

**CITY OF JACKSONVILLE,
ARKANSAS**



**Comprehensive Annual Financial Report
For the Fiscal Year Ended
December 31, 2017**



Comprehensive Annual Financial Report

**City of Jacksonville,
Arkansas**

Fiscal Year Ended

December 31, 2017

Prepared by:

FINANCE DEPARTMENT

Cheryl Erkel, CGFM
DIRECTOR OF FINANCE



CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2017

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City of Jacksonville, Arkansas

#1 Municipal Drive
Jacksonville, AR 72076



To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Jacksonville, Arkansas:

Introduction

The Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville, Arkansas (the “City”) for the year ended December 31, 2017, is submitted in accordance with State statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

This report consists of management’s representations concerning the finances of the City of Jacksonville. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute, that the financial statements will be free from material misstatement.

The City of Jacksonville’s financial statements have been audited by McAlister & Associates, P.A., a firm of licensed certified public accountants. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information that collectively comprise the City of Jacksonville’s basic financial statements as of and for the fiscal year ended December 31, 2017. The independent auditor’s report is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Jacksonville was incorporated on September 6, 1941 as a political subdivision of the State of Arkansas and is located in the central part of the state. Jacksonville currently occupies a land area of 29 square miles and serves a population of 28,364.

The City is empowered by state statute to extend its corporate limits by annexation when deemed appropriate by the governing council and to levy a property tax, by a vote of the public, on both real and personal properties located within its boundaries to a limit of 5 mills for general operations. In 1993, the voters approved a permanent one-cent sales and use tax and in return,

the City rescinded its 5 mills property tax. Jacksonville is one of the few municipal governments in Arkansas that does not levy a property tax for general operations. In 2003, the voters approved an additional one-cent sales and use tax for capital improvements and operations.

The City of Jacksonville operates under the Mayor-Council form of government. The Mayor is elected by the citizens of Jacksonville for a term of four years. The Mayor serves as the chief executive of the City, presides over City Council meetings and has the ability to vote on City Council items in the event of a tie. The City Council is made up of two members from each ward (ten total members) within the City. Each member serves a four year staggered term with four council members elected every two years. The City Council has the ability to enact laws (ordinances) for the health, safety and welfare of the City not in conflict with the United States Constitution or the constitution of the State of Arkansas. The legal level of budgetary control is maintained at the fund level for all funds. However, management control is maintained at the department level.

The City of Jacksonville provides a full range of services including police and fire protection, emergency ambulance service, animal control, library, community development (planning and zoning), construction and maintenance of streets, roads and infrastructure, sanitation and recycling, parks and recreation, district court, and general administrative services. In addition, water and sewer services are provided through legally separate authorities, the Jacksonville Municipal Water Works and the Jacksonville Wastewater Utility and, as such, have been included in the comprehensive annual financial report as discretely presented component units. Another separate legal entity reported as a component unit is the Jacksonville Advertising and Promotion Commission. Discretely presented component units are legally separate entities and are not part of the primary government's operations.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jacksonville operates.

Relevant Financial Policies. The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being reported when the services or goods are received and the liabilities are incurred. Accounting records for the City's sanitation services, emergency medical services, and the operations of the shooting complex are maintained on an accrual basis.

The annual operating budget serves as the foundation for the City's financial planning and control. Control over spending and allocation of resources are the main focus of the budget. The annual budget process begins in August of each year. Appropriation requests by fund, function, and department are submitted to the Mayor and resources are allocated based on priorities established by the City Council. The Mayor submits a proposed budget to the City Council. The City Council approves and adopts a final budget before January 1. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The Mayor is authorized to transfer budgeted amounts within departments. Any revisions that alter the total expenditures must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These comparisons are part of the required supplementary information located in the financial section.

Local Economy. The City of Jacksonville historically benefits from low unemployment rates. The City's unemployment rate increased from an average of 4.06% in 2016 to an average of 4.31% in 2017. The first few months of 2018 have shown an increase in the economic climate with the national unemployment rate staying steady at 4.1% and the City's rate decreasing from 4.7% in January to 4.3% in March.

The City is home to the Little Rock Air Force Base (LRAFB). LRAFB opened in October 1955. The base encompasses 6,100 acres and includes one runway and one assault landing strip. The base has more than 7,000 active-duty military and civilian members, and nearly 5,000 family members live and work on and around the base with an estimated 53,000 retirees in the local area. Total impact on the regional economy in fiscal year 2017 totaled \$469 million. Additionally, the base was the 7th largest employer in the state of Arkansas in fiscal year 2017 with 7,809 jobs on base and 2,847 indirect jobs. LRAFB is a major training facility for the United States Air Force C-130J Super Hercules, a four-engine turboprop military transport aircraft.

Other major employers that make their home in Jacksonville include Pathfinders, Inc., Lomanco, Inc., Arkansas Federal Credit Union, First Arkansas Bank & Trust Co., and First Electric Cooperative. To help with the workforce in Jacksonville, we have the Jacksonville-Little Rock Air Force Base University Center within which six universities offer undergraduate and graduate programs, a Welding College, a WAGE program that provides free computer and GED training, and a local office for the Department of Workforce Services. The Jacksonville North Pulaski School District is providing educational instructions for skilled labor as well as preparing their students for college. The High School has recently added cyber-security to their curriculum that will allow their students to go straight to work after graduation or go to college to increase their knowledge.

The City of Jacksonville has an increasing property tax base which includes appreciation and improvements on property, new subdivisions, new businesses, and annexations. Over the past five years, Jacksonville's levy has increased an average of 1.7% with the 2016 levy collectible in 2017 increasing by 1.4%.

Sales tax revenue derived from the City's two-cent sales and use tax and the City's portion (7.4%) of the Pulaski County sales and use tax has been growing at an average rate of 0.9% over the past five years which includes a decrease of 0.2% for 2016 and an increase of 1.8% for 2017. On average, sales tax revenue supports approximately 64% of the City's General Fund budget.

U.S. internet sales, or e-commerce, continued rapid growth, accounting for approximately 8.9% of total sales. Internet sales have more than doubled in a decade, from less than 3% in 2006. According to Metroplan, which cited "Special Report: E-commerce," in Economist on October 28, 2017, "a Euromonitor projection suggests e-commerce may account for one-sixth of all retail sales by 2021." E-commerce sales have an advantage over local retailers in Arkansas and other states that are unable to collect sales and use tax on online sales. The City is supportive of the Remote Transactions Parity Act before Congress, which would enable municipalities to collect sales tax from retailers that do not have a physical presence within the state. With sales tax as the primary revenue source for the City of Jacksonville, this legislation is critical to retaining the resources required to sustain local services. While state law requires that citizens prepare sales and use tax returns for such purchases, this method of tax collection is very ineffective. On March 1, 2017, Amazon began voluntarily collecting and remitting sales and use tax on Arkansas sales; however, the voluntary collection of taxes only applies to items purchased directly from

Amazon and does not include any of the third-party vendor sales that Amazon facilitates, representing approximately 50% of Amazon's business.

The City of Jacksonville receives intergovernmental revenues based on population. According to the 2010 U. S. Census, the population for the City decreased 5.2% while Pulaski County's population increased 5.9% compared to the 2000 Census data. In an effort to increase the City's population, the Jacksonville North Pulaski School District, which officially became independent in July 2016, is in the process of building a new high school and elementary school with plans to build a new middle and another elementary school in the next four years. In addition to the new schools, the City has developed a master plan with thirteen objectives to revitalize downtown. In November 2017, voters approved allowing restaurants within the City to sell alcohol by the glass, which was one of those objectives. The City is currently working on three other objectives: Free wi-fi downtown, a water feature for our downtown gateway, and increasing collaboration efforts between the City and the Chamber of Commerce.

Long-Term Financial Planning. The City of Jacksonville's long-term Capital Improvement Plan is based on a comprehensive development plan established by citizen input and requests. The Capital Improvement Plan provides for the orderly replacement of capital facilities and equipment, including buildings and other improvements. Funding for these infrastructure improvements comes primarily from county and local sales and use tax revenue with some citizen donations dedicated to specific projects. The Capital Improvement Plan is updated annually to remove completed projects and to add new projects.

In July 2005, the citizens of Jacksonville voted to levy an annual ad valorem tax levy at the rate of one (1.0) mill for the acquisition, construction, and equipping of land and capital improvements for the City's public library. The ad valorem tax is pledged to a bond issue in the amount of \$2,500,000 used to finance the project. The tax will expire upon payment in full of the bonds to which it is pledged. The bonds were issued in April, 2006 at a very favorable interest rate.

In 2011, the City received proceeds of \$1.35 million from a short-term financing note. Short-term financing notes are authorized under Amendment No. 78 to the Arkansas Constitution for the acquisition, construction and installation of real and tangible personal property having an expected useful life of more than one (1) year. The notes are repaid from general revenues over a period of five (5) years. Proceeds from the note were used to purchase three trash trucks along with trash cans to implement an automated collection system in Sanitation Services. The automated collection system allowed for a one day a week pick up for recycling, yard waste, and garbage. The note was retired in 2016.

In 2012, the City received proceeds of \$2.97 million from a short-term financing note for capital improvements. The proceeds provided funding to complete the 40,000 square foot Public Safety Building (which houses the City's Police Department, the 9-1-1 Communications Department, and a FEMA Safe Room) and other capital improvement projects. The City also entered into a capital lease agreement with Motorola for \$2.5 million to upgrade communications equipment from analog to digital format and join the AWIN (Arkansas Wireless Information Network) system. This short-term financing note and the capital lease agreement were refunded with proceeds from the 2015 Capital Improvement and Refunding Revenue Bonds.

In 2013, the City received proceeds of \$3.0 million from a short-term financing note for the purchase of 160 acres of land and construction of a public trap and skeet shooting range. The public trap and skeet shooting range is a joint effort between the City and the Arkansas Game

and Fish Foundation. The Arkansas Game and Fish Foundation obligated \$2.0 million towards the funding of the project. This short-term financing note was refunded with proceeds from the 2015 Capital Improvement and Refunding Revenue Bonds.

In 2015, the City pledged revenues from utility franchise taxes to a bond issue in the amount of \$8,815,000 for the refunding of short-term financing notes, rehabilitation of the City's Central Fire Station, purchase of a Fire Department ladder truck and two pumper trucks, replacement of playground equipment within the Parks and Recreation Department, rehabilitation of Splash Zone water park, replacement of exercise equipment at the City's Community Center, and the construction of a roundabout at Harris and General Samuels roads.

Major Initiatives. Jacksonville is continuously looking for ways to improve the city to ensure the safety of its citizens. In 2017, Jacksonville received \$117,738 from a Safe Routes to School Grant to replace a portion of sidewalk on Northeastern Avenue. We currently have plans for additional sidewalks on Northeastern (estimated at \$167,000) along with new sidewalks on North First Street (estimated at \$100,000) and on Military Road (estimated at \$360,000).

In addition to sidewalks, the City is also in the planning stages of replacing a bridge on Oneida which will be financed jointly with the City of Sherwood and Pulaski County. The Loop Road railroad crossing is also on the list to have an overpass built over it. This project is in the planning and design stage with construction projected to begin in 2019.

Environmental Consciousness. The City of Jacksonville is striving to educate the public on environmental awareness. Educational materials regarding recycling initiatives are on display at the Ron Newport Recycling Park located in front of the recycling center. The City of Jacksonville offers several recycling opportunities for its residents. Curbside service is available for recycling of paper and cardboard, aluminum and tin cans, and most #1 and #2 plastics. The Recycling Center also accepts scrap metal, used tires, electronics, and household chemicals on Wednesday and Saturdays.

Jacksonville is also doing its part to help the environment. Jacksonville requires new commercial properties to have a 20' buffer area that is to be maintained in a natural state with dense undergrowth or have a perimeter planting strip six foot wide that contains one tree and four shrubs for every forty feet. These properties are also required to have interior planting areas of 100 - 200 feet with one tree for every 15 parking spaces. This increases the oxygen in the atmosphere as well as beautifying the city.

Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This was the twentieth consecutive year that the City of Jacksonville has achieved this prestigious award. We believe that our current comprehensive annual financial report continues to conform to the Certificate of

Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report is a team effort by the entire City of Jacksonville's Finance Department. We would like to express our sincere appreciation to each and every staff member with a big "Thank You" for a job well done. Special thanks go to Assistant Finance Director Laura Collie, Accountant Wendie Key, and Accounting Services Assistant I Rebecca South-Best. Their tenacious attention to detail makes this report an excellent communication tool.

We would like to acknowledge the thorough and professional manner in which McAlister & Associates, P.A. conducted the annual audit. Their technical proficiencies add measurably to the quality of the entire report.

Finally, we would like to acknowledge the contributions of the Mayor and City Council who have consistently and actively supported the City's goal of excellence in all aspects of financial management. Their interest, encouragement, and support are sincerely appreciated.

Respectfully submitted,

Cheryl Erkel

Cheryl Erkel, CGFM
Finance Director

June 29, 2018



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Jacksonville
Arkansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

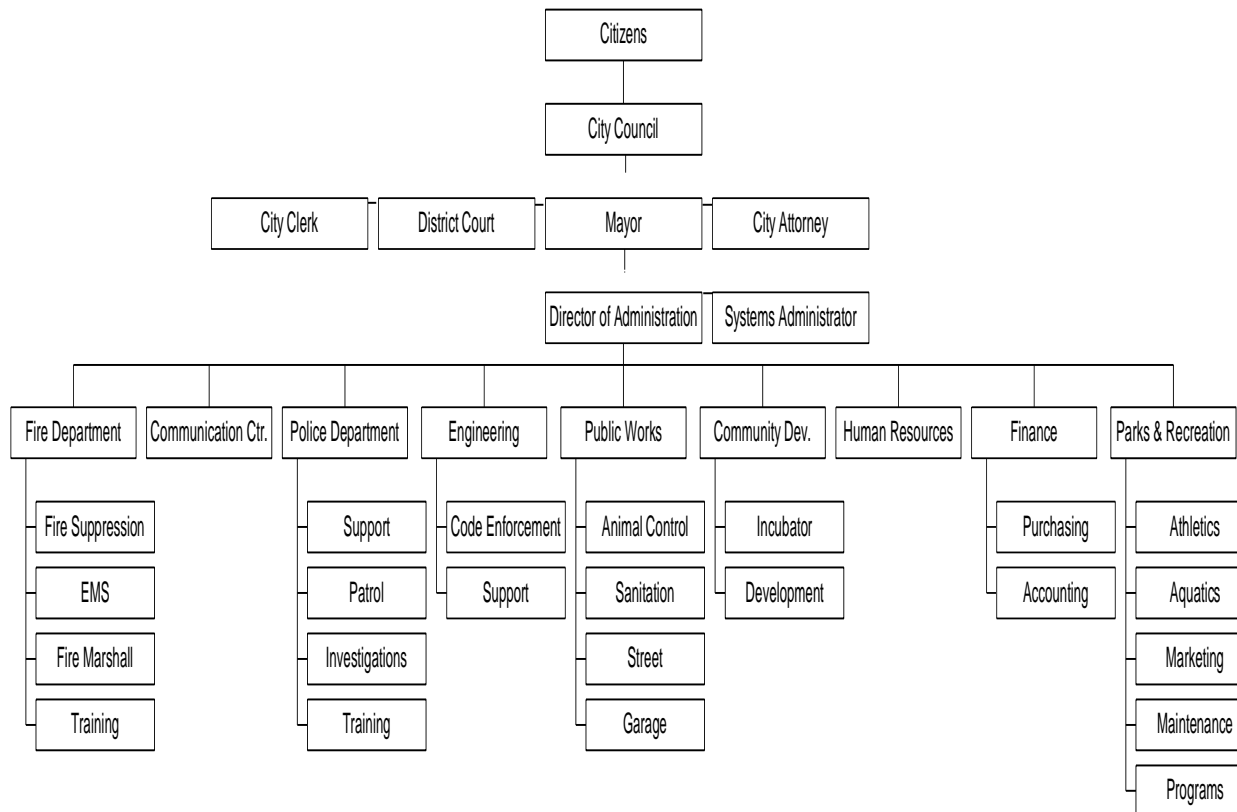
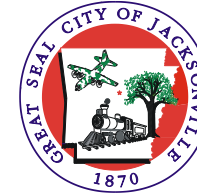
December 31, 2016

Christopher P. Morill

Executive Director/CEO



City of Jacksonville Organizational Structure



**City of Jacksonville, Arkansas
List of Elected and Appointed Officials
December 31, 2017**

Elected Officials

Gary Fletcher		Mayor	
Kenny Elliot	Ward 1, Position 1	James Bolden III	Ward 1, Position 2
Kevin McCleary	Ward 2, Position 1	Terry Sansing	Ward 2, Position 2
Reedie Ray	Ward 3, Position 1	Barbara Mashburn	Ward 3, Position 2
Mike Traylor	Ward 4, Position 1	Mary Twitty	Ward 4, Position 2
Tara Smith	Ward 5, Position 1	Les Collins	Ward 5, Position 2
Robert Bamburg		City Attorney	
Susan Davitt		City Clerk/Treasurer	
Rita Bailey		District Court Judge	

Appointed Officials

City Engineer	James Whisker
Director of Administration	Jim Durham
Director of Public Works	Jimmy Oakley
Community Development Director	Theresa Watson
Director of Finance	Cheryl Erkel
Fire Chief	Alan Laughy
Parks & Recreation Director	Kevin House
Human Resource Director	Jill Ross
Director of Police	Robert Bamburg
Sanitation Superintendent	Randy Watkins
Street Superintendent	Hal Toney
Superintendent of Emergency Services	Tabitha Hughes



McAlister & Associates, P. A.

CERTIFIED PUBLIC ACCOUNTANTS

1 Crestview Plaza, P. O. Box 956
Jacksonville, Arkansas 72078
(501) 982-4491 Fax (501) 982-8518

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic 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 accounting principles generally accepted in the United States of America; this includes 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 did not audit the financial statements of Jacksonville Municipal Water Works, which represent 53%, 54% and 57%, respectively, of the assets and deferred outflow of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Jacksonville Municipal Water Works, is based solely on the report of the other auditors. 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 of 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 auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas
Independent Auditor's Report
Page Two

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information including the combining and individual nonmajor and fiduciary fund financial statements, and the combining statement of cash flows-discretely presented component units as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor and fiduciary fund financial statements, and the combining statement of cash flows-discretely presented component units are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and
Members of the City Council

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of 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 the 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.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
June 29, 2018





Management’s Discussion and Analysis

For the Year Ended December 31, 2017

Office of the Finance Director, Cheryl Erkel, CGFM
#1 Municipal Drive, Jacksonville, AR 72076
Phone: (501) 982-4502 Fax: (501) 985-9768
E-mail: cerkel@cityofjacksonville.net

As management of the City of Jacksonville (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2017. The information contained in this MD&A should be considered in conjunction with our letter of transmittal at the front of this report and the information contained in the Independent Auditor’s Reports, Financial Statements and Supplementary Information.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32,607,787.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$7,166,822 of which \$994,333 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$994,333 which is 5.4 % of total general fund expenditures.
- The City’s total bond related debt decreased by \$1,056,257 or 12% during 2017 primarily due to principal payments on existing debt.
- The City had general revenues of \$16,346,563, grants and contribution revenues of \$4,426,974, charges for services of \$6,101,064, and program expenses of \$28,745,653 for the year ended December 31, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Figure A demonstrates how required parts of this annual report are arranged and shows how they relate to one another. Figure B summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the type of information they contain. The remainder of this overview section of the management’s discussion and analysis explains each of the statements.

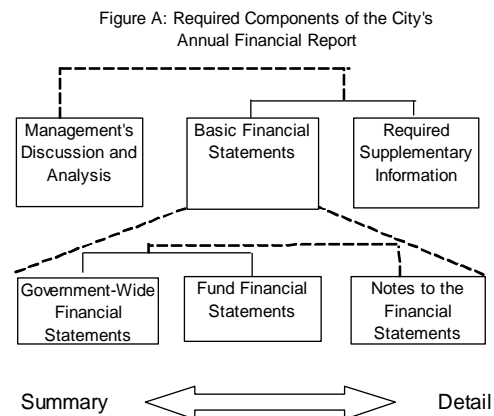


Figure B. Major features of the City's Government-wide and Fund Financial Statements

<i>Types of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire City (except fiduciary funds) including component units	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business.	Instances in which the City acts as fiduciary for someone else's resources
<i>Required Financial Statements</i>	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses & changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, although they can.
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities, and deferred inflows of resources, as applicable, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitation services and emergency medical services.

The government-wide financial statements include not only the City itself (known as the primary government), but also the financial statements of the following discretely presented component units:

- Jacksonville Municipal Water Works
- Jacksonville Wastewater Utility
- Jacksonville Advertising and Promotion Commission

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on page 46 of this report.

The government-wide financial statements can be found on pages 26 through 29 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, Special Projects Fund, and 2015 Capital Improvement Construction Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 30 through 32 of this report.

Proprietary Funds - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for sanitation services activities, shooting sports activities, and for emergency medical (ambulance) services provided by the City. The proprietary fund financial statements provide

information for the Sanitation Services Enterprise Fund, the Shooting Sports Complex Fund, and the Emergency Medical Services Enterprise Fund, which are major funds for the City.

Proprietary funds in general, charge customers for services provided. Like the government-wide financial statements, proprietary fund financial statements are presented using a long-term financial accounting approach and the full accrual basis of accounting. Additional information is provided in the proprietary funds' statement of cash flows.

The basic proprietary fund financial statements can be found on pages 34 through 36 of this report.

Fiduciary Funds - *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38 through 39 of this report.

Notes to the Basic Financial Statements - The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 45 through 79 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found beginning on page 82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 96 through 97 of this report.

Government-wide Financial Analysis

The City is presenting current and prior year comparative information in the Management's Discussion and Analysis to provide a means of analyzing its financial condition and position as of December 31, 2017. The following table reflects the condensed Statement of Net Position.

City of Jacksonville
Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 8,065,786	\$ 7,693,507	\$ 2,455,873	\$ 1,815,992	\$ 10,521,659	\$ 9,509,499
Noncurrent assets	1,236,302	1,387,033	-	-	1,236,302	1,387,033
Capital assets	45,650,304	50,277,632	5,284,651	1,820,668	50,934,955	52,098,300
Other assets	281,317	-	-	-	281,317	-
Total assets	<u>55,233,709</u>	<u>59,358,172</u>	<u>7,740,524</u>	<u>3,636,660</u>	<u>62,974,233</u>	<u>62,994,832</u>
Total deferred outflows of resources	<u>7,208,142</u>	<u>5,306,984</u>	<u>740,407</u>	<u>535,175</u>	<u>7,948,549</u>	<u>5,842,159</u>
Total Assets and Deferred Outflows	<u>62,441,853</u>	<u>64,665,156</u>	<u>8,480,931</u>	<u>4,171,835</u>	<u>70,922,782</u>	<u>68,836,991</u>
Current Liabilities	2,279,687	2,541,550	713,634	153,487	2,993,321	2,695,037
Long-term liabilities	<u>30,144,127</u>	<u>29,557,054</u>	<u>2,088,542</u>	<u>1,845,494</u>	<u>32,232,669</u>	<u>31,402,548</u>
Total liabilities	<u>32,423,814</u>	<u>32,098,604</u>	<u>2,802,176</u>	<u>1,998,981</u>	<u>35,225,990</u>	<u>34,097,585</u>
Total deferred inflows of resources	<u>2,873,754</u>	<u>600,122</u>	<u>215,251</u>	<u>24,096</u>	<u>3,089,005</u>	<u>624,218</u>
Total Liabilities and Deferred Inflows	<u>35,297,568</u>	<u>32,698,726</u>	<u>3,017,427</u>	<u>2,023,077</u>	<u>38,314,995</u>	<u>34,721,803</u>
Net Position:						
Net investment in capital assets	37,788,738	42,125,123	5,284,651	1,820,668	43,073,389	43,945,791
Restricted	4,759,509	4,161,056	-	-	4,759,509	4,161,056
Unrestricted	<u>(15,403,962)</u>	<u>(14,319,749)</u>	<u>178,852</u>	<u>328,090</u>	<u>(15,225,111)</u>	<u>(13,991,659)</u>
Total Net Position	<u>\$ 27,144,285</u>	<u>\$ 31,966,430</u>	<u>\$ 5,463,502</u>	<u>\$ 2,148,758</u>	<u>\$ 32,607,787</u>	<u>\$ 34,115,190</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,244,134 at the close of the most recent fiscal year.

The largest portion of the City's net position, 135%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure, and improvements other than buildings), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, 14.8%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$15,225,111) represents -47% of the City's net position.

