

City of Huntsville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUNTSVILLE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Independent Auditor's Report
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*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

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 Huntsville, 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 Huntsville, 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 Huntsville, 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 Huntsville, 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 15, 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 15, 2021
LOM209219

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 Huntsville, 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 Huntsville, 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 15, 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 15, 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

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 15, 2021

Arkansas



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

Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

City of Huntsville, 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: Darrell Trahan
Recorder/Treasurer: Janice Smith
District Court Clerk: Carmen Watkins
Police Chief/Marshal: Todd Thomas

No issues came to our attention that we considered necessary to report to management.

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 15, 2021

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,296,624	\$ 172,265	\$ 879,856
Accounts receivable	103,023		78,508
	\$ 1,399,647	\$ 172,265	\$ 958,364
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,948	\$ 521	\$ 6,802
Settlements pending			137,160
Total Liabilities	7,948	521	143,962
Fund Balances:			
Restricted		171,744	770,982
Committed	27,107		
Assigned	69,486		43,420
Unassigned	1,295,106		
Total Fund Balances	1,391,699	171,744	814,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,399,647	\$ 172,265	\$ 958,364

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 37,088	\$ 168,207	\$ 11,016
Property taxes	98,762	39,350	14,100
Franchise fees	304,961		
Sales taxes	1,022,289		804,314
Fines, forfeitures, and costs	60,786		42,810
Interest	14,722	650	13,041
Local permits and fees	46,196		
Hangar Rent			28,224
Fuel Sales			48,160
Contributions from Employees			8,617
Other	27,746	4,296	2,087
	<u>1,612,550</u>	<u>212,503</u>	<u>972,369</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	376,170		
Law enforcement	798,386		124,504
Highways and streets	254,640	187,687	
Public safety	163,387		11,893
Sanitation	24,239		
Recreation and culture	75,020		
Economic development	51,785		
Airport			73,543
Total Current	<u>1,743,627</u>	<u>187,687</u>	<u>209,940</u>
Debt Service:			
Bond principal			640,000
Bond interest and other charges			180,683
Lease principal		14,703	
Lease interest		1,297	
Note principal	34,727		
Note interest	5,309		
	<u>1,783,663</u>	<u>203,687</u>	<u>1,030,623</u>
TOTAL EXPENDITURES			

CITY OF HUNTSVILLE, 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	\$ (171,113)	\$ 8,816	\$ (58,254)
OTHER FINANCING SOURCES (USES)			
Transfers in			40,000
Transfers out	(40,000)		
Contribution from Madison County	<u>19,744</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,256)</u>		<u>40,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(191,369)	8,816	(18,254)
FUND BALANCES - JANUARY 1	<u>1,583,068</u>	<u>162,928</u>	<u>832,656</u>
FUND BALANCES - DECEMBER 31	<u>\$ 1,391,699</u>	<u>\$ 171,744</u>	<u>\$ 814,402</u>

