) was \$204,149.

NOTE 18: 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 \$291,759 for the year ended June 30, 2019.

CITY OF NASHVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 18: Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2019 (actuarial valuation date and measurement date) was \$2,400,914.

CITY OF NASHVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2019

Schedule 1

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	ENTERPRISE FUND	TRUST FUND	CUSTODIAL FUNDS			
	Park Commission	2014 Sales and Use Tax Refunding Bond Issue	Sanitation	Firemen's Pension	Disbursement	District Court - Traffic and Criminal	District Court - Civil and Small Claims	Totals
ASSETS								
Cash and cash equivalents	\$ 66,632	\$ 24,469	\$ 17,702	\$ 4,832	\$ 59,070	\$ 14,433	\$ (48)	\$ 187,090
Investments				388,826				388,826
Accounts receivable			29,274					29,274
TOTAL ASSETS	\$ 66,632	\$ 24,469	\$ 46,976	\$ 393,658	\$ 59,070	\$ 14,433	\$ (48)	\$ 605,190
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,096		\$ 20,705					\$ 21,801
Settlements pending					\$ 59,070	\$ 14,433	\$ (48)	\$ 73,455
Total Liabilities	1,096		20,705		59,070	14,433	(48)	95,256
Fund Balances:								
Restricted		\$ 24,469		\$ 393,658				418,127
Assigned	65,536		26,271					91,807
Total Fund Balances	65,536	24,469	26,271	393,658				509,934
TOTAL LIABILITIES AND FUND BALANCES	\$ 66,632	\$ 24,469	\$ 46,976	\$ 393,658	\$ 59,070	\$ 14,433	\$ (48)	\$ 605,190

CITY OF NASHVILLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 2

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	ENTERPRISE FUND	TRUST FUND	
	Park Commission	2014 Sales and Use Tax Refunding Bond Issue	Sanitation	Firemen's Pension	Totals
REVENUES					
State aid				\$ 3,900	\$ 3,900
Interest	\$ 94	\$ 1,100	\$ 342	19,181	20,717
Sanitation fees			212,449		212,449
Park activity and concessions	117,640				117,640
Net increase/(decrease) in fair value of investments				47,715	47,715
Other			18,739		18,739
TOTAL REVENUES	117,734	1,100	231,530	70,796	421,160
EXPENDITURES					
Current:					
Public safety				56,140	56,140
Sanitation			275,224		275,224
Recreation and culture	108,996				108,996
Total Current	108,996		275,224	56,140	440,360
Debt Service:					
Bond principal		95,000			95,000
Bond interest and other charges		47,230			47,230
TOTAL EXPENDITURES	108,996	142,230	275,224	56,140	582,590
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,738	(141,130)	(43,694)	14,656	(161,430)
OTHER FINANCING SOURCES (USES)					
Transfers in		141,080		3,885	144,965
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,738	(50)	(43,694)	18,541	(16,465)
FUND BALANCES - JANUARY 1	56,798	24,519	69,965	375,117	526,399
FUND BALANCES - DECEMBER 31	\$ 65,536	\$ 24,469	\$ 26,271	\$ 393,658	\$ 509,934

CITY OF NASHVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2019

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

<u>Fund Name</u>	<u>Fund Description</u>
Park Commission	Nashville Ordinance no. 293 (August 1, 1949) established fund for the acquisition, operation and management of park facilities and programs.
2014 Sales and Use Tax Refunding Bond Issue	Nashville Ordinance no. 929 (March 25, 2014) established fund to receive sales and use tax monies as approved by referendum on August 9, 2005 to be used for the principal, interest and fees on the Sales and Use Tax Refunding Bonds Series 2005. The Series 2005 bonds were refunded with the issuance of the 2014 Series Bonds. Sales tax revenue in excess of the debt service requirements may be used for any city purpose.
Sanitation	Nashville Ordinance no. 375 (January 17, 1964) as amended by Ordinance no. 464 (April 3, 1978) established fund to receive sanitation fees to finance sanitation operations.
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.
Disbursement	Clearing account for the City for accounts payable and payroll related disbursements.
District Court - Traffic and Criminal	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court - Civil and Small Claims	Ark. Code Ann. § 16-17-707 established account to receive fees related to small claims and civil case filings.