City of Jacksonville
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 2,141,027	\$ 2,353,228	\$ 3,960,037	\$ 3,405,200	\$ 6,101,064	\$ 5,758,428
Operating grants and contributions	4,300,118	4,413,390	15,855	11,947	4,315,974	4,425,337
Capital grants and contributions	111,000	259,177	-	-	111,000	259,177
<i>General revenues:</i>						
Property taxes	821,693	871,178	-	-	821,693	871,178
Sales taxes	14,013,579	13,781,154	-	-	14,013,579	13,781,154
Franchise taxes	1,096,000	1,105,865	-	-	1,096,000	1,105,865
Investment income	110,441	89,570	4,125	1,539	114,566	91,109
Intergovernmental revenues	449,828	451,246	-	-	449,828	451,246
Gain/(loss) on sales of capital assets	(149,160)	37,520	56	45,250	(149,104)	82,770
Total revenues	22,894,527	23,362,328	3,980,074	3,463,936	26,874,600	26,826,264
Expenses						
General government	3,191,788	3,439,457	-	-	3,191,788	3,439,457
Public works	3,134,679	2,987,291	-	-	3,134,679	2,987,291
Parks and recreation services	2,875,561	4,109,087	-	-	2,875,561	4,109,087
Public safety	14,330,204	16,302,436	-	-	14,330,204	16,302,436
Housing and neighborhood programs	216,681	240,454	-	-	216,681	240,454
Agent fees on long-term debt	6,990	6,844	-	-	6,990	6,844
Interest on long-term debt	242,525	262,728	-	-	242,525	262,728
Sanitation services	-	-	1,575,392	1,516,551	1,575,392	1,516,551
AGFF Shooting Sports Complex	-	-	813,554	-	813,554	-
Emergency medical services	-	-	1,994,625	2,472,158	1,994,625	2,472,158
Total expenses	23,998,428	27,348,297	4,383,571	3,988,709	28,381,999	31,337,006
Change in net position before transfers	(1,103,902)	(3,985,969)	(403,497)	(524,773)	(1,507,399)	(4,510,742)
Transfers	(3,718,243)	(434,989)	3,718,243	434,989	-	-
Change in net position	(4,822,144)	(4,420,958)	3,314,745	(89,784)	(1,507,399)	(4,510,742)
Net Position, Beginning of Year, as previously reported	31,966,430	36,387,390	2,148,758	2,238,542	34,115,188	38,625,932
Net Position - December 31	\$ 27,144,285	\$ 31,966,429	\$ 5,463,502	\$ 2,148,758	\$ 32,607,787	\$ 34,115,189

Governmental Activities - Governmental activities decreased the City's net position by \$4,822,144. The increase in noncurrent liabilities of \$714,622, primarily associated with the net pension liability, partially offset by the net deferred outflows and inflows of \$4,005,561 associated primarily with pensions account for \$701,301 of the decrease in net position. An increase in current and other assets of \$502,865 and a decrease in current liabilities of \$389,412 decreased net position by approximately \$892,277. A decrease in net capital assets of \$4,627,328 was due to the transfer of assets to AGFF Shooting Sports Complex enterprise fund.

Sales taxes represent 61% or \$14,013,579 of the City's governmental revenue in 2017. Sales tax revenues increased 2% from \$13,781,154 in 2016. Grants and contributions added \$4,411,118 or 20% to total revenues as compared to \$4,672,567 received in 2016. The decrease was a result of a reduction in grants received for the Parks and Recreation Department and the Police Department from 2016. Charges for services added \$2,141,027 or 9% to total revenues compared to \$2,353,228 received in 2016. The decrease was primarily attributable to a reduction in Parks and Recreation Department revenue as compared to 2016.

Current year expenses were 106.3% of current year revenues, excluding transfers in.

Business-type Activities - Business-type activities increased the City's net position by \$3,314,745. Key elements of this increase are as follows:

- Net transfers increased net position by \$3,718,243. Operating loss of \$423,533 decreased net position.

- Sanitation Services activities contribute 46.8% of the operating revenue to the business-type activities. Sanitation service fees are billed through Jacksonville Municipal Water Works (a component unit of the City), net of a billing fee. Charges for services were \$1,854,628 in 2017 compared to \$1,825,540 in 2016. Operating expenses in 2017 were \$1,575,392 compared to \$1,515,506 in 2016. Revenues increased due to increases in recycling income and miscellaneous revenues. Expenses increased due to increases in repairs and maintenance along with depreciation expense.
- AGFF Shooting Sports Complex activities contributed 9.1% of the operating revenue to the business-type activities. The charges for services are the fees charged to the patrons of the sports complex. In 2017, those fees were \$361,463. Operating expenses in 2017 were \$813,554. This was the first year for the Shooting Sports Complex to be an enterprise fund.
- Emergency Medical Services activities contribute 44.1% of the operating revenue to the business-type activities. Ambulance service fees are billed through the City's finance department. Charges for services were \$1,743,946 in 2017 compared to \$1,579,660 in 2016. Operating expenses in 2017 were \$1,994,625 compared to \$2,472,158 in 2016. Revenues increased as a result of increased ambulance run volume. Expenses decreased as a result of new equipment that did not require repairs.

Current year operating expenses for business-type activities were 111.6% of current year operating revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$7,166,822, an increase of \$561,037 in comparison with the prior year. Approximately, \$4,759,508 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$1,003 of the governmental fund balance is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$5,876 and \$1,406,102, respectively. Approximately \$994,333 constitutes *unassigned fund balance* and is available for spending at the government's discretion.

The General Fund is the chief operating fund for the City. As of December 31, 2017, the total fund balance of the General Fund was \$1,001,212 of which \$994,333 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balances and total fund balance to total fund expenditures (including transfers out). Unassigned

fund balance represents 5.4% of total General Fund expenditures while total fund balances represents 5.44% of the same amount. The fund balances of the General Fund increased by \$160,028 during 2017. The key factor in this increase is due to an increase in license and permits and intergovernmental revenues. There was a decrease in expenditures in the Parks and Recreations Department due to the AGFF Shooting Sports Complex becoming its own fund and the Police Department due to a reduction in personnel costs.

The Street Fund had a total fund balance of \$2,778,146, which was an increase of \$754,151 from 2016. The total amount of the fund balance is classified as restricted. The increase was attributable to a reduction in drainage repairs.

The Special Projects Funds had a total fund balance of \$1,406,102, which was a decrease of \$197,445 from 2016. The total amount of the fund balance is classified as assigned. The decrease in fund balance was due to transfers out of \$213,000 to the AGFF Shooting Sports Complex. The ending fund balances and net changes for the individual funds reported in the financial statements as the Special Projects Funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Capital Improvements	\$ 266,579	\$ (56,863)
Capital Drainage	428,220	1,328
Capital Equipment	710,653	(142,561)
Downtown Revitalization	651	651

The City maintains seven non-major governmental funds in addition to the above mentioned major funds. These funds had a total fund balance of \$1,981,362. The net decrease in the fund balances during 2017 for these funds was \$155,697. The ending fund balances and net changes for the non-major funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Grants	\$ 35,288	\$ 20,956
CDBG	79,288	2,989
HOME	55,392	0
Asset Forfeiture	44,091	(25,507)
2015 Capital Improvements Construction	1,030,281	(203,581)
2006 Library Debt Service	293,892	(8,202)
2015 Capital Improvements Debt Service	443,131	57,649

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but with more detail.

Net position for the Sanitation Services Enterprise Fund was \$2,494,359 in 2017 which was an increase of \$283,355 compared to \$2,211,055 as reported in 2016. This increase is due to an increase recycling revenue. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Net position for the AGFF Shooting Sports Complex Fund in 2017 was \$3,023,163. This was the first year as an enterprise fund.

Net position for the Emergency Medical Services Enterprise Fund in 2017 was \$(54,019) which was an increase of \$8,228 compared to a net position of \$(62,247) reported in 2016. This change was due to an increase in ambulance runs and collections. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The 2017 General Fund budget appropriated \$20,892,853 as compared to the 2016 budget of \$21,059,443, a decrease of approximately 0.8%.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2017, amounts to \$50,934,955 (net of accumulated depreciation). The investment in capital assets includes land, buildings and building improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,163,344 net of depreciation, a decrease of 2.2%. Governmental capital assets decreased 9.2%, while capital assets for business-type activities increased 190.3%.

City of Jacksonville
Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,407,910	\$ 10,888,295	\$ 588,485	\$ -	\$10,996,395	\$10,888,295
Land improvements	685,273	856,425	102,982	-	788,255	856,425
Infrastructure	9,558,867	10,125,872	-	-	9,558,867	10,125,872
Buildings	18,977,812	22,088,749	2,335,222	-	21,313,034	22,088,749
Vehicles	2,730,252	2,897,823	1,681,825	1,178,104	4,412,077	4,075,927
Equipment	2,987,640	2,968,739	570,636	642,564	3,558,275	3,611,303
Construction in progress	302,552	451,731	5,500	-	308,052	451,731
Total	\$ 45,650,304	\$ 50,277,633	\$ 5,284,651	\$ 1,820,668	\$50,934,955	\$52,098,299

The major capital asset event that occurred during 2017 was the transfer of assets to the AGFF Shooting Sports Complex fund from governmental activities capital assets.

Additional information on the City's capital assets can be found in *Note 3* on pages 57-59 of this report.

Long-term Debt. On December 31, 2017, the City's primary government had long-term debt outstanding of \$8,878,291, including general obligation bonds outstanding of \$735,732, obligations under capital lease agreements of \$621,185, and \$7,521,374 of bonds secured solely by specified revenue source.

Total long-term bonds and obligations under a capital lease agreement decreased \$1,056,863 a decrease of 12.9%. The decrease was attributable to debt retirements during 2017.

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation and revenue bonds on December 31, 2017, of \$8,257,106 are well below the statutory limit of \$73,589,962. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. The City had no outstanding short-term financings on December 31, 2017. Voter approval is not required for short-term financing.

Additional information regarding the City's long-term debt can be found in *Note 4* on pages 59-63 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials have an established practice of making annual budgetary decisions for the General and Street Funds by considering revenue growth, staffing needs, unassigned reserve levels as well as reviewing the performance of the local economy to determine continued economic expansion. With sales tax revenue being our main source of revenue, the focus has turned to increasing our tax base.

The Mayor and City Council have adopted a Master Plan to revitalize downtown with 13 specific initiatives listed. The voters have approved alcohol sales by the glass for restaurants which will entice more sit down restaurants to relocate to our city. Jacksonville has achieved a downtown, high speed internet Wi-Fi system with the assistance of First Arkansas Bank and Trust. The other 10 initiatives include increasing public gathering places, provide economic and social programs for the citizens, provide for more pedestrian accessibility, redesign the City traffic plan, improve on the efforts to preserve the City historical properties, relocate public utilities underground, recruit new business, collaborate with Jacksonville North Pulaski School District to develop programs that will help fulfill the workforce needs in our community, develop a mixed use approach to new housing, collaborate with the Jacksonville Chamber of Commerce to improve Jacksonville, and to generate more capital to help implement these initiatives.

The goal of the Mayor and City Council is to maintain financial stability by adopting budgets with a minimum unassigned fund balance of 16.6% of operating expenditures. With this in mind, the 2018 budgets were adopted for the General Fund at \$19,939,044 and \$3,314,665 for the Street Fund.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Director's Office, #1 Municipal Drive, Jacksonville, Arkansas 72076.

General information relating to the City of Jacksonville, Arkansas can be found on the City's website, <http://www.cityofjacksonville.net>.

BASIC FINANCIAL STATEMENTS

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 1,660,667	\$ 877,472	\$ 2,538,139	\$ 13,895,803
Restricted cash and investments, current	598,556	-	598,556	2,140,167
Investments	1,300,504	200,000	1,500,504	1,539,098
Receivables, net of allowance for uncollectible accounts				
Taxes	1,409,825	-	1,409,825	-
Sales taxes	2,473,638	-	2,473,638	-
Accounts	354,662	1,244,976	1,599,638	2,655,649
Accrued interest	1,549	155	1,704	609
Grants and other governments	15,856	-	15,856	-
Other	354,526	-	354,526	-
Internal balances	(105,000)	105,000	-	-
Inventories	1,003	28,270	29,273	489,573
Prepaid expenses and other	-	-	-	94,161
Total current assets	8,065,786	2,455,873	10,521,659	20,815,060
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	1,834,858	-	1,834,858	576,562
Less amount required to meet current obligations	(598,556)	-	(598,556)	-
Total restricted assets	1,236,302	-	1,236,302	576,562
Capital assets				
Nondepreciable	10,710,462	593,985	11,304,447	931,800
Depreciable, net	34,939,842	4,690,665	39,630,507	68,626,611
Total capital assets	45,650,304	5,284,651	50,934,955	69,558,411
Other assets				
Net pension asset	281,317	-	281,317	-
Other	-	-	-	448,912
Total other assets	281,317	-	281,317	448,912
Total noncurrent assets	47,167,923	5,284,651	52,452,574	70,583,885
Total assets	55,233,709	7,740,524	62,974,233	91,398,945
Deferred Outflows of Resources				
Deferred outflows - pensions	7,208,142	740,407	7,948,549	985,539
Bond refunding	-	-	-	133,165
Total deferred outflows of resources	7,208,142	740,407	7,948,549	1,118,704
Total Assets and Deferred Outflows of Resources	\$ 62,441,853	\$ 8,480,931	\$70,922,782	\$ 92,517,650

See Accompanying Notes to Basic Financial Statements.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 213,100	\$ 603,134	\$ 816,234	\$ 1,884,156
Accrued wages payable and related liabilities	416,906	55,770	472,676	-
Accrued expenses and other	155,514	-	155,514	230,498
Accrued interest payable	13,556	-	13,556	65,280
Compensated absences, current	593,647	54,730	648,377	-
Bonds payable, current	585,000	-	585,000	1,281,804
Capital lease obligations, current	147,549	-	147,549	-
Due to fiduciary funds	51,511	-	51,511	-
Unearned revenue	102,904	-	102,904	-
Total current liabilities	2,279,687	713,634	2,993,321	3,461,738
Noncurrent Liabilities				
Capital lease obligations	473,636	-	473,636	-
Bonds payable, net of unamortized premium and discount	7,672,106	-	7,672,106	28,392,219
Customer deposits	-	-	-	773,379
Compensated absences	999	1,335	2,334	-
Net pension liability	21,500,604	2,087,207	23,587,811	3,480,244
Net OPEB liability	496,782	-	496,782	-
Other long-term liabilities	-	-	-	468,056
Total noncurrent liabilities	30,144,127	2,088,542	32,232,669	33,113,898
Total liabilities	32,423,814	2,802,176	35,225,990	36,575,636
Deferred Inflows of Resources				
Deferred inflows - pensions	2,873,754	215,251	3,089,005	176,141
Net Position				
Net investment in capital assets	37,788,738	5,284,651	43,073,389	39,837,895
Restricted - expendable				
Street maintenance	2,778,146	-	2,778,146	-
Capital projects	1,030,281	-	1,030,281	2,697,944
Debt service	737,023	-	737,023	-
Law enforcement activities	44,091	-	44,091	-
Housing and neighborhood programs	134,680	-	134,680	-
Grant funds	35,288	-	35,288	-
Total restricted - expendable	4,759,509	-	4,759,509	2,697,944
Unrestricted (deficit)	(15,403,962)	178,852	(15,225,111)	13,230,034
Total net position	27,144,285	5,463,502	32,607,787	55,765,872
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 62,441,853	\$ 8,480,931	\$ 70,922,782	\$ 92,517,650

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 557,064	\$ 443,992	\$ 179,000	\$ -
City council	135,390	-	-	-
Office of the mayor	257,366	-	-	-
City clerk	137,719	-	-	-
City attorney	265,883	-	-	-
District court	327,002	473,217	-	-
Director of administration	168,666	-	-	-
Information technology	281,286	-	-	-
Finance	480,310	29,001	-	-
Human resources	182,619	-	-	-
Fleet services	151,475	30,990	-	-
Community programs	247,008	-	-	111,000
Public works	3,134,679	101,345	2,473,522	-
Parks and recreation services	2,875,561	690,777	428,601	-
Police	7,531,016	82,007	525,892	-
Fire	5,465,496	6,218	522,897	-
Emergency communication services	1,026,272	227,063	-	-
Animal control	307,420	10,444	-	-
Housing and neighborhood programs	216,681	45,973	170,208	-
Agent fees on long-term debt	6,990	-	-	-
Interest expense on long-term debt	242,525	-	-	-
Total governmental activities	<u>23,998,428</u>	<u>2,141,027</u>	<u>4,300,118</u>	<u>111,000</u>
Business-type Activities				
Sanitation services	1,575,392	1,854,628	-	-
AGFF Shooting Sports Complex	813,554	361,463	-	-
Emergency Medical services	1,994,625	1,743,946	15,855	-
Total business-type activities	<u>4,383,571</u>	<u>3,960,037</u>	<u>15,855</u>	<u>-</u>
Total primary government	<u>\$ 28,381,999</u>	<u>\$ 6,101,064</u>	<u>\$ 4,315,974</u>	<u>\$ 111,000</u>
Component Units				
Municipal Water Works	\$ 7,809,217	\$ 6,628,506	\$ -	\$ -
Wastewater Utility	5,789,583	4,905,432	-	-
Advertising and Promotion Commission	741,812	-	-	-
Total component units	<u>\$ 14,340,612</u>	<u>\$ 11,533,938</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues
 Property taxes
 Sales taxes
 Utility franchise taxes
 Investment income
 Grants and contributions not restricted to specific programs
 Gain (loss) on sale of capital assets
 Other
 Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total		
\$ 65,928	\$ -	\$ 65,928	\$ -	-
(135,390)	-	(135,390)	-	-
(257,366)	-	(257,366)	-	-
(137,719)	-	(137,719)	-	-
(265,883)	-	(265,883)	-	-
146,215	-	146,215	-	-
(168,666)	-	(168,666)	-	-
(281,286)	-	(281,286)	-	-
(451,309)	-	(451,309)	-	-
(182,619)	-	(182,619)	-	-
(120,485)	-	(120,485)	-	-
(136,008)	-	(136,008)	-	-
(559,812)	-	(559,812)	-	-
(1,756,183)	-	(1,756,183)	-	-
(6,923,117)	-	(6,923,117)	-	-
(4,936,381)	-	(4,936,381)	-	-
(799,209)	-	(799,209)	-	-
(296,976)	-	(296,976)	-	-
(501)	-	(501)	-	-
(6,990)	-	(6,990)	-	-
(242,525)	-	(242,525)	-	-
(17,446,283)	-	(17,446,283)	-	-
-	279,236	279,236	-	-
-	(452,091)	(452,091)	-	-
-	(234,824)	(234,824)	-	-
-	(407,679)	(407,679)	-	-
\$ (17,446,283)	\$ (407,679)	\$ (17,853,962)	\$ -	-
\$ -	\$ -	\$ -	\$ (1,180,711)	-
-	-	-	(884,151)	-
-	-	-	(741,812)	-
-	-	-	(2,806,674)	-
821,693	-	821,693	-	-
14,013,579	-	14,013,579	849,028	-
1,096,000	-	1,096,000	-	-
110,441	4,125	114,566	79,871	-
449,828	-	449,828	607,390	-
(149,160)	56	(149,104)	-	-
-	-	-	628,448	-
(3,718,243)	3,718,243	-	-	-
12,624,139	3,722,424	16,346,563	2,164,737	-
(4,822,144)	3,314,745	(1,507,399)	(641,937)	-
31,966,430	2,148,758	34,115,188	56,407,809	-
\$ 27,144,285	\$ 5,463,502	\$ 32,607,787	\$ 55,765,872	-

CITY OF JACKSONVILLE, ARKANSAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	General	Street	Special Projects	Other Governmental Funds	Total
Assets					
Cash	\$ 42,597	\$ 1,452,808	\$ 21,305	\$ 143,957	\$ 1,660,667
Restricted cash	-	-	-	1,834,858	1,834,858
Investments	-	1,250,252	50,252	-	1,300,504
Accounts receivable					
Taxes	820,605	589,220	-	-	1,409,825
Sales taxes	2,473,638	-	-	-	2,473,638
Accounts	-	-	-	354,662	354,662
Accrued interest	-	1,238	311	-	1,549
Grants and other governments	15,856	-	-	-	15,856
Other	354,526	-	-	-	354,526
Due from other funds	-	-	1,348,955	57,370	1,406,325
Inventories	1,003	-	-	-	1,003
Total Assets	\$ 3,708,225	\$ 3,293,518	\$ 1,420,823	\$ 2,390,848	\$ 10,813,414
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 162,852	\$ 39,847	\$ -	\$ 10,401	\$ 213,100
Due to other funds	1,459,511	-	14,721	88,604	1,562,836
Accrued wages payable and related liabilities	393,071	21,602	-	2,233	416,906
Unearned revenue	102,904	-	-	-	102,904
Other liabilities	51,433	64,453	-	39,628	155,514
Total liabilities	2,169,771	125,902	14,721	140,866	2,451,260
Deferred Inflows of Resources					
Unavailable revenues - property taxes	537,242	389,470	-	268,620	1,195,332
Total deferred inflows of resources	537,242	389,470	-	268,620	1,195,332
Fund Balances					
Nonspendable					
Inventories	1,003	-	-	-	1,003
Restricted					
Street maintenance	-	2,778,146	-	-	2,778,146
Capital projects	-	-	-	1,030,281	1,030,281
Debt service	-	-	-	737,023	737,023
Law enforcement activities	-	-	-	44,091	44,091
Housing & neighborhood programs	-	-	-	134,680	134,680
Grant funds	-	-	-	35,288	35,288
Committed					
Equipment	5,876	-	-	-	5,876
Assigned					
Capital projects	-	-	1,406,102	-	1,406,102
Unassigned	994,333	-	-	-	994,333
Total fund balances	1,001,212	2,778,146	1,406,102	1,981,362	7,166,822
Total liabilities, deferred inflows of resources and fund balances	\$ 3,708,225	\$ 3,293,518	\$ 1,420,823	\$ 2,390,848	\$ 10,813,414

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2017

Total fund balances per statement \$ 7,166,822

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 45,650,304

Assets, liabilities and related inflows/outflows of resources that are not due and payable in the current period and are not reported in the funds including:

Capital leases	(621,185)
Bonds payable	(8,257,106)
Accrued interest payable	(13,556)
Accrued compensated absences	(594,646)
Net pension asset	281,317
Net pension liability	(21,500,604)
Deferred inflows and outflows of resources	4,334,388
Net OPEB liability	(496,782)

Certain amounts reported as unearned revenue and deferred inflows of resources are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements. 1,195,332

Net position of governmental activities \$ 27,144,285

Capital assets	\$ 45,650,304
Capital lease obligation	(621,185)
General obligation bonds net of premiums and discounts	(8,257,106)
Accrued interest	(13,556)
Unspent bond proceeds	<u>1,030,281</u>
Net investment in capital assets	<u><u>\$ 37,788,738</u></u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2017

	General	Street	Special Projects	Other Governmental Funds	Total
Revenues					
Property taxes	\$ 556,757	\$ -	\$ -	\$ 269,494	\$ 826,251
Sales taxes	14,013,579	-	-	-	14,013,579
Licenses and permits	434,535	-	-	-	434,535
Intergovernmental	1,952,642	2,473,523	67,890	244,305	4,738,360
Charges for services	942,439	-	-	-	942,439
Fines and fees	542,862	-	-	-	542,862
Utility franchise taxes	1,096,000	-	-	-	1,096,000
Investment income	85,597	7,091	4,845	12,908	110,441
Contributions and donations	110,000	-	-	-	110,000
Miscellaneous	169,742	16,920	1,450	45,973	234,085
Total revenues	19,904,153	2,497,534	74,185	572,680	23,048,552
Expenditures					
General government					
General government and administration	302,763	-	58,522	-	361,285
City council	133,795	-	-	-	133,795
Mayor	251,181	-	-	-	251,181
City clerk	133,400	-	-	-	133,400
City attorney	264,881	-	-	-	264,881
District court	320,691	-	-	-	320,691
Director of administration	166,401	-	-	-	166,401
Information technology	272,813	-	-	-	272,813
Finance	467,802	-	-	-	467,802
Human resources	175,223	-	-	-	175,223
Fleet services	146,225	-	-	-	146,225
Community programs	211,020	-	108	-	211,128
Total general government	2,846,194	-	58,630	-	2,904,825
Public works					
Public works coordinator	128,391	-	-	-	128,391
Engineering	308,798	-	-	-	308,798
Code enforcement	210,387	-	-	-	210,387
Streets and drainage	-	1,743,383	-	-	1,743,383
Total public works	647,576	1,743,383	-	-	2,390,959
Parks and recreation services	2,467,359	-	-	5,732	2,473,090
Police	6,888,844	-	-	81,774	6,970,618
Fire	4,558,716	-	-	206,199	4,764,915
Emergency communication services	714,326	-	-	-	714,326
Animal control	290,121	-	-	-	290,121
Housing and neighborhood programs	-	-	-	213,718	213,718
Debt Service					
Principal	-	-	-	1,050,000	1,050,000
Interest	-	-	-	251,964	251,964
Agent fees	-	-	-	6,990	6,990
Total expenditures	18,413,136	1,743,383	58,630	1,816,377	22,031,526
Excess (Deficiency) of Revenues Over Expenditures	1,491,017	754,151	15,555	(1,243,697)	1,017,026
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,088,000	1,088,000
Transfers out	(1,330,989)	-	(213,000)	-	(1,543,989)
Total other financing sources (uses)	(1,330,989)	-	(213,000)	1,088,000	(455,989)
Net Change in Fund Balances	160,028	754,151	(197,445)	(155,697)	561,037
Fund Balances, Beginning of Year	841,184	2,023,997	1,603,548	2,137,059	6,605,787
Fund Balances, End of Year	\$ 1,001,212	\$ 2,778,146	\$ 1,406,102	\$ 1,981,362	\$ 7,166,822

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds \$ 561,037

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	518,305
Capital asset transfers	(3,262,254)
Retirements	(149,160)
Depreciation expense	(2,361,651)

Governmental funds report debt as expenditures. However, for government-wide statements, the liability must be properly reflected in the statement of net position.

