

City of Van Buren, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2018

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF VAN BUREN, ARKANSAS
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Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
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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 Van Buren, 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 Van Buren, Arkansas, as of and for the year ended December 31, 2018, 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 Van Buren, Arkansas, as of December 31, 2018, 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 Van Buren, Arkansas, as of December 31, 2018, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Emphasis of Matter

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

Other Matters

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
October 11, 2019
LOM108918

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
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 Van Buren, 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 Van Buren, Arkansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2019. 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 October 11, 2019.

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
October 11, 2019

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The following officials who held office during 2018:

Mayor: Robert Freeman
Clerk/Treasurer: Phyllis Thomas
District Court Clerk: Marie Johnson
Police Chief: Jamie Hammond

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
October 11, 2019

CITY OF VAN BUREN, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2018

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 3,331,994	\$ 2,321,020	\$ 2,122,246
Accounts receivable	<u>1,040,212</u>	<u> </u>	<u>162,717</u>
TOTAL ASSETS	<u>\$ 4,372,206</u>	<u>\$ 2,321,020</u>	<u>\$ 2,284,963</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 239,367	\$ 32,136	\$ 1,211
Settlements pending	<u> </u>	<u> </u>	<u>148,688</u>
Total Liabilities	<u>239,367</u>	<u>32,136</u>	<u>149,899</u>
Fund Balances:			
Restricted	247,212	2,288,884	2,072,089
Committed	88,411	<u> </u>	62,975
Assigned	2,234,138	<u> </u>	<u> </u>
Unassigned	<u>1,563,078</u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,132,839</u>	<u>2,288,884</u>	<u>2,135,064</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,372,206</u>	<u>\$ 2,321,020</u>	<u>\$ 2,284,963</u>

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

CITY OF VAN BUREN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 456,376	\$ 1,596,280	
Federal aid	245,719		
Property taxes	585,694	439,273	
Franchise fees	1,844,129		
Sales taxes	8,545,752		\$ 1,963,076
Fines, forfeitures, and costs	491,178		
Interest	17,317	13,232	12,889
Local permits and fees	456,455		13,627
School resource officer reimbursement	300,000		
County court reimbursement	264,634		
Employee insurance contributions	218,914	19,440	
Other	268,918	15,764	3,103
	<u>13,695,086</u>	<u>2,083,989</u>	<u>1,992,695</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	1,506,716		
Law enforcement	5,406,104		26,820
Highways and streets	213,540	1,416,770	1,211
Public safety	3,895,940		
Recreation and culture	1,824,167		
Social services	70,886		
Total Current	<u>12,917,353</u>	<u>1,416,770</u>	<u>28,031</u>
Debt Service:			
Bond principal			1,840,000
Bond interest and other charges			95,936
Note principal	127,227	25,423	
Note interest	5,963	1,197	
	<u>13,050,543</u>	<u>1,443,390</u>	<u>1,963,967</u>
TOTAL EXPENDITURES			

CITY OF VAN BUREN, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 644,543</u>	<u>\$ 640,599</u>	<u>\$ 28,728</u>
OTHER FINANCING SOURCES (USES)			
Contribution to water department	<u>(240,000)</u>		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>404,543</u>	<u>640,599</u>	<u>28,728</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	3,230,534	1,648,285	2,604,098
Restatement adjustment (Note 9)	<u>497,762</u>		<u>(497,762)</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>3,728,296</u>	<u>1,648,285</u>	<u>2,106,336</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 4,132,839</u></u>	<u><u>\$ 2,288,884</u></u>	<u><u>\$ 2,135,064</u></u>