CITY OF NASHVILLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2019
(Unaudited)

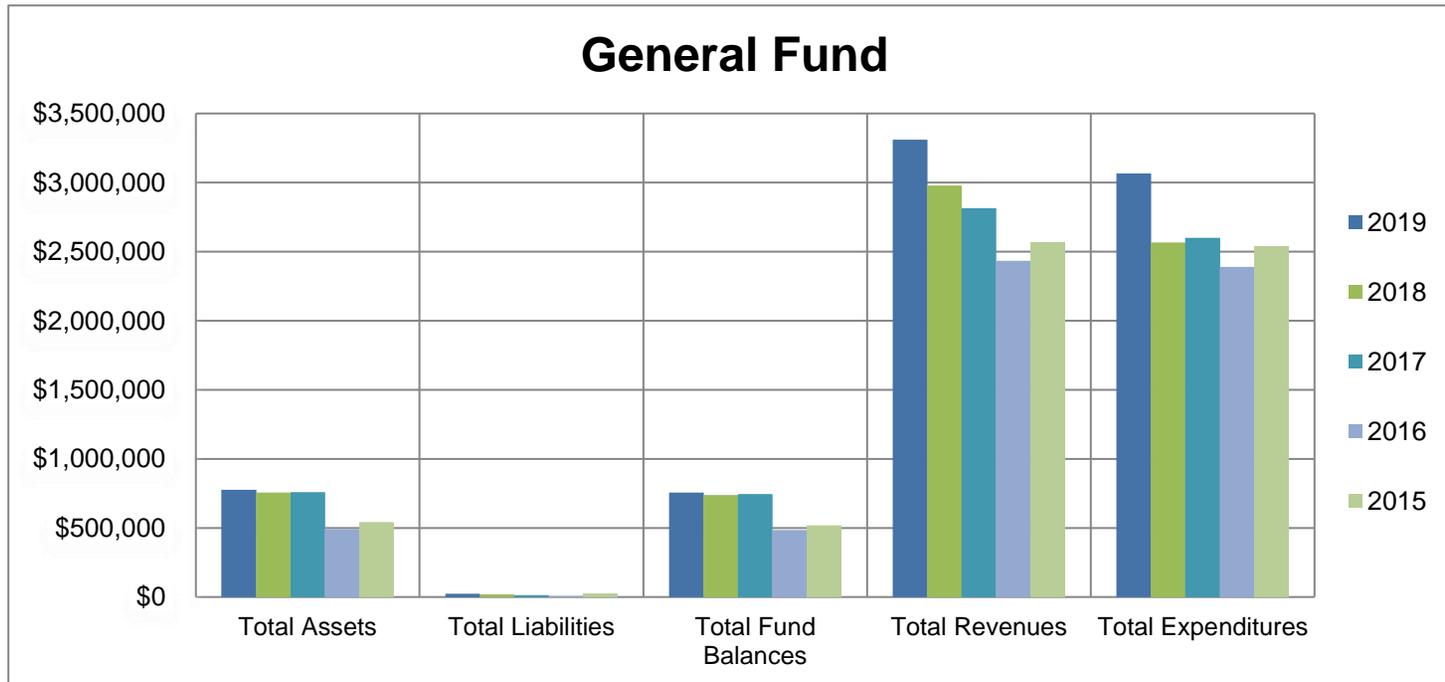
Schedule 3

	December 31, 2019
Land and buildings	\$ 3,376,941
Improvements other than buildings	1,075,573
Equipment	<u>1,974,206</u>
Total	<u><u>\$ 6,426,720</u></u>

CITY OF NASHVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2019
 (Unaudited)