Principal Payments:	
General obligation bonds	235,000
Revenue bonds	815,000
Capital Lease	61,204
Amortization of loss on debt refunding, bond premiums and discounts	6,257

Revenues that do not provide current financial resources, such as property taxes, are not reported as revenues for the funds but are reported as revenues in the statement of activities. (4,558)

Expenses that do not require current financial resources (such as interest, litigation, compensated absences, ect.) are not reported as expenses for the funds but are reported as expenses in the statement of activities. 141,775

Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows and inflows of resources balances. (1,383,099)

Change in net position of governmental activities \$ (4,822,144)

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 876,868	\$ 117	\$ 487	\$ 877,472
Investments	200,000	-	-	200,000
Accounts receivable, net of allowance for uncollectible accounts	522,612	31,777	690,587	1,244,976
Accrued interest	155	-	-	155
Due from other funds	105,000	-	-	105,000
Inventories	-	28,270	-	28,270
Total current assets	<u>1,704,635</u>	<u>60,164</u>	<u>691,074</u>	<u>2,455,873</u>
Noncurrent assets				
Capital assets				
Land and land improvements	-	593,985	-	593,985
Buildings and building improvements	-	2,854,808	-	2,854,808
Vehicles	2,929,488	13,486	521,746	3,464,720
Furniture and equipment	1,269,150	34,637	160,894	1,464,680
	4,198,638	3,496,916	682,640	8,378,194
Less accumulated depreciation	(2,303,198)	(317,723)	(472,622)	(3,093,543)
Net capital assets	<u>1,895,440</u>	<u>3,179,193</u>	<u>210,018</u>	<u>5,284,651</u>
Total noncurrent assets	<u>1,895,440</u>	<u>3,179,193</u>	<u>210,018</u>	<u>5,284,651</u>
Total assets	<u>3,600,075</u>	<u>3,239,357</u>	<u>901,092</u>	<u>7,740,524</u>
Deferred outflows of resources				
Deferred outflows - pensions	222,868	23,054	494,485	740,407
Total assets and deferred outflow of resources	<u>\$ 3,822,943</u>	<u>\$ 3,262,411</u>	<u>\$ 1,395,577</u>	<u>\$ 8,480,931</u>
Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)				
Current liabilities				
Accounts payable	\$ 590,657	\$ 5,515	\$ 6,962	\$ 603,134
Accrued wages payable	24,437	6,834	24,499	55,770
Compensated absences	20,550	1,500	32,680	54,730
Total current liabilities	635,644	13,849	64,141	713,634
Noncurrent liabilities				
Compensated absences	89	1,243	3	1,335
Net pension liability	671,163	217,141	1,198,903	2,087,207
Total noncurrent liabilities	671,252	218,384	1,198,906	2,088,542
Total liabilities	<u>1,306,896</u>	<u>232,233</u>	<u>1,263,047</u>	<u>2,802,176</u>
Deferred inflows of resources				
Deferred inflows - pensions	21,687	7,016	186,550	215,251
Total deferred inflows of resources	<u>21,687</u>	<u>7,016</u>	<u>186,550</u>	<u>215,251</u>
Net Position (Deficit)				
Net investment in capital assets	1,895,440	3,179,193	210,018	5,284,651
Unrestricted (deficit)	598,919	(156,030)	(264,037)	178,852
Total net position (deficit)	<u>2,494,359</u>	<u>3,023,163</u>	<u>(54,019)</u>	<u>5,463,504</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 3,822,943</u>	<u>\$ 3,262,411</u>	<u>\$ 1,395,577</u>	<u>\$ 8,480,931</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Revenues				
Charges for services	\$ 1,729,313	\$ 231,131	\$ 1,743,945	\$ 3,704,389
Miscellaneous	125,315	130,332	1	255,648
Total operating revenues	1,854,628	361,463	1,743,946	3,960,037
Operating Expenses				
Salaries, wages and employee benefits	719,677	443,677	795,006	1,958,360
Supplies and materials	193,584	33,953	113,472	341,009
Services	85,347	47,258	59,304	191,909
Repairs and maintenance	135,750	13,148	23,649	172,547
Landfill fees	202,959	-	-	202,959
Other	-	192,458	948,007	1,140,465
Depreciation	238,075	83,060	55,186	376,321
Total operating expenses	1,575,392	813,554	1,994,625	4,383,570
Operating Income (Loss)	279,236	(452,091)	(250,679)	(423,533)
Nonoperating Revenues (Expenses)				
Interest income	4,119	-	6	4,125
Gain on sale of capital assets	-	-	56	56
Grant revenues	-	-	15,855	15,855
Net nonoperating revenues	4,119	-	15,918	20,037
Income (Loss) Before Contributions and Transfers	283,355	(452,091)	(234,761)	(403,496)
Capital contributions	-	3,262,254	-	3,262,254
Transfers in	-	213,000	242,989	455,989
Changes in Net Position (Deficit)	283,355	3,023,163	8,228	3,314,746
Net Position, Beginning of Year	2,211,005	-	(62,247)	2,148,758
Net Position (Deficit), End of Year	\$ 2,494,359	\$ 3,023,163	\$ (54,019)	\$ 5,463,504

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	Total
Operating Activities				
Receipts from customers	\$ 1,712,218	\$ 199,354	\$ 755,573	\$ 2,667,145
Other receipts	125,315	(62,126)	1	63,190
Payments to employees	(688,538)	(232,997)	(805,896)	(1,727,431)
Payments to suppliers	(190,405)	(61,550)	(115,307)	(367,262)
Payments to service providers	(196,182)	(42,747)	(59,627)	(298,556)
Other payments	(339,399)	(12,817)	(22,031)	(374,248)
Net cash provided by (used in) operating activities	423,009	(212,884)	(247,287)	(37,162)
Noncapital Financing Activities				
Operating grants	-	-	15,855	15,855
Transfers from other funds	-	213,000	242,989	455,989
Net cash provided by noncapital financing activities	-	213,000	258,844	471,844
Capital and Related Financing Activities				
Purchases of capital assets	(5,055)	-	(16,435)	(21,490)
Net cash used in capital and related financing activities	(5,055)	-	(16,435)	(21,490)
Investing Activities				
Proceeds from maturities of cash investments	100,238	-	-	100,238
Purchase of cash investments	(200,352)	-	-	(200,352)
Interest income	4,119	-	60	4,179
Net cash provided (used) by investing activities	(95,996)	-	60	(95,935)
Net Increase (Decrease) in Cash	321,958	117	(4,817)	317,259
Cash, Beginning of Year	554,908	-	5,304	560,212
Cash, End of Year	\$ 876,868	\$ 117	\$ 487	\$ 877,471

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 279,236	\$ (452,091)	\$ (250,679)	\$ (423,534)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	238,075	83,060	55,186	376,321
Changes in assets and liabilities				
Receivables, net	(17,095)	(31,777)	(40,365)	(89,237)
Inventory	-	(28,270)	-	(28,270)
Due from other funds	(105,000)	-	-	(105,000)
Deferred outflows of resources	(37,886)	(23,054)	(144,292)	(205,232)
Accounts payable	(3,346)	5,515	(539)	1,629
Accrued expenses	71,140	226,718	(52,854)	245,004
Deferred inflows of resources	(2,115)	7,016	186,256	191,157
Net cash provided by (used in) operating activities	<u>\$ 423,009</u>	<u>\$ (212,884)</u>	<u>\$ (247,287)</u>	<u>\$ (37,162)</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2017

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 708,546	\$ 66,431
Investments		
U.S. Government obligations	3,652,013	-
Corporate bonds	1,789,995	-
Corporate stocks	203,184	-
Mutual funds	6,391,257	-
Receivables		
Due from other funds	51,511	-
Accrued interest	32,730	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 12,829,892</u></u>	<u><u>\$ 66,431</u></u>
Liabilities		
Other liabilities	<u>\$ -</u>	<u>\$ 66,431</u>
Net Position		
Net position restricted for pension benefits	<u><u>\$ 12,829,892</u></u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2017

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 58,582
Plan members	-
Contributed from General Fund	
Property taxes	557,412
State insurance turnback and guarantee fund	218,535
	<hr/>
Total contributions	834,529
	<hr/>
Investment income	
Net increase in fair value of investments	583,253
Interest and dividends	224,677
Gain on sale of investments	460,464
Other investment income	1,221
	<hr/>
	1,269,615
Less investment expense	129,318
	<hr/>
Net investment income	1,140,297
	<hr/>
Total additions	1,974,826
	<hr/>
Deductions	
Benefits paid directly to participants	1,415,221
Administrative expenses	3,000
	<hr/>
Total deductions	1,418,221
	<hr/>
Net Increase in Net Position	556,605
	<hr/>
Net Position Restricted for Pension Benefits, Beginning of Year	12,273,287
	<hr/>
Net Position Restricted for Pension Benefits, End of Year	<u><u>\$ 12,829,892</u></u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2017

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 6,270,459	\$ 7,351,633	\$ 273,711	\$ 13,895,803
Investments	1,137,625	-	401,473	1,539,098
Receivables, net of allowance for uncollectible accounts				
Accounts	1,403,045	951,711	79,612	2,434,368
Revenues earned and unbilled	-	221,281	-	221,281
Accrued interest	278	-	331	609
Inventories	369,315	120,258	-	489,573
Prepaid expenses	83,852	10,309	-	94,161
Restricted Current Assets				
Cash and cash equivalents	2,041,703	98,063	-	2,139,766
Interest receivable	401	-	-	401
Total current assets	11,306,678	8,753,255	755,127	20,815,060
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	576,562	-	576,562
Total restricted noncurrent assets	-	576,562	-	576,562
Capital assets				
Land	506,355	411,491	-	917,846
Buildings and improvements	2,526,432	2,412,229	-	4,938,661
Machinery and equipment	2,690,551	2,510,606	-	5,201,157
Water system	52,467,876	-	-	52,467,876
Sewer system	-	60,120,787	-	60,120,787
Construction in progress	-	13,954	-	13,954
	58,191,214	65,469,067	-	123,660,281
Less accumulated depreciation	(21,628,715)	(32,473,155)	-	(54,101,870)
Net capital assets	36,562,499	32,995,914	-	69,558,411
Other assets	448,912	-	-	448,912
Total noncurrent assets	37,011,411	33,572,476	-	70,583,885
Total Assets	48,318,089	42,325,731	755,127	91,398,945
Deferred Outflows of Resources				
Deferred amounts on refunding	-	133,165	-	133,165
Deferred outflows from pensions	464,860	520,679	-	985,539
Total deferred outflows of resources	464,860	653,844	-	1,118,704
Total Assets and Deferred Outflows of Resources	\$ 48,782,949	\$ 42,979,575	\$ 755,127	\$ 92,517,649

See Accompanying Notes to Basic Financial Statements.

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 1,715,615	\$ 25,781	\$ 142,760	\$ 1,884,156
Accrued interest payable	18,785	46,495	-	65,280
Bonds payable-current portion	831,804	450,000	-	1,281,804
Accrued expenses and other	144,775	85,723	-	230,498
Total current liabilities	<u>2,710,979</u>	<u>607,999</u>	<u>142,760</u>	<u>3,461,738</u>
Noncurrent liabilities				
Bonds payable, net of unamortized discount	13,288,609	15,103,610	-	28,392,219
Customer deposits	773,379	-	-	773,379
Net pension liability	1,637,449	1,842,795	-	3,480,244
Other long-term liabilities	11,028	457,028	-	468,056
Total noncurrent liabilities	<u>15,710,465</u>	<u>17,403,433</u>	<u>-</u>	<u>33,113,898</u>
Total liabilities	<u>18,421,444</u>	<u>18,011,432</u>	<u>142,760</u>	<u>36,575,636</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	<u>59,046</u>	<u>117,095</u>	<u>-</u>	<u>176,141</u>
Net Position				
Net investment in capital assets	22,442,086	17,395,809	-	39,837,895
Restricted-expendable	2,023,319	674,625	-	2,697,944
Unrestricted	5,837,054	6,780,613	612,367	13,230,034
Total net position	<u>30,302,459</u>	<u>24,851,047</u>	<u>612,367</u>	<u>55,765,872</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 48,782,949</u>	<u>\$ 42,979,575</u>	<u>\$ 755,127</u>	<u>\$ 92,517,649</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Advertising and Promotion Commission	\$ 741,812	\$ -	\$ -	\$ -
Total governmental activities	741,812	-	-	-
Business-type Activities				
Municipal Water Works	7,809,217	6,628,506	-	-
Wastewater Utility	5,789,583	4,905,432	-	-
Total business-type activities	13,598,800	11,533,938	-	-
Total component units	<u>\$ 14,340,612</u>	<u>\$ 11,533,938</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Sales taxes				
Investment income				
Grants and contributions not restricted to specific programs				
Other				
Total general revenues				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

See Accompanying Notes to Basic Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Advertising and Promotion Commission	Total
\$ -	\$ -	\$ (741,812)	\$ (741,812)
-	-	(741,812)	(741,812)
(1,180,711)	-	-	(1,180,711)
-	(884,151)	-	(884,151)
(1,180,711)	(884,151)	-	(2,064,862)
(1,180,711)	(884,151)	(741,812)	(2,806,674)
-	-	849,028	849,028
9,142	69,169	1,560	79,871
240,358	367,032	-	607,390
628,448	-	-	628,448
877,948	436,201	850,588	2,164,737
(302,763)	(447,950)	108,776	(641,937)
30,605,222	25,298,997	503,591	56,407,810
<u>\$ 30,302,459</u>	<u>\$ 24,851,047</u>	<u>\$ 612,367</u>	<u>\$ 55,765,872</u>



CITY OF JACKSONVILLE, ARKANSAS

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Jacksonville, Arkansas (the “City”), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under the Mayor-City Council form of government. Citizens elect the Mayor at large and ten council members by wards. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard setting body accepted in the United States for establishing governmental accounting and financial reporting principles. A description of the more significant accounting and financial reporting policies and practices of the City follows:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Jacksonville and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City’s substantive appointment of the majority of the component unit’s governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City’s employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

The City’s primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under these criteria, the following are included in the primary government reporting entity:

Blended Component Units

Major Component Units:

Sanitation Services Fund (“Sanitation Services”) – The Sanitation Services Fund is a legally separate fund which has the same governing body as the City. The City has the power to impose its will on Sanitation Services and has a financial benefit or burden relationship with Sanitation Services. Sanitation Services primarily serves the City’s solid waste collection and disposal requirements.

Shooting Complex Fund (“Shooting Complex”) – The Shooting Complex Fund is a legally separate fund which has the same governing body as the City. The City has the power to impose its will on the Shooting Complex and has a financial benefit or burden relationship with the Shooting Complex. The Shooting Complex primarily serves the City’s shooting sports programs managed by the Parks and Recreation Department.

Emergency Medical Services Fund (“Emergency Services”) – The Emergency Medical Services Fund has the same governing body as the City. The City has the power to impose its will on Emergency

Services and has a financial benefit or burden relationship with Emergency Services. Emergency Services primarily serves the City's emergency medical transportation services requirements.

Other Component Units:

Community Development Block Grant Fund ("CDBG") – The City Council and Mayor act as the governing body of the CDBG Fund. CDBG resources are used primarily for street improvements, housing programs, and various community services that benefit the City. Management of the City has operational responsibility for the CDBG Fund.

Discretely Presented Component Units

Major Component Units:

Jacksonville Municipal Water Works ("JMWW") – The City's Mayor appoints, with City Council approval, a five member Water Commission which acts as the governing body of JMWW. JMWW receives no financial benefit from the City; however, the City has the power to impose its will on JMWW. Rate changes must be approved by the Mayor and City Council. JMWW provides commercial and residential water services that primarily benefit the residents of Jacksonville.

Jacksonville Wastewater Utility ("JWWU") – JWWU is governed by a five member commission appointed by the Mayor and approved by the City Council. The City has the power to impose its will on JWWU. Rate changes must be approved by the Mayor and City Council. JWWU provides wastewater treatment services that primarily benefit the residents of Jacksonville.

There were no significant transactions between the major component units and the City or its other component units in 2017.

Other Component Unit:

Jacksonville Advertising and Promotion Commission ("Commission") – The seven member governing body is appointed by the City Council. The City has the power to impose its will on the Commission. The Commission has the authority to authorize and disburse expenditures of the City's hotel/motel tax and prepared food tax.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

Jacksonville Municipal Water Works
1900 Marshall Road
Jacksonville, Arkansas 72076

Jacksonville Wastewater Utility
248 Cloverdale Road
Jacksonville, Arkansas 72076

Jacksonville Advertising and Promotion Commission
1 Municipal Drive
Jacksonville, Arkansas 72076

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide

statements because they cannot be used to support the City's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Street Fund* is a special revenue fund which accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets, sidewalks, and traffic control signals as well as street lighting.

The *Special Projects Fund* is a capital projects fund used to account for the accumulation of financial resources utilized for construction, renovation, expansion and major improvements of various City facilities, acquisition of land, and new acquisitions and replacements of capital equipment used in City operations. The fund is perpetual.

The City reports the following proprietary (enterprise) funds:

The *Sanitation Services Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of providing solid waste collection and disposal and for operations of the City's waste recycling center.

The *Shooting Complex Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of shooting sports programs provided by the Parks and Recreation department.

The *Emergency Medical Services Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of providing emergency medical transportation services.

Additionally, the City reports the following fund types:

Special Revenue Funds – The special revenue funds, which include federal and state grants, are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

Pension Trust Funds – Accounts for assets held in trust for the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Agency Funds – Accounts for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements, and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within sixty (60) days after year-end. Principal revenue sources considered susceptible to accrual include property taxes, sales taxes, franchise taxes, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are contributed to a plan or when expected to be liquidated with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into common bank accounts.

Investments and Investment Income

Investments in non-negotiable certificates of deposit and money market investments that mature within one year of the date of acquisition are carried at amortized cost, which approximates fair value. All other investments are recorded at a fair value with the resulting gains and losses recognized in the current period. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels: Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices, and Level 3 are unobservable inputs.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is assigned to funds with which the related investment asset is associated.

Inventories

Inventories, consisting of merchandise, material, and supplies, are valued at cost. Cost is determined using the first-in, first-out method. The costs of governmental fund type inventories are recorded as expenditures when consumed.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value on the date of donation.

The City's capitalization policy defines capital assets as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than or equal to \$100,000. Renewal and betterments of property and equipment are capitalized, whereas normal repairs and maintenance are charged to expense as incurred.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 15 – 50 years for infrastructure, 10 – 40 years for buildings and 3 – 25 years for land improvements, vehicles and equipment.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities and component units.

These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums and discounts are deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Compensated Absences

The City allows nonuniformed employees to accumulate unused vacation of up to 80 hours, police to accumulate unused vacation of up to 84 hours, and firefighters to accumulate unused vacation of up to 144 hours for one year. Upon termination, any accumulated unused vacation time will be paid to the employee. Generally, City employees are allowed to accumulate unused sick leave up to a maximum of 90 days. Any accumulated unused sick leave up to 60 days is paid upon employee retirement from the City. At the end of term of service, police officers will be paid for any accumulated unused sick leave upon retirement up to 60 days. At the end of term of service, firefighters will be paid for any accumulated unused sick leave upon retirement up to 60 days, provided that payment does not exceed three months' salary. Historically, employees have been compensated for unused sick and vacation time from the General Fund, the Street and CDBG Special Revenue Funds, the Sanitation Services Enterprise Fund, and the Shooting Complex Fund, as well as the Emergency Medical Services Fund based on the assignment of the employee at termination.

The City records a liability for compensated absences as the employee earns benefits attributable to services rendered that is not contingent on a specific event that is outside the control of the City. Additionally, the City accrues benefits for earned sick leave only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured such as a result of employee resignations and retirements.

Unearned Revenue

Unearned revenue includes amounts that have been received before all eligibility requirements for revenue recognition have been met. These amounts are recorded as a liability until such requirements are met, at which point, they will be recorded as revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded and new debt. In addition, the City has deferred outflows related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made

after the measurement date will be recognized as a reduction of net pension liability in the following year ended December 31, 2018. The remaining amounts will be amortized to pension expense over future periods as shown within Note 6.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include property taxes in the governmental funds. The City also has deferred inflows related to pensions. This consists of the difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense as shown within Note 6.

Net Position/Fund Balance

Net position of the government-wide financial statements and proprietary funds of the City are classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The fund balances of the City's governmental funds are classified in five components:

Nonspendable –Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances may be used only for specific purposes determined by ordinance of the City Council. Commitments may be changed or lifted only by issuance of an ordinance by the City Council.

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by the Mayor or City Council. In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when the expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end.

Pension Plan Descriptions

The City participates in five defined benefit pension plans; which are comprised of two single employer defined benefit pension plans and three cost sharing multiple employer defined pension plans, each of which are described and illustrated in detail in Note 6.

Future Adoption of Accounting Pronouncements

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No.75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The requirements for this statement are effective for financial statements for periods beginning after June 15, 2017.

GASB Statement No.83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The recognition occurs when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. It also requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. This Statement requires the current value of a government's ARO to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonable estimable, the government is required to disclose that fact and the reasons therefore. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No.84 – Fiduciary Activities

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No.85 – Omnibus 2017

The object of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No.86 – Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No.87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No.88 – Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

The City has not yet determined the impact of implementing the above new pronouncements.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

City statute requires that deposits in financial institutions be collateralized with federal depository insurance or other interest bearing securities of the United States, the State of Arkansas, Arkansas political subdivisions or agencies or instrumentalities of these entities at 102%. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

On December 31, 2017, the City's primary government bank balances were \$6,342,079. Of this amount, \$5,842,079 was uninsured and collateralized with securities held by the pledging financial institution's agent in the City's name. On December 31, 2017, none of the City's component units' bank balances were exposed to custodial credit risk. The bank balances and carrying amount of the City's deposits held as of December 31, 2017 were as follows:

	Primary Government	Component Units
Carrying value		
Demand deposits	\$ 4,830,988	\$ 9,059,498
Certificates of deposit	1,500,505	9,091,508
	<u>\$ 6,331,493</u>	<u>\$ 18,151,006</u>
Bank balance		
Demand deposits	\$ 4,841,574	\$ 9,052,959
Certificates of deposit	1,500,505	9,091,107
	<u>\$ 6,342,079</u>	<u>\$ 18,144,066</u>
	Primary Government	Component Units
Carrying value of deposits	\$ 6,331,494	\$ 18,151,006
Cash on hand	5,090	623
Investments classified as cash	311,895	-
	<u>\$ 6,648,478</u>	<u>\$ 18,151,630</u>
As reported on the government-wide statement of net position:		
Cash	\$ 2,538,139	\$ 13,895,803
Restricted cash, current	598,556	2,140,167
Investments	1,500,504	1,539,098
Restricted cash, noncurrent	1,236,302	576,562
As reported on the statement of fiduciary net position:		
Cash - Employee Benefit Plans	708,546	-
Cash - Agency Fund	66,431	-
	<u>\$ 6,648,478</u>	<u>\$ 18,151,630</u>

Investments

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 102 percent collateralization; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

Arkansas statutes authorize the City to invest in direct obligations of the U.S. Government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. Government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue such securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. Government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. State or any political subdivision thereof; securities of or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust

takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit.

Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issue of any state, municipality or political subdivisions; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds and other appropriate securities.

The investments of the City as shown on the Statement of Net Position consist of non-negotiable certificates of deposit.