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

CITY OF VAN BUREN, 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, 2018

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 654,596	\$ 456,376	\$ (198,220)	\$ 1,596,280	\$ 1,596,280	\$ 0
Federal aid	43,332	245,719	202,387			
Property taxes	859,820	585,694	(274,126)	439,273	439,273	0
Franchise fees	1,844,129	1,844,129	0			
Sales taxes	8,545,752	8,545,752	0			
Fines, forfeitures, and costs	569,362	491,178	(78,184)			
Interest	16,668	17,317	649	13,232	13,232	0
Local permits and fees	456,787	456,455	(332)			
School resource officer reimbursement	300,000	300,000	0			
County court reimbursement		264,634	264,634			
Employee insurance contributions		218,914	218,914	19,440	19,440	0
Other	494,513	268,918	(225,595)	15,764	15,764	0
TOTAL REVENUES	13,784,959	13,695,086	(89,873)	2,083,989	2,083,989	0
EXPENDITURES						
Current:						
General government	1,653,411	1,506,716	146,695			
Law enforcement	5,614,409	5,406,104	208,305			
Highways and streets	231,262	213,540	17,722	1,443,391	1,416,770	\$ 26,621
Public safety	4,289,344	3,895,940	393,404			
Recreation and culture	1,574,607	1,824,167	(249,560)			
Social services	70,886	70,886	0			
Total Current	13,433,919	12,917,353	516,566	1,443,391	1,416,770	26,621
Debt Service:						
Note principal		127,227	(127,227)		25,423	(25,423)
Note interest		5,963	(5,963)		1,197	(1,197)
TOTAL EXPENDITURES	13,433,919	13,050,543	383,376	1,443,391	1,443,390	1

CITY OF VAN BUREN, 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, 2018

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 351,040	\$ 644,543	\$ 293,503	\$ 640,598	\$ 640,599	\$ 1
OTHER FINANCING SOURCES (USES)						
Transfers in	869,412		(869,412)			
Transfers out	(1,138)		1,138			
Contribution to water department	(240,000)	(240,000)	0			
TOTAL OTHER FINANCING SOURCES (USES)	628,274	(240,000)	(868,274)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	979,314	404,543	(574,771)	640,598	640,599	1
FUND BALANCES - JANUARY 1	3,070,614	3,230,534	159,920	1,550,446	1,648,285	97,839
Restatement adjustment (Note 9)		497,762	497,762			
FUND BALANCES - JANUARY 1, AS RESTATED	3,070,614	3,728,296	657,682	1,550,446	1,648,285	97,839
FUND BALANCES - DECEMBER 31	\$ 4,049,928	\$ 4,132,839	\$ 82,911	\$ 2,191,044	\$ 2,288,884	\$ 97,840

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

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Van Buren 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: Municipal Utilities and Advertising and Promotion Commission. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

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, 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.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for the Agency Fund 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.

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.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

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 VAN BUREN, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

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)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the City's agent, pledging bank, or pledging bank's trust department or agent in the City's name	7,273,860	7,478,651
Total Deposits	\$ 7,773,860	\$ 7,978,651

The above total deposits do not include cash on hand of \$1,400.

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.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2018, is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Federal aid	\$ 11,879	
Franchise fees	200,953	
Sales taxes	701,782	\$ 161,793
Fines, forfeitures, and costs	59,059	
Interest	250	
Local permits and fees	17,516	924
School resource officer reimbursement	40,000	
Other	8,773	
Totals	<u>\$ 1,040,212</u>	<u>\$ 162,717</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2018, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 239,367</u>	<u>\$ 32,136</u>	<u>\$ 1,211</u>

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2018, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 54,394		\$ 80,532
Highways and streets		\$ 2,288,884	
Public safety	192,818		
Debt service			1,991,557
Total Restricted	<u>247,212</u>	<u>2,288,884</u>	<u>2,072,089</u>
Committed for:			
General government	26,375		
Law enforcement	62,036		
Highways and streets			62,975
Total Committed	<u>88,411</u>		<u>62,975</u>
Assigned to:			
General government	220,519		
Law enforcement	45,916		
Public safety	220,635		
Recreation and culture	6,220		
Social services	40,997		
Capital outlay	1,699,851		
Total Assigned	<u>2,234,138</u>		
Unassigned	<u>1,563,078</u>		
Totals	<u>\$ 4,132,839</u>	<u>\$ 2,288,884</u>	<u>\$ 2,135,064</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, 2018, the legal debt limit for the bonded debt was \$58,225,569. 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, 2018, the legal debt limit for short-term financing obligations was \$15,325,171. The amount of short-term financing obligations was \$442,685, leaving a legal debt margin of \$14,882,486.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2018:

	December 31, 2018
Long-term liabilities	\$ 2,947,685
Construction contracts	498,478
Total Commitments	\$ 3,446,163

Long-term liabilities

Long-term liabilities at December 31, 2018, are comprised of the following:

	December 31, 2018
<u>Bonds Payable</u>	
Sales and Use Tax Bond-Series 2013 for senior center improvements, firefighting improvements, police improvements, and parks and recreational improvements, principal amount of \$1,680,000, due in annual installments of \$195,000 - \$225,000 plus interest through October 1, 2021. Interest from 1% - 2.125%. Payments are to be made from the Sales and Use Tax Bond Series 2013 Debt Service Fund.	\$ 295,000
Sales and Use Tax Bond- Series 2012 for senior center improvements, firefighting improvements, police improvements, and parks and recreational improvements, principal amount of \$9,870,000, due in annual installments of \$370,000 - \$1,275,000 plus interest through October 1, 2021. Interest from 1% - 2.3%. Payments are to be made from the Sales and Use Tax Bond Series 2012 Debt Service Fund	2,210,000
Total Bonds Payable	2,505,000
<u>Notes Payable</u>	
Note payable dated July 29, 2016, with Citizen's Bank for purchase of fire truck, semiannual payments of \$53,200 for five years beginning February 1, 2017, interest rate of 2.29%. Payments are to be made from the General Fund.	302,964
Note payable dated July 29, 2016, with Citizen's Bank for purchase of street equipment (Leeboy Asphalt Paver), semiannual payments of \$13,310 for five years beginning February 1, 2017, interest rate of 2.29%. Payments are to be made from the Street Fund.	75,791
Note payable dated August 25, 2016, with Citizen's Bank for purchase of Block 6 and Lots 4 - 10 of Block 7 of Main Street, semiannual payments of \$13,395 for five years beginning February 25, 2017, interest rate of 2.29%. Payments are to be made from the General Fund.	63,930
Total Notes Payable	442,685
Total Long-term Liabilities	\$ 2,947,685

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

CITY OF VAN BUREN, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 8: Commitments (Continued)

Compensated Absences

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

Post Employment Benefits Other Than Pensions

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

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2018:

Years Ending December 31,	Bonds	Notes	Total
2019	\$ 1,488,985	\$ 159,810	\$ 1,648,795
2020	1,106,785	159,810	1,266,595
2021	<u>140,472</u>	<u>140,472</u>	<u>140,472</u>
Total Obligations	2,595,770	460,092	3,055,862
Less Interest	<u>90,770</u>	<u>17,407</u>	<u>108,177</u>
Total Principal	<u>\$ 2,505,000</u>	<u>\$ 442,685</u>	<u>\$ 2,947,685</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2018:

Project Name	Completion Date	Contract Balance December 31, 2018
Valley Forge Drainage Project	July 15, 2019	\$ 253,223
Drennan Scott Sidewalk Project	June 12, 2019	169,075
Fire Department Paint Removal Project	May 20, 2019	<u>76,180</u>
Total Construction Contracts		<u>\$ 498,478</u>

NOTE 9: Prior Year Restatement

The beginning fund balances of the General Fund and Other Funds in the Aggregate were increased and decreased, respectively, by \$497,762. This restatement was due to reclassifying the Local Police and Firemen's Retirement Fund from a special revenue fund to the General Fund.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10: Pledged Revenues

The City pledged future .5% sales and use taxes to repay \$9,870,000 in bonds that were issued in 2012 to provide funding for the construction of new police and fire stations, park projects, and improvements to the Senior Inn. Revenues from the pledged tax for 2018 were \$1,668,610. Total principal and interest remaining on the bonds are \$2,210,000 and \$83,070, respectively, payable through October 1, 2020. For 2018, principal and interest paid were \$1,555,000 and \$82,846, respectively. Bonds in the amount of \$355,000 were called during 2018.

The City pledged future .5% sales and use taxes to repay \$1,680,000 in bonds that were issued in 2013 to provide funding for the construction of new police and fire stations, park projects, and improvements to the Senior Inn. Revenues from the pledged tax for 2018 were \$294,466. Total principal and interest remaining on the bonds are \$295,000 and \$7,700, respectively, payable through October 1, 2020. For 2018, principal and interest paid were \$285,000 and \$13,090, respectively. Bonds in the amount of \$35,000 were called during 2018.