Schedule 4-1

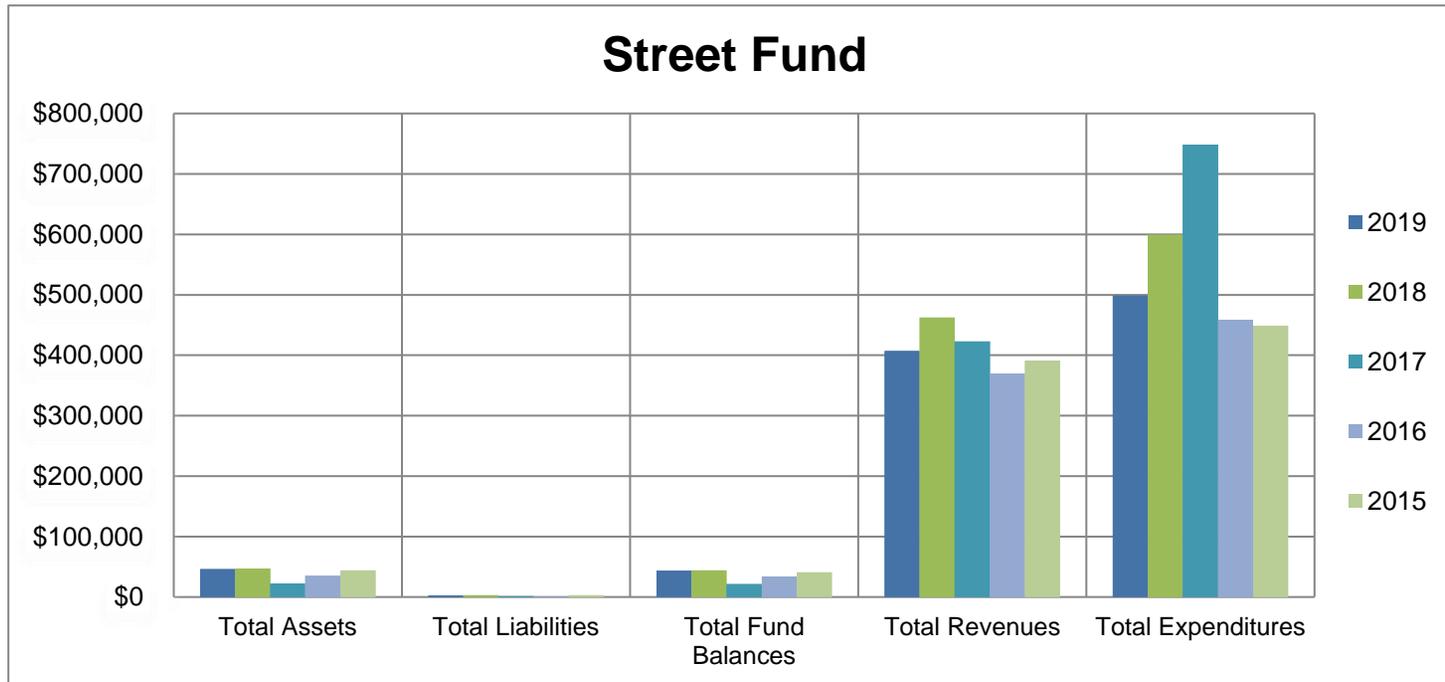
General	2019	2018	2017	2016	2015
Total Assets	\$ 776,432	\$ 755,107	\$ 756,772	\$ 489,623	\$ 541,721
Total Liabilities	21,585	17,896	12,693	5,480	24,467
Total Fund Balances	754,847	737,211	744,079	484,143	517,254
Total Revenues	3,308,079	2,976,457	2,813,904	2,432,772	2,569,329
Total Expenditures	3,063,807	2,563,975	2,600,039	2,389,684	2,538,195
Total Other Financing Sources/Uses	(226,636)	(419,350)	(484,742)	(76,199)	71,552



CITY OF NASHVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2019
 (Unaudited)

Schedule 4-2

Street	2019	2018	2017	2016	2015
Total Assets	\$ 46,088	\$ 47,103	\$ 22,422	\$ 35,052	\$ 44,081
Total Liabilities	2,438	2,949	1,128	912	3,179
Total Fund Balances	43,650	44,154	21,294	34,140	40,902
Total Revenues	406,942	462,258	422,644	369,459	391,449
Total Expenditures	498,646	599,508	748,317	458,881	448,592
Total Other Financing Sources/Uses	91,200	160,110	312,827	82,660	63,500



CITY OF NASHVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2019
 (Unaudited)

Schedule 4-3

Other Funds in the Aggregate	2019	2018	2017	2016	2015
Total Assets	\$ 605,190	\$ 612,564	\$ 633,470	\$ 1,222,815	\$ 1,097,597
Total Liabilities	95,256	86,165	84,438	127,950	125,945
Total Fund Balances	509,934	526,399	549,032	1,094,865	971,652
Total Revenues	421,160	358,975	425,762	840,354	745,856
Total Expenditures	582,590	525,189	581,925	708,050	712,035
Total Other Financing Sources/Uses	144,965	143,581	141,143	(9,091)	(135,052)