The pension trust funds' investments, carried at fair value, and maturities as of December 31, 2017 were as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury obligations	\$ 3,652,013	\$ 642,008	\$ 2,724,130	\$ -	\$ 285,875
Corporate bonds	1,789,995	298,567	927,367	564,061	-
Money market mutual funds	311,895	311,895	-	-	-
		<u>\$ 1,252,470</u>	<u>\$ 3,651,498</u>	<u>\$ 564,061</u>	<u>\$ 285,875</u>
Corporate stocks	203,184				
Bond mutual fund	3,100,754				
Stock mutual fund	3,290,503				
Total	<u>\$ 12,348,345</u>				

The following schedule reconciles the carrying amount of investments as disclosed above to the fiduciary statement of net position:

Carrying value of investments	\$ 12,348,345
Investments classified as cash	(311,895)
	<u>\$ 12,036,449</u>
Investments as reported on the statement of fiduciary net position:	
U.S. Treasury obligations	\$ 3,652,013
Corporate bonds	1,789,995
Corporate stocks	203,184
Mutual funds	6,391,257
	<u>\$ 12,036,449</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures evenly over time as needed to provide the cash flow and liquidity necessary for operations. The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of five years, unless the investment funds are defined for use after five years.

The pension trust funds investment policies address interest rate risk by managing asset allocation. The Policemen's Pension and Relief Fund allows for 2% to 30% in cash and cash equivalents, 35% to 75% in fixed income investments and 20% to 50% in equities. The Firemen's Pension and Relief Fund allows 5%

to 15% in cash and cash equivalents, 25% to 40% in fixed income investments and 40% to 70% in equities.

Credit Risk – Credit risk of investments is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies, and FDIC insured certificates of deposit. As of December 31, 2017 the City, exclusive of the pension trust funds, had approximately \$1,500,505 invested in a U. S. government money market mutual fund with a rating of AAA by Standard and Poor’s.

The investment policy of the Firemen’s Pension and Relief Fund states that plan assets may be invested in investment grade bonds rated by Standard and Poor’s of BBB+ or better and in commercial paper rated A1 or better. The Policemen’s Pension and Relief Fund investment policy requires a credit analysis of each debt instrument prior to inclusion in the portfolio.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the City’s name. Exclusive of the pension trust funds, on December 31, 2017, investments held by the City were limited to certificates of deposit which were FDIC insured or collateralized at 102% of the deposits fair value and U.S. Treasury Fund money market accounts. The City’s collateral is held by third party financial institutions. Monthly and quarterly collateral reports are sent to the City’s finance department.

Concentration of Credit Risk – The City’s investment policy limits investments in securities from any one issuer to 5% of the cost basis of the City’s portfolio at the time of purchase, and limits concentration in any one business sector to 15% of the cost basis of the portfolio excluding U.S. Government obligations and collateralized certificates of deposit. The City had no concentration of credit risk as of December 31, 2017.

The Policemen’s Pension and Relief Fund limits investments in any one equity issuer to 7% of the market value of the total portfolio. No single industry may exceed 20% of the portfolio. The Firemen’s Pension and Relief Fund limits investments in the securities of any one company or government agency to 5% of the portfolio, and allows no more than 10% of the portfolio to be invested in any one industry.

Pension trust funds had the following investments that exceeded these limitations:

Policemen’s Pension and Relief Fund – Principal Preferred Securities, CL A, First Eagle Global CL1, and Voya Corp Leaders SER B.

Foreign Currency Risk – This risk relates to the adverse effects on the fair value of an investment from changes in exchange rates. The City’s investment policy doesn’t directly address foreign currency risk. The City had no investments that were denominated in foreign currency on December 31, 2017.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair values:

- | | |
|---------|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities |
| Level 3 | Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities. |

The following table represents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at December 31, 2017:

Pension Trust Funds Investments	Fair Value	Quoted prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. agencies obligations	\$ 3,652,013	\$ 3,652,013	-	-
Corporate bonds	1,789,995	1,789,995	-	-
Bond mutual funds	3,100,754	3,100,754	-	-
Total Debt Securities	\$ 8,542,762	\$ 8,542,762	-	-
Equity Securities				
Corporate Stocks	\$ 203,184	\$ 203,184	-	-
Stock mutual funds	3,290,503	3,290,503	-	-
Total Equity Securities	\$ 3,493,687	\$ 3,493,687	-	-

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017 is presented as follows:

Governmental Activities	Balance December 31, 2016	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2017
Capital Assets, non-depreciable				
Land	\$ 10,888,295	\$ -	\$ 480,385	\$ 10,407,910
Construction in progress	451,731	-	149,179	302,552
Total capital assets, non-depreciable	11,340,026	-	629,564	10,710,462
Capital Assets, depreciable				
Land improvements	1,609,853	-	113,600	1,496,253
Infrastructure	34,530,008	-	-	34,530,008
Buildings	30,994,869	308,536	2,854,808	28,448,597
Vehicles	7,375,484	159,317	919,378	6,615,423
Equipment	9,457,474	677,883	141,348	9,994,009
Total capital assets, depreciable	83,967,688	1,145,736	4,029,134	81,084,290
Less accumulated depreciation				
Land improvements	753,428	60,714	3,163	810,979
Infrastructure	24,404,134	567,006	-	24,971,140
Buildings	8,906,121	772,828	208,164	9,470,785
Vehicles	4,477,660	326,888	919,378	3,885,170
Equipment	6,488,737	634,215	116,580	7,006,371
Total accumulated depreciation	45,030,080	2,361,651	1,247,285	46,144,446
Total capital assets, depreciable, net	38,937,606	(1,215,915)	2,781,849	34,939,842
Total governmental activities, net	\$ 50,277,632	\$ (1,215,915)	\$ 3,411,413	\$ 45,650,304

Business-type activities	Balance December 31, 2016	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2017
Capital Assets, non-depreciable				
Land	\$ -	\$ 588,485	\$ -	\$ 588,485
Construction in Progress	-	5,500	-	5,500
Total capital assets, non-depreciable	-	593,985	-	593,985
Capital Assets, depreciable				
Buildings	-	2,741,208	-	2,741,208
Land Improvements	-	113,600	-	113,600
Vehicles	2,894,671	696,499	126,450	3,464,720
Equipment	1,408,554	56,126	-	1,464,680
Total capital assets, depreciable	4,303,225	3,607,433	126,450	7,784,208
Less accumulated depreciation				
Buildings	-	405,986	-	405,986
Land Improvements	-	10,618	-	10,618
Vehicles	1,716,567	187,739	121,411	1,782,895
Equipment	765,990	133,093	5,039	894,044
Total accumulated depreciation	2,482,557	737,436	126,450	3,093,543
Total business-type activities, net	<u>\$ 1,820,668</u>	<u>\$ 3,463,982</u>	<u>\$ -</u>	<u>\$ 5,284,651</u>

Component Units	Balance December 31, 2016	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2017
Capital Assets, non-depreciable				
Land	\$ 916,220	\$ 1,626	\$ -	\$ 917,846
Construction in progress	684	71,226	57,956	13,954
Total capital assets, non-depreciable	916,904	72,852	57,956	931,800
Capital Assets, depreciable				
Utility system	111,119,555	1,475,520	6,412	112,588,663
Buildings and improvements	4,938,853	3,424	3,616	4,938,661
Furniture and equipment	4,740,131	526,419	65,393	5,201,157
Total capital assets, depreciable	120,798,539	2,005,363	75,421	122,728,481
Less accumulated depreciation	50,078,158	4,155,421	131,709	54,101,870
Total capital assets, depreciable, net	70,720,381	(2,150,058)	(56,288)	68,626,611
Total component units, net	<u>\$ 71,637,285</u>	<u>\$ (2,077,206)</u>	<u>\$ 1,668</u>	<u>\$ 69,558,411</u>

Construction in progress is composed of the following:

	<u>Expended to December 31, 2017</u>	<u>Estimated Amount To Complete</u>
Primary Government		
General Government		
Oneida Street extension	\$ 189,279	\$ 2,000,000
Emma Street extension	45,875	500,000
Main Street alignment	<u>67,397</u>	<u>1,000,000</u>
	<u>302,552</u>	<u>3,500,000</u>
Business-type Activities		
AGFF Shooting Sports Complex		
Archery Range - Walking Trail	5,500	5,500
	<u>\$ 5,500</u>	<u>\$ 5,500</u>
Component Unit		
Jacksonville Wastewater Utility		
Hwy 67/167 relocation	13,954	2,900,000
	<u>\$ 13,954</u>	<u>\$ 2,900,000</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	
General administration	\$ 195,779
Director of administration	2,260
Information technology	4,954
Community programs	<u>35,880</u>
Total general government	238,873
Public works	
Engineering	2,202
Streets and drainage	<u>700,383</u>
Total public works	702,585
Parks and recreation services	371,998
Police	365,153
Fire	341,858
Emergency services	328,948
Animal control	<u>12,236</u>
Total depreciation expense - governmental activities	<u>2,361,651</u>

Business-type Activities

Sanitation services	238,075
AGFF Shooting Sports Complex	83,060
Emergency medical services	<u>52,995</u>
Total depreciation expense - business-type activities	<u>374,130</u>
Total depreciation expense - primary government	<u>\$ 2,735,781</u>

Note: Capital assets of the AGFF Shooting Sports Complex were transferred from governmental activities capital assets to a newly created enterprise fund at January 1, 2017.

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2017 were as follows:

Governmental Activities	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017	Amounts Due In One Year
Bonds payable-					
2006 Library Construction	\$ 970,000	\$ -	\$ 235,000	\$ 735,000	\$ 65,000
2015 Capital Improvement and Refunding	8,315,000	-	815,000	7,500,000	520,000
Less: issuance discount	126	606	-	732	-
Add: issuance premium	28,237	-	6,863	21,374	-
Bonds payable, net	9,313,363	606	1,056,863	8,257,106	585,000
Capital lease	54,958	586,227	20,000	621,185	147,549
Compensated absences	760,314	3,623	169,291	594,646	593,647
Net pension liability	20,208,662	1,920,276	628,334	21,500,604	-
Net OPEB obligation	468,395	28,387	-	496,782	-
Total governmental activities long-term liabilities	<u>\$ 30,805,693</u>	<u>\$ 2,539,119</u>	<u>\$ 1,874,488</u>	<u>\$ 31,470,323</u>	<u>\$ 1,326,196</u>

Compensated absences, net pension liability, and OPEB obligation will be liquidated primarily by the General Fund.

Business-type Activities	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017	Amounts Due In One Year
Note payable	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	63,841	2,743	10,518	56,065	54,730
Net pension liability	1,845,494	292,851	51,138	2,087,207	-
Total business-type activities long-term liabilities	<u>\$ 1,871,178</u>	<u>\$ 295,594</u>	<u>\$ 61,656</u>	<u>\$ 2,143,273</u>	<u>\$ 54,730</u>

Compensated absences and net pension liability will be liquidated by the enterprise funds.

Component Units	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017	Amounts Due In One Year
Jacksonville Municipal					
Water Works					
Water revenue bonds	\$ 15,035,575	\$ 57,272	\$ 972,434	\$ 14,120,413	\$ 831,804
Customer deposits	758,708	145,083	130,412	773,379	-
Net pension liability	1,509,714	127,735	-	1,637,449	-
Other liabilities	9,737	1,291	-	11,028	-
	<u>17,313,734</u>	<u>331,381</u>	<u>1,102,846</u>	<u>16,542,269</u>	<u>831,804</u>
Jacksonville Wastewater					
Utility					
Wastewater revenue bonds	15,735,000	-	440,000	15,295,000	450,000
Add issuance premium	276,019	-	17,409	258,610	-
Net pension liability	1,789,554	53,241	-	1,842,795	-
Post closure landfill costs	355,432	101,596	-	457,028	-
	<u>18,156,005</u>	<u>154,837</u>	<u>457,409</u>	<u>17,853,433</u>	<u>450,000</u>
Total component units long-term liabilities	<u>\$ 35,469,739</u>	<u>\$ 486,218</u>	<u>\$ 1,560,255</u>	<u>\$ 34,395,702</u>	<u>\$ 1,281,804</u>

Governmental Activities

2006 Library Construction and Improvement Bonds – Bonds in the amount of \$2,500,000 were issued to finance the cost of acquiring, constructing and equipping of land and additional capital improvements for the public city library operated by the City and the Central Arkansas Library System, and to pay the costs of issuance of the bonds. The bonds are limited obligations of the City, payable solely from the Library Tax (a 1.0 mill ad valorem tax levied on all taxable real and personal property located within the jurisdictional limits of the City), and the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution. Principal payments are due annually beginning March 1, 2008. Interest payments are due semiannually on March 1 and September 1, beginning March 1, 2007. The bonds are subject to mandatory redemption, in whole or in part, on any March 1 from Surplus Tax Receipts, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. On March 1, 2017 an additional \$170,000 in bonds were redeemed under this provision. Bond interest rates range from 3.625% to 4.70% and final maturity is scheduled to be March 1, 2027.

2015 Capital Improvement and Refunding Revenue Bonds – Bonds in the amount of \$8,815,000 were issued to finance the cost of (1) financing various capital improvements, including the rehabilitation of the Central Fire Station, the purchase of a new ladder truck and two additional fire trucks; replacement of playground equipment for City Parks and Recreation; roundabout construction at General Samuels and Harris Road; rehabilitation of “Splash Zone”(city water activity park); replacement of exercise equipment at the Community Center; and for related purposes (together, the “Capital Improvements”), (2) refunding outstanding obligations including the 2012 short-term financing note to First Arkansas Bank and Trust, the 2013 short-term financing note to BancorpSouth Bank, and a promissory note to Motorola Solutions, Inc., (3) funding a debt service reserve, and (4) paying the costs associated with the issuance of the bonds. These bonds are limited obligations of the City, payable solely from the revenues received by the City from all franchise fees collected from public utilities for the privilege of using the City’s streets, rights-of-way and other public places in the City. Principal payments are due annually beginning June 1, 2016. Interest payments are due semiannually on June 1 and December 1, beginning December 1, 2015. The bonds are subject to extraordinary, optional and special redemption, in whole or in part, on any interest payment date from bond proceeds not needed, additional monies received from Arkansas Game and Fish Foundation, or additional monies from franchise fees, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. On December 1, 2017 an additional \$305,000 in bonds were redeemed under this provision. Bond interest rates range from 2.00% to 3.50% and final maturity is scheduled to be June 1, 2030.

The following schedule shows the annual debt-service requirements to pay principal and interest on the general obligation bonds outstanding at December 31, 2017.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 585,000	\$ 291,069
2019	600,000	277,666
2020	615,000	263,849
2021	625,000	249,586
2022	645,000	234,039
2023-2027	3,410,000	885,901
2028-2030	1,755,000	107,609
Total	<u>\$ 8,235,000</u>	<u>\$ 2,309,719</u>

Capital Lease Obligations

The City entered into a capital lease agreement with Sharp Properties on March 19, 2015 for the purpose of constructing a RV park at the Arkansas Game and Fish Foundation Shooting Sports Complex. The lease agreement was for \$100,000 or the cost of the construction, whichever is less, to be repaid \$20,000 annually for five years at 0% interest. Actual construction costs were \$94,958. As of December 31, 2017, the principal balance outstanding was \$34,958.

The City entered into a capital lease agreement with AT&T Capital Services Inc. on September 1, 2017 for the purpose of upgrading and installing 9-1-1 call handling equipment. The lease agreement was for

\$627,430 to be repaid in sixty (60) monthly installments of \$10,629. As of December 31, 2017, the principal balance outstanding was \$586,227.

Discretely Presented Component Units

Municipal Water Works Revenue Bonds

Water Capital Improvement Revenue Bonds, Series 2011 – In October 2011, the City of Jacksonville, Arkansas issued \$25,000,000 in Water Capital Improvement Revenue Bonds, with an interest rate of 2.25% and servicing fee rate of 1% for the purpose of financing the cost of the planning, design, and construction of improvements to the City’s water system, fund a debt service reserve, and pay expenses of issuing the bonds. The series 2011 Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of Jacksonville Municipal Water Works. As work is completed, bond funds are advanced to the utility to reimburse eligible project costs incurred, through the disbursement cut-off date of October 15, 2014. Beginning April 15, 2015, principal payments are due semi-annually on April 15 and October 15, with the final payment scheduled at the maturity date of October 15, 2034. Interest and service fee payments are due semi-annually on April 15 and October 15 beginning April 15, 2012. On December 31, 2017, the principal balance outstanding was \$22,029,691. Maturities of the revenue bond as of December 31, 2017, assuming maximum use of the \$25,000,000 bond issued, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 836,984	\$ 370,952	\$ 1,207,936
2019	1,029,024	680,712	1,709,736
2020	1,062,739	646,997	1,709,736
2021	1,097,558	612,178	1,709,736
2022	1,133,520	576,216	1,709,736
2023-2027	6,249,619	2,299,061	8,548,680
2028-2032	7,342,756	1,205,924	8,548,680
2033-2034	3,277,491	1,851,717	5,129,208
Total	<u>\$ 22,029,691</u>	<u>\$ 8,243,757</u>	<u>\$ 30,273,448</u>

Wastewater Utility Revenue Bonds

Wastewater Refunding Revenue Bonds, Series 2016A – In April, 2016 the City of Jacksonville, Arkansas issued \$1,865,000 in Wastewater Refunding Revenue Bonds with an interest rate of 2.5% for the purpose of refunding the then outstanding Series 2009A Bonds. The Series 2016A Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of the City’s Wastewater Utility system. Principal payments are due annually on December 1 with the final payment scheduled in 2020. Interest payments are due semiannually on June 1 and December 1. Maturity dates are 2010 to 2020. The bonds are subject to redemption in part by sinking fund installments due on December 1. Bonds maturing on or after June 1, 2017 are also subject to optional redemption at the direction of the City.

Wastewater Construction Revenue Bonds, Series 2016B – In April, 2016, the City of Jacksonville, Arkansas issued \$14,015,000 in Wastewater Refunding Revenue Bonds with an interest rates ranging from 3.5% to 4.0% for the purpose of refunding the then outstanding Series 2009B Bonds. The Series 2016B Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of the City’s Wastewater Utility system. Principal payments are due annually on December 1 with the final payment scheduled in 2039. Interest payments are due semiannually on June 1 and December 1. Maturity dates are 2023 to 2039. Bonds maturing on or after June 1, 2017 are subject to optional redemption at the direction of the Utility. Term bonds due December 1, 2031, 2034 and 2039 are subject to redemption in part by mandatory sinking fund installments due annually on December 1, beginning in 2027.

The difference between the reacquisition price of the 2016 Series A&B Bonds and the net carrying value of the 2009 Series A&B Bonds is reported as a deferred inflow of resources in the statements of net position and is being amortized through the year 2039 using the bonds' outstanding method. The refunding reduced total debt service payments over the next 23 years by approximately \$2,423,000. This results in an economic gain (difference between the present values of the old debt service payments on the old and new debt) of approximately \$2,057,000.

Bond premium associated with the Series 2016B issue in the amount of \$285,938 is being amortized as a component of interest expense using the bonds' outstanding method.

The Utility paid approximately \$568,944 and \$644,800 in interest charges related to the bonds for the years ended December 31, 2017 and 2016, respectively.

The following schedule shows the annual debt service requirements to pay principal and interest on the revenue bonds payable outstanding on December 31, 2017:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 450,000	\$ 557,944	\$ 1,007,944
2019	460,000	546,694	1,006,694
2020	370,000	535,194	905,194
2021	-	525,943	525,943
2022	-	525,943	525,943
2023-2027	3,160,000	2,401,519	5,561,519
2028-2032	4,065,000	1,685,519	5,750,519
2033-2037	4,880,000	877,019	5,757,019
2038-2039	1,910,000	99,325	2,009,325
Total	<u>\$ 15,295,000</u>	<u>\$ 7,755,100</u>	<u>\$ 23,050,100</u>

Note 5: Interfund Balances and Transfers

Interfund receivables and payables result from transactions between various funds within the City. The balances by fund on December 31, 2017 are as follows:

Fund	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General Fund	\$ -	\$ 1,408,000
Special Projects	1,348,955	14,721
Asset Forfeitures	20,721	51,955
Capital Improvements Construction Fund	-	36,649
Capital Improvements Debt Service Fund	36,649	-
	<u>1,406,325</u>	<u>1,511,325</u>
Governmental Funds to/from Fiduciary Funds		
General Fund	-	51,511
Total governmental funds	<u>1,406,325</u>	<u>1,562,836</u>
Proprietary Fund		
Sanitation Services	105,000	-
Total proprietary funds	<u>105,000</u>	<u>-</u>
Fiduciary Funds		
Policemen's Pension	25,755	-
Firemen's Pension	25,756	-
Total fiduciary funds	<u>51,511</u>	<u>-</u>
Total	<u>\$ 1,562,836</u>	<u>\$ 1,562,836</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Policemen's and Firemen's Pension Plans. For the year ended December 31, 2017, the interfund transfers in and transfers out are as follows:

Fund	Interfund Transfers	
	In	Out
Governmental Funds:		
Major Funds:		
General Fund	\$ -	\$ 1,330,989
Capital Projects- Special Projects	-	213,000
Nonmajor Funds	1,088,000	-
Total Governmental Funds	1,088,000	1,543,989
Proprietary Fund:		
Shooting Sports Complex	213,000	-
Emergency Medical Services	242,989	-
Total Proprietary Funds	455,989	-
Total	\$ 1,543,989	\$ 1,543,989

The transfers out of \$1,330,989 from the General Fund are transfers out to reimburse DEA Forfeiture Fund \$3,000 for an overpayment, to supplement the Emergency Medical Services Fund for operational expenses in the amount of \$242,989, and to meet debt service requirements in the 2015 Capital Improvements Debt Service Fund in the amount of \$1,085,000.

Note 6: Pension Plans

Pension Trust Funds

Substantially all of the City's employees receive retirement benefits. The City sponsors two single employer defined benefit plans, the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. The City also contributes to the Arkansas Public Employees Retirement System (APERS) and to the Arkansas Local Police and Fire Retirement System (LOPFI), which are statewide cost sharing multiple employer defined benefit pension plans. The City typically contributes to these funds through the Governmental Funds: General and Street and the Enterprise Funds: Sanitation, Shooting Complex, and Emergency Services based upon employees and their retirement plans. The assets of the Plans are maintained in legally separate trusts and each Plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the Plan.

A summary of the net pension liability, deferred outflows, deferred inflows and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

Governmental Activities	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Policemen's Pension and Relief Fund	\$ 281,317	\$ -	\$ 175,111	\$ 179,164	\$ 117,422
Firemen's Pension and Relief Fund	-	2,793,697	267,375	277,227	325,650
Arkansas Public Employee Retirement System	-	5,691,727	1,548,510	183,914	785,067
Arkansas Local Police and Fire Retirement System - Fire	-	5,536,507	2,283,520	861,483	1,165,113
Arkansas Local Police and Fire Retirement System - Police	-	7,478,672	2,933,625	1,371,966	1,413,624
	\$ 281,317	\$ 21,500,604	\$ 7,208,142	\$ 2,873,754	\$ 3,806,876
Business-Type Activities	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Arkansas Public Employee Retirement System	\$ -	\$ 888,304	\$ 245,922	\$ 28,703	\$ 326,359
Arkansas Local Police and Fire Retirement System	-	1,198,903	494,485	186,550	252,300
	\$ -	\$ 2,087,207	\$ 740,407	\$ 215,251	\$ 578,659

Policemen's Pension and Relief Fund and Firemen's Pension and Relief Fund

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Jacksonville's financial statements for its single-employer defined benefit plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices. The fair value of investments in mutual funds is determined using the fund's current per share price.

B. Membership Information

As of December 31, 2017, there were 20 police and 38 fire retirees and beneficiaries receiving benefits. There are no active employees in the Plans.

C. Financial Information

The following is the condensed financial information as of December 31, 2017 of the Policemen's and Firemen's Pension and Relief Funds.

	Statement of Changes in Fiduciary Net Position	
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Additions		
Contributions	\$ 388,488	\$ 446,041
Net investment income	487,231	653,066
Total additions	<u>875,719</u>	<u>1,099,107</u>
Deductions		
Benefits paid directly to participants	559,890	855,331
Administrative expenses	1,500	1,500
Total deductions	<u>561,390</u>	<u>856,831</u>
Change in Net Position	314,329	242,276
Net Position Restricted For Pension Benefits, Beginning of Year	<u>5,814,719</u>	<u>6,458,568</u>
Net Position Restricted For Pension Benefits, End of Year	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>

Statement of Fiduciary Net Position		
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Assets		
Cash and cash equivalents	\$ 291,122	\$ 417,424
Investments	5,796,624	6,239,825
Receivables	41,302	43,595
Total assets	<u>6,129,048</u>	<u>6,700,844</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>

D. Plan Descriptions and Funding Information

The **Policemen's Pension and Relief Fund (Policemen's Fund)** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen's Fund assets are administered by a Board of Trustees.