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

CITY OF HUNTSVILLE, 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	\$ 38,363	\$ 37,088	\$ (1,275)	\$ 153,663	\$ 168,207	\$ 14,544
Property taxes	104,000	98,762	(5,238)	44,000	39,350	(4,650)
Franchise fees	290,000	304,961	14,961			
Sales taxes	1,005,000	1,022,289	17,289			
Fines, forfeitures, and costs	53,000	60,786	7,786			
Interest	805	14,722	13,917	185	650	465
Local permits and fees	38,500	46,196	7,696			
Other	20,175	27,746	7,571		4,296	4,296
TOTAL REVENUES	1,549,843	1,612,550	62,707	197,848	212,503	14,655
EXPENDITURES						
Current:						
General government	284,184	376,170	(91,986)			
Law enforcement	834,716	798,386	36,330			
Highways and streets	277,773	254,640	23,133	260,489	187,687	72,802
Public safety	185,752	163,387	22,365			
Sanitation	26,843	24,239	2,604			
Recreation and culture	213,990	75,020	138,970			
Economic development	49,536	51,785	(2,249)			
Airport	5,000	5,000	5,000			
Total Current	1,877,794	1,743,627	134,167	260,489	187,687	72,802
Debt Service:						
Lease principal					14,703	(14,703)
Lease interest					1,297	(1,297)
Note principal		34,727	(34,727)			
Note interest		5,309	(5,309)			
TOTAL EXPENDITURES	1,877,794	1,783,663	94,131	260,489	203,687	56,802
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(327,951)	(171,113)	156,838	(62,641)	8,816	71,457
OTHER FINANCING SOURCES (USES)						
Transfers out	(40,000)	(40,000)				
Contribution from Madison County	19,744	19,744				
TOTAL OTHER FINANCING SOURCES (USES)	(20,256)	(20,256)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(348,207)	(191,369)	156,838	(62,641)	8,816	71,457
FUND BALANCES - JANUARY 1	757,690	1,583,068	825,378	197,848	162,928	(34,920)
FUND BALANCES - DECEMBER 31	\$ 409,483	\$ 1,391,699	\$ 982,216	\$ 135,207	\$ 171,744	\$ 36,537

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Huntsville 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 fund 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 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 Schedule 2 for the Capital Projects Fund 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 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.

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

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. 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 and certificates of deposit.

Settlements Pending

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

Fund Balance Classifications

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

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 HUNTSVILLE, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,014,428	\$ 1,015,317
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	1,333,285	1,370,436
Total Deposits	\$ 2,347,713	\$ 2,385,753

The above total deposits do not include cash on hand of \$1,032.

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

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.

NOTE 4: Accounts Receivable

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

Description	General Fund	Other Funds in the Aggregate
Franchise fees	\$ 7,543	
Sales taxes	91,683	\$ 71,888
Fines, forfeitures, and costs	3,797	6,620
Totals	\$ 103,023	\$ 78,508

NOTE 5: 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	\$ 7,948	\$ 521	\$ 6,802

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

NOTE 6: 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			\$ 140,720
Highways and streets		\$ 171,744	
Public safety			6,617
Airport			120,681
Debt service			502,964
Total Restricted		<u>171,744</u>	<u>770,982</u>
Committed for:			
Recreation and culture	\$ 27,107		
Assigned to:			
General government	65,390		
Law enforcement	4,096		28,420
Airport			15,000
Total Assigned	<u>69,486</u>		<u>43,420</u>
Unassigned	<u>1,295,106</u>		
Totals	<u>\$ 1,391,699</u>	<u>\$ 171,744</u>	<u>\$ 814,402</u>

NOTE 7: 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 \$5,852,776. 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 \$1,614,093. The amount of short-term financing obligations was \$110,858, leaving a legal debt margin of \$1,503,235.

NOTE 8: Commitments

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

	December 31, 2019
	<u> </u>
Long-term liabilities	<u>\$ 4,345,858</u>

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

NOTE 8: Commitments (Continued)