NOTE 11: Joint Venture - Western Arkansas Intermodal Authority

Sebastian County, Crawford County, and the Cities of Fort Smith and Van Buren entered into an agreement on July 21, 2009, in accordance with Ark. Code Ann. § 14-143-103 to establish Western Arkansas Intermodal Authority. Funding is provided by taxes levied upon and collected from shippers, transporters or users loading or unloading freight, commerce or passengers at a terminal or facility of the Authority. During 2018, the City contributed \$20,000 in total to the Western Arkansas Intermodal Authority. Separate financial statements for the Western Arkansas Intermodal Authority are not available.

NOTE 12: Jointly Governed Organization – Western River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The City did not provide any funding for the West River Valley Solid Waste Management District. Separate financial statements may be obtained at: 24087 Highway 164, Clarksville, AR 72830.

Note: 13: Interlocal Agreements

District Court Judge

The City of Van Buren, Crawford County, and the Cities of Alma, Kibler, Mulberry, Mountainburg, Dyer and Cedarville entered into an agreement to provide for a District Judge's annual salary of \$117,300 to be paid 50% by the State and the remaining 50% to be paid as follows: 79% by Van Buren, 6% by Alma, 6% by Kibler, 4% by Mulberry, 3% by Mountainburg, 1% by Dyer, and 1% by Cedarville. The Judge is an employee of the State of Arkansas and is elected for a four year term.

Crawford County

The City of Van Buren and Crawford County entered into an agreement in 2016 concerning the operational expenses of the Van Buren District Court by Crawford County in accordance with Ark. Code Ann. § 16-17-1203. During 2018, the City received \$264,634 in reimbursements from Crawford County for the operational expenses of the Van Buren District Court. Effective upon this agreement, the employees of the Van Buren District Court shall become full-time employees of the City of Van Buren.

Hazmat Response Program

The City of Van Buren, Crawford County, and the Cities of Alma, Kibler, Mulberry, Mountainburg, Dyer, and Cedarville entered into an agreement concerning contributions to operate and maintain a County Hazmat Response Program. This agreement was entered into in 2003. The City of Van Buren contributed \$9,493 to Crawford County in 2018.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note: 13: Interlocal Agreements (Continued)

Sebastian County Regional Crisis Stabilization Unit

The City of Van Buren, and the Counties of Sebastian, Crawford, Franklin, Logan, Scott, and Polk and each Incorporated City in those Counties entered into an agreement to endorse the mission and goals of the Behavioral Health Deflection Program and the establishment of the Sebastian County Regional Crisis Stabilization Unit ("SCRCSU") as a pilot program authorized by Act 423 of 2017. The City of Van Buren did not provide any funding for the Sebastian County Regional Crisis Stabilization Unit in 2018.

Metropolitan Planning Organization

The City of Van Buren, Crawford County, Sebastian County, the Cities of Alma, Barling, Bonanza, Central City, Fort Smith, Greenwood, Kibler, Lavaca, the Western Arkansas Intermodal Authority and the Fort Smith Regional Airport Commission within the State of Arkansas along with Leflore County, Sequoyah County, the Towns of Arkoma, Moffett, and Pocola within the State of Oklahoma entered into an agreement to form a Metropolitan Planning Organization and to create a Metropolitan Transportation Planning Area and Planning Organization. The Metropolitan Planning Organization is to be known as the "Frontier Metropolitan Planning Organization". During 2018, the City contributed \$1,500 in support of this organization.

NOTE 14: 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 VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 14: Risk Management (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 15: 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 October 19, 1998, administration of the City of Van Buren 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

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$903,505 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$400,675 for the year ended December 31, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is 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, 2018 (actuarial valuation date and measurement date) was \$10,094,657.

NOTE 16: 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 \$352,654 for the year ended June 30, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is 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, 2018 (actuarial valuation date and measurement date) was \$2,848,567.

NOTE 17: Mayor's Retirement Benefits

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the time of their retirement. Retirement benefits are to be paid monthly from the City's general fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. During 2018, the City paid the surviving spouse of retired Mayor Allen Ray Toothaker \$10,512.

CITY OF VAN BUREN, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 18: Subsequent Events

On May 2, 2019, the City executed a contract in the amount of \$286,694 for construction of sidewalk improvements.

During June 2019, the City experienced flooding due to high water levels on the Arkansas River. The City's Field of Dreams Park and Recycling Yard suffered damage. The City received insurance proceeds of \$372,614 from the Arkansas Municipal Property Insurance Program. Additionally, the Federal Emergency Management Agency has approved \$115,679 of reimbursements to the City for flood damage and cleanup expenses..

On September 30, 2019, the Arkansas Department of Transportation awarded the City \$492,000 of federal Transportation Alternatives Program (TAP) funding for a Downtown Streetscape project.

CITY OF VAN BUREN, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2018

Schedule 1

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		AGENCY FUND	Totals
	Sidewalk	Federal Forfeitures	State Forfeiture	2012 Sales and Use Tax Bond (Debt Service)	2013 Sales and Use Tax Bond (Debt Service)	District Court and Civil Claims	
ASSETS							
Cash and cash equivalents	\$ 63,262	\$ 49,320	\$ 31,212	\$ 1,560,997	\$ 268,767	\$ 148,688	\$ 2,122,246
Accounts receivable	924			137,524	24,269		162,717
TOTAL ASSETS	\$ 64,186	\$ 49,320	\$ 31,212	\$ 1,698,521	\$ 293,036	\$ 148,688	\$ 2,284,963
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,211						\$ 1,211
Settlements pending						\$ 148,688	148,688
Total Liabilities	1,211					148,688	149,899
Fund Balances:							
Restricted		\$ 49,320	\$ 31,212	\$ 1,698,521	\$ 293,036		2,072,089
Committed	62,975						62,975
Total Fund Balances	62,975	49,320	31,212	1,698,521	293,036		2,135,064
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,186	\$ 49,320	\$ 31,212	\$ 1,698,521	\$ 293,036	\$ 148,688	\$ 2,284,963

CITY OF VAN BUREN, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		Totals	
	Sidewalk	Local Police and Fire Retirement (LOPFI)	Federal Forfeitures	State Forfeiture	2012 Sales and Use Tax Bond (Debt Service)		2013 Sales and Use Tax Bond (Debt Service)
REVENUES							
Sales taxes					\$ 1,668,610	\$ 294,466	\$ 1,963,076
Interest	\$ 394		\$ 306	\$ 203	10,578	1,408	12,889
Local permits and fees	13,627						13,627
Other	465		2,638				3,103
TOTAL REVENUES	14,486		2,944	203	1,679,188	295,874	1,992,695
EXPENDITURES							
Current:							
Law enforcement			22,180	4,640			26,820
Highways and streets	1,211						1,211
Total Current	1,211		22,180	4,640			28,031
Debt Service:							
Bond principal					1,555,000	285,000	1,840,000
Bond interest and other charges					82,846	13,090	95,936
TOTAL EXPENDITURES	1,211		22,180	4,640	1,637,846	298,090	1,963,967
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,275		(19,236)	(4,437)	41,342	(2,216)	28,728
FUND BALANCES - JANUARY 1	49,700	\$ 497,762	68,556	35,649	1,657,179	295,252	2,604,098
Restatement adjustment (Note 9)		(497,762)					(497,762)
FUND BALANCES - JANUARY 1, AS RESTATED	49,700	0	68,556	35,649	1,657,179	295,252	2,106,336
FUND BALANCES - DECEMBER 31	\$ 62,975	\$ 0	\$ 49,320	\$ 31,212	\$ 1,698,521	\$ 293,036	\$ 2,135,064

CITY OF VAN BUREN, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2018

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

<u>Fund Name</u>	<u>Fund Description</u>
Sidewalk	Van Buren Ordinance no. 5-1997 (March 17, 1997) established the fund for the construction and maintenance of sidewalks. A percentage of building permit revenue is committed for funding.
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. This fund was restated as part of the General Fund at January 1, 2018.
Federal Forfeitures	Ark. Code Ann. § 5-64-505 established the fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
State Forfeiture	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
2012 Sales and Use Tax Bond (Debt Service)	Van Buren Ordinance no. 16-2012 (August 27, 2012) authorized the issuance of sales and use tax bonds, Series 2012 for the purpose of financing the costs of capital improvements; pledging collection of two .5% sales and use taxes to pay the principal of and interest on the bonds.
2013 Sales and Use Tax Bond (Debt Service)	Van Buren Ordinance no. 1-2013 (January 28, 2013) authorized the issuance of sales and use tax bonds, Series 2013 for the purpose of financing the costs of capital improvements; pledging collection of two .5% sales and use taxes to pay the principal of and interest on the bonds.
District Court and Civil Claims	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court. Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.