The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the police department. The Policemen's Fund also provides benefits for surviving spouses and dependent children of deceased policemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan ("DROP") for up to 5 years. All policemen hired after January 1, 1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Policemen's Fund is effectively closed to new members.

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2017 to the Policemen's Fund were \$329,906. The City's share of contributions was \$329,906 and included \$278,706 in property taxes and \$51,200 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

The **Firemen's Pension and Relief Fund (Firemen's Fund)** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #14, as amended. Fund assets are administered by a Board of Trustees.

The Firemen's Fund provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the fire department. The Firemen's Fund also provides benefits for surviving spouses and dependent children of deceased firemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to 5 years. All firemen hired after January 1, 1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2017 to the

Firemen's Fund were \$446,041. The City's share of contributions was \$446,041 and included \$278,706 in property taxes and \$167,335 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

E. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial evaluations are performed annually and the last evaluation was as of December 31, 2017.

For the December 31, 2017 actuarial valuations of each plan, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), projected salary increases of 4.2% - 8.0%, which includes an inflation rate of 3% and no cost of living increases. The remaining amortization period on December 31, 2017 was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the 1983 Group Annuity Table for males, set back five years for females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

F. Net Pension Liability and Changes in Net Pension Liability

The components of the net pension liability were as follows as of December 31, 2017:

	Policemen's Fund	Firemen's Fund
Total pension liability	\$ 5,838,848	\$ 9,485,657
Plan's fiduciary net position	6,120,165	6,691,960
City's net pension liability (asset)	<u>\$ (281,317)</u>	<u>\$ 2,793,697</u>
Plan's fiduciary net position as a percentage of total pension liability	104.82%	70.55%

Changes in the total pension liability, plan fiduciary net position, and the net pension liability for the year ended December 31, 2017 were as follows:

	Policemen's Pension and Relief Fund			Firemen's Pension and Relief Fund		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$5,983,154	\$5,804,861	\$178,293	\$9,692,449	\$6,448,710	\$3,243,739
Changes for the year:						
Service costs	-	-	-	-	-	-
Interest on total pension liability	286,440	-	286,440	464,671	-	464,671
Differences between expected and actual experience	77,943	-	77,943	126,580	-	126,580
Employee contributions	-	-	-	-	-	-
Employer contributions	-	329,627	(329,627)	-	380,031	(380,031)
Net investment income	-	491,440	(491,440)	-	658,346	(658,346)
Benefit payments and refunds	(508,690)	(508,690)	-	(798,043)	(798,043)	-
Administrative expenses	-	(6,932)	6,932	-	(6,942)	6,942
Other	-	9,858	(9,858)	-	9,858	(9,858)
Net changes	(144,306)	315,304	(459,610)	(206,792)	243,250	(450,042)
Balances at December 31, 2017	\$5,838,848	\$6,120,165	(\$281,317)	\$9,485,657	\$6,691,960	\$2,793,697

G. Pension Income and Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2017, the City recognized pension expense of \$117,422 for the Policemen's Pension and Relief Fund and pension expense of \$325,650 for the Firemen's Pension and Relief Fund, as measured in accordance with GASB Statement No. 68. On December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Policemen's Fund		Firemen's Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 175,111	\$ (179,164)	\$ 267,375	\$ (277,227)

Amounts reported as deferred outflows and inflows of resources related to the Plans will be recognized in pension expense as follows:

Year Ending December 31,	Policemen's Fund	Firemen's Fund
2018	\$ 41,557	\$ 49,127
2019	41,557	49,127
2020	(45,998)	(38,798)
2021	(41,169)	(69,307)
	\$ (4,053)	\$ (9,852)

H. Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
		Policemen's Fund	Firemen's Fund
Domestic fixed income	80.00%	2.25%	2.25%
Domestic equity	10.00%	4.75%	4.75%
Foreign equity	0.00%	6.25%	6.25%
Cash & equivalents	10.00%	0.25%	0.25%
Total	100.00%		

I. Discount Rate

A single discount rate of 5.0% was used to measure the total pension liability for both the Policemen's and Firemen's Pension and Relief Funds. This single discount rate was based on the expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

J. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5% for the Policemen's and Firemen's Pension and Relief Funds as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.0%) or one percentage point higher (6.0%) than the current rate:

		1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Policemen's Pension and Relief Fund	Net pension liability (asset)	\$ 251,778	\$ (281,317)	\$ (739,741)
Firemen's Pension and Relief Fund	Net pension liability	\$ 3,687,974	\$ 2,793,697	\$ 2,027,428

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

Arkansas Public Employees Retirement System

Plan Description and Funding Information

The **Arkansas Public Employees Retirement System ("APERS")** is a statewide cost-sharing, multiple employer pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957 to provide retirement, disability, and survivor benefits for eligible employees and elected officials of state and local governmental entities in Arkansas. The plan covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under the system, college and university employees and certain

non-teaching school employees and other public entities specifically defined by law. At December 31, 2017 the City of Jacksonville had 116 employees enrolled in this plan.

The general administration and responsibility for the proper operation of APERS is vested in a nine-member board of trustees, which includes the State Auditor, State Treasurer, Director of the State Department of Finance and Administration, and three state and three non-state employees appointed by the Governor of Arkansas.

APERS was originally established as a contributory plan. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone joining the System subsequent to January 1, 1978, and had not previously been a member, was automatically enrolled as a non-contributory member. Act 2084 of 2005 provided for a new contributory program mandatory for APERS members first hired on or after July 1, 2005 and those non-contributory members who elected to become contributory. Members participating in the contributory program contribute 5% of their annual compensation. Active APERS members employed before July 1, 2005 were given until December 31, 2005 to elect coverage under the contributory program, or remain in the non-contributory program.

Benefit provisions are established by state law and may be amended by the Arkansas General Assembly. Members are eligible for full retirement benefits (1) at age sixty-five with five years of actual service, (2) at any age with twenty-eight years of actual service, or (3) under the old contributory plan (prior to 7/1/05), at age sixty with twenty years of actual service, or at age fifty-five with thirty-five years of credited service. The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and the number of years of service. A member may retire with a reduced benefit at age fifty-five with at least five years of actual service or at any age with twenty-five years of actual service. Members are eligible for disability benefits with five years of service. Disability benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the cost of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A.,24-2-701) (a). Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees, and are based on the actuary's determination of the rate required to fund the plan. Contributory member contribution rates were 5% for fiscal year 2017.

Detailed information about APERS's fiduciary net position is available in a separately issued APERS financial report, which may be obtained at <http://www.apers.org/annualreports>.

The City was required to contribute at an actuarially determined rate which was 14.76% of covered payroll for the year ended December 31, 2017. For 2017, participating members' contributions were \$148,970 and the City's contributions were \$661,320.

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to APERS

As of December 31, 2017, the City reported a liability of \$6,580,031 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability is based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. On June 30, 2017, the City's proportion was .2546313%, which was a decrease of .0046514% from the prior year.

Pension related items are allocated between governmental and business activities on the basis of total contributions made during the year. The allocation for June 30, 2017 related pension items was 87% for

governmental activities and 13% for business activities (Sanitation Services and Shooting Sports Complex Funds), which was an increase from the prior year. A deferred outflow and inflow have been recorded for each as shown below.

For the year ended December 31, 2017, the City recognized pension expense of \$1,111,426. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,557	\$ (129,415)
Net differences between projected and actual earnings on pension plan investments	275,723	(83,202)
Changes of assumptions	1,058,717	-
Changes in proportion	-	-
Contributions subsequent to the measurement date	332,435	-
	<u>\$ 1,794,432</u>	<u>\$ (212,617)</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$332,435 will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending December 31,	
2018	\$ 323,010
2019	606,072
2020	384,452
2021	(64,154)
	<u>\$ 1,249,380</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 9.85%
Investment rate of return	7.15%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Health Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on the scale BB.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

of return by the current asset allocation percentage and by adding expected price inflation. The long-term expected rates of return are shown in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37.00%	5.97%
International equity	24.00%	6.54%
Real assets	16.00%	4.59%
Absolute return	5.00%	3.15%
Domestic fixed	18.00%	0.83%
Total	<u>100.00%</u>	

Discount Rate

In the June 30, 2017 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

1% Decrease (6.15%)	Current Single Rate Assumption (7.15%)	1% Increase (8.15%)
<u>\$ 10,020,540</u>	<u>\$ 6,580,031</u>	<u>\$ 3,723,220</u>

Arkansas Local Police and Fire Retirement System

Plan Description and Funding Information

The ***Arkansas Local Police and Fire Retirement System*** ("LOPFI") is a statewide retirement plan for police officers and firefighters of a political subdivision of the State of Arkansas. It was established under the authority of Act 364 of 1981 and bears a fiduciary obligation to the participants of the system. LOPFI maintains a cost-sharing multiple employer defined pension plan for participants hired by the respective local government unit after January 1, 1983. At December 31, 2017 the City of Jacksonville had 124 employees enrolled in this plan.

LOPFI is established by a 7 member Board of Trustees: 2 trustees who are active members of the system, 1 police officer and 1 firefighter, nominated by their respective employee groups, and appointed by the Governor; 2 employer representatives from governing bodies of the participating political subdivisions and appointed by the Governor from a list submitted by the Arkansas Municipal League; 2 retired members, 1 police officer and 1 firefighter, appointed by the Governor from a list provided by the Joint Committee on Public Retirement and Social Security Programs; and 1 citizen who is neither an employee nor employer of the system appointed by the Governor from a list submitted by the Joint

Committee on Public Retirement and Social Security Programs. An Executive Director is appointed by the Board and administers the System in a manner consistent with law and Board policy.

Detailed information about LOPFI's fiduciary net position is available in a separately issued LOPFI financial report, which may be obtained at www.lopfi-prb.com.

The benefit terms for the cost-sharing multiple-employer plan are established in accordance with the provision of the Arkansas Code.

The employee contribution rate depends on the type of service being rendered whether or not the service is also covered by social security. Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 2.5% for participating policemen and 8.5% for participating firemen.

The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to insure that the individual system employers can honor their benefit commitments to covered employees. The City's contribution rate during 2017 was 23.00% for participating policemen and 21.71% for participating firemen.

Total contributions to the Pension Plans for the year ended December 31, 2017, were \$1,778,226 of which \$1,430,919 was contributed by the City and \$347,307 was contributed by employees. On behalf payments from a state insurance tax of \$315,130 for Policemen and \$ 287,672 for Firemen were received by the City from the Arkansas Local Police and Fire Retirement System.

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to LOPFI

As of December 31, 2017, the LOPFI Police and LOPFI Fire reported a liability of \$7,478,672 and \$6,735,410, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. On December 31, 2017, the City's proportion was 1.05245% and .94785% respectively, for LOPFI Police and LOPFI Fire which was a decrease of 0.01405% for LOPFI Police and 0.192740% for LOPFI Fire from the prior year.

For LOPFI Fire, pension related items are allocated between governmental and business activities on the basis of total contributions made during the year. The allocation for December 31, 2017 LOPFI Fire related pension items was 79% for governmental activities and 21% for business activities (Emergency Medical Services Fund), which was unchanged from the prior year. A deferred outflow and inflow have been recorded for each as shown below.

For the year ended December 31, 2017, the LOPFI Police and LOPFI Fire recognized pension expense of \$1,413,624 and \$1,417,413, respectively. On December 31, 2017, the LOPFI Police and LOPFI Fire reported deferred outflows and inflows of resources related to pensions from the following sources:

	LOPFI - Police		LOPFI - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,412	\$ 647	\$ 337,202	\$ 583
Net difference between projected and actual earnings on plan investments	647,219	821,858	582,896	740,179
Changes in assumptions	1,911,994	-	1,721,972	-
Changes in proportion	-	549,461	135,935	307,271
Total	<u>\$ 2,933,625</u>	<u>\$ 1,371,966</u>	<u>\$ 2,778,005</u>	<u>\$ 1,048,033</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plans will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI - Police	LOPFI - Fire
2018	\$ 647,422	\$ 727,359
2019	615,313	691,171
2020	311,383	327,050
2021	(12,459)	(15,608)
	<u>\$ 1,561,659</u>	<u>\$ 1,729,972</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

LOPFI – Police and LOPFI – Fire

Actuarial cost method	Entry age normal
Price inflation	2.50%
Wage inflation	3.25%
Salary increases	3.25% - 18.75%, including inflation
Investment rate of return	7.00%, net of pension plan expense, including inflation

Mortality rates were based on the RP-2000 Combined Health Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on the scale AA.

The actuarial assumptions used for the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2011. As a result of the 2011 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2017 actuarial evaluation to more closely reflect actual experience.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is

included in the pension plan's target asset allocation as of December 31, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic fixed income	27.00%	0.78%
Domestic equity	42.00%	5.58%
Foreign equity	18.00%	7.38%
Alternative investments	10.00%	6.23%
Cash	3.00%	0.00%
Total	100.00%	

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Plan assets are expected to be invested using a strategy to achieve the expected rate of return. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

		1% Decrease (6.00%)	Current Single Rate Assumed (7.00%)	1% Increase (8.00%)
LOPFI - Police	Net pension liability	\$ 11,779,356	\$ 7,478,672	\$ 4,012,671
LOPFI - Fire	Net pension liability	\$ 10,608,675	\$ 6,735,410	\$ 3,613,875

Note 7: Deferred Compensation Plan

The City offers its employees the option to participate in a deferred compensation plan. The purpose of the plan is to provide retirement income and other deferred benefits to the City of Jacksonville employees in accordance with the provisions of Section 457 of the Internal Revenue Code, as amended. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributed to those amounts, property, or rights are held in trust by a third party for the participants. Accordingly, the City has not presented the assets and liabilities from the plan in these basic financial statements.

Note 8: Other Postemployment Benefits

Plan Description: The City of Jacksonville participates in the Municipal Health Benefit Fund (MHBFF), a statewide cost-sharing, multiple employer defined benefit post-employment healthcare plan administered

by the Arkansas Municipal League. MHBF provides medical benefits to retired employees of participating municipalities. Arkansas statute provides that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of this statute. The City does not issue stand alone financial statements of the plan. However, all required information is presented in this report.

Funding Policy: The contribution requirements of plan members are established by terms and conditions as set forth in the MHBF Funding Booklet. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the MHBF insurance plan. The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. The plan has six active participants who pay monthly premiums ranging from \$403 for single coverage to \$898 for family coverage.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 52,783
Interest on net OPEB obligation	25,762
Adjustments to annual required contribution	<u>(30,548)</u>
Annual OPEB cost	47,997
Total annual employer contribution (pay-as-you-go)	<u>(19,610)</u>
Increase in net OPEB obligation	28,387
Net OPEB obligation - beginning of year	<u>468,395</u>
Net OPEB obligation - end of year	<u><u>\$ 496,782</u></u>

The components of the annual required contribution (ARC) calculation reflecting a 30 year amortization period of the unfunded actuarial accrued liability (UAAL) as follows:

Normal cost	\$ 26,769
Amortization of unfunded obligation	24,601
Interest to end of year	<u>1,413</u>
Annual required contribution (ARC)	<u><u>\$ 52,783</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2014	\$ 93,682	55.0%	\$ 368,800
12/31/2015	66,826	26.9%	417,619
12/31/2016	66,328	23.4%	468,395
12/31/2017	47,997	40.9%	496,782

Funded Status and Funding Progress: As of December 31, 2017, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$377,202, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$377,202. The covered payroll (annual payroll of active employees covered by the plan) was \$10,824,392, and the ratio of the UAAL to the covered payroll was 3.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.5% investment rate of return based on the City's rate of return for investments for 2017, and an annual healthcare cost trend rate of 10% for 2018, and then reduced by decrements of one-half percent annually, an ultimate rate of 5% after nine years. Both rates include a 3.0% inflation adjustment. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period on December 31, 2017, was 30 years.

Note 9: Interlocal Agreement: Central Arkansas Library System

The cities of Little Rock, Jacksonville, Maumelle, Sherwood, and Pulaski and Perry Counties entered into an agreement on January 28, 1998, to establish the public library system for the Central Arkansas area which will offer library services to the public within the communities of each of the participating entities. The agreement states that the funding will be derived from tax millage assessed by the participating entities, state formula distribution, fees and fines, and endowment fund earnings and gifts. The Board of Directors shall consist of seven directors for the City of Little Rock, one each for the Cities of Jacksonville, Maumelle and Sherwood, two directors from Pulaski County and one director representing Perry County. The City provided a building and paid \$78,374 for operating expenses in 2017. Separate financial statements of the Central Arkansas Library System are available at 100 Rock Street, Little Rock, Arkansas.

Note 10: Risk Management

The City and its component units have various insurance policies to cover their potential liability risk areas (i.e., automobile, personal property, contents and outside structures, and worker's compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses. The budgeting process includes provisions for accumulating funds to cover deductibles and any minor items which would not be covered by commercially purchased policies. There have been no significant

reductions in insurance coverage from 2016 to 2017 and there were no settlements that exceeded insurance coverage in the past three fiscal years.

Note 11: Property Taxes

City property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes which remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Pulaski County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, on December 31, 2017 property taxes receivable and related deferred inflows of resources of \$1,195,332 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20% to arrive at assessed value.

The City is permitted by Arkansas state law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2017 to finance the above operations was \$0.30 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.90 per \$100 of assessed valuation on real and personal property. Approximately \$2,649,239 of additional taxes could be raised per year based on the current year's assessed value of \$212,102,407 for real property and \$82,257,440 for personal property before the limit is reached.

Millages available to finance City operations and for other purposes are as follows:

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2016 for 2017 Collections</u>
General purpose	5.00	-
Library capital improvement bonds	5.00	1.00
Firemen's Pension and Relief Fund	1.00	1.00
Policemen's Pension and Relief Fund	1.00	1.00
Roads	1.45	1.45
	<u>13.45</u>	<u>4.45</u>

Note 12: Sales Taxes

In April 1982, Pulaski County began assessing a 1% sales and use tax on retail sales in the county. Each city within Pulaski County receives a portion of the tax based upon population of the city. Currently the City receives approximately 7.41% of the county tax. The tax is collected by the state and remitted to the City, net of a collection fee. County sales taxes remitted to the City or in control of the collecting agent totaled \$6,144,151 for 2017. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

In March 1993, the City began assessing a 1% sales and use tax on retail sales in the City. Upon approval of the tax by the City's voters, the City rescinded its five (5) mill general property tax assessment. Revenues from the tax are used to fund capital improvements and general municipal services within the City. In November 2003, City voters approved an additional 1% sales and use tax. The City began assessing the tax in January 2004. Revenues from the additional 1% tax are to be used to construct, develop, maintain, and operate a joint education center, an outdoor family aquatics center, a training facility for the Jacksonville Police and Fire Departments, other City capital improvements and for the general operation and improvement of City facilities and services. The tax is collected by the state and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City or in control of the collecting agent totaled \$7,786,515 for 2017. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

Note 13: Leasing Activities

Municipal Water Works has entered into agreements to lease space at its water towers for the placement of cellular and mobile communications antennas and related equipment. The terms of the leases are five years, subject to renewal at the end of the term at the option of the lessee. Lease revenue from these agreements in 2017 and 2016 was \$239,040 and \$234,355, respectively. Lease revenue is reported as other income in the financial statements.

Minimum future lease revenue to be received under these lease agreements as of December 31, 2017 is \$244,866 during 2018.

Note 14: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2017:

Fund	Deficit Amount
Emergency Medical Services	\$ (56,892)
Total deficit net position	<u>\$ (56,892)</u>

Note 15: Contingencies

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management such disallowances, if any, will not be significant.

The City, its agencies, and its employees are defendants in legal proceedings, many of which normally occur in governmental operations. Most of these matters are subject to the legal representation and coverage of the Arkansas Municipal League Legal Defense Program ("Program").

The Program, a pooled risk, funded trust, provides coverage for legal defense, expenses, and damages in suits against City officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and employees. The maximum coverage of any one loss cannot exceed 25% of the Program's funded reserves at the time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less.

The City is represented in all other actions by the City attorney. The City appropriates funds as necessary to meet settlements and awards. The City accrues a liability when it is incurred and when the contingency is probable and reasonably estimable.

In the opinion of the City's management and legal counsel, the amount of potential financial exposure as a result of these matters would not have a material adverse impact on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

Note 16: Subsequent Event

The City of Jacksonville did not have any recognized or unrecognized subsequent events occurring after December 31, 2017, the date of the statement of net position/balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 569,533	\$ 569,533	\$ 556,757	\$ (12,776)
Sales taxes	14,236,302	14,236,302	14,013,579	(222,723)
Licenses and permits	272,350	272,350	434,535	162,185
Intergovernmental	1,977,675	1,977,675	1,952,642	(25,033)
Charges for services	838,026	838,026	942,439	104,413
Fines and fees	745,116	745,116	542,862	(202,254)
Utility franchise taxes	1,160,700	1,160,700	1,096,000	(64,700)
Investment income	-	-	85,597	85,597
Contributions	-	-	110,000	110,000
Miscellaneous	997,203	997,203	169,742	(827,461)
Total revenues	<u>20,796,905</u>	<u>20,796,905</u>	<u>19,904,153</u>	<u>(892,752)</u>
Expenditures				
General government				
General administration	393,139	393,139	302,763	90,376
City council	130,280	130,280	133,795	(3,515)
Mayor	246,977	246,977	251,181	(4,204)
City clerk	137,091	137,091	133,400	3,691
City attorney	190,860	190,860	264,881	(74,021)
District court	326,727	326,727	320,691	6,036
Director of administration	109,207	109,207	166,401	(57,194)
Director of information technology	252,778	252,778	272,813	(20,035)
Finance	466,204	466,204	467,802	(1,598)
Human resources	224,262	224,262	175,223	49,039
Fleet services	141,038	141,038	146,225	(5,187)
Community programs	224,021	174,021	211,020	(36,999)
Total general government	<u>2,842,584</u>	<u>2,792,584</u>	<u>2,846,194</u>	<u>(53,611)</u>
Public works				
Public works coordinator	115,745	115,745	128,391	(12,646)
Engineering	299,434	299,434	308,798	(9,364)
Code enforcement	243,515	243,515	210,387	33,128
Total public works	<u>658,694</u>	<u>658,694</u>	<u>647,576</u>	<u>11,118</u>
Parks and recreation services	2,632,794	2,632,794	2,467,359	165,435
Police	7,674,923	7,674,923	6,888,844	786,079
Fire	4,911,476	4,911,476	4,558,716	352,760
Emergency communication services	884,014	884,014	714,326	169,688
Animal control	315,102	315,102	290,121	24,981
Total expenditures	<u>19,919,587</u>	<u>19,869,587</u>	<u>18,413,136</u>	<u>1,456,450</u>
Excess (Deficiency) of Revenues Over Expenditures	877,318	927,318	1,491,017	563,698
Other Financing Sources (Uses)				
Carryover - prior year	130,948	80,948	-	(80,948)
Transfers in	15,000	15,000	-	(15,000)
Transfers out	(1,023,266)	(1,023,266)	(1,330,989)	(307,723)
Total other financing sources (uses)	<u>(877,318)</u>	<u>(927,318)</u>	<u>(1,330,989)</u>	<u>(403,671)</u>
Net Change in Fund Balances	-	-	160,028	160,027
Fund Balances, Beginning of Year	841,184	841,184	841,184	-
Fund Balances, End of Year	\$ 841,184	\$ 841,184	\$ 1,001,212	\$ 160,027

CITY OF JACKSONVILLE, ARKANSAS

**BUDGETARY COMPARISON SCHEDULE
STREET FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 2,280,000	\$ 2,280,000	\$ 2,473,523	\$ 193,523
Investment income	1,500	1,500	7,091	5,591
Miscellaneous	30,250	30,250	16,920	(13,330)
Total revenues	<u>2,311,750</u>	<u>2,311,750</u>	<u>2,497,534</u>	<u>185,784</u>
Expenditures				
Public works				
Streets and drainage	<u>2,311,750</u>	<u>2,311,750</u>	<u>1,743,383</u>	<u>568,367</u>
Total expenditures	<u>2,311,750</u>	<u>2,311,750</u>	<u>1,743,383</u>	<u>568,367</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	754,151	754,151
Fund Balances, Beginning of Year	<u>2,023,997</u>	<u>2,023,997</u>	<u>2,023,997</u>	-
Fund Balances, End of Year	<u>\$ 2,023,997</u>	<u>\$ 2,023,997</u>	<u>\$ 2,778,146</u>	<u>\$ 754,151</u>

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2017

Budgets and Budgetary Accounting

By December 1 of each year, the City's Mayor is required to submit to the City Council ("Council") a proposed budget for the fiscal year beginning on the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted prior to adoption of the budget to allow citizen input. The state statute governing adoption of annual budgets requires the Council to approve the budget prior to February 1. For practical purposes, the Council usually adopts the budget in December. Annual budgets are legally adopted for the General Fund and the Street Fund, a special revenue fund.