Long-term liabilities

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

	December 31, 2019
Bonds Payable	
Sales and Use Tax Bond-Series 2013 for street improvements, fire department improvements, parks and recreational improvements, water improvements, and sewer improvements, dated November 1, 2013, with principal amount of \$7,115,000, due in annual installments of \$45,000 to \$430,000 plus interest through November 1, 2036. Interest from 1% to 4.3%. Payments are to be made from the Sales and Use Tax Bond Series 2013 Debt Service Fund.	<u>\$ 4,235,000</u>
Notes Payable	
Promissory note dated May 3, 2013, with Arvest Bank in the amount of \$210,000 with an interest rate of 3.25%, to finance the purchase of land for a memorial park. Fifty-nine monthly (59) payments of \$2,052 and a single balloon payment of the entire unpaid principal and interest at end of term. Four monthly payments of \$2,052 were paid in 2018 at an interest rate of 3.25% and a lump sum payment of \$115,990 was payable May 3, 2018. The lump sum payment was modified on June 27, 2018, and sixty (60) monthly payments of \$2,125 with interest of 3.70% are due through May 3, 2023. Payments are to be made from the General Fund.	80,300
Promissory note dated December 22, 2018, with Ally Financial in the amount of \$31,000 with an interest rate of 6.49%, to finance the purchase of a truck for the Fire Department. Sixty (60) monthly payments of \$608 payable through January 30, 2024. An additional payment of \$2,714 was made in 2019. Payments are to be made from the General Fund.	22,827
Lease Purchase	
Lease-purchase agreement dated February 6, 2017, with Welch State Bank in the amount of \$29,438, to finance the purchase of a tractor and cutter for the Street Department. Four annual payments of \$8,000, with an interest rate of 3.44%, are payable through January 30, 2021, with an option to purchase at end of term. An additional \$8,000 payment was made in 2019. Payments are to be made from the Street Fund.	<u>7,731</u>
Total Direct Borrowings	<u>110,858</u>
Total Long-term liabilities	<u>\$ 4,345,858</u>

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 \$4,235,000 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.

The City's outstanding notes and lease purchase from direct borrowings of \$110,858 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

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

NOTE 8: 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>					
11/1/13	11/1/39	1.0% - 4.3%	\$ 7,115,000	\$ 4,235,000	\$ 2,880,000
<u>Direct Borrowings</u>					
2/6/17	1/30/21	3.44%	29,438	7,731	21,707
5/3/13	5/3/23	3.70%	210,000	80,300	129,700
12/22/18	1/30/24	6.49%	31,000	22,827	8,173
Total Direct Borrowings			<u>270,438</u>	<u>110,858</u>	<u>159,580</u>
Total Long-Term Debt			<u>\$ 7,385,438</u>	<u>\$ 4,345,858</u>	<u>\$ 3,039,580</u>

Changes in Long-Term Debt

	Balance January 01, 2019	Issued	Retired	Balance December 31, 2019
<u>Bonds payable</u>	\$ 4,875,000		\$ 640,000	\$ 4,235,000
<u>Direct Borrowings</u>				
Notes payable	112,648	\$ 31,000 *	40,521	103,127
Capital leases	22,434		14,703	7,731
Total Direct Borrowings	<u>135,082</u>	<u>31,000</u>	<u>55,224</u>	<u>110,858</u>
Total Long-Term Debt	<u>\$ 5,010,082</u>	<u>\$ 31,000</u>	<u>\$ 695,224</u>	<u>\$ 4,345,858</u>

*Differs from Exhibit B General Fund Note principal amount by \$5,794 due to prior year error.

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 215,000	\$ 158,779	\$ 373,779	\$ 36,121	\$ 4,065	\$ 40,186
2021	220,000	153,511	373,511	30,132	2,662	32,794
2022	225,000	147,571	372,571	31,452	1,342	32,794
2023	230,000	141,046	371,046	13,153	165	13,318
2024	240,000	133,916	373,916			
2025 through 2029	1,325,000	538,365	1,863,365			
2030 through 2034	1,330,000	244,938	1,574,938			
2035 through 2036	450,000	22,069	472,069			
Totals	<u>\$ 4,235,000</u>	<u>\$ 1,540,195</u>	<u>\$ 5,775,195</u>	<u>\$ 110,858</u>	<u>\$ 8,234</u>	<u>\$ 119,092</u>

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

NOTE 9: Interfund Transfers

The General Fund transferred \$40,000 to the Other Funds in the Aggregate (\$5,000 to the Airport Commission and \$35,000 to Prisoner Care) to supplement operations.

NOTE 10: 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.

On November 24, 2020, the City received \$92,943 in federal aid from the Coronavirus Aid, Relief, and Economic Securities (CARES) Act.

NOTE 11: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$7,115,000 in bonds that were issued in 2013 to provide funding for street improvements, fire department improvements, parks and recreational improvements, water improvements, and sewer improvements. Total principal and interest remaining on the bonds are \$4,235,000 and \$1,540,195, respectively, payable through November 1, 2036. For 2019, principal and interest paid were \$640,000 and \$176,289, respectively.

The Debt Service Fund received \$802,631 in sales taxes in 2019.

NOTE 12: Jointly Governed Organization – Boston Mountain Solid Waste District

The City is a member of the Boston Mountain Solid Waste District. The Boston Mountain Solid Waste District is a jointly governed organization comprised of representatives from Madison and Washington Counties and participating cities within the aforementioned counties. Representatives are the respective county judges and mayors. The City paid \$1,173 to the Boston Mountain Solid Waste District during 2019. Separate financial statements of the district may be obtained at 11398 Bond Road, Prairie Grove, Arkansas 72752.

NOTE 13: 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.

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

NOTE 13: Risk Management (Continued)

Municipal Vehicle Program (Continued)

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

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

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

**NOTE 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.

On November 6, 2016, administration of the City of Huntsville Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans 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 \$54,087 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$44,032 for the year ended December 31, 2019.

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

**NOTE 14: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (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 December 31, 2019 (actuarial valuation date and measurement date) was \$830,079.

NOTE 15: 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 \$61,921 for the year ended June 30, 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 June 30, 2019 (actuarial valuation date and measurement date) was \$509,555.

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

Schedule 1

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	CUSTODIAL FUNDS		Totals	
	Airport Commission	Local Police and Fire Retirement (LOPFI)	Prisoner Care (Act 1188)	Emergency Vehicle (Act 988)	District Court Automation	Fire Equipment and Training (Act 833)	Series 2013 Bonds - Debt Service	District Court		Administration of Justice
ASSETS										
Cash and cash equivalents	\$ 136,124	\$ 95,488	\$ 33,766	\$ 4,642	\$ 34,880	\$ 6,617	\$ 431,179	\$ 98,738	\$ 38,422	\$ 879,856
Accounts receivable	103		910		5,710		71,785			78,508
TOTAL ASSETS	\$ 136,227	\$ 95,488	\$ 34,676	\$ 4,642	\$ 40,590	\$ 6,617	\$ 502,964	\$ 98,738	\$ 38,422	\$ 958,364
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 546		\$ 6,256							\$ 6,802
Settlements pending								\$ 98,738	\$ 38,422	137,160
Total Liabilities	546		6,256					98,738	38,422	143,962
Fund Balances:										
Restricted	120,681	\$ 95,488		\$ 4,642	\$ 40,590	\$ 6,617	\$ 502,964			770,982
Assigned	15,000		28,420							43,420
Total Fund Balances	135,681	95,488	28,420	4,642	40,590	6,617	502,964			814,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 136,227	\$ 95,488	\$ 34,676	\$ 4,642	\$ 40,590	\$ 6,617	\$ 502,964	\$ 98,738	\$ 38,422	\$ 958,364

CITY OF HUNTSVILLE, 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 FUNDS						CAPITAL PROJECTS FUND	DEBT SERVICE FUND	Totals
	Airport Commission	Local Police and Fire Retirement (LOPFI)	Prisoner Care (Act 1188)	Emergency Vehicle (Act 988)	District Court Automation	Fire Equipment and Training (Act 833)	Fire Equipment Purchase	Series 2013 Bonds - Debt Service	
REVENUES									
State aid						\$ 11,016			\$ 11,016
Property taxes		\$ 14,100							14,100
Sales taxes	\$ 1,683							\$ 802,631	804,314
Fines, forfeitures, and costs		2,314	\$ 8,314	\$ 5,124	\$ 27,058				42,810
Interest	313	1,892	232	27	291	58		10,228	13,041
Hangar Rent	28,224								28,224
Fuel Sales	48,160								48,160
Contributions from Employees		8,617							8,617
Other	787				1,300				2,087
TOTAL REVENUES	79,167	26,923	8,546	5,151	28,649	11,074		812,859	972,369
EXPENDITURES									
Current:									
Law enforcement		61,317	37,789	5,354	20,044				124,504
Public safety		1,386				10,502	\$ 5		11,893
Airport	73,543								73,543
Total Current	73,543	62,703	37,789	5,354	20,044	10,502	5		209,940
Debt Service:									
Bond principal								640,000	640,000
Bond interest and other charges								180,683	180,683
TOTAL EXPENDITURES	73,543	62,703	37,789	5,354	20,044	10,502	5	820,683	1,030,623
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,624	(35,780)	(29,243)	(203)	8,605	572	(5)	(7,824)	(58,254)
OTHER FINANCING SOURCES (USES)									
Transfers in	5,000		35,000						40,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	10,624	(35,780)	5,757	(203)	8,605	572	(5)	(7,824)	(18,254)
FUND BALANCES - JANUARY 1	125,057	131,268	22,663	4,845	31,985	6,045	5	510,788	832,656
FUND BALANCES - DECEMBER 31	<u>\$ 135,681</u>	<u>\$ 95,488</u>	<u>\$ 28,420</u>	<u>\$ 4,642</u>	<u>\$ 40,590</u>	<u>\$ 6,617</u>	<u>\$ 0</u>	<u>\$ 502,964</u>	<u>\$ 814,402</u>

CITY OF HUNTSVILLE, 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>
Airport Commission	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.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Prisoner Care (Act 1188)	Ark. Code. Ann. § 16-17-129 allows a city to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating city prisoners, including payments to other entities for incarcerating city prisoners.
Emergency Vehicle (Act 988)	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Fire Equipment Purchase	Established to account for grants received to purchase fire equipment.
Series 2013 Bonds - Debt Service	Huntsville Ordinance no. 13-10 (October 14, 2013) authorized the issuance of Sales and Use Tax Bonds, Series 2013 for the purpose of financing capital improvements, pledging a 1% sales and use tax for the repayment of the bond principal and interest. Huntsville Ordinance no. 13-9 (June 10, 2013) called for a special election to levy a 1% sales tax to retire these bonds. On August 13, 2013, voters approved a 1% sales tax for the purpose of issuing bonds for improving streets, the City's water system, the City's sewer system, the fire department facility, and park facilities.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

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

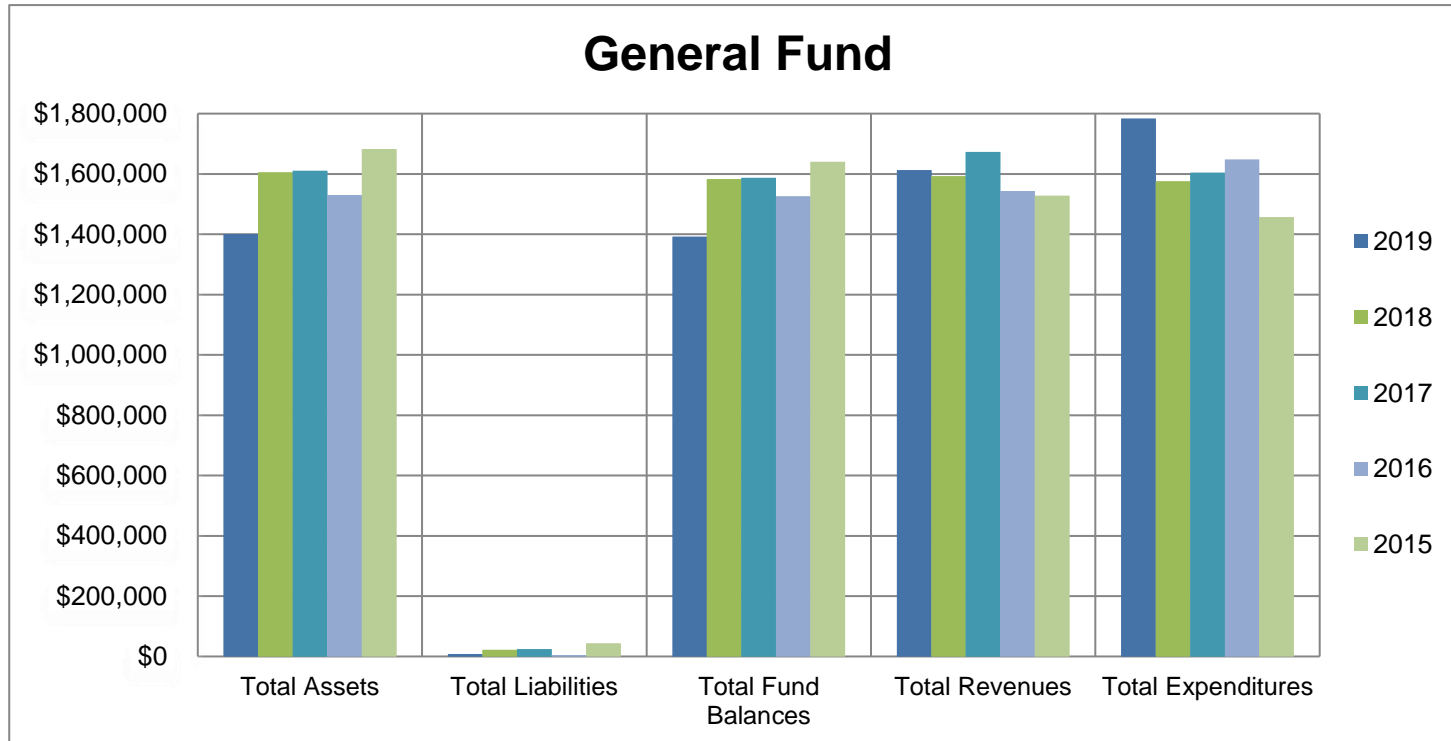
Schedule 3

	<u>December 31, 2019</u>
Land	\$ 707,936
Buildings	1,596,370
Improvements	2,353,083
Equipment	<u>2,816,992</u>
Total	<u>\$ 7,474,381</u>