CITY OF VAN BUREN, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2018
(Unaudited)

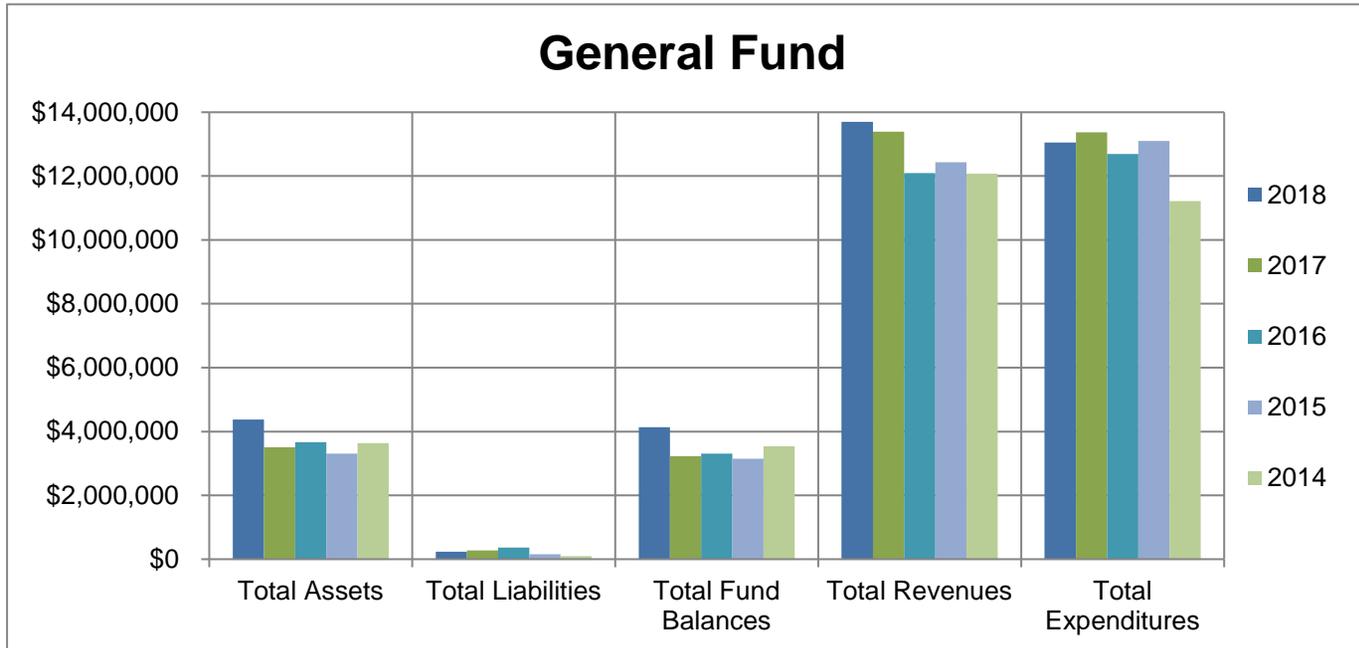
Schedule 3

	<u>December 31, 2018</u>
Land	\$ 4,749,227
Buildings	17,369,160
Improvements other than buildings	6,052,333
Equipment	<u>6,827,521</u>
Total	<u>\$ 34,998,241</u>

CITY OF VAN BUREN, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-1

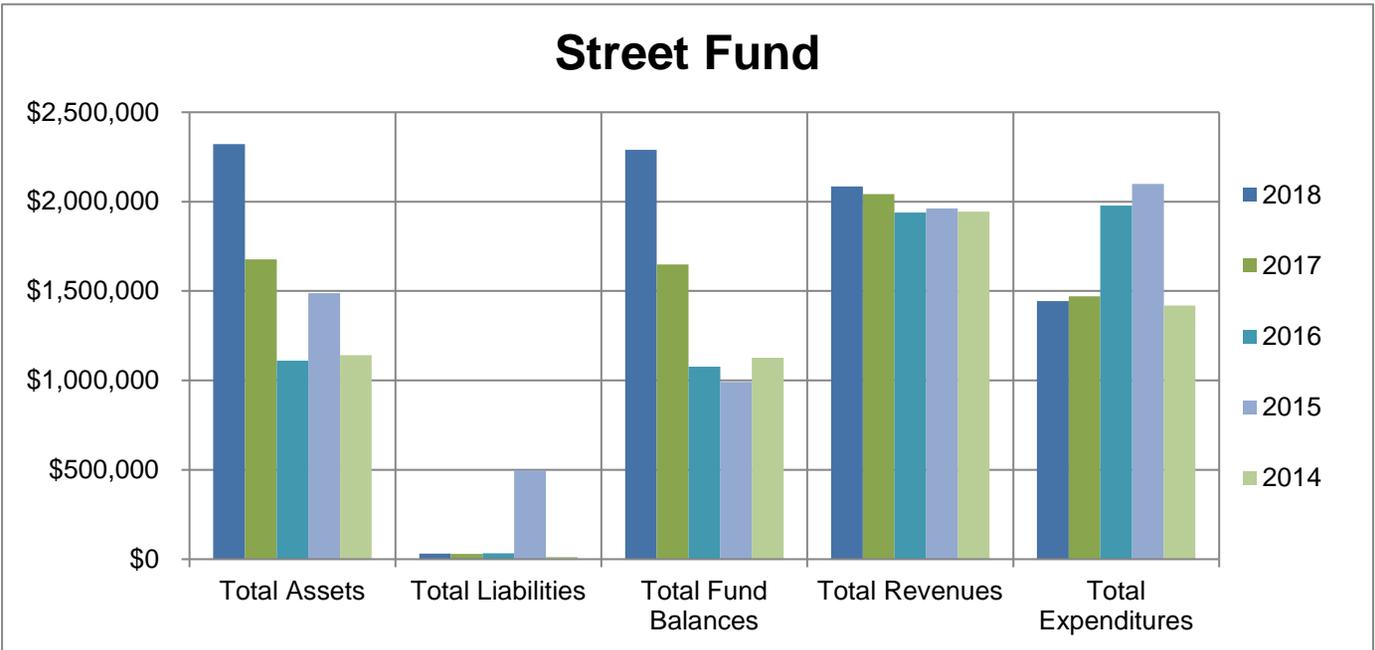
General	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Assets	\$ 4,372,206	\$ 3,509,770	\$ 3,669,042	\$ 3,303,978	\$ 3,633,209
Total Liabilities	239,367	279,236	360,735	153,686	94,060
Total Fund Balances	4,132,839	3,230,534	3,308,307	3,150,292	3,539,149
Total Revenues	13,695,086	13,388,612	12,091,620	12,438,172	12,075,922
Total Expenditures	13,050,543	13,370,996	12,688,608	13,104,029	11,214,301
Total Other Financing Sources/Uses	(240,000)	(95,389)	755,003	277,000	(242,873)



CITY OF VAN BUREN, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS -STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-2

Street	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Assets	\$ 2,321,020	\$ 1,677,659	\$ 1,110,130	\$ 1,488,847	\$ 1,141,051
Total Liabilities	32,136	29,374	33,369	497,997	13,680
Total Fund Balances	2,288,884	1,648,285	1,076,761	990,850	1,127,371
Total Revenues	2,083,989	2,041,559	1,939,577	1,961,735	1,943,682
Total Expenditures	1,443,390	1,470,035	1,978,666	2,098,256	1,419,042
Total Other Financing Sources/Uses			125,000		2,873



CITY OF VAN BUREN, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS -OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2018
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Assets	\$ 2,284,963	\$ 2,886,919	\$ 2,639,822	\$ 2,950,997	\$ 4,879,207
Total Liabilities	149,899	282,821	245,055	154,139	837,974
Total Fund Balances	2,135,064	2,604,098	2,394,767	2,796,858	4,041,233
Total Revenues	1,992,695	3,091,219	2,782,039	3,184,069	3,190,023
Total Expenditures	1,963,967	2,737,277	3,064,130	3,911,444	8,192,037
Total Other Financing Sources/Uses		(144,611)	(120,000)	(517,000)	