The Mayor is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Council.

Appropriations for special projects are made each year by the City Council to finance specific projects and capital outlays. These projects are carried forward each year until they are fully expended or repealed by the City Council.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedules* for the General Fund and for the Street Fund present the original and revised budget amounts in comparison to the actual revenues and expenditures for the current year.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2008	\$ -	\$ 767,549	\$ 767,549	0.0%	\$ 8,995,904	8.5%
1/1/2010	-	876,361	876,361	0.0%	9,633,787	9.1%
1/1/2011	-	709,644	709,644	0.0%	10,221,888	6.9%
1/1/2013	-	610,696	610,696	0.0%	10,916,296	5.6%
1/1/2015	-	506,680	506,680	0.0%	10,675,392	4.7%
1/1/2017	-	377,202	377,202	0.0%	10,824,392	3.5%

The required contributions was determined as part of the latest actuarial evaluation using the projected unit credit actuarial cost method. The actuarial assumptions used included (1) 5.5% rate of return on investments, (2) an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 5% after nine years, (3) Retiree pays the entire premium for healthcare coverage which results in a subsidy of \$446 for the retiree. This subsidy was developed from retiree claim costs from other public entities., (4) assumed that 80% of eligible retirees would select health coverage when they initially retired and 0% would continue it past age 65, (5) mortality rates based on the 1994 Uninsured Pensioners Mortality Table, and (6) assumptions for voluntary termination and disability rates are the same as those used by Arkansas Teachers Retirement System.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2017

Policemen's Pension and Relief Fund

Fiscal year ending December 31,	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	286,440	307,361	330,964	337,775
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	77,943	(205,160)	(266,517)	66,469
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of plan member contributions	(508,690)	(532,529)	(540,476)	(540,476)
Net change in total pension liability	(144,307)	(430,328)	(476,029)	(136,232)
Total pension liability, beginning of year	5,983,154	6,413,482	6,889,512	7,025,744
Total pension liability, end of year	\$ 5,838,847	\$ 5,983,154	\$ 6,413,483	\$ 6,889,512
Plan fiduciary net position:				
Employer contributions	\$ 329,627	\$ 341,668	\$ 334,472	\$ 341,169
Plan member contributions	-	-	-	-
Net investment income	491,440	304,119	(140,490)	221,025
Benefit payments, including refunds of plan member contributions	(508,690)	(532,529)	(540,476)	(540,476)
Administrative expense	(6,932)	(6,967)	(7,706)	(6,936)
Other	9,858	150	-	-
Net change in plan fiduciary net position	315,303	106,441	(354,200)	14,782
Plan fiduciary net position, beginning of year	5,804,861	5,698,420	6,052,620	6,037,838
Plan fiduciary net position, end of year	\$ 6,120,164	\$ 5,804,861	\$ 5,698,420	\$ 6,052,620
City's net pension liability (asset), end of year	\$ (281,317)	\$ 178,293	\$ 715,063	\$ 836,892
Plan's fiduciary net position as a percentage of the total pension liability	104.82%	97.02%	88.85%	87.85%
Covered-employee payroll	-	-	-	-
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Note to the Schedule:

A full 10 year schedule will be completed as information is available.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2017

Firemen's Pension and Relief Fund

Fiscal year ending December 31,	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	464,671	481,908	528,688	533,082
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	126,580	91,701	(473,629)	294,534
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of plan member contributions	(798,043)	(1,038,656)	(942,640)	(888,346)
Net change in total pension liability	(206,792)	(465,046)	(887,581)	(60,730)
Total pension liability, beginning of year	9,692,449	10,157,495	11,045,076	11,105,807
Total pension liability, end of year	<u>\$ 9,485,657</u>	<u>\$ 9,692,449</u>	<u>\$ 10,157,495</u>	<u>\$ 11,045,076</u>
Plan fiduciary net position:				
Employer contributions	\$ 380,031	\$ 418,220	\$ 399,410	\$ 395,673
Plan member contributions	-	2,191	7,017	11,203
Net investment income	658,346	176,675	(77,487)	195,297
Benefit payments, including refunds of plan member contributions	(798,043)	(1,038,656)	(942,640)	(888,346)
Administrative expense	(6,942)	(6,448)	(6,425)	(6,265)
Other	9,858	-	2,800	6,175
Net change in plan fiduciary net position	243,250	(448,017)	(617,325)	(286,262)
Plan fiduciary net position, beginning of year	6,448,710	6,896,727	7,514,052	7,800,314
Plan fiduciary net position, end of year	<u>\$ 6,691,960</u>	<u>\$ 6,448,710</u>	<u>\$ 6,896,727</u>	<u>\$ 7,514,052</u>
City's net pension liability, end of year	<u>\$ 2,793,697</u>	<u>\$ 3,243,739</u>	<u>\$ 3,260,768</u>	<u>\$ 3,531,024</u>
Plan's fiduciary net position as a percentage of the total pension liability	70.55%	66.53%	67.90%	68.03%
Covered-employee payroll	-	-	-	-
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Note to the Schedule:

A full 10 year schedule will be completed as information is available.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2017

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as % of Covered Payroll
Policemen's Pension and Relief Fund	2014	\$ 222,748	\$ 341,169	\$ (118,421)	\$ -	N/A
	2015	188,699	334,472	(145,773)	-	N/A
	2016	161,229	341,668	(180,439)	-	N/A
	2017	40,201	329,627	(289,427)	-	N/A

Notes to the Schedule:

A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Five Years
Asset Valuation	Market Value of Assets
Investment Return/Discount	5.00%
Mortality	1983 GAM

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as % of Covered Payroll
Firemen's Pension and Relief Fund	2014	\$ 745,307	\$ 395,673	\$ 349,634	\$ -	N/A
	2015	796,158	399,410	396,748	-	N/A
	2016	735,223	418,220	317,003	-	N/A
	2017	731,383	380,031	351,352	-	N/A

Notes to the Schedule:

A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Five Years
Asset Valuation	Market Value of Assets
Investment Return/Discount	5.00%
Mortality	1983 GAM

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2017

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

June 30	2017	2016	2015
City's proportion of the net pension liability	0.2546313%	0.2592827%	0.2593006%
City's proportionate share of the net pension liability	\$ 6,580,031	\$ 6,200,353	\$ 4,775,626
City's covered-employee payroll	\$ 4,405,479	\$ 4,556,439	\$ 4,403,272
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.36%	136.08%	108.46%
Plan fiduciary net position as a percentage of the total pension liability	75.65%	75.50%	80.39%

Notes to the Schedule:

Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2017

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

December 31	2017	2016	2015
Contractually required contribution	661,320	\$ 685,822	\$ 679,053
Contributions related to the contractually required contribution	<u>661,320</u>	<u>685,822</u>	<u>679,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,405,479	\$ 4,556,439	\$ 4,403,272
Contributions as a percent of covered-employee payroll	15.01%	15.05%	15.42%

Notes to the Schedule:

Information in this schedule has been determined as of the City's most recent year-end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2017

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

December 31	2017	2016	2015
City's proportion of the net pension liability	1.052449%	1.140590%	1.217420%
City's proportionate share of the net pension liability	\$ 7,478,672	\$ 6,507,408	\$ 6,388,710
City's covered-employee payroll	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.23%	185.58%	180.72%
Plan fiduciary net position as a percentage of the total pension liability	71.17%	72.46%	72.41%

LOPFI - Fire

December 31	2017	2016	2015
City's proportion of the net pension liability	0.947852%	1.038400%	0.989380%
City's proportionate share of the net pension liability	\$ 6,735,410	\$ 5,924,363	\$ 5,192,039
City's covered-employee payroll	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.58%	175.84%	156.27%
Plan fiduciary net position as a percentage of the total pension liability	71.17%	72.46%	72.41%

Notes to the Schedule:

Information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2017

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

December 31	2017	2016	2015
Contractually required contribution	\$ 752,784	\$ 779,997	\$ 755,994
Contributions related to the contractually required contribution	<u>752,784</u>	<u>779,997</u>	<u>755,994</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
Contribution as a percent of covered payroll	21.77%	22.24%	21.39%

LOPFI - Fire

December 31	2017	2016	2015
Contractually required contribution	\$ 678,135	\$ 686,207	\$ 614,388
Contributions related to the contractually required contribution	<u>678,135</u>	<u>686,207</u>	<u>614,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
Contribution as a percent of covered payroll	19.69%	20.37%	18.49%

Notes to the Schedule:

Information in this schedule has been determined as of the City's most recent year-end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF INVESTMENT RETURNS YEAR ENDED DECEMBER 31, 2017

	<u>Fiscal Year Ending</u>	<u>Annual Money-weighted Rate of Return</u>
Policemen's Pension and Relief Fund	12/31/2017	8.60%
	12/31/2016	5.43%
	12/31/2015	(2.36%)
	12/31/2014	3.72%
Firemen's Pension and Relief Fund	12/31/2017	10.55%
	12/31/2016	2.68%
	12/31/2015	(1.07%)
	12/31/2014	2.58%

Note to the Schedule:

A full 10 year schedule will be completed as information is available.



NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

Community Development Block Grant Fund (CDBG) – Accounts for CDBG grant funds received from the U.S. Department of Housing and Urban Development (“HUD”). These revenues are restricted to expenditure for providing housing or housing assistance provided to qualified citizens, improvements to neighborhood streets and drainage.

HOME Investment Partnership Program Fund (HOME) – Accounts for HOME grant funds received from the Arkansas Development Finance Authority. These revenues provide assistance for affordable housing to qualified citizens.

Grants Fund – Accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal or state program.

Asset Forfeiture Fund – Accounts for funds received from drug forfeiture programs. These monies are restricted to be expended for assistance in drug enforcement activities.

The **Debt Service Fund** accounts for the accumulation of resources for the payment of principal and interest on general long-term debt.

2006 Library Debt Service – The 2006 Library Construction Bonds were issued for the purpose of acquiring, constructing, and equipping capital improvements to the public city library operated by the City and the Central Arkansas Library System. The Series 2006 bonds are limited tax general obligations, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution.

2015 Capital Improvements Debt Service – The 2015 Capital Improvement and Refunding Bonds were issued for the purpose of rehabilitation of the Central Fire Station, purchase of a new ladder truck and two additional fire trucks, replacement of playground equipment and exercise equipment for parks and recreation, rehabilitation of Splash Zone and refunding short term financing notes. The Series 2015 bonds are limited tax general obligations, payable solely from franchise fees collected from public utilities for the privilege of using the City’s streets’ right-of-way and other public places in the City.

2015 Capital Improvements Construction – The 2015 Capital Improvement Construction fund holds the net proceeds from the 2015 Capital Improvements and Refunding Bonds issued in 2015.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS - NONMAJOR
DECEMBER 31, 2017

	Special Revenue				Capital Project	Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2015 Capital Improvements Construction	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Assets								
Cash	\$ 28,357	\$ 80,312	\$ 35,288	\$ -	\$ -	\$ -	\$ -	\$ 143,957
Restricted cash	-	-	-	75,517	1,066,930	277,019	415,392	1,834,858
Investments	-	-	-	-	-	-	-	-
Accounts receivable	63,372	5,797	-	-	-	285,493	-	354,662
Due from other funds	-	-	-	20,721	-	-	36,649	57,370
Total Assets	\$ 91,729	\$ 86,109	\$ 35,288	\$ 96,238	\$ 1,066,930	\$ 562,512	\$ 452,042	\$ 2,390,849
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$ 10,208	\$ -	\$ -	\$ 193	\$ -	\$ -	\$ -	\$ 10,401
Due to other funds	-	-	-	51,955	36,649	-	-	88,604
Accrued wages payable	2,233	-	-	-	-	-	-	2,233
Other liabilities	-	30,717	-	-	-	-	8,911	39,628
Total liabilities	12,441	30,717	-	52,148	36,649	-	8,911	140,866
Deferred Inflows of Resources								
Unavailable revenues - property taxes	-	-	-	-	-	268,620	-	268,620
Total deferred inflows of resources	-	-	-	-	-	268,620	-	268,620
Fund Balances								
Restricted:								
Debt service	-	-	-	-	-	293,892	443,131	737,023
Law enforcement activities	-	-	-	44,091	-	-	-	44,091
Housing and neighborhood programs	79,288	55,392	-	-	-	-	-	134,680
Grant funds	-	-	35,288	-	-	-	-	35,288
Capital projects	-	-	-	-	1,030,281	-	-	1,030,281
Total fund balances	79,288	55,392	35,288	44,091	1,030,281	293,892	443,131	1,981,362
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 91,729	\$ 86,109	\$ 35,288	\$ 96,238	\$ 1,066,930	\$ 562,512	\$ 452,042	\$ 2,390,849

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS - NONMAJOR
 YEAR ENDED DECEMBER 31, 2017

	Special Revenue			Capital Project	Debt Service		Total
	CDBG	HOME	Grants	2015 Capital Improvements Construction	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 269,494	\$ -	\$ 269,494
Intergovernmental	170,208	-	20,830	53,267	-	-	244,305
Charges for services	-	-	-	-	-	-	-
Investment income	526	-	126	-	8,349	1,222	12,908
Miscellaneous	45,973	-	-	-	-	-	45,973
Total revenues	216,707	-	20,956	53,267	8,349	2,685	572,680
Expenditures							
Parks and recreation services	-	-	-	-	5,732	-	5,732
Police	-	-	-	81,774	-	-	81,774
Fire	-	-	-	-	206,199	-	206,199
Housing and neighborhood programs	213,718	-	-	-	-	-	213,718
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	-	235,000	1,050,000
Interest	-	-	-	-	-	37,928	251,964
Agent fees	-	-	-	-	-	5,990	6,990
Total expenditures	213,718	-	-	81,774	211,930	1,030,036	1,816,376
Excess (Deficiency) of Revenues Over Expenditures	2,989	-	20,956	(28,507)	(203,581)	(8,202)	(1,243,697)
Other Financing Sources (Uses)							
Transfers in	-	-	-	3,000	-	-	1,088,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	3,000	-	1,085,000	1,088,000
Net Change in Fund Balances	2,989	-	20,956	(25,507)	(203,581)	(8,202)	57,649
Fund Balances, Beginning of Year	76,299	55,392	14,332	69,598	1,233,862	302,094	2,137,059
Fund Balances, End of Year	\$ 79,288	\$ 55,392	\$ 35,288	\$ 44,091	\$ 1,030,281	\$ 293,892	\$ 1,981,362



FIDUCIARY FUNDS

Pension Trust Funds

Pension Trust Funds account for assets held in the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

Agency Funds

The **Agency Funds** account for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2017

	<u>Employee Retirement Plans</u>		
	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 291,122	\$ 417,424	\$ 708,546
Investments			
U.S. Government obligations	932,847	2,719,166	3,652,013
Corporate bonds	1,559,839	230,156	1,789,995
Corporate stocks	203,184	-	203,184
Mutual funds	3,100,754	3,290,503	6,391,257
Receivables			
Accounts	328	328	656
Due from other funds	25,755	25,756	51,511
Accrued interest	15,219	17,511	32,730
	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>	<u>\$ 12,829,892</u>
Total assets			
	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>	<u>\$ 12,829,892</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>	<u>\$ 12,829,892</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2017

	<u>Employee Retirement Plans</u>		
	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$ 58,582	\$ -	\$ 58,582
Plan members	-	-	-
Contributed from General Fund			
Property taxes	278,706	278,706	557,412
State insurance turnback and guarantee fund	51,200	167,335	218,535
Total contributions	<u>388,488</u>	<u>446,041</u>	<u>834,529</u>
Investment income			
Net increase in fair value of investments	168,198	415,055	583,253
Interest and dividends	134,485	90,192	224,677
Gain/loss on sale of investments	241,959	218,505	460,464
Other investment income	1,221	-	1,221
	<u>545,863</u>	<u>723,752</u>	<u>1,269,615</u>
Less investment expense	<u>58,632</u>	<u>70,686</u>	<u>129,318</u>
Net investment income	<u>487,231</u>	<u>653,066</u>	<u>1,140,297</u>
Total additions	<u>875,719</u>	<u>1,099,107</u>	<u>1,974,826</u>
Deductions			
Benefits paid directly to participants	559,890	855,331	1,415,221
Administrative expenses	1,500	1,500	3,000
Total deductions	<u>561,390</u>	<u>856,831</u>	<u>1,418,221</u>
Net Increase in Net Position	314,329	242,276	556,605
Net Position Restricted for Pension Benefits			
Beginning of Year	<u>5,814,719</u>	<u>6,458,568</u>	<u>12,273,287</u>
Net Position Restricted for Pension Benefits			
End of Year	<u>\$ 6,129,048</u>	<u>\$ 6,700,844</u>	<u>\$ 12,829,892</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>
<u>District Court Fines and Forfeitures Fund</u>				
Assets				
Cash	\$ 92,235	\$ 858,939	\$ 885,442	\$ 65,732
Liabilities				
Other liabilities	\$ 92,235	\$ 858,939	\$ 885,442	\$ 65,732
<u>District Court Restitution Fund</u>				
Assets				
Cash	\$ 947	\$ 2,884	\$ 3,132	\$ 699
Liabilities				
Other Liabilities	\$ 947	\$ 2,884	\$ 3,132	\$ 699
<u>Total Agency Funds</u>				
Assets				
Cash	\$ 93,182	\$ 861,823	\$ 888,574	\$ 66,431
Liabilities				
Other liabilities	93,182	861,823	888,574	66,431
Total Liabilities	\$ 93,182	\$ 861,823	\$ 888,574	\$ 66,431

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2017

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Operating Activities				
Receipts from customers	\$ 6,815,421	\$ 4,829,812	\$ -	\$ 11,645,233
Other receipts	628,448	42,314	-	670,762
Payments to employees	(1,902,490)	(1,939,995)	-	(3,842,485)
Payments to suppliers	(1,107,520)	(692,290)	(613)	(1,800,423)
Payments to service providers	(99,977)	(352,372)	(665,024)	(1,117,373)
Other payments	(2,318,410)	-	-	(2,318,410)
Net cash provided by (used in) operating activities	2,015,472	1,887,469	(665,636)	3,237,305
Noncapital Financing Activities				
Local tax levy supporting operations	-	-	842,328	842,328
Capital and Related Financing Activities				
Purchase of capital assets	(997,427)	(654,362)	-	(1,651,789)
Contributions-in-aid of construction	-	181,646	-	181,646
Proceeds from issuance of long-term debt	-	-	-	-
Bond issuance costs	-	-	-	-
Principal paid on long-term debt	(915,162)	(440,000)	-	(1,355,162)
Interest paid on long-term debt	(481,001)	(568,943)	-	(1,049,944)
Net cash provided by (used in) capital and related financing activities	(2,393,590)	(1,481,659)	-	(3,875,249)
Investing Activities				
Proceeds from maturities of cash investments	2,154,894	-	100,710	2,255,604
Purchase of cash investments	(2,160,286)	-	(301,052)	(2,461,338)
Decrease (increase) in restricted cash	(444)	-	-	(444)
Interest received	9,140	69,169	1,316	79,625
Net cash provided by (used in) investing activities	3,304	69,169	(199,026)	(126,553)
Net Increase in Cash and Cash Equivalents	(374,814)	474,979	(22,334)	77,831
Cash and Cash Equivalents, Beginning of Year	6,645,273	7,551,279	296,045	14,492,597
Cash and Cash Equivalents, End of Year	\$ 6,270,459	\$ 8,026,258	\$ 273,711	\$ 14,570,428
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (699,710)	\$ (322,603)	\$ (741,812)	\$ (1,764,125)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	2,063,459	2,091,962	-	4,155,421
Closure and post-closure care costs	-	101,596	-	101,596
Amortization of deferred expenses	72,073	-	-	72,073
Other income, net	628,448	-	-	628,448
Changes in operating assets and liabilities				
Receivables, net	134,561	(26,342)	-	108,219
Revenues earned and unbilled	-	(6,964)	-	(6,964)
Prepaid expenses	(310,492)	(643)	-	(311,135)
Inventories	22,740	(2,164)	-	20,576
Due to other entities	37,683	-	-	37,683
Accounts payable	(71,009)	(82,177)	76,176	(77,010)
Accrued pension liability	127,735	-	-	127,735
Accrued expenses	16,562	29,905	-	46,467
Customer deposits	14,671	-	-	14,671
Deferrals related to pensions	(22,540)	104,899	-	82,359
Other liabilities	1,291	-	-	1,291
Net cash provided by (used in) operating activities	\$ 2,015,472	\$ 1,887,469	\$ (665,636)	\$ 3,237,305
Presented on the Statement of Fund Net Position- Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 6,270,459	\$ 7,351,633	\$ 273,711	\$ 13,895,803
Restricted for bond requirements-cash and cash equivalents	-	98,063	-	98,063
Noncurrent assets				
Cash and cash equivalents	-	576,562	-	576,562
Total Cash and Cash Equivalents	\$ 6,270,459	\$ 8,026,258	\$ 273,711	\$ 14,570,428

Supplemental Disclosure of Noncash, Capital and Financing Activities

Jacksonville Municipal Water Works accepted utility property constructed by private developers. The fair value of this donated property in 2017 was \$240,358 .

During 2017, Jacksonville Wastewater Utility accepted utility property constructed by private developers. The fair value of this donated property was \$185,386 .

City of Jacksonville, Arkansas
STATISTICAL SECTION

This section of the City of Jacksonville, Arkansas' comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the City's overall financial health.

Contents	Page
Financial Trends (Tables 1-5)	106
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity (Tables 6-10)	116
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity (Tables 11-15)	121
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information (Tables 16-17)	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information (Tables 18-20)	130
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Except where noted, the information in these pages is derived from the City of Jacksonville's comprehensive annual financial report for the relevant year.

CITY OF JACKSONVILLE, ARKANSAS

NET POSITION BY COMPONENT LAST TEN YEARS (Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 28,763,585	\$ 32,145,339	\$ 34,751,804	\$ 36,800,745
Restricted	5,506,038	4,381,589	2,384,498	2,052,401
Unrestricted (deficit)	16,594,722	15,151,670	13,387,422	10,824,395
Total governmental activities net position	<u>\$ 50,864,345</u>	<u>\$ 51,678,598</u>	<u>\$ 50,523,724</u>	<u>\$ 49,677,541</u>
Business-type activities				
Net investment in capital assets	\$ 739,316	\$ 590,355	\$ 469,824	\$ 653,790
Unrestricted	1,294,837	467,345	238,833	825,120
Total business-type activities net position	<u>\$ 2,034,153</u>	<u>\$ 1,057,700</u>	<u>\$ 708,657</u>	<u>\$ 1,478,910</u>
Primary government				
Net investment in capital assets	\$ 29,502,901	\$ 32,735,694	\$ 35,221,628	\$ 37,454,535
Restricted	5,506,038	4,381,589	2,384,498	2,052,401
Unrestricted (deficit)	17,889,559	15,619,015	13,626,255	11,649,515
Total primary government net position	<u>\$ 52,898,498</u>	<u>\$ 52,736,298</u>	<u>\$ 51,232,381</u>	<u>\$ 51,156,451</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental activities.