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

Schedule 4-1

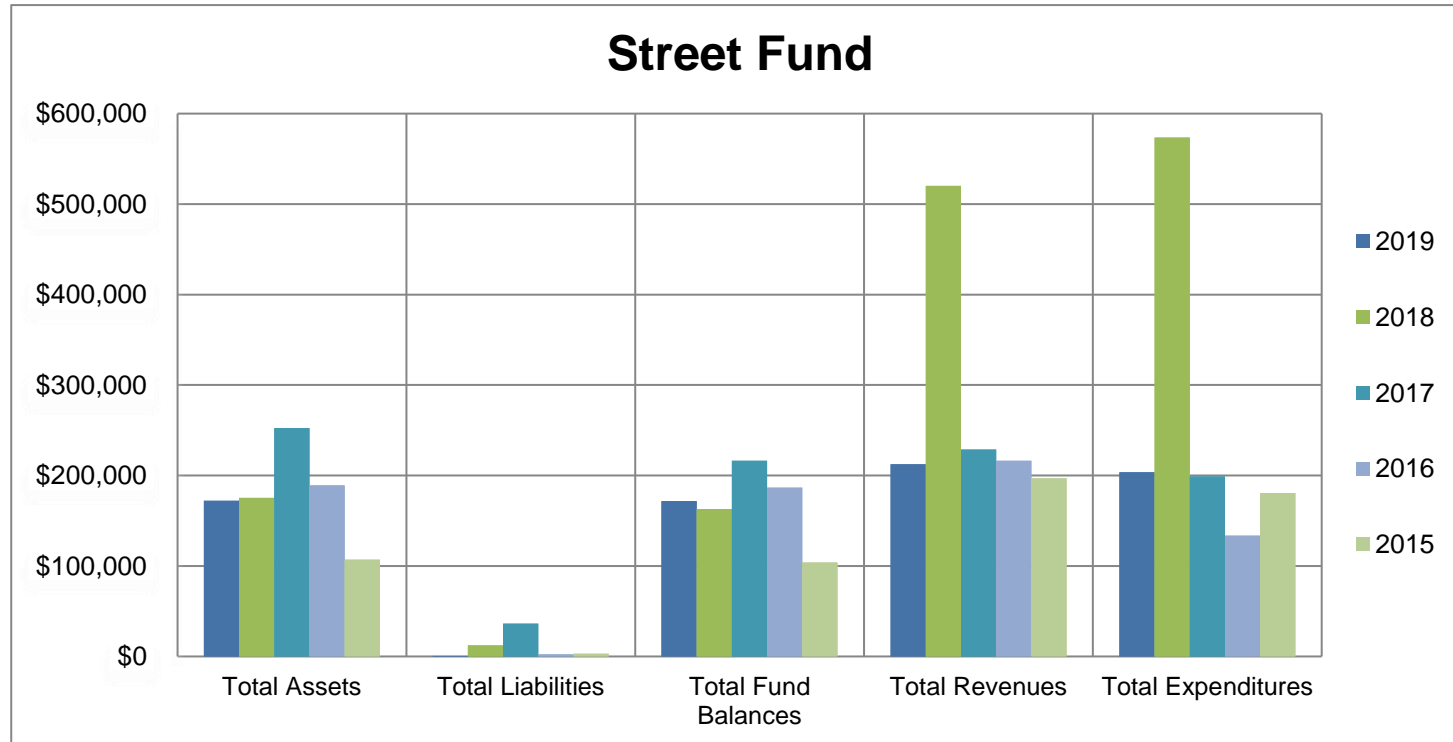
<u>General</u>	2019	2018	2017	2016	2015
Total Assets	\$ 1,399,647	\$ 1,604,644	\$ 1,609,934	\$ 1,529,959	\$ 1,682,255
Total Liabilities	7,948	21,576	23,441	5,113	42,563
Total Fund Balances	1,391,699	1,583,068	1,586,493	1,524,846	1,639,692
Total Revenues	1,612,550	1,592,670	1,672,558	1,543,686	1,527,198
Total Expenditures	1,783,663	1,575,214	1,603,561	1,647,322	1,456,006
Total Other Financing Sources/Uses	(20,256)	(20,881)	(7,350)	(11,210)	12,910



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

Schedule 4-2

<u>Street</u>	2019	2018	2017	2016	2015
Total Assets	\$ 172,265	\$ 175,111	\$ 252,431	\$ 189,010	\$ 106,919
Total Liabilities	521	12,183	36,203	2,256	3,051
Total Fund Balances	171,744	162,928	216,228	186,754	103,868
Total Revenues	212,503	520,114	228,571	216,254	196,845
Total Expenditures	203,687	573,414	199,097	133,368	180,626
Total Other Financing Sources/Uses					



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2019	2018	2017	2016	2015
Total Assets	\$ 958,364	\$ 979,059	\$ 928,307	\$ 932,962	\$ 2,603,905
Total Liabilities	143,962	146,403	136,812	134,446	59,319
Total Fund Balances	814,402	832,656	791,495	798,516	2,544,586
Total Revenues	972,369	1,045,495	904,835	988,780	896,196
Total Expenditures	1,030,623	1,044,334	941,856	2,562,194	2,599,666
Total Other Financing Sources/Uses	40,000	40,000	30,000	(172,656)	4,450