Table 1

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
\$ 41,063,504	\$ 42,058,114	\$ 42,843,428	\$ 43,120,490	\$ 42,125,123	\$ 37,788,738
1,798,969	1,184,762	1,831,423	6,086,120	4,161,056	4,759,509
5,937,438	3,544,078	2,694,078	(12,819,219)	(14,319,749)	(15,403,962)
<u>\$ 48,799,911</u>	<u>\$ 46,786,954</u>	<u>\$ 47,368,930</u>	<u>\$ 36,387,390</u>	<u>\$ 31,966,430</u>	<u>\$ 27,144,285</u>
\$ 821,873	\$ 887,393	\$ 989,853	\$ 1,366,575	\$ 1,820,668	\$ 5,284,651
1,107,844	1,479,431	1,673,821	871,967	328,090	178,852
<u>\$ 1,929,717</u>	<u>\$ 2,366,824</u>	<u>\$ 2,663,674</u>	<u>\$ 2,238,542</u>	<u>\$ 2,148,758</u>	<u>\$ 5,463,502</u>
\$ 41,885,377	\$ 42,945,507	\$ 43,833,282	\$ 44,487,065	\$ 43,945,791	\$ 43,073,389
1,798,969	1,184,762	1,831,423	6,086,120	4,161,056	4,759,509
7,045,282	5,023,509	4,367,899	(11,947,253)	(13,991,659)	(15,225,111)
<u>\$ 50,729,628</u>	<u>\$ 49,153,778</u>	<u>\$ 50,032,604</u>	<u>\$ 38,625,934</u>	<u>\$ 34,115,188</u>	<u>\$ 32,607,787</u>

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN NET POSITION, LAST TEN YEARS (Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental activities:				
General administration	\$ 5,407,369	\$ 516,564	\$ 1,754,213	\$ 389,238
City council	113,241	119,018	115,831	120,634
Office of the mayor	177,483	197,782	231,562	230,970
City clerk	124,092	146,559	144,722	212,357
City attorney	137,970	144,430	184,094	180,478
District court	358,017	312,140	308,593	303,536
Director of administration	290,775	263,454	317,955	125,806
Information technology	-	-	-	177,839
Finance	366,577	503,902	535,466	478,674
Human resources	198,196	231,641	202,575	245,038
Fleet services	128,695	143,039	176,543	186,396
Community programs	227,567	225,281	14,139	173,030
Public works	2,487,309	3,084,831	2,866,092	2,585,034
Parks and recreation services	2,586,954	2,688,917	2,515,033	2,602,790
Police	5,844,669	7,027,162	7,025,994	8,510,214
Fire	4,245,680	3,548,000	4,500,852	3,998,521
Emergency communication services	826,476	846,094	800,722	563,861
Animal control	301,775	301,371	313,564	308,039
Housing and neighborhood programs	361,111	433,766	543,274	273,097
Interest expense on long term debt	104,386	99,042	92,912	102,070
Agent fees on long-term debt	-	-	-	-
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>24,400,837</u>	<u>20,832,993</u>	<u>22,644,136</u>	<u>21,767,622</u>
Business-type activities				
Sanitation services	1,574,915	1,579,466	1,629,285	1,628,388
Shooting complex services	-	-	-	-
Emergency medical services	888,257	1,716,980	1,224,188	1,094,031
Total business-type activities expenses	<u>2,463,172</u>	<u>3,296,446</u>	<u>2,853,473</u>	<u>2,722,419</u>
Total primary government expenses	<u>\$ 26,864,009</u>	<u>\$ 24,129,439</u>	<u>\$ 25,497,609</u>	<u>\$ 24,490,041</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$ 163,211	\$ 143,871	\$ 181,945	\$ 162,959
District court	259,415	263,377	307,641	311,855
Finance	8,068	8,068	8,001	8,026
Fleet services	27,161	75,221	73,845	51,060
Public works	67,097	66,674	105,706	67,005
Parks and recreation services	581,325	651,836	732,000	672,790
Police	273,923	277,110	362,790	363,469
Fire	5,771	4,418	2,912	2,512
Emergency communication services	169,641	187,703	225,154	205,394
Animal control	35,629	32,715	32,350	24,420
Housing and neighborhood programs	1,931	2,065	17,007	535
Operating grants and contributions	3,839,457	3,684,503	3,916,198	3,731,153
Capital grants and contributions	317,671	512,854	419,836	709,285
Total governmental activities program revenues	<u>5,750,300</u>	<u>5,910,415</u>	<u>6,385,386</u>	<u>6,310,463</u>
Business-type activities				
Sanitation services	1,290,468	1,255,037	1,277,118	1,812,390
Shooting complex services	-	-	-	-
Emergency medical services	665,113	645,163	709,812	1,009,118
Operating grants and contributions	12,000	12,000	12,000	13,500
Capital grants and contributions	93,676	-	-	305,495
Total business-type activities program revenues	<u>2,061,257</u>	<u>1,912,200</u>	<u>1,998,930</u>	<u>3,140,503</u>
Total primary government program revenues	<u>\$ 7,811,557</u>	<u>\$ 7,822,615</u>	<u>\$ 8,384,316</u>	<u>\$ 9,450,966</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental activities.

Table 2

	2012	2013	2014	2015 (1)	2016	2017
\$	454,301	\$ 614,247	\$ 538,999	\$ 569,284	\$ 556,838	\$ 557,064
	112,915	143,817	129,174	137,959	127,096	135,390
	240,152	245,782	239,117	242,586	268,762	257,366
	143,434	140,796	137,910	133,400	156,334	137,719
	190,970	192,214	177,245	175,033	169,206	265,883
	336,932	342,963	340,907	339,984	363,278	327,002
	112,868	114,376	114,063	108,044	129,570	168,666
	216,749	241,131	233,713	215,326	344,072	281,286
	659,988	541,303	470,372	468,408	523,413	480,310
	228,913	236,759	227,865	223,741	234,627	182,619
	165,871	144,176	151,582	142,922	155,398	151,475
	198,400	94,705	193,128	156,941	410,863	247,008
	2,872,093	3,605,742	2,247,748	2,832,455	2,987,291	3,134,679
	2,748,589	2,953,709	3,381,026	3,547,411	4,109,087	2,875,561
	7,782,731	7,928,822	7,507,452	7,129,333	9,125,283	7,531,016
	4,882,380	4,840,219	4,498,167	3,985,677	5,744,534	5,465,496
	894,851	962,308	1,035,881	980,293	1,103,149	1,026,272
	306,344	320,102	318,606	296,316	329,470	307,420
	365,162	588,290	239,470	200,669	240,454	216,681
	79,563	154,499	224,750	209,386	262,728	242,525
	-	-	-	33,833	6,844	6,990
	-	-	-	145,014	-	-
	<u>22,993,206</u>	<u>24,405,960</u>	<u>22,407,174</u>	<u>22,274,017</u>	<u>27,348,297</u>	<u>23,998,428</u>
	1,531,003	1,585,114	1,522,422	1,459,139	1,516,551	1,575,392
	-	-	-	-	-	813,554
	1,460,366	1,615,704	1,876,427	2,005,367	2,472,158	1,994,625
	<u>2,991,369</u>	<u>3,200,818</u>	<u>3,398,849</u>	<u>3,464,506</u>	<u>3,988,709</u>	<u>4,383,571</u>
\$	<u>25,984,575</u>	<u>27,606,778</u>	<u>25,806,023</u>	<u>25,738,523</u>	<u>31,337,006</u>	<u>28,381,999</u>
\$	178,388	\$ 156,458	\$ 183,919	365,550	259,848	443,992
	730,677	766,291	812,509	561,363	533,596	473,217
	8,001	20,001	20,001	29,001	28,001	29,001
	37,225	28,368	22,950	35,338	33,602	30,990
	73,871	79,073	87,505	118,729	178,305	101,345
	751,295	797,053	980,103	1,024,897	1,037,505	690,777
	59,193	33,670	25,464	92,562	46,142	82,007
	800	822	1,968	600	616	6,218
	-	212,769	221,994	221,144	224,805	227,063
	20,865	19,365	24,415	18,770	10,508	10,444
	1,036	486	67,693	53,217	300	45,973
	4,236,786	4,428,410	4,598,762	4,145,981	4,413,390	4,300,118
	1,013,992	685,232	211,790	933,951	259,177	111,000
	<u>7,112,129</u>	<u>7,227,997</u>	<u>7,259,074</u>	<u>7,601,103</u>	<u>7,025,795</u>	<u>6,552,145</u>
	1,816,769	1,908,726	1,847,490	1,881,351	1,825,540	1,854,628
	-	-	-	-	-	361,463
	1,062,331	1,132,011	1,387,624	1,550,301	1,579,660	1,743,946
	13,000	6,500	-	12,460	11,947	15,855
	59,196	-	-	-	-	-
	<u>2,951,296</u>	<u>3,047,237</u>	<u>3,235,114</u>	<u>3,444,112</u>	<u>3,417,147</u>	<u>3,975,892</u>
\$	<u>10,063,425</u>	<u>10,275,234</u>	<u>10,494,188</u>	<u>11,045,215</u>	<u>10,442,942</u>	<u>10,528,038</u>

(continued)

CITY OF JACKSONVILLE, ARKANSAS

**CHANGES IN NET POSITION,
LAST TEN YEARS (Continued)
(Accrual Basis of Accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (expense)/revenue				
Governmental activities	\$ (18,650,537)	\$ (14,922,578)	\$ (16,258,750)	\$ (15,457,159)
Business-type activities	(401,915)	(1,384,246)	(854,543)	418,084
Total primary government net expense	<u>\$ (19,052,452)</u>	<u>\$ (16,306,824)</u>	<u>\$ (17,113,294)</u>	<u>\$ (15,039,075)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 755,482	\$ 711,289	\$ 768,342	\$ 777,265
Sales taxes	13,660,175	13,170,622	13,157,342	12,612,511
Utility franchise taxes	1,144,223	1,131,386	1,097,960	1,057,234
Investment earnings	648,896	247,304	79,823	38,014
Grants and contributions not restricted to specific programs	516,721	511,033	491,200	459,187
Other	41,316	365,197	9,209	9,265
Transfers	(551,226)	(400,000)	(500,000)	(342,500)
Total governmental activities	<u>16,215,587</u>	<u>15,736,831</u>	<u>15,103,876</u>	<u>14,610,976</u>
Business-type activities:				
Investment earnings	14,319	7,793	5,500	(17,890)
Grants and contributions not restricted	-	-	-	27,559
Gain on sale of capital assets	-	-	-	-
Transfers	551,226	400,000	500,000	342,500
Total business-type activities	<u>565,545</u>	<u>407,793</u>	<u>505,500</u>	<u>352,169</u>
Total primary government	<u>\$ 16,781,132</u>	<u>\$ 16,144,624</u>	<u>\$ 15,609,376</u>	<u>\$ 14,963,144</u>
Changes in Net Position				
Governmental activities	\$ (2,434,950)	\$ 814,253	\$ (1,154,874)	\$ (846,183)
Business-type activities	163,630	(976,453)	(349,043)	770,253
Change in accounting principle	-	-	-	-
Total primary government	<u>\$ (2,271,320)</u>	<u>\$ (162,200)</u>	<u>\$ (1,503,918)</u>	<u>\$ (75,930)</u>

Table 2

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
\$ (15,881,077)	\$ (17,177,963)	\$ (15,148,100)	\$ (14,672,914)	\$ (20,322,502)	\$ (17,446,283)
(40,073)	(153,581)	(163,735)	(20,394)	(571,562)	-
<u>\$ (15,921,150)</u>	<u>\$ (17,331,544)</u>	<u>\$ (15,311,835)</u>	<u>\$ (14,693,308)</u>	<u>\$ (20,894,064)</u>	<u>\$ (17,446,283)</u>
\$ 784,180	\$ 826,033	\$ 838,864	\$ 845,840	\$ 871,178	821,693
13,138,610	13,164,041	13,406,409	13,798,792	13,781,154	14,013,579
1,031,798	1,292,667	1,137,932	1,262,049	1,105,865	1,096,000
21,136	7,026	5,059	15,644	89,570	110,441
459,957	433,463	470,303	454,419	451,246	449,828
10,263	31,775	331,187	(69,038)	37,520	-
(442,496)	(590,000)	(459,677)	(425,000)	(434,989)	-
<u>15,003,448</u>	<u>15,165,005</u>	<u>15,730,077</u>	<u>15,882,706</u>	<u>15,901,544</u>	<u>16,491,541</u>
504	688	908	993	1,539	-
47,881	-	-	-	-	4,125
-	-	-	74,831	45,250	-
442,496	590,000	459,677	425,000	434,989	-
<u>490,880</u>	<u>590,688</u>	<u>460,585</u>	<u>500,825</u>	<u>481,778</u>	<u>4,125</u>
<u>\$ 15,494,328</u>	<u>\$ 15,755,693</u>	<u>\$ 16,190,662</u>	<u>\$ 16,383,531</u>	<u>\$ 16,383,322</u>	<u>\$ 16,495,666</u>
\$ (877,629)	\$ (2,012,958)	\$ 581,977	\$ 1,209,792	\$ (4,420,959)	\$ (954,742)
450,807	437,107	296,850	480,431	(89,784)	4,125
-	-	-	(13,096,892)	-	-
<u>\$ (426,822)</u>	<u>\$ (1,575,851)</u>	<u>\$ 878,827</u>	<u>\$ (11,406,669)</u>	<u>\$ (4,510,742)</u>	<u>\$ (950,617)</u>

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENT TAX REVENUES BY SOURCE LAST TEN YEARS (Accrual Basis of Accounting)

Table 3

Year	General Property Taxes	Sales Taxes			Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage			
2008	\$755,482	\$7,225,987	\$6,414,770	\$20,986	\$13,661,743	\$1,144,223	\$15,561,448
2009	711,289	7,024,714	6,124,922	20,986	13,170,622	1,131,386	15,013,297
2010	768,342	6,932,962	6,205,568	18,812	13,157,342	1,097,960	15,023,644
2011	777,265	6,923,047	5,655,813	33,651	12,612,511	1,057,234	14,447,010
2012	784,180	7,338,792	5,747,451	52,368	13,138,610	1,031,799	14,954,589
2013	826,033	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,282,741
2014	838,864	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,383,205
2015	845,840	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,906,681
2016	871,178	7,643,899	6,042,853	94,402	13,781,154	1,105,865	15,758,197
2017	821,693	7,786,515	6,144,151	82,913	14,013,580	1,096,000	15,931,273
Change 2008-2017	8.8%	7.8%	-4.2%	295.1%	2.6%	-4.2%	2.4%

CITY OF JACKSONVILLE, ARKANSAS

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (Modified Accrual Basis of Accounting)

Table 4

		Pre-GASB 54						
		2008	2009	2010				
General Fund								
Reserved		\$ 347,968	\$ 68,304	\$ 159,341				
Unreserved		3,204,746	3,503,551	3,297,028				
Total general fund		<u>\$ 3,552,714</u>	<u>\$ 3,571,855</u>	<u>\$ 3,456,369</u>				
All Other Governmental Funds								
Reserved, reported in:								
Debt service funds		\$ 673,128	\$ 317,300	\$ 254,508				
Special revenue funds		12,779,928	11,078,199	8,928,627				
Unreserved, reported in:								
Special revenue funds		3,857,435	3,572,054	2,995,731				
Total all other governmental funds		<u>\$ 17,310,491</u>	<u>\$ 14,967,553</u>	<u>\$ 12,178,866</u>				
		Post-GASB 54						
		2011	2012	2013	2014	2015	2016	2017
General Fund								
Nonspendable	\$ -	\$ -	\$ -	\$ 49,285	\$ 35,247	\$ 29,034	\$ 1,003	
Restricted	536,440	537,495	123,382	8,158	8,158	-	-	
Committed	5,265	5,943	7,039	2,654	3,301	5,948	5,876	
Assigned	1,070,000	-	-	-	-	-	-	
Unassigned	3,792,850	4,095,873	3,089,430	2,375,306	1,830,111	806,202	994,333	
Total general fund	<u>\$ 5,404,555</u>	<u>\$ 4,639,311</u>	<u>\$ 3,219,851</u>	<u>\$ 2,435,403</u>	<u>\$ 1,876,818</u>	<u>\$ 841,184</u>	<u>\$ 1,001,212</u>	
All Other Governmental Funds								
Restricted	\$ 1,515,961	\$ 1,261,474	\$ 1,061,380	\$ 1,823,265	\$ 6,077,962	\$ 4,161,056	\$ 4,759,508	
Assigned	6,180,291	2,733,641	1,809,841	1,597,837	1,617,645	1,603,548	1,406,102	
Total all other governmental funds	<u>\$ 7,696,252</u>	<u>\$ 3,995,115</u>	<u>\$ 2,871,221</u>	<u>\$ 3,421,102</u>	<u>\$ 7,695,606</u>	<u>\$ 5,764,604</u>	<u>\$ 6,165,610</u>	

In 2011 the City implemented GASB 54 which changed the fund balance classification types. Prior to 2011 fund balance was either reserved or unreserved. With the implementation of GASB 54 there are now 5 fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. See Note 1 in the Notes to the Basic Financial Statements for more discussion on these classifications.

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Property taxes	\$ 693,921	\$ 717,792	\$ 723,754	\$ 762,221
Sales taxes	13,660,175	13,170,622	13,157,342	12,612,511
Licenses and permits	145,131	130,663	153,264	122,289
Intergovernmental	4,312,524	4,102,067	4,305,841	4,053,971
Charges for services	791,385	919,286	1,026,128	924,618
Fines and fees	554,482	561,429	651,231	651,271
Utility franchise taxes	1,144,223	1,131,386	1,097,960	1,057,234
Investment income	648,896	247,304	79,823	38,014
Contributions	-	-	-	-
Miscellaneous	517,635	673,468	343,931	818,963
Total revenues	<u>22,468,372</u>	<u>21,654,016</u>	<u>21,539,274</u>	<u>21,041,092</u>
Expenditures				
General government	10,320,417	3,792,768	3,265,843	2,794,399
Public works	2,541,105	2,790,533	3,259,890	4,137,281
Parks and recreation services	2,407,242	3,087,495	2,568,025	2,332,786
Police	5,933,565	7,578,930	7,920,716	7,675,658
Fire	4,309,227	4,637,438	5,177,419	4,716,182
Emergency communication services	688,307	749,533	672,701	755,149
Animal control	287,466	285,653	299,631	295,563
Housing and neighborhood programs	369,029	429,597	539,016	286,307
Debt Service				
Principal	155,000	125,000	145,000	135,000
Interest	106,522	100,616	94,956	104,094
Agent fees	600	250	250	600
Issuance costs	-	-	-	-
Total expenditures	<u>27,118,480</u>	<u>23,577,813</u>	<u>23,943,447</u>	<u>23,233,019</u>
Excess (Deficiency) of revenues over (under) expenditures	(4,650,108)	(1,923,797)	(2,404,173)	(2,191,927)
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Proceeds from other long-term debt	-	-	-	-
Capital lease	-	-	-	-
Transfers in	13,317,337	14,053,286	14,209,326	836,647
Transfers out	(13,868,563)	(14,453,286)	(14,709,326)	(1,179,147)
Total other financing sources (uses)	<u>(551,226)</u>	<u>(400,000)</u>	<u>(500,000)</u>	<u>(342,500)</u>
Net change in fund balances	<u>\$ (5,201,335)</u>	<u>\$ (2,323,798)</u>	<u>\$ (2,904,173)</u>	<u>\$ (2,534,427)</u>
Debt service as a percentage of noncapital expenditures	1.1%	1.2%	1.2%	1.3%

Table 5

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	779,861	\$ 782,292	\$ 802,438	\$ 833,835	\$ 839,052	\$ 826,251
	13,138,610	13,164,041	13,406,409	13,798,792	13,781,154	14,013,579
	160,514	123,447	133,586	136,274	226,274	434,535
	5,310,202	4,674,667	4,729,464	4,575,835	4,847,747	4,738,360
	1,056,207	1,081,303	1,119,187	1,150,933	1,097,253	942,439
	791,192	798,456	840,609	651,626	562,916	542,862
	1,031,798	1,292,667	1,137,932	1,262,049	1,105,865	1,096,000
	21,136	7,026	5,059	15,644	89,570	110,441
	-	150,000	-	772,000	257,500	110,000
	227,747	917,159	932,527	665,312	548,794	234,085
	<u>22,517,267</u>	<u>22,991,058</u>	<u>23,107,211</u>	<u>23,862,300</u>	<u>23,356,125</u>	<u>23,048,552</u>
	3,600,208	3,491,811	2,906,919	2,708,248	2,781,035	2,904,825
	3,070,904	3,021,075	2,528,778	2,802,715	2,375,150	2,390,959
	3,694,975	5,514,730	3,025,248	3,292,345	3,936,111	2,473,090
	11,533,317	8,096,659	7,149,003	7,347,242	7,370,238	6,970,618
	4,403,817	4,486,226	4,324,497	4,472,701	7,214,517	4,764,915
	4,858,959	878,086	714,945	675,758	699,037	714,326
	298,166	322,848	305,998	287,637	280,536	290,121
	371,863	559,482	238,824	202,067	226,768	213,718
	155,000	1,422,435	1,803,468	6,389,707	725,000	1,050,000
	81,468	157,622	227,594	215,760	272,534	251,964
	700	600	600	33,833	6,844	6,990
	-	-	-	145,014	-	-
	<u>32,069,377</u>	<u>27,951,574</u>	<u>23,225,874</u>	<u>28,573,027</u>	<u>25,887,770</u>	<u>22,031,526</u>
	(9,552,110)	(4,960,516)	(118,663)	(4,710,727)	(2,531,645)	1,017,026
	-	-	-	8,851,649	-	-
	3,011,700	3,157,161	344,335	-	-	-
	2,516,526	-	-	-	-	-
	6,004	577,890	554,150	150,000	993,156	1,088,000
	(448,500)	(1,167,890)	(1,013,827)	(575,000)	(1,428,145)	(1,543,989)
	<u>5,085,730</u>	<u>2,567,161</u>	<u>(115,342)</u>	<u>8,426,649</u>	<u>(434,989)</u>	<u>(455,989)</u>
\$	<u>(4,466,380)</u>	<u>(2,393,355)</u>	<u>(234,005)</u>	<u>3,715,922</u>	<u>(2,966,634)</u>	<u>561,037</u>
	1.2%	7.3%	10.7%	34.0%	4.4%	6.5%

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENT TAX REVENUES BY SOURCE LAST TEN YEARS (Modified Accrual Basis of Accounting)

Table 6

Year	General Property Taxes	Sales Taxes			Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage			
2008	\$693,921	\$7,225,987	\$6,414,770	\$20,986	\$13,661,743	\$1,144,223	\$15,499,887
2009	717,792	7,024,714	6,124,922	20,986	13,170,622	1,131,386	15,019,800
2010	723,754	6,932,962	6,205,568	18,812	13,157,342	1,097,960	14,979,056
2011	762,221	6,923,047	5,655,813	33,651	12,612,511	1,057,234	14,431,966
2012	779,861	7,338,792	5,747,451	52,368	13,138,610	1,031,799	14,950,270
2013	782,292	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,239,000
2014	802,438	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,346,779
2015	833,835	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,894,676
2016	839,052	7,643,899	6,042,853	94,402	13,781,154	1,105,865	15,726,071
2017	826,251	7,786,515	6,144,151	82,913	14,013,580	1,096,000	15,935,831
Change							
2008-2017	19.1%	7.8%	-4.2%	295.1%	2.6%	-4.2%	2.8%

CITY OF JACKSONVILLE, ARKANSAS

ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Table 7

Year	Regular Property		Utility Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Personal	Real	Personal				
2008	\$187,275,219.00	\$55,503,120.00	\$0.00	\$15,951,595.00	\$258,729,934.00	3.0	\$1,293,649,670.00	20%
2009	193,088,831	49,438,185	-	16,040,341	258,567,357	3.0	1,292,836,785	20%
2010	202,266,211	49,397,720	-	16,140,540	267,804,471	3.0	1,339,022,355	20%
2011	204,232,215	51,272,975	-	16,919,055	272,424,245	3.0	1,362,121,225	20%
2012	202,646,506	53,595,970	-	17,026,315	273,268,791	3.0	1,366,343,955	20%
2013	208,233,348	55,876,090	-	17,583,900	281,693,338	3.0	1,408,466,690	20%
2014	211,849,225	58,290,985	-	19,517,835	289,658,045	3.0	1,448,290,225	20%
2015	214,553,993	57,134,325	-	20,250,790	291,939,108	3.0	1,459,695,540	20%
2016	218,016,627	60,054,250	-	17,822,980	295,893,857	3.0	1,479,469,285	20%
2017	212,102,407	60,382,580	-	21,874,860	294,359,847	3.0	1,471,799,235	20%

Source: Pulaski County Tax Assessor.

Note: Tax rates are per \$1,000 of assessed value.

Note: Tax collections shown do not include Act 9 Real Estate Valuations.

Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts. Both are considered personal PSC accounts

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX RATES AND TAX LEVIES OF DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Table 8

Local Tax Rates Per \$1,000 Assessed Value

Year	Jacksonville		Pulaski County		Pulaski County Special School District		Jacksonville North Pulaski School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2008	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2009	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2010	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2011	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2012	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2013	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2014	3.00	3.00	10.10	10.10	40.70	40.70	-	-	50.80	50.80
2015	3.00	3.00	10.10	10.10	40.70	(1) 40.70	-	-	50.80	50.80
2016	3.00	3.00	10.10	10.10	-	-	(2) 40.70	40.70	50.80	50.80
2017	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40

Tax Levies

2008	\$1,151,422.83	\$45,743,106.05	\$88,873,909.06	\$0.00	\$135,768,437.94
2009	1,150,690	46,344,553	91,537,250	-	139,032,493
2010	1,191,800	46,915,434	93,963,825	-	142,071,059
2011	1,212,353	48,464,111	98,195,347	-	147,871,810
2012	1,216,108	49,084,104	100,584,377	-	150,884,589
2013	1,253,591	50,553,806	105,004,294	-	156,811,691
2014	1,289,033	52,080,512	109,264,864	-	162,634,409
2015	1,299,180	53,185,616	14,858,236	(1) -	69,343,032
2016	1,316,778	55,175,845	-	(2) 18,017,117	74,509,740
2017	1,309,974	55,667,587	-	18,465,942	75,443,503

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year.

Note (1): In 2015 a new school district was established, the Jacksonville North Pulaski School District, and 2015 tax rates and levies reflect amounts for the new school district.

Note (2): In July 2016 the new Jacksonville North Pulaski School District opened for classes.

Taxes are due and payable on or before October 10th. Taxes are recorded as delinquent after October 10th and a 10% penalty is added.

State statutory limits on City tax rate:

General operation	5 mills
General improvement bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pension and policemen's pension	1 mill each

CITY OF JACKSONVILLE, ARKANSAS

PRINCIPAL SALES TAXPAYERS DECEMBER 31, 2017

Table 9

The City of Jacksonville, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes: a two cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Jacksonville makes up approximately 7% of the county population and receives a like portion of the county tax. In 2017, the two cent city sales tax generated revenue of \$7,786,515.

According to Arkansas State Statute, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Jacksonville is not able to identify the top 10 taxpayers. However, Jacksonville enjoys a diverse economic sales tax base.

NAICS Economic Sector	Description	2017			2008				
		Taxable Sales	City Sales Tax Collected	Rank	Percentage of Total City Sales Tax	Taxable Sales	City Sales Tax Collected	Rank	Percentage of Total City Sales Tax
44-45	Retail Trade	\$ 216,238,942	\$4,324,779	1	55.5%	\$ 174,114,450	\$3,482,289	1	48.2%
72	Accommodations and Food Services	37,244,053	744,881	2	9.6%	33,884,000	677,680	2	9.4%
42	Wholesale Trade	20,228,105	404,562	3	5.2%	24,102,050	482,041	3	6.7%
51	Information and Cultural Industries	18,456,077	369,122	4	4.7%	20,686,250	413,725	4	5.7%
31-33	Manufacturing	13,723,497	274,470	5	3.5%	6,437,700	128,754	6	1.8%
53	Rental, Leasing and Real Estate	13,021,129	260,423	6	3.3%	4,165,150	83,303	8	1.2%
56	Admin & Support & Waste Mngmt & Remediation Services	11,243,864	224,877	7	2.9%	3,641,750	72,835	9	1.0%
81	Other Services (except Public Administration)	9,309,262	186,185	8	2.4%	2,741,750	54,835	10	0.8%
	Automobile	8,414,613	168,292	9	2.2%	n/a	n/a		
22	Utilities	7,386,750	147,735	10	1.9%	19,162,800	383,256	5	5.3%
23	Construction	n/a	n/a			4,949,000	98,980	7	1.4%
	Totals	<u>\$ 355,266,290</u>	<u>\$7,105,326</u>		<u>91.3%</u>	<u>\$ 293,884,900</u>	<u>\$5,877,698</u>		<u>81.3%</u>

Source: Arkansas Department of Finance and Administration, Revenue Division (DFA), Sales and Use Tax Section.

¹ Beginning in 2014, DFA started to include Automobile and Other Unidentified Receipts without the NAICS code.

Note: DF&A will not supply "Taxable Sales". Therefore, taxable sales are based on "Tax Collected" divided by 2%, the tax rate for the corresponding year.

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Table 10

Year	Total Tax Levy in Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$1,092,143.00	\$925,935.67	84.78%	\$72,011.36	\$997,947.03	91.38%
2009	1,151,423	976,709	84.83%	69,858	1,046,567	90.89%
2010	1,150,690	983,175	85.44%	73,819	1,056,994	91.86%
2011	1,191,800	1,019,875	85.57%	86,730	1,106,605	92.85%
2012	1,212,353	1,049,855	86.60%	102,969	1,152,824	95.09%
2013	1,216,108	1,056,117	86.84%	89,448	1,145,565	94.20%
2014	1,253,591	1,101,934	87.90%	90,277	1,192,211	95.10%
2015	1,289,033	1,124,222	87.21%	88,624	1,212,846	94.09%
2016	1,299,180	1,120,679	86.26%	83,517	1,204,196	92.69%
2017	1,316,778	1,110,770	84.36%	82,084	1,192,854	90.59%

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year. Data is not available to show the current level by year of outstanding delinquent taxes.

CITY OF JACKSONVILLE, ARKANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Lease	Notes Payable				
2008	\$2,345,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,345,000	0.40%	\$ 119.26
2009	2,220,000	-	-	-	-	-	2,220,000	0.37%	111.57
2010	2,075,000	-	-	-	-	-	2,075,000	0.37%	103.86
2011	1,940,000	-	-	-	-	1,294,514	3,234,514	0.56%	157.44
2012	1,785,000	-	3,011,700	2,516,526	-	1,037,081	8,350,307	1.39%	394.68
2013	1,579,017	-	5,038,839	2,429,113	-	771,818	9,818,787	1.70%	482.35
2014	1,404,381	-	4,104,899	2,075,153	-	475,337	8,059,770	1.40%	395.94
2015	1,194,520	8,849,418	-	74,958	-	216,842	1,486,320	0.26%	72.57
2016	970,126	8,343,237	-	54,958	-	-	9,368,322	1.68%	477.37
2017	735,732	7,521,374	-	621,185	-	-	8,878,292	1.54%	437.14

Note: Details regarding the City's outstanding debt can be found in Note 4 to the basic financial statements.

- (1) See the Schedule of Demographic and Economic Statistics for the personal income and population data.
- (2) In 2015, the City issued \$8,815,000 of Capital Improvement and Refunding Revenue Bonds to renovate the Central Fire Station and Splash Zone (City Water Park), to purchase three new fire trucks, to replace playground and exercise equipment, to construct a roundabout at General Samuels and Harris Roads and to refund the City's outstanding short-term loans.

CITY OF JACKSONVILLE, ARKANSAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

Table 12

Year	Population	Assessed Value	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2008	29,916	\$258,729,934	\$1,960,001	0.76%	65.52
2009	29,916	258,567,357	1,817,691	0.70%	60.76
2010	28,364	267,804,471	1,672,256	0.62%	58.96
2011	28,364	272,424,245	7,014,419	2.57%	247.30
2012	28,364	273,268,791	7,311,637	2.68%	257.78
2013	28,364	281,693,338	9,046,969	3.21%	318.96
2014	28,364	289,658,045	7,584,433	2.62%	267.40
2015	28,364	291,939,108	10,078,357 (1)	3.45%	355.32
2016	28,364	295,893,857	9,313,363	3.15%	328.35
2017	28,364	294,359,847	8,257,106	2.81%	291.11

(1) In 2015, the City issued \$8,815,000 of Capital Improvement and Refunding Revenue Bonds to renovate the Central Fire Station and Splash Zone (City Water Park), to purchase three new fire trucks, to replace playground and exercise equipment, to construct a roundabout at General Samuels and Harris Roads and to refund the City's outstanding short-term loans.

CITY OF JACKSONVILLE, ARKANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2017

Table 13

	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
Direct:			
City of Jacksonville	\$ 8,878,292	100%	\$ 8,878,292
Overlapping:			
Jacksonville North Pulaski School District	<u>60,745,000</u>	100%	<u>60,745,000</u>
Total direct & overlapping debt	<u>\$ 69,623,292</u>		<u>\$ 69,623,292</u>

CITY OF JACKSONVILLE, ARKANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 64,682,484	\$ 64,641,839	\$ 66,951,118	\$ 68,106,061
Total net debt applicable to limit	<u>2,093,224</u>	<u>1,960,001</u>	<u>1,817,691</u>	<u>1,672,256</u>
Legal debt margin	<u>\$ 62,589,260</u>	<u>\$ 62,681,838</u>	<u>\$ 65,133,427</u>	<u>\$ 66,433,805</u>
Total net debt applicable to the limit as a percentage of debt limit	3.24%	3.03%	2.71%	2.46%

Note: Computation of the City's legal debt margin is set forth in Amendments 78 and 62 to the Constitution of the State of Arkansas.

(1) General obligation debt is not to exceed 20% of assessed value.

(2) Short-term financing debt is not to exceed 5% of assessed value.

Table 14

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 68,317,198	\$ 70,423,335	\$ 72,414,511	\$ 72,984,777	\$ 73,973,464	\$ 73,589,962
<u>7,014,419</u>	<u>8,772,496</u>	<u>7,308,901</u>	<u>9,739,216</u>	<u>8,732,284</u>	<u>7,534,343</u>
<u>\$ 61,302,779</u>	<u>\$ 61,650,839</u>	<u>\$ 65,105,610</u>	<u>\$ 63,245,561</u>	<u>\$ 65,241,180</u>	<u>\$ 66,055,619</u>
10.27%	12.46%	10.09%	13.34%	11.80%	10.24%

Legal Debt Margin Calculation for 2017

Assessed value	\$ 294,359,847
Debt limit:	
General obligation debt limitation (1)	58,871,969
Short-term financing debt limitation (2)	<u>14,717,992</u>
Total Debt Limitation	<u>73,589,962</u>
Debt applicable to limit:	
General obligation and short-term financing	8,878,292
Less: Amount set aside for repayment in debt service fund	<u>1,343,949</u>
Total net debt applicable to limit	<u>7,534,343</u>
Legal debt margin	<u>\$ 66,055,618</u>

CITY OF JACKSONVILLE, ARKANSAS

REVENUE BOND COVERAGE LAST TEN YEARS

	Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service
Jacksonville Municipal Water Works	2008	\$5,428,299	\$3,654,003	\$1,774,296
	2009	5,368,334	4,312,394	1,055,940
	2010	6,137,715	3,830,624	2,307,091
	2011	6,837,937	4,069,853	2,768,084
	2012	7,352,372	4,266,956	3,085,416
	2013	6,756,347	4,873,636	1,882,711
	2014	6,759,811	4,999,214	1,760,597
	2015	6,731,018	4,914,904	1,816,114
	2016	6,867,230	4,912,576	1,954,654
	2017	6,628,506	5,264,757	1,363,749
Jacksonville Wastewater Utility	2008	\$3,953,064	\$2,632,217	\$1,320,847
	2009	4,070,352	2,677,216	1,393,136
	2010	4,096,783	2,685,644	1,411,139
	2011	3,913,742	2,646,923	1,266,819
	2012	4,132,309	2,612,691	1,519,618
	2013	4,583,752	3,177,026	1,406,726
	2014	4,956,497	3,124,203	1,832,294
	2015	5,003,956	3,209,027	1,794,929
	2016	4,928,496	3,089,715	1,838,781
	2017	4,905,432	3,136,073	1,769,359

Note: amounts shown are for the City's Discretely Presented Component Units.

(1) Excludes depreciation.

Table 15

Debt Service Requirements			
Principal	Interest	Total	Coverage
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	812,500	812,500	3.41
-	812,500	812,500	3.80
-	202,123	202,123	9.31
754,987	380,931	1,135,918	1.55
779,723	422,619	1,202,342	1.51
805,374	404,215	1,209,589	1.62
836,984	370,952	1,207,936	1.13
\$ -	\$ -	\$ -	-
285,000	882,818	1,167,818	1.19
300,000	868,568	1,168,568	1.21
315,000	853,568	1,168,568	1.08
330,000	837,818	1,167,818	1.30
350,000	821,318	1,171,318	1.20
365,000	803,818	1,168,818	1.57
385,000	785,568	1,170,568	1.53
440,000	568,944	1,008,944	1.82
450,000	557,944	1,007,944	1.76

CITY OF JACKSONVILLE, ARKANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Table 16

Year	Population	Personal Income (thousands of dollars) (2)	Per Capita Income (2)	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment (3)(7)	Unemployment Rate (4)
2008	29,916 (1)	\$588,238	\$19,663	30.9	15.0%	6,234 (3)	6.0%
2009	29,916 (1)	595,269	19,898	29.9	15.0%	6,092 (3)	8.0%
2010	28,364 (5)	566,656	19,978	30.0	15.0%	5,826 (3)	8.5%
2011	28,364 (5)	582,738	20,545	30.0	15.0%	5,527 (3)	7.9%
2012	28,364 (5)	600,097	21,157	30.8	15.0%	5,333 (3)	8.0%
2013	28,364 (5)	577,378	20,356	31.2	15.0%	5,279 (3)	7.7%
2014	28,364 (5)	577,378	20,356	31.2	15.0%	5,144 (3)	6.1%
2015	28,364 (5)	580,895	20,480	31.2	18.6%	3,898 (6)	5.7%
2016	28,364 (5)	556,644	19,625	31.2	18.9%	4,062 (7)	4.1%
2017	28,364 (5)	576,073	20,310	31.9	19.2%	3,871 (7)	3.3%

Data Sources: Metroplan - Council of Local Governments, Pulaski County Special School District

- (1) 2000 Census
- (2) Metroplan provides per capita income. Personal Income is a calculation of per capita income multiplied by the population.
- (3) Pulaski County Special School District
- (4) Source: Arkansas Department of Workforce Services / www.discoverarkansas.gov
- (5) 2010 Census
- (6) 2015 New division lines for Pulaski County Special School District excludes data from Adkins PreK, Cato Elementary, Northwood Elementary schools.
- (7) 2016 Jacksonville no longer is part of the Pulaski County Special School District. Jacksonville North Pulaski School District opened.

CITY OF JACKSONVILLE, ARKANSAS

JACKSONVILLE AREA MAJOR EMPLOYERS CURRENT YEAR AND TEN YEARS

Table 17

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Little Rock Air Force Base	7,809	1	67.66%	7,163	1	57.29%
Pathfinder, Inc	695	2	6.02%	900	2	7.20%
Jacksonville North Pulaski School District (1)	579	3	5.02%	-	-	-
North Metro Medical Center	362	4	3.14%	450	5	3.60%
Wal-Mart	300	5	2.60%	555	4	4.44%
City of Jacksonville	277	6	2.40%	275	7	2.20%
Lomanco, Inc.	206	7	1.78%	194	10	1.55%
Arkansas Federal Credit Union	198	8	1.72%	207	8	1.66%
Gwatney Chevrolet	146	9	1.26%	-	-	-
First Arkansas Bank & Trust	135	10	1.17%	-	-	-
Pulaski County Special School Distict (2)				788	3	6.30%
Graphic Packaging International (2)				305	6	2.44%
Conestoga Wood Specialties, Inc. (2)				195	9	1.56%
	<u>10,707</u>		<u>92.77%</u>	<u>11,032</u>		<u>88.24%</u>

Sources: Jacksonville Chamber of Commerce
Discover Arkansas.net-Labor Force Statistics

- (1) Jacksonville North Pulaski School district opened in 2016
(2) No longer doing business in Jacksonville

CITY OF JACKSONVILLE, ARKANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN YEARS

Table 18

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
General government and administration	13	11	12	12	12	12	12	12	12	10
City council	10	10	10	10	10	10	10	10	10	10
Mayor	2	2	2	2	2	2	2	2	1	1
City clerk	2	2	2	2	2	2	2	2	1	1
City attorney	2	2	2	2	2	2	2	2	1	1
District court	5	5	5	5	5	5	5	5	5	3
Director of administration	1	1	1	1	1	1	1	1	1	0
Information technology	2	2	2	2	2	2	2	1	1	1
Finance	8	8	8	7	7	8	7	6	6	6
Human resources	3	3	3	3	3	3	3	2	1	1
Fleet services	2	3	3	3	3	3	2	2	2	2
Public works										
Public works coordinator	1	1	1	1	1	1	1	1	1	1
Engineering	3	3	3	3	4	4	4	3	3	3
Code enforcement	4	4	5	4	4	4	4	4	4	3
Parks and recreation services	43	46	45	30	40	55	35	34	45	34
Police	88	88	90	95	95	98	96	95	94	79
Fire	52	52	52	54	54	56	56	55	45	55
Emergency communication services	14	13	13	13	14	15	12	11	10	13
Animal control	6	6	6	6	6	6	5	5	5	5
Total General Fund	<u>259</u>	<u>261</u>	<u>264</u>	<u>254</u>	<u>266</u>	<u>288</u>	<u>261</u>	<u>253</u>	<u>248</u>	<u>229</u>
Community Development	2	3	2	2	2	2	1	1	1	1
Emergency Medical Services	12	12	12	11	12	12	12	12	12	12
Public Works - Street	20	22	22	18	22	18	15	14	18	19
Sanitation	24	24	24	16	18	16	15	15	15	16
Total Other Funds	<u>58</u>	<u>61</u>	<u>60</u>	<u>47</u>	<u>54</u>	<u>48</u>	<u>43</u>	<u>42</u>	<u>46</u>	<u>48</u>
Total Personnel	<u>317</u>	<u>322</u>	<u>324</u>	<u>301</u>	<u>320</u>	<u>336</u>	<u>303</u>	<u>295</u>	<u>294</u>	<u>277</u>

Source: City's Human Resource Department



CITY OF JACKSONVILLE, ARKANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/Program	2008	2009	2010	2011	2012
Planning and Development					
Total building permits issued	219	217	224	171	228
Estimated building cost	\$ 21,592,695	\$ 14,288,536	\$ 20,416,524	\$ 13,250,658	\$ 28,930,558
New commercial construction permits	12	12	27	9	3
Commercial construction value	\$ 21,592,695	\$ 5,944,317	\$ 10,353,317	\$ 8,412,857	\$ 16,653,110
New residential construction permits	61	57	60	31	102
Residential construction value	\$ 21,592,695	\$ 6,523,000	\$ 8,665,968	\$ 3,416,000	\$ 10,687,144
Police					
Number of uniformed employees	76	75	76	76	79
Call responses	35,682	37,672	47,895	47,217	48,167
Physical arrests	4,480	4,343	4,362	4,007	4,050
Parking/traffic violations	5,244	5,472	7,865	7,146	7,399
Clearance rate - violent crimes	70.4%	40.5%	49.7%	65.6%	44.0%
Clearance rate - property crimes	48.1%	37.0%	30.7%	36.3%	44.8%
Fire					
Number of uniformed employees	51	51	51	53	53
Fire alarms	2,158	1,884	2,640	3,129	3,129
EMS alarms	2,561	2,667	2,841	3,125	3,216
Fire losses	\$ 983,851	\$ 785,600	\$ 380,450	\$ 407,600	\$ 963,342
Fire savings	\$ 2,562,150	\$ 1,833,020	\$ 2,630,600	\$ 990,800	\$ 1,113,900
911 Communications					
Ambulance land line calls (*1)(*2)	784	830	852	1,406	1,447
Ambulance wireless calls (*1)(*2)	1,828	1,938	1,989	1,718	1,769
Fire land line calls (*1)(*2)	648	635	792	1,408	1,408
Fire wireless calls (*1)(*2)	1,510	1,481	1,848	1,721	1,721
Police land line calls (*1)(*2)	10,705	11,302	14,369	21,248	21,675
Police wireless calls (*1)(*2)	24,977	26,370	33,527	25,969	26,492
Animal Shelter					
Animals handled	2,515	2,325	2,176	2,063	1,762
Adoptions	845	869	915	758	564
Rescued and released to owners	394	405	431	416	419
Animal cruelty investigations	107	85	145	156	107
Animal bite investigations	49	40	34	39	33
Solid Waste/Garbage collection					
Solid waste disposal monthly service rate (*3)	\$ 7.75	\$ 7.98	\$ 8.21	\$ 9.60	\$ 20.98
Refuse collected (cubic yards)	26,419	22,451	23,648	22,503	21,027
Recyclables collected, processed, and sold (tons)	615	649	675	665	609
Recycled yard waste (cubic yards)	38,950	33,633	32,816	35,768	32,910
Recycle drive-thru customers (*4)	7,680	10,023	8,474	7,500	6,696
Public Works					
Asphalt milling (square yards)	-	19,591	6,111	7,113	8,308
Asphalt overlay (tons)	-	5,245	2,554	1,655	1,956
Right-of-way and ditch mowing (miles)	1,850	1,850	1,850	1,850	1,850
Ditch cleaning (linear feet)	16,405	17,008	12,906	11,398	22,322
Pipe/culvert installation (linear feet)	170	1,152	1,423	1,000	2,158
Storm drain culverts cleaned/flushed (feet)	1,500	2,000	3,000	3,000	3,000
Roadways cleaned with street sweeper (miles)	9,318	9,318	9,318	9,318	9,318
Potholes repaired	190	247	256	241	167
Parks and recreation					
Total recorded parks attendance	465,114	329,462	487,600	349,525	356,321
Community Center events booked	323	323	376	325	338
Pool parties-indoor pool	196	192	216	128	154
Pool parties-outdoor pool	70	83	81	107	122
Swim lessons	1,350	1,561	1,656	853	1,220
AG&FF Shooting Sports Complex (*5)					
Total Events Held	-	-	-	-	-
Targets Thrown	-	-	-	-	-

Source: Various city departments

Note: Indicators are not available for the general government function.

*1 Beginning in 2011 the Total EMS/Fire/Police Calls= 45% (landline), 55% (Wireless)

*2 Beginning in 2016 the Total EMS/Fire/Police Calls= 25% (landline), 75% (Wireless)

*3 Solid Waste disposal was charged per cubic yard until 2012, then it was charged per ton.

*4 Decrease due to the County's new 2017 curbside recycling program

*5 Beginning in 2017 the Shooting Sports Complex became its own Enterprise Fund

Table 19

2013	2014	2015	2016	2017
158	150	147	153	183
\$ 10,620,235	\$ 11,637,357	\$ 9,244,024	\$ 15,307,827	\$ 97,881,742
9	3	1	6	13
\$ 5,335,457	\$ 5,273,746	\$ 380,000	\$ 2,126,400	\$ 87,803,785
32	39	43	41	63
\$ 4,109,500	\$ 4,749,000	\$ 5,633,017	\$ 5,060,053	\$ 7,309,903
80	80	77	76	79
49,659	45,587	55,199	51,263	42,804
3,804	4,040	3,363	2,896	1,898
5,996	7,278	7,731	6,410	3,502
63.5%	56.7%	63.0%	59.0%	56.0%
64.0%	44.5%	49.0%	37.0%	18.0%
55	55	67	55	56
4,141	3,752	4,485	4,699	5,035
3,120	3,541	3,847	3,920	4,215
\$ 829,630	\$ 803,495	\$ 394,220	\$ 829,630	\$ 706,250
\$ 3,014,880	\$ 2,906,079	\$ 7,949,810	\$ 5,656,220	\$ 10,133,450
1,404	1,593	1,731	980	1,054
1,716	1,948	2,116	2,940	3,161
1,863	1,688	2,018	1,175	1,259
2,278	2,064	2,467	3,524	3,776
22,347	20,514	24,840	12,816	10,701
27,312	25,073	30,359	38,447	32,103
1,563	1,507	1,500	1,503	1,723
595	795	1,032	1,125	1,236
374	324	324	296	329
73	38	27	17	9
35	40	40	32	40
\$ 21.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.62
21,542	22,393	24,774	26,890	26,886
579	612	557	524	531
33,456	34,529	30,636	31,830	38,352
7,826	8,156	8,140	8,122	6,620
15,513	13,286	7,314	11,600	10,000
2,574	1,623	2,226	2,055	2,064
1,850	1,850	1,850	1,850	1,850
22,322	22,240	18,422	20,299	27,856
2,577	1,500	1,065	1,528	2,106
3,000	3,000	3,000	3,000	3,000
9,318	9,318	9,318	7,800	7,800
202	200	225	225	246
375,000	425,000	425,000	435,000	500,000
350	173	187	303	329
227	185	272	184	212
113	112	126	92	127
1,562	1,541	1,126	1,477	1,392
				87
-	-	-	-	1,300,000

CITY OF JACKSONVILLE, ARKANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 20

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	1	1	1	2	2	2
Patrol units	69	69	69	69	69	69	87	82	78	62
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	4	4	4	4	4	4	5	5	5	5
Ambulances	4	4	4	4	4	4	4	4	4	3
Refuse Collection										
Collection trucks	18	18	18	18	18	18	18	18	20	22
Public Works										
Miles of Streets	119	120	120	121	121	121	121	123	123	124
Miles of Highways	43	43	43	43	43	43	43	43	43	43
Traffic signals (intersections)	24	24	24	24	24	24	17	17	16	16
Parks and Recreation										
Acreage	283	283	313	318	318	318	700	700	700	700
Number of Playgrounds	9	9	10	10	11	11	11	11	11	11
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of community centers	2	2	2	2	2	2	2	3	3	3
Number of water parks	1	1	1	1	1	1	1	1	1	1

Source: Various City departments.

Note: No capital asset indicators are available for the general government.

**Independent Auditor's Report on
Compliance With Certain State Acts**

Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

We have examined management's assertions that the City of Jacksonville, Arkansas, complied with the requirements of *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2017:

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, management's assertion that the City of Jacksonville, Arkansas complied with the aforementioned requirements during the year ended December 31, 2017 is fairly stated, in all material respects.

This report is intended solely for the information and use of the governing body, management and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
June 29, 2018



**Independent Auditor's 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**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Jacksonville, Arkansas' basic financial statements, and have issued our report thereon dated June 29, 2018. Our report includes a reference to other auditors who audited the financial statements of Jacksonville Municipal Water Works as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 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*.

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.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
June 29, 2018

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable	

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2017

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable	