

CITY OF JACKSONVILLE, ARKANSAS



Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2018



Comprehensive Annual Financial Report

**City of Jacksonville,
Arkansas**

Fiscal Year Ended

December 31, 2018

Prepared by:

FINANCE DEPARTMENT

Cheryl Erkel, CGFM
DIRECTOR OF FINANCE



CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2018

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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, 2018, 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 that the financial statements will be free from material misstatement. As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Jacksonville’s financial statements have been audited by McAlister & Associates, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jacksonville for the fiscal year ended December 31, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Jacksonville’s financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Jacksonville’s MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Jacksonville was incorporated on September 6, 1941 as a political subdivision of the State of Arkansas. It is located in the central part of the state approximately 17 miles north of

Little Rock, the State Capital of Arkansas. 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. These two entities have been included in the comprehensive annual financial report as discretely presented component units. Another discretely presented component unit is the Jacksonville Advertising and Promotion Commission, which was created for the development, establishment, improvement, maintenance, and operation of recreational and tourist facilities within the City. 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 decreased from an average of 4.31% in 2017 to an average of 4.17% in 2018. The first few months of 2019 have shown in the economic climate with the national unemployment rate decreasing to 3.6% and the City's rate remains steady at 4.2%.

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 totaled \$469 million. Additionally, the base was the 7th largest employer in the State of Arkansas in fiscal year 2018 with 7,809 jobs on base and 2,847 indirect jobs. LRAFB is a major training facility for the United States Air Force. It is the home of C-130 Combat Airlift.

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 of the Arkansas 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 Jacksonville North Pulaski 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 1.5% with the 2017 levy collectible in 2018 decreasing by .05%.

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 1.1% over the past five years which includes an increase of 1.8% for 2017 and a decrease of 0.6% for 2018. 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 25, 2019, the tax reform bill passed the Senate and moved to the House of Representatives. Governor Asa Hutchinson has expressed his approval of this bill.

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. The City is taking a proactive approach for the 2020 U.S. Census. We have formed a committee to help with educating the public on the importance of filling out the census form. The committee consists of citizens with diverse ethnic backgrounds in order to address various concerns throughout the community. We are optimistic that our population will have grown based on several new subdivisions and a new school district since the last census was taken.

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.

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 contributed approximately \$2 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.

In 2017, the City entered into a 60-month equipment lease agreement with AT&T for \$10,629 per month for 9-1-1 equipment upgrade and maintenance. The equipment will be owned by the City at the end of this lease. Another lease agreement was entered into in 2018 with Dell Financial Services for computer servers. It's a 5 year lease with annual payments of \$37,048.

Major Initiatives. Jacksonville is continuously looking for ways to improve the city to ensure the safety of its citizens. In 2018, Jacksonville received \$120,800 from a Safe Routes to School Grant for a new sidewalk on Northeastern Avenue. We completed a sidewalk on North First Street during the first couple of months in 2019 for which the City will be receiving \$80,000 reimbursement from a grant. There is sidewalk planned for a portion of Military Road (estimated at a cost of \$530,000 with \$375,000 funded by grants).

In addition to sidewalks, the City will be replacing a bridge on Oneida Street which will be financed jointly with the City of Sherwood and Pulaski County in 2019. The Loop Road railroad crossing is scheduled to have an overpass built over it. This project will be partially funded by the State with an 80% matching grant. Construction is 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, 2017. 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 21st 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

August 30, 2019



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

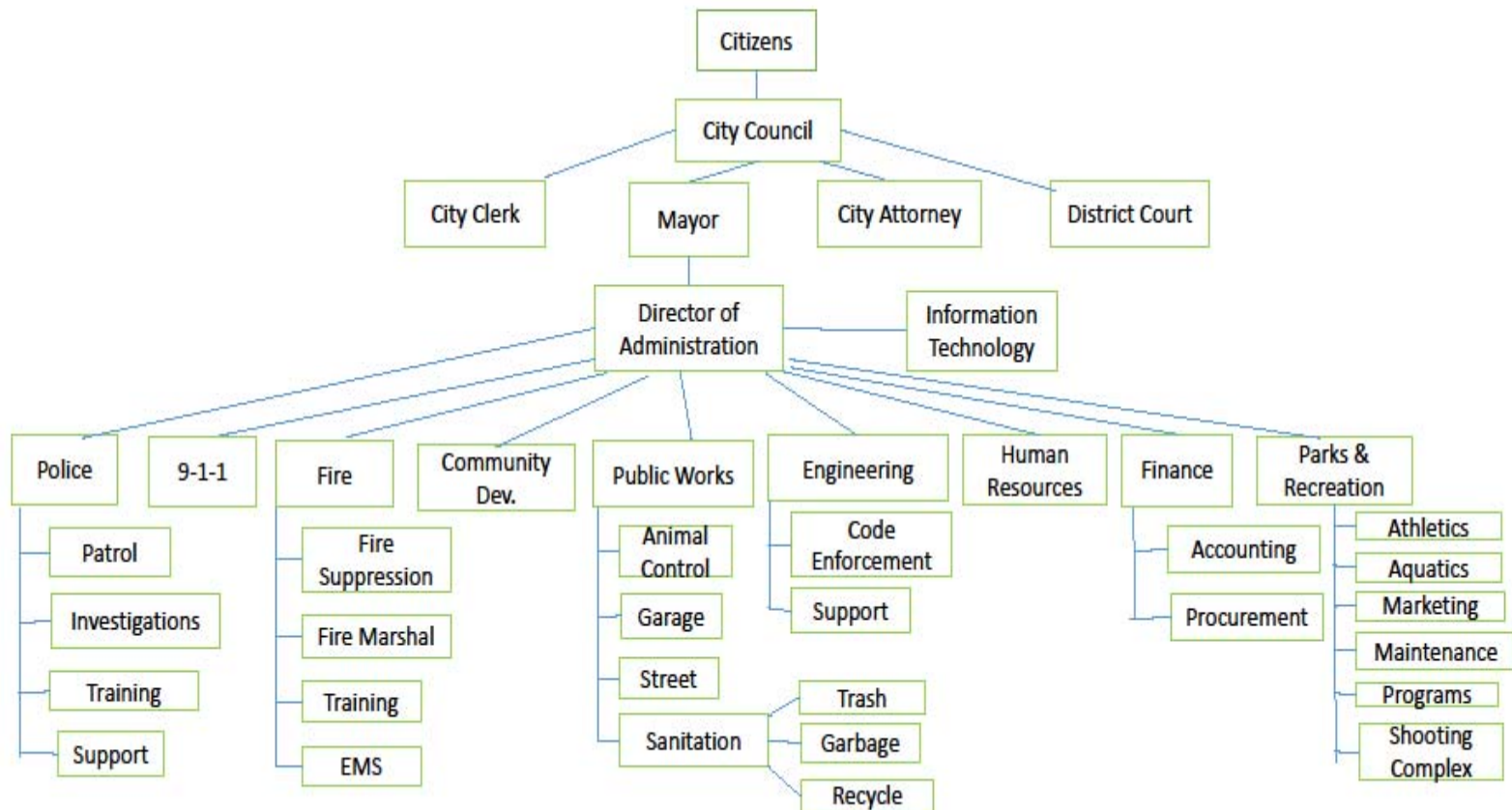
December 31, 2017

Christopher P. Morrell

Executive Director/CEO



City of Jacksonville Organizational Structure



**City of Jacksonville, Arkansas
List of Elected and Appointed Officials
December 31, 2018**

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 Bamberg		City Attorney	
Susan Davitt		City Clerk/Treasurer	
Rita Bailey		District Court Judge	

Appointed Officials

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	Charlette Nelson
Director of Police	John Franklin
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, 2018, 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 61%, 57% and 65%, 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.

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, 2018, 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.

Emphasis of a Matter

During the year ended December 31, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result of the implementation of this standard, the City reported a restatement to net position for the change in accounting principle (See Note 14). Our auditor's opinion was not modified with respect to the restatement.

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.

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

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019, 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
August 30, 2019





Management’s Discussion and Analysis

For the Year Ended December 31, 2018

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, 2018. 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 \$30,444,016.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$8,499,527 of which \$1,992,119 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,922,119 which is 1.1 % of total general fund expenditures.
- The City’s total bond related debt decreased by \$767,071 or 9% during 2018 primarily due to principal payments on existing debt.
- The City had general revenues of \$16,467,512, grants and contribution revenues of \$4,662,979, charges for services of \$5,886,195, and program expenses of \$28,289,592 for the year ended December 31, 2018.

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.

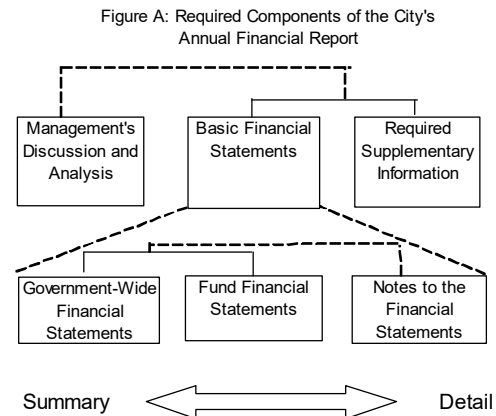


Figure B. Major features of the City's Government-wide and Fund Financial Statements

<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 48 of this report.

The government-wide financial statements can be found on pages 28 through 31 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 32 through 34 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 36 through 38 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 40 through 41 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 47 through 85 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 88 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 104 through 105 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, 2018. The following table reflects the condensed Statement of Net Position.

City of Jacksonville
Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 10,021,480	\$ 8,065,786	\$ 1,942,358	\$ 2,455,873	\$ 11,963,837	\$ 10,521,659
Noncurrent assets	607,631	1,236,302	-	-	607,631	1,236,302
Capital assets	43,671,476	45,650,304	5,080,941	5,284,651	48,752,417	50,934,955
Other assets	-	281,317	-	-	-	281,317
Total assets	<u>54,300,587</u>	<u>55,233,709</u>	<u>7,023,299</u>	<u>7,740,524</u>	<u>61,323,886</u>	<u>62,974,233</u>
Total deferred outflows of resources	7,491,648	7,208,142	759,609	740,407	8,251,257	7,948,549
Total Assets and Deferred Outflows	<u>61,792,233</u>	<u>62,441,853</u>	<u>7,782,911</u>	<u>8,480,931</u>	<u>69,575,144</u>	<u>70,922,782</u>
Current Liabilities	2,291,999	2,279,687	173,522	713,634	2,465,521	2,993,321
Long-term liabilities	30,274,932	30,144,127	2,395,276	2,088,542	32,670,208	32,232,669
Total liabilities	<u>32,566,931</u>	<u>32,423,814</u>	<u>2,568,798</u>	<u>2,802,176</u>	<u>35,135,729</u>	<u>35,225,990</u>
Total deferred inflows of resources	3,668,834	2,873,754	326,564	215,251	3,995,398	3,089,005
Total Liabilities and Deferred Inflows	<u>36,235,765</u>	<u>35,297,568</u>	<u>2,895,362</u>	<u>3,017,427</u>	<u>39,131,127</u>	<u>38,314,995</u>
Net Position:						
Net investment in capital assets	35,873,213	37,788,738	5,080,941	5,284,651	40,954,154	43,073,389
Restricted	5,023,813	4,759,509	-	-	5,023,813	4,759,509
Unrestricted	(15,340,558)	(15,403,962)	(193,393)	178,852	(15,533,950)	(15,225,111)
Total Net Position	<u>\$ 25,556,468</u>	<u>\$ 27,144,285</u>	<u>\$ 4,887,549</u>	<u>\$ 5,463,502</u>	<u>\$ 30,444,016</u>	<u>\$ 32,607,787</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 \$30,444,016 at the close of the most recent fiscal year.

The largest portion of the City's net position, 132%, 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, 16%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$15,533,950) represents -48% of the City's net position.

The following table provides a summary of the City's operations for the fiscal year ended December 31, 2018, with comparative totals for the fiscal year ended December 31, 2017.

City of Jacksonville

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 1,927,750	\$ 2,141,027	\$ 3,958,445	\$ 3,960,037	\$ 5,886,195	\$ 6,101,064
Operating grants and contributions	4,242,826	4,300,118	13,893	15,855	4,256,719	4,315,973
Capital grants and contributions	406,260	111,000	-	-	406,260	111,000
<i>General revenues:</i>						
Property taxes	882,197	821,693	-	-	882,197	821,693
Sales taxes	13,935,682	14,013,579	-	-	13,935,682	14,013,579
Franchise taxes	1,078,449	1,096,000	-	-	1,078,449	1,096,000
Investment income	78,189	110,441	10,755	4,125	88,944	114,566
Intergovernmental revenues	449,060	449,828	-	-	449,060	449,828
Gain/(loss) on sales of capital assets	-	(149,160)	33,180	56	33,180	(149,104)
Total revenues	23,000,413	22,894,527	4,016,273	3,980,074	27,016,685	26,874,600
Expenses						
General government	2,943,318	3,191,788	-	-	2,943,318	3,191,788
Public works	2,802,632	3,134,679	-	-	2,802,632	3,134,679
Parks and recreation services	2,688,822	2,875,561	-	-	2,688,822	2,875,561
Public safety	14,390,300	14,330,204	-	-	14,390,300	14,330,204
Housing and neighborhood programs	252,044	216,681	-	-	252,044	216,681
Agent fees on long-term debt	7,035	6,990	-	-	7,035	6,990
Interest on long-term debt	223,214	242,525	-	-	223,214	242,525
Sanitation services	-	-	2,001,844	1,575,392	2,001,844	1,575,392
AGFF Shooting Sports Complex	-	-	657,188	813,554	657,188	813,554
Emergency medical services	-	-	2,323,196	1,994,625	2,323,196	1,994,625
Total expenses	23,307,364	23,998,428	4,982,228	4,383,571	28,289,592	28,381,999
Change in net position before transfers	(306,952)	(1,103,902)	(965,955)	(403,497)	(1,272,907)	(1,507,399)
Transfers	(390,000)	(3,718,243)	390,000	3,718,243	-	-
Change in net position	(696,952)	(4,822,144)	(575,955)	3,314,745	(1,272,907)	(1,507,399)
Net Position, Beginning of Year, as previously reported	27,144,285	31,966,430	5,463,502	2,148,758	32,607,787	34,115,188
Change in accounting principle	(890,867)	-	-	-	(890,867)	-
Net Position, Beginning of Year, as restated	26,253,418	31,966,430	5,463,502	2,148,758	31,716,920	34,115,188
Net Position - End of Year	\$ 25,556,468	\$ 27,144,285	\$ 4,887,549	\$ 5,463,502	\$ 30,444,016	\$ 32,607,787

Governmental Activities - Governmental activities decreased the City's net position in the current year by \$696,952. An increase in current assets of \$1,955,694, net of an increase in current liabilities of \$12,312 increased net position by approximately \$1,943,382. The decrease in noncurrent assets of \$628,671, offset by a decrease in net capital assets of \$1,978,828 and an increase in noncurrent liabilities of \$130,805, excluding the net pension and the net OPEB liability, decreased net position by approximately \$2,109,633. The increase in the net pension liability of \$2,124 offset by an increase in deferred outflows of \$283,506, net of an increase in deferred inflows of resources of \$696,594, decreased net position by approximately \$415,212. The change in accounting principle, associated with the implementation of GASB No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, decreased beginning net position by \$890,867, and decreased net position in the current year by \$995,606.

Sales taxes represent 61% or \$13,935,682 of the City's governmental revenue in 2018. Sales tax revenues decreased 1% from \$14,013,579 in 2017. Grants and contributions added \$4,649,086 or 20% to total revenues as compared to \$4,411,118 received in 2017. The increase was a result of an increase in grants received for the Fire Department from 2017. Charges for services added \$1,927,750 or 8% to total revenues compared to \$2,141,027 received in 2017. The decrease was

primarily attributable to a reduction in Parks and Recreation Department revenue as compared to 2017.

Current year expenses were 89% of current year revenues, excluding transfers in.

Business-type Activities - Business-type activities decreased the City's net position by \$575,955. Key elements of this decrease are as follows:

- Net transfers increased net position by \$390,000. Operating loss of \$1,023,783 decreased net position.
- Sanitation Services activities contribute 48% 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 \$1,885,890 in 2018 compared to \$1,854,628 in 2017. Operating expenses in 2018 were \$2,001,844 compared to \$1,575,392 in 2017. 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 8% 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 2018, those fees were \$332,942 compared to \$361,463 in 2017. The decrease in revenues was due to a decrease in tournament revenue in 2018 compared to 2017. Operating expenses in 2018 were \$657,188 compared to \$813,554 in 2017. The decrease was due to personnel costs.
- Emergency Medical Services activities contributed 44% of the operating revenue to the business-type activities. Ambulance service fees are billed through the City's finance department. Charges for services were \$1,739,613 in 2018 compared to \$1,743,946 in 2017. Operating expenses in 2018 were \$2,323,196 compared to \$1,994,625 in 2017. Revenues decreased as a result of decreased ambulance run volume. Expenses increased as a result of increase in uncollectable accounts.

Current year operating expenses for business-type activities were 113% 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, 2018, the City's governmental funds reported combined ending fund balances of \$8,499,527, an increase of \$1,332,701 in comparison with the prior year. Approximately \$5,023,813 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$3,758 of the governmental fund balance is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$6,985 and \$1,472,853, respectively. Approximately \$1,992,119 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, 2018, the total fund balance of the General Fund was \$2,002,862 of which \$1,992,119 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 11% of total General Fund expenditures while total fund balances represents 11% of the same amount. The fund balances of the General Fund increased by \$1,001,649 during 2018. The key factors in this increase were a reduction in equipment purchases and a reduction in personnel costs.

The Street Fund had a total fund balance of \$3,709,687, which was an increase of \$931,540 from 2017. The total amount of the fund balance is classified as restricted. The increase was attributable to a reduction in asphalt overlay repairs compared to prior years.

The Special Projects Funds had a total fund balance of \$1,472,853, which was an increase of \$66,750 from 2017. The total amount of the fund balance is classified as assigned. The increase in fund balance was due to a reduction in transfers out 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	\$ 255,735	\$ (10,844)
Capital Drainage	426,550	(1,670)
Capital Equipment	705,905	(4,748)
Downtown Revitalization	84,663	84,012

The City maintains seven non-major governmental funds in addition to the above mentioned major funds. These funds had a total fund balance of \$1,314,126. The net decrease in fund balances during 2018 for these funds was \$667,237. 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	\$ 1,200	\$ (34,088)
CDBG	62,084	(17,204)
HOME	50,442	(4,950)
Asset Forfeiture	35,976	(8,114)
2015 Capital Improvements Construction	338,628	(691,653)
2006 Library Debt Service	309,944	16,052
2015 Capital Improvements Debt Service	515,852	72,722

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 \$2,416,115 in 2018 which was a decrease of \$78,245 compared to \$2,494,360 as reported in 2017. This increase is due to increased sanitation fees. 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 2018 was \$2,828,917 which was a decrease of \$194,246 compared to \$3,023,163 as reported in 2017. This decrease was due to a reduction in tournament revenue in 2018. 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 Emergency Medical Services Enterprise Fund in 2018 was \$(357,483), which was a decrease of \$303,464 compared to a net position of \$(54,019) reported in 2017. This change was due to an increase in uncollectible accounts of \$790,776. 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 2018 General Fund budget appropriated \$18,677,508 as compared to the 2017 budget of \$20,892,853, a decrease of approximately 11%.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2018, amounts to \$48,752,417 (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 \$2,182,538 net of depreciation, a decrease of 4%. Governmental capital assets decreased 4%, while capital assets for business-type activities increased 4%.

City of Jacksonville
Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 10,307,488	\$ 10,407,910	\$ 480,385	\$ 588,485	\$10,787,873	\$ 10,996,395
Land improvements	625,660	685,273	95,474	102,982	721,133	788,255
Infrastructure	8,998,815	9,558,867	-	-	8,998,815	9,558,867
Buildings	18,192,462	18,977,812	2,503,904	2,335,222	20,696,366	21,313,034
Vehicles	2,391,240	2,730,252	1,543,717	1,681,825	3,934,957	4,412,077
Equipment	2,659,063	2,987,640	457,463	570,636	3,116,526	3,558,275
Construction in progress	496,752	302,552	-	5,500	496,752	308,052
Total	\$ 43,671,476	\$ 45,650,304	\$ 5,080,941	\$ 5,284,651	\$48,752,417	\$ 50,934,955

Additional information on the City's capital assets can be found in *Note 3* on pages 59-60 of this report.

Long-term Debt. On December 31, 2018, the City's primary government had long-term debt outstanding of \$7,971,219, including general obligation bonds outstanding of \$490,139, obligations under capital lease agreements of \$477,042, and \$7,494,177 of bonds secured solely by specified revenue source.

Total long-term bonds and obligations under a capital lease agreement decreased \$767,664 a decrease of 9%. The decrease was attributable to debt retirements during 2018.

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, 2018, of \$7,494,177 are well below the statutory limit of \$74,972,685. 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, 2018. 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 61-62 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 2019 budgets were adopted for the General Fund at \$19,742,873 and \$2,635,092 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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 3,546,647	\$ 554,193	\$ 4,100,840	\$ 15,268,069
Restricted cash and investments, current	609,004	-	609,004	2,065,159
Investments	1,264,586	303,338	1,567,924	1,393,919
Receivables, net of allowance for uncollectible accounts				
Taxes	1,866,872	-	1,866,872	-
Sales taxes	2,411,685	-	2,411,685	-
Accounts	61,801	1,070,102	1,131,903	2,999,008
Accrued interest	1,837	540	2,377	577
Grants and other governments	726	-	726	-
Other	253,116	-	253,116	-
Internal balances	348	(348)	-	-
Inventories	4,858	14,533	19,391	749,851
Prepaid expenses and other	-	-	-	111,880
Total current assets	10,021,480	1,942,358	11,963,837	22,588,463
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	1,216,635	-	1,216,635	576,813
Less amount required to meet current obligations	(609,004)	-	(609,004)	-
Total restricted assets	607,631	-	607,631	576,813
Capital assets				
Nondepreciable	10,804,240	593,985	11,398,225	1,000,336
Depreciable, net	32,867,236	4,486,956	37,354,192	83,467,136
Total capital assets	43,671,476	5,080,941	48,752,417	84,467,472
Other assets				
Other	-	-	-	383,718
Total other assets	-	-	-	383,718
Total noncurrent assets	44,279,107	5,080,941	49,360,048	85,428,003
Total assets	54,300,587	7,023,299	61,323,886	108,016,466
Deferred Outflows of Resources				
Deferred outflows - pensions	7,491,648	759,609	8,251,257	660,500
Bond refunding	-	-	-	123,496
Total deferred outflows of resources	7,491,648	759,609	8,251,257	783,996
Total Assets and Deferred Outflows of Resources	\$ 61,792,233	\$ 7,782,911	\$ 69,575,144	\$ 108,800,462

See Accompanying Notes to Basic Financial Statements.

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 300,086	\$ 65,826	\$ 365,912	\$ 1,971,536
Accrued wages payable and related liabilities	390,309	59,107	449,416	-
Accrued expenses and other	127,763	-	127,763	231,729
Accrued interest payable	9,004	-	9,004	54,433
Compensated absences, current	603,926	48,589	652,515	-
Bonds payable, current	600,000	-	600,000	3,438,309
Capital lease obligations, current	170,477	-	170,477	-
Due to fiduciary funds	60,005	-	60,005	-
Unearned revenue	30,429	-	30,429	-
	<u>2,291,999</u>	<u>173,522</u>	<u>2,465,521</u>	<u>5,696,007</u>
Total current liabilities				
Noncurrent Liabilities				
Capital lease obligations	463,233	-	463,233	-
Bonds payable, net of unamortized premium and discount	6,894,177	-	6,894,177	40,803,073
Customer deposits	-	-	-	800,647
Compensated absences	20,892	7,037	27,929	-
Net pension liability	21,502,728	2,388,239	23,890,967	2,974,132
Net OPEB liability	1,393,902	-	1,393,902	-
Other long-term liabilities	-	-	-	537,111
	<u>30,274,932</u>	<u>2,395,276</u>	<u>32,670,208</u>	<u>45,114,963</u>
Total noncurrent liabilities				
Total liabilities	<u>32,566,931</u>	<u>2,568,798</u>	<u>35,135,729</u>	<u>50,810,970</u>
Deferred Inflows of Resources				
Deferred inflows - pensions	3,570,348	326,564	3,896,912	405,563
Deferred inflows - OPEB	98,486	-	98,486	-
	<u>3,668,834</u>	<u>326,564</u>	<u>3,995,398</u>	<u>405,563</u>
Total deferred inflows of resources				
Net Position				
Net investment in capital assets	35,873,213	5,080,941	40,954,154	40,180,532
Restricted - expendable				
Street maintenance	3,709,687	-	3,709,687	-
Capital projects	338,628	-	338,628	2,633,097
Debt service	825,796	-	825,796	-
Law enforcement activities	35,976	-	35,976	-
Housing and neighborhood programs	112,526	-	112,526	-
Grant funds	1,200	-	1,200	-
	<u>5,023,813</u>	<u>-</u>	<u>5,023,813</u>	<u>2,633,097</u>
Total restricted - expendable				
Unrestricted (deficit)	<u>(15,340,558)</u>	<u>(193,393)</u>	<u>(15,533,950)</u>	<u>14,770,300</u>
Total net position	<u>25,556,468</u>	<u>4,887,549</u>	<u>30,444,016</u>	<u>57,583,929</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 61,792,233</u>	<u>\$ 7,782,911</u>	<u>\$ 69,575,144</u>	<u>\$ 108,800,462</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 588,492	\$ 311,026	\$ 199,130	\$ -
City council	115,767	-	-	-
Office of the mayor	235,751	-	-	-
City clerk	132,710	-	-	-
City attorney	195,078	-	-	-
District court	288,647	435,533	-	-
Director of administration	66,589	-	-	-
Information technology	328,045	-	-	-
Finance	476,826	29,001	-	-
Human resources	173,136	-	-	-
Fleet services	144,414	28,920	-	-
Community programs	197,863	-	-	406,260
Public works	2,802,632	73,919	2,525,712	-
Parks and recreation services	2,688,822	688,960	426,142	-
Police	6,757,932	69,432	405,966	-
Fire	6,345,142	2,956	510,422	-
Emergency communication services	1,001,230	237,118	-	-
Animal control	285,996	4,865	121	-
Housing and neighborhood programs	252,044	46,020	175,334	-
Agent fees on long-term debt	7,035	-	-	-
Interest expense on long-term debt	223,214	-	-	-
Total governmental activities	23,307,364	1,927,750	4,242,826	406,260
Business-type Activities				
Sanitation services	2,001,844	1,885,890	-	-
AGFF Shooting Sports Complex	657,188	332,942	-	-
Emergency Medical services	2,323,196	1,739,613	13,893	-
Total business-type activities	4,982,228	3,958,445	13,893	-
Total primary government	\$ 28,289,592	\$ 5,886,195	\$ 4,256,719	\$ 406,260
Component Units				
Municipal Water Works	\$ 8,399,670	\$ 7,557,384	\$ -	\$ -
Wastewater Utility	5,632,190	4,765,790	-	-
Advertising and Promotion Commission	794,516	-	-	-
Total component units	\$ 14,826,376	\$ 12,323,174	\$ -	\$ -

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

Change in accounting principle

Net Position, Beginning of Year, Restated

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	
\$ (78,335)	\$ -	\$ (78,335)	\$ -
(115,767)	-	(115,767)	-
(235,751)	-	(235,751)	-
(132,710)	-	(132,710)	-
(195,078)	-	(195,078)	-
146,886	-	146,886	-
(66,589)	-	(66,589)	-
(328,045)	-	(328,045)	-
(447,825)	-	(447,825)	-
(173,136)	-	(173,136)	-
(115,494)	-	(115,494)	-
208,397	-	208,397	-
(203,001)	-	(203,001)	-
(1,573,720)	-	(1,573,720)	-
(6,282,534)	-	(6,282,534)	-
(5,831,765)	-	(5,831,765)	-
(764,112)	-	(764,112)	-
(281,009)	-	(281,009)	-
(30,690)	-	(30,690)	-
(7,035)	-	(7,035)	-
(223,214)	-	(223,214)	-
(16,730,529)	-	(16,730,529)	-
-	(115,954)	(115,954)	-
-	(324,246)	(324,246)	-
-	(569,690)	(569,690)	-
-	(1,009,890)	(1,009,890)	-
\$ (16,730,529)	\$ (1,009,890)	\$ (17,740,419)	\$ -
\$ -	\$ -	\$ -	\$ (842,286)
-	-	-	(866,400)
-	-	-	(794,516)
-	-	-	(2,503,202)
882,197	-	882,197	-
13,935,682	-	13,935,682	851,458
1,078,449	-	1,078,449	-
78,189	10,755	88,944	142,190
449,060	-	449,060	146,170
-	33,180	33,180	-
-	-	-	3,181,441
(390,000)	390,000	-	-
16,033,577	433,935	16,467,512	4,321,259
(696,952)	(575,955)	(1,272,907)	1,818,057
27,144,285	5,463,502	32,607,787	55,765,872
(890,867)	-	(890,867)	-
26,253,418	5,463,502	31,716,920	55,765,872
\$ 25,556,468	\$ 4,887,549	\$ 30,444,016	\$ 57,583,929

CITY OF JACKSONVILLE, ARKANSAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	General	Street	Special Projects	Other Governmental Funds	Total
Assets					
Cash	\$ 104,433	\$ 2,633,389	\$ 745,441	\$ 100,035	\$ 3,583,298
Restricted cash	-	-	-	1,179,984	1,179,984
Investments	-	1,012,629	251,957	-	1,264,586
Accounts receivable					
Taxes	950,130	612,351	-	304,391	1,866,872
Sales taxes	2,411,685	-	-	-	2,411,685
Accounts	-	-	-	61,801	61,801
Accrued interest	-	1,382	455	-	1,837
Grants and other governments	726	-	-	-	726
Other	253,116	-	-	-	253,116
Due from other funds	10,207	-	475,000	36,649	521,856
Inventories	4,858	-	-	-	4,858
Total Assets	\$ 3,735,155	\$ 4,259,750	\$ 1,472,853	\$ 1,682,860	\$ 11,150,618
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 224,847	\$ 69,778	\$ -	\$ 5,461	\$ 300,086
Due to other funds	535,005	-	-	46,508	581,513
Accrued wages payable and related liabilities	364,652	23,424	-	2,233	390,309
Unearned revenue	30,429	-	-	-	30,429
Other liabilities	28,582	59,038	-	40,143	127,763
Total liabilities	1,183,515	152,240	-	94,345	1,430,100
Deferred Inflows of Resources					
Unavailable revenues - property taxes	548,778	397,823	-	274,389	1,220,990
Total deferred inflows of resources	548,778	397,823	-	274,389	1,220,990
Fund Balances					
Nonspendable					
Inventories	3,758	-	-	-	3,758
Restricted					
Street maintenance	-	3,709,687	-	-	3,709,687
Capital projects	-	-	-	338,628	338,628
Debt service	-	-	-	825,796	825,796
Law enforcement activities	-	-	-	35,976	35,976
Housing & neighborhood programs	-	-	-	112,526	112,526
Grant funds	-	-	-	1,200	1,200
Committed					
Equipment	6,985	-	-	-	6,985
Assigned					
Capital projects	-	-	1,472,853	-	1,472,853
Unassigned	1,992,119	-	-	-	1,992,119
Total fund balances	2,002,862	3,709,687	1,472,853	1,314,126	8,499,527
Total liabilities, deferred inflows of resources and fund balances	\$ 3,735,155	\$ 4,259,750	\$ 1,472,853	\$ 1,682,860	\$ 11,150,618

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, 2018

Total fund balances per statement \$ 8,499,527

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. 43,671,476

Liabilities and related inflows/outflows of resources that are not due and payable in the current period and are not reported in the funds :

Capital leases	(633,710)
Bonds payable	(7,494,177)
Accrued interest payable	(9,004)
Accrued compensated absences	(624,818)
Net pension liability	(21,502,728)
Deferred inflows and outflows of resources from pensions and OPEB	3,822,814
Net OPEB liability	(1,393,902)

Other long-term assets are not available for current period expenditures and, therefore are reported as unavailable revenues in the funds. 1,220,990

Net position of governmental activities \$ 25,556,468

Capital assets	\$ 43,671,476
Capital lease obligation	(633,710)
General obligation bonds net of premiums and discounts	(7,494,177)
Accrued interest	(9,004)
Unspent bond proceeds	<u>338,628</u>
Net investment in capital assets	<u>\$ 35,873,213</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2018

	General	Street	Special Projects	Other Governmental Funds	Total
Revenues					
Property taxes	\$ 565,105	\$ -	\$ -	\$ 291,434	\$ 856,539
Sales taxes	13,935,682	-	-	-	13,935,682
Licenses and permits	243,423	-	-	-	243,423
Intergovernmental	1,871,390	2,525,712	96,236	194,549	4,687,887
Charges for services	956,629	-	-	-	956,629
Fines and fees	493,869	-	-	-	493,869
Utility franchise taxes	1,078,449	-	-	-	1,078,449
Investment income	2,973	39,784	9,713	25,719	78,189
Contributions and donations	316,149	-	90,111	-	406,260
Miscellaneous	198,483	14,307	2,187	46,020	260,997
Total revenues	19,662,151	2,579,803	198,247	557,721	22,997,923
Expenditures					
General government					
General government and administration	343,689	-	50,326	-	394,015
City council	109,883	-	-	-	109,883
Mayor	248,997	-	-	-	248,997
City clerk	140,775	-	-	-	140,775
City attorney	197,436	-	-	-	197,436
District court	299,304	-	-	-	299,304
Director of administration	60,357	-	-	-	60,357
Information technology	351,763	-	-	-	351,763
Finance	491,764	-	-	-	491,764
Human resources	185,408	-	-	-	185,408
Fleet services	155,692	-	-	-	155,692
Community programs	154,474	-	7,510	-	161,984
Total general government	2,739,541	-	57,836	-	2,797,378
Public works					
Public works coordinator	138,970	-	-	-	138,970
Engineering	164,480	-	-	-	164,480
Code enforcement	158,821	-	-	-	158,821
Streets and drainage	-	1,648,263	-	185,075	1,833,338
Total public works	462,271	1,648,263	-	185,075	2,295,609
Parks and recreation services	2,465,034	-	45,790	109,879	2,620,703
Police	5,954,183	-	14,450	34,629	6,003,262
Fire	4,849,391	-	-	411,772	5,261,163
Emergency communication services	761,607	-	-	-	761,607
Animal control	299,083	-	-	-	299,083
Housing and neighborhood programs	-	-	-	244,248	244,248
Debt Service					
Principal	-	-	-	765,000	765,000
Interest	-	-	-	220,133	220,133
Agent fees	-	-	-	7,035	7,035
Total expenditures	17,531,110	1,648,263	118,076	1,977,772	21,275,222
Excess (Deficiency) of Revenues Over Expenditures	2,131,042	931,540	80,171	(1,420,051)	1,722,701
Other Financing Sources (Uses)					
Transfers in	71,434	-	52,327	876,575	1,000,336
Transfers out	(1,200,827)	-	(65,748)	(123,761)	(1,390,336)
Total other financing sources (uses)	(1,129,393)	-	(13,421)	752,814	(390,000)
Net Change in Fund Balances	1,001,649	931,540	66,750	(667,237)	1,332,701
Fund Balances, Beginning of Year	1,001,212	2,778,146	1,406,102	1,981,362	7,166,822
Fund Balances, End of Year	\$ 2,002,862	\$ 3,709,687	\$ 1,472,853	\$ 1,314,126	\$ 8,499,527

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, 2018

Net change in fund balances - total governmental funds \$ 1,332,701

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	391,039
Retirements	(111,569)
Depreciation expense	(2,425,516)

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

Principal repayments:	
General obligation bonds	245,000
Revenue bonds	520,000
Capital lease obligations	154,694
Amortization of bond premiums and discounts	(2,071)

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. 25,658

Expenses that do not require current financial resources (such as interest and compensated absences) are not reported as expenses for the funds but are reported as expenses in the statement of activities. (25,620)

Current year pension and OPEB 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. (801,268)

Change in net position of governmental activities \$ (696,952)

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 541,528	\$ 2,779	\$ 9,886	\$ 554,193
Investments	303,338	-	-	303,338
Accounts receivable, net of allowance for uncollectible accounts	583,949	-	486,153	1,070,102
Accrued interest	540	-	-	540
Inventories	-	14,533	-	14,533
Total current assets	1,429,355	17,312	496,039	1,942,706
Noncurrent assets				
Capital assets				
Land and improvements	-	593,985	-	593,985
Buildings and improvements	-	2,854,808	-	2,854,808
Vehicles	2,805,476	13,486	441,731	3,260,693
Furniture and equipment	1,264,864	34,637	150,249	1,449,750
	4,070,340	3,496,916	591,979	8,159,235
Less accumulated depreciation	(2,247,578)	(400,809)	(429,907)	(3,078,294)
Net capital assets	1,822,762	3,096,107	162,072	5,080,941
Total noncurrent assets	1,822,762	3,096,107	162,072	5,080,941
Total assets	3,252,117	3,113,419	658,111	7,023,647
Deferred outflows of resources				
Deferred outflows - pensions	213,294	19,420	526,895	759,609
Total deferred outflows of resources	213,294	19,420	526,895	759,609
Total assets and deferred outflow of resources	\$ 3,465,411	\$ 3,132,839	\$ 1,185,006	\$ 7,783,256
Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)				
Current liabilities				
Accounts payable	\$ 37,296	\$ 9,053	\$ 19,477	\$ 65,826
Due to other funds	348	-	-	348
Accrued wages payable	29,251	8,559	21,297	59,107
Compensated absences, current	22,089	1,500	25,000	48,589
Total current liabilities	88,984	19,112	65,774	173,870
Noncurrent liabilities				
Compensated absences	1,270	3,092	2,675	7,037
Net pension liability	806,304	236,852	1,345,083	2,388,239
Total noncurrent liabilities	807,574	239,944	1,347,758	2,395,276
Total liabilities	896,558	259,056	1,413,532	2,569,146
Deferred inflows of resources				
Deferred inflows - pensions	152,738	44,867	128,959	326,564
Total deferred inflows of resources	152,738	44,867	128,959	326,564
Net Position (Deficit)				
Net investment in capital assets	1,822,762	3,096,107	162,072	5,080,941
Unrestricted (deficit)	593,353	(267,190)	(519,556)	(193,393)
Total net position (deficit)	2,416,115	2,828,917	(357,483)	4,887,549
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 3,465,411	\$ 3,132,839	\$ 1,185,006	\$ 7,783,256

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, 2018

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Revenues				
Charges for services	\$ 1,779,711	\$ 222,568	\$ 1,739,535	\$ 3,741,814
Miscellaneous	106,179	110,374	78	216,631
Total operating revenues	1,885,890	332,942	1,739,613	3,958,445
Operating Expenses				
Salaries, wages and employee benefits	1,001,972	304,884	870,234	2,177,090
Supplies and materials	200,966	33,404	108,303	342,673
Services	131,637	56,642	69,609	257,888
Repairs and maintenance	146,995	12,676	20,356	180,027
Landfill fees	203,803	-	-	203,803
Other	20,461	166,496	1,200,959	1,387,916
Depreciation	296,010	83,086	53,735	432,831
Total operating expenses	2,001,844	657,188	2,323,196	4,982,228
Operating Income (Loss)	(115,954)	(324,246)	(583,583)	(1,023,783)
Nonoperating Revenues (Expenses)				
Interest income	10,729	-	26	10,755
Gain on sale of capital assets	26,980	-	6,200	33,180
Grant revenues	-	-	13,893	13,893
Net nonoperating revenues	37,709	-	20,119	57,828
Income (Loss) Before Transfers	(78,245)	(324,246)	(563,464)	(965,955)
Transfers in	-	130,000	260,000	390,000
Changes in Net Position (Deficit)	(78,245)	(194,246)	(303,464)	(575,955)
Net Position (Deficit), Beginning of Year	2,494,360	3,023,163	(54,019)	5,463,504
Net Position (Deficit), End of Year	\$ 2,416,115	\$ 2,828,917	\$ (357,483)	\$ 4,887,549

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Activities				
Receipts from customers	\$ 1,697,913	\$ 254,345	\$ 743,010	\$ 2,695,268
Other receipts	106,179	(56,122)	78	50,135
Payments to employees	(718,672)	(240,114)	(822,265)	(1,781,051)
Payments to suppliers	(206,617)	(20,075)	(93,768)	(320,460)
Payments to service providers	(129,982)	(55,273)	(69,578)	(254,833)
Other payments	(343,252)	(10,100)	(22,408)	(375,760)
Net cash provided by (used in) operating activities	405,569	(127,338)	(264,930)	13,300
Noncapital Financing Activities				
Operating grants	-	-	13,893	13,893
Transfers from other funds	105,000	130,000	260,000	495,000
Net cash provided by noncapital financing activities	105,000	130,000	273,893	508,893
Capital and Related Financing Activities				
Proceeds from sale of capital assets	101,447	-	6,200	107,647
Purchases of capital assets	(854,361)	-	(5,789)	(860,150)
Net cash provided by (used in) capital and related financing activities	(752,914)	-	411	(752,503)
Investing Activities				
Proceeds from maturities of cash investments	100,285	-	-	100,285
Purchase of cash investments	(204,007)	-	-	(204,007)
Interest income	10,729	-	26	10,755
Net cash provided (used) by investing activities	(92,994)	-	26	(92,968)
Net Increase (Decrease) in Cash	(335,339)	2,662	9,400	(323,278)
Cash, Beginning of Year	876,868	117	487	877,471
Cash, End of Year	\$ 541,528	\$ 2,779	\$ 9,886	\$ 554,193

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (115,954)	\$ (324,246)	\$ (583,583)	\$ (1,023,783)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	296,010	83,086	53,735	432,831
Changes in assets and liabilities				
Receivables, net	(61,337)	31,777	204,434	174,874
Inventory	-	13,737	-	13,737
Due from other funds	-	-	-	-
Deferred outflows of resources	9,574	3,634	(32,410)	(19,202)
Accounts payable	3,550	3,538	12,515	19,602
Accrued expenses	142,675	23,285	137,970	303,930
Deferred inflows of resources	131,051	37,851	(57,591)	111,311
Net cash provided by (used in) operating activities	<u>\$ 405,569</u>	<u>\$ (127,338)</u>	<u>\$ (264,930)</u>	<u>\$ 13,300</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2018

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 1,276,746	\$ 31,009
Investments		
U.S. Government obligations	4,046,435	-
Corporate bonds	1,447,258	-
Corporate stocks	212,646	-
Mutual funds	4,706,708	-
Receivables		
Accounts receivable	542	-
Due from other funds	60,005	-
Accrued interest	34,048	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,784,388</u>	<u>\$ 31,009</u>
Liabilities		
Other liabilities	<u>\$ -</u>	<u>\$ 31,009</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 11,784,388</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, 2018

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 53,538
Contributed from General Fund	
Property taxes	565,648
State insurance turnback and guarantee fund	212,153
	<hr/>
Total contributions	831,339
	<hr/>
Investment income	
Net decrease in fair value of investments	(1,041,847)
Interest and dividends	227,517
Gain on sale of investments	496,558
Other investment income	170
	<hr/>
	(317,602)
Less investment expense	132,007
	<hr/>
Net investment loss	(449,609)
	<hr/>
Total additions	381,730
	<hr/>
Deductions	
Benefits paid directly to participants	1,423,334
Administrative expenses	3,900
	<hr/>
Total deductions	1,427,234
	<hr/>
Change in Net Position	(1,045,504)
	<hr/>
Net Position Restricted for Pension Benefits, Beginning of Year	12,829,892
	<hr/>
Net Position Restricted for Pension Benefits, End of Year	<u>\$ 11,784,388</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2018

	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	\$ 7,027,353	\$ 7,761,104	\$ 479,612	\$ 15,268,069
Investments	1,140,472	-	253,447	1,393,919
Receivables, net of allowance for uncollectible accounts				
Accounts	1,810,119	922,380	85,632	2,818,131
Revenues earned and unbilled	-	180,877	-	180,877
Accrued interest	279	-	298	577
Inventories	631,085	118,766	-	749,851
Prepaid expenses	101,309	10,571	-	111,880
Restricted Current Assets				
Cash and cash equivalents	1,952,238	112,519	-	2,064,757
Interest receivable	402	-	-	402
Total current assets	12,663,257	9,106,217	818,989	22,588,463
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	576,813	-	576,813
Total restricted noncurrent assets	-	576,813	-	576,813
Capital assets				
Land	506,466	411,491	-	917,957
Buildings and improvements	2,649,852	2,414,955	-	5,064,807
Machinery and equipment	3,011,151	2,518,549	-	5,529,700
LRAFB Distribution System	17,750,941	-	-	17,750,941
Water system	53,015,611	-	-	53,015,611
Sewer system	-	60,663,613	-	60,663,613
Construction in progress	-	82,379	-	82,379
	76,934,021	66,090,987	-	143,025,008
Less accumulated depreciation	(24,017,221)	(34,540,314)	-	(58,557,535)
Net capital assets	52,916,800	31,550,672	-	84,467,472
Other assets	383,718			383,718
Total noncurrent assets	53,300,518	32,127,485	-	85,428,003
Total Assets	65,963,775	41,233,702	818,989	108,016,466
Deferred Outflows of Resources				
Deferred amounts on refunding		123,496	-	123,496
Deferred outflows from pensions	351,872	308,628	-	660,500
Total deferred outflows of resources	351,872	432,124	-	783,996
Total Assets and Deferred Outflows of Resources	\$ 66,315,647	\$ 41,665,826	\$ 818,989	\$ 108,800,462

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	\$ 1,767,322	\$ 58,888	\$ 145,326	\$ 1,971,536
Accrued interest payable	8,875	45,558	-	54,433
Bonds payable-current portion	2,978,309	460,000	-	3,438,309
Accrued expenses and other	161,299	70,430	-	231,729
Total current liabilities	<u>4,915,805</u>	<u>634,876</u>	<u>145,326</u>	<u>5,696,007</u>
Noncurrent liabilities				
Bonds payable, net of unamortized discount	26,176,873	14,626,200	-	40,803,073
Customer deposits	800,647	-	-	800,647
Net pension liability	1,465,656	1,508,476	-	2,974,132
Other long-term liabilities	769	536,342	-	537,111
Total noncurrent liabilities	<u>28,443,945</u>	<u>16,671,018</u>	<u>-</u>	<u>45,114,963</u>
Total liabilities	<u>33,359,750</u>	<u>17,305,894</u>	<u>145,326</u>	<u>50,810,970</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	158,992	246,571	-	405,563
Net Position				
Net investment in capital assets	23,761,618	16,418,914	-	40,180,532
Restricted-expendable	1,943,765	689,332	-	2,633,097
Unrestricted	7,091,522	7,005,115	673,663	14,770,300
Total net position	<u>32,796,905</u>	<u>24,113,361</u>	<u>673,663</u>	<u>57,583,929</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 66,315,647</u>	<u>\$ 41,665,826</u>	<u>\$ 818,989</u>	<u>\$ 108,800,462</u>
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CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Advertising and Promotion Commission	\$ 794,516	\$ -	\$ -	\$ -
Total governmental activities	794,516	-	-	-
Business-type Activities				
Municipal Water Works	8,399,670	7,557,384	-	-
Wastewater Utility	5,632,190	4,765,790	-	-
Total business-type activities	14,031,860	12,323,174	-	-
Total component units	\$ 14,826,376	\$ 12,323,174	\$ -	\$ -

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
\$ -	\$ -	\$ (794,516)	\$ (794,516)
-	-	(794,516)	(794,516)
(842,286)	-	-	(842,286)
-	(866,400)	-	(866,400)
(842,286)	(866,400)	-	(1,708,686)
<u>\$ (842,286)</u>	<u>\$ (866,400)</u>	<u>\$ (794,516)</u>	<u>\$ (2,503,202)</u>
-	-	851,458	851,458
9,121	128,714	4,355	142,190
146,170	-	-	146,170
3,181,441	-	-	3,181,441
3,336,732	128,714	855,813	4,321,259
2,494,446	(737,686)	61,297	1,818,057
30,302,459	24,851,047	612,367	55,765,872
<u>\$ 32,796,905</u>	<u>\$ 24,113,361</u>	<u>\$ 673,663</u>	<u>\$ 57,583,929</u>



CITY OF JACKSONVILLE, ARKANSAS

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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.

AGFF Shooting Sports Complex Fund (“Shooting Complex”) – The AGFF Shooting Sports 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 accounts for operations of the City’s public shooting range facility.

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 2018.

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 *AGFF Shooting Sports Complex Fund*, a blended component unit of the City, is a major enterprise fund which accounts for operation of the City's public shooting range facility.

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, deferred outflows of resources, deferred inflows of resources 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 AGFF Shooting Sports 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, 2019. 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 and deferred outflows of resources less remaining liabilities and deferred inflows of resources 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.

Adoption of Accounting Principle

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)

Effective January 1, 2018, the City implemented GASB 75. This statement changes the focus of OPEB accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date. Adoption of GASB 75 resulted in adjustments to beginning government-wide net position – governmental activities.

Adoption of GASB 75 had no impact on the proprietary fund financial statements or the business-type activities at the government-wide level.

Adoption of GASB 75 resulted in the following adjustments to beginning net position at January 1, 2018:

	Governmental Activities
Net Position at January 1, 2018 as previously reported	<u>\$ 27,144,285</u>
Recording of OPEB items - implementation of GASB 75:	
Recording of net OPEB liability as of January 1, 2018	(1,387,649)
Elimination of OPEB liability as previously reported at January 1, 2018	<u>496,782</u>
Adjustment to beginning net position for GASB 75 implementation	<u>(890,867)</u>
Total Net Position, Beginning of Year, as Restated	<u><u>\$ 26,253,418</u></u>

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2018:

Statement No.	Adoption Required in Fiscal Year
83 <i>Certain Asset Retirement Obligations</i>	2019
84 <i>Fiduciary Activities</i>	2019
87 <i>Leases</i>	2020
88 <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement</i>	2019

The impact of these standards on the City's net position has not been determined.

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, 2018, the City's primary government bank balances were \$6,927,407. Of this amount, \$6,427,407 was uninsured and collateralized with securities held by the pledging financial institution's agent in the City's name. On December 31, 2018, 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, 2018 were as follows:

	Primary Government	Component Units
Carrying value		
Demand deposits	\$ 5,721,044	\$ 9,777,453
Certificates of deposit	<u>1,567,924</u>	<u>9,526,961</u>
	<u>\$ 7,288,968</u>	<u>\$ 19,304,414</u>
Bank balance		
Demand deposits	\$ 5,914,778	\$ 9,790,808
Certificates of deposit	<u>1,012,629</u>	<u>8,498,733</u>
	<u>\$ 6,927,407</u>	<u>\$ 18,289,541</u>
	Primary Government	Component Units
Carrying value of deposits	\$ 7,325,618	\$ 19,304,414
Cash on hand	5,090	123
Investments classified as cash	<u>862,446</u>	<u>-</u>
	<u>\$ 8,193,154</u>	<u>\$ 19,304,537</u>
As reported on the government-wide statement of net position:		
Cash	\$ 4,100,840	\$ 15,268,069
Restricted cash, current	609,004	2,065,159
Investments	1,567,924	1,394,496
Restricted cash, noncurrent	607,631	576,813
As reported on the statement of fiduciary net position:		
Cash - Employee Benefit Plans	1,276,746	-
Cash - Agency Fund	<u>31,009</u>	<u>-</u>
	<u>\$ 8,193,154</u>	<u>\$ 19,304,537</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, 2018 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	\$ 4,046,435	\$ 869,697	\$ 2,934,790	\$ -	\$ 241,948
Corporate bonds	1,447,258	163,995	1,061,375	221,888	-
Money market mutual funds	862,445	862,445	-	-	-
		<u>\$ 1,896,138</u>	<u>\$ 3,996,165</u>	<u>\$ 221,888</u>	<u>\$ 241,948</u>
Corporate stocks	212,646				
Bond mutual fund	2,725,770				
Stock mutual fund	<u>1,980,938</u>				
Total	<u>\$ 11,275,492</u>				

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

Carrying value of investments	\$ 11,275,492
Investments classified as cash	(862,445)
	<u>\$ 10,413,047</u>
Investments as reported on the statement of fiduciary net position:	
U.S. Treasury obligations	\$ 4,046,435
Corporate bonds	1,447,258
Corporate stocks	212,646
Mutual funds	4,706,708
	<u>\$ 10,413,047</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, 2018 the City, exclusive of the pension trust funds, had approximately \$1,567,924 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, 2018, 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, 2018.

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.

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, 2018.

Fair Value of Assets – 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.

Recurring Measurements

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, 2018:

<u>Pension Trust Funds Investments</u>	<u>Fair Value</u>	<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities				
U.S. agencies obligations	\$ 4,046,435	\$ 4,046,435	-	-
Corporate bonds	1,447,258	1,447,258	-	-
Bond mutual funds	2,725,770	2,725,770	-	-
Total Debt Securities	<u>\$ 8,219,463</u>	<u>\$ 8,219,463</u>	<u>-</u>	<u>-</u>
Equity Securities				
Corporate Stocks	\$ 212,646	\$ 212,646	-	-
Stock mutual funds	1,980,938	1,980,938	-	-
Total Equity Securities	<u>\$ 2,193,584</u>	<u>\$ 2,193,584</u>	<u>-</u>	<u>-</u>

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018 is presented as follows:

Governmental Activities	Balance December 31, 2017	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2018
Capital Assets, non-depreciable				
Land	\$ 10,407,910	\$ -	\$ 100,422	\$ 10,307,488
Construction in progress	302,552	194,200	-	496,752
Total capital assets, non-depreciable	<u>10,710,462</u>	<u>194,200</u>	<u>100,422</u>	<u>10,804,240</u>
Capital Assets, depreciable				
Land improvements	1,496,253	-	-	1,496,253
Infrastructure	34,530,008	-	191,231	34,338,777
Buildings	28,448,597	6,944	-	28,455,541
Vehicles	6,615,423	-	3,250	6,612,173
Equipment	9,994,009	357,113	39,450	10,311,672
Total capital assets, depreciable	<u>81,084,290</u>	<u>364,057</u>	<u>233,931</u>	<u>81,214,416</u>
Less accumulated depreciation				
Land improvements	810,979	59,615	-	870,594
Infrastructure	24,971,140	555,158	186,338	25,339,960
Buildings	9,470,785	792,294	-	10,263,079
Vehicles	3,885,170	337,985	2,223	4,220,932
Equipment	7,006,371	680,463	34,223	7,652,611
Total accumulated depreciation	<u>46,144,446</u>	<u>2,425,515</u>	<u>222,784</u>	<u>48,347,180</u>
Total capital assets, depreciable, net	<u>34,939,842</u>	<u>(2,061,458)</u>	<u>11,147</u>	<u>32,867,236</u>
Total governmental activities, net	<u>\$ 45,650,304</u>	<u>\$ (1,867,258)</u>	<u>\$ 111,569</u>	<u>\$ 43,671,476</u>
Business-type activities	Balance December 31, 2017	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2018
Capital Assets, non-depreciable				
Land	\$ 588,485	\$ -	\$ 108,100	\$ 480,385
Construction in Progress	5,500	-	5,500	-
Total capital assets, non-depreciable	<u>593,985</u>	<u>-</u>	<u>113,600</u>	<u>480,385</u>
Capital Assets, depreciable				
Buildings	2,741,208	113,600	-	2,854,808
Land Improvements	113,600	-	-	113,600
Vehicles	3,464,720	311,883	515,911	3,260,692
Equipment	1,464,680	18,407	33,338	1,449,749
Total capital assets, depreciable	<u>7,784,208</u>	<u>443,890</u>	<u>549,249</u>	<u>7,678,849</u>
Less accumulated depreciation				
Buildings	405,986	71,370	126,452	350,904
Land Improvements	10,618	7,508	-	18,126
Vehicles	1,782,895	237,025	302,944	1,716,976
Equipment	894,044	116,929	18,687	992,286
Total accumulated depreciation	<u>3,093,543</u>	<u>432,833</u>	<u>448,083</u>	<u>3,078,293</u>
Total business-type activities, net	<u>\$ 5,284,651</u>	<u>\$ 11,056</u>	<u>\$ 214,766</u>	<u>\$ 5,080,941</u>

Construction in progress is composed of the following:

	<u>Expended to December 31, 2018</u>	<u>Estimated Amount To Complete</u>
Primary Government		
General Government		
Military Road Sidewalk	\$ 9,125	\$ 440,875
Loop Road Rail Grade	145,448	9,154,552
Oneida Bridge	228,908	571,092
North First St. Sidewalk	-	120,000
Oneida Street extension	-	189,281
Emma Street extension	45,875	-
Main Street alignment	67,396	-
	<u>\$ 496,752</u>	<u>\$ 10,475,800</u>

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

Governmental Activities	
General government	
General administration	\$ 194,477
Director of administration	2,258
Information technology	10,061
Community programs	35,879
Total general government	<u>242,675</u>
Public works	
Engineering	211
Streets and drainage	679,058
Total public works	<u>679,269</u>
Parks and recreation services	370,969
Police	380,872
Fire	344,287
Emergency services	397,873
Animal control	9,571
Total depreciation expense - governmental activities	<u>2,425,515</u>
Business-type Activities	
Sanitation services	296,011
AGFF Shooting Sports Complex	83,086
Emergency medical services	53,735
Total depreciation expense - business-type activities	<u>432,833</u>
Total depreciation expense - primary government	<u>\$ 2,858,348</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2018 were as follows:

Governmental Activities	Balance			Balance	Amounts
	December 31,	Increases	Decreases	December 31,	Due In
	2017			2018	One Year
Bonds payable-					
2006 Library Construction	\$ 735,000	\$ -	\$ 245,000	\$ 490,000	\$ 70,000
2015 Capital Improvement and Refunding	7,500,000	-	520,000	6,980,000	530,000
Less: issuance discount	732	-	593	139	-
Add: issuance premium	21,374	2,664	-	24,038	-
Bonds payable, net	8,257,106	2,664	765,593	7,494,177	600,000
Capital lease obligations	621,185	167,219	154,694	633,710	170,477
Compensated absences	594,646	70,741	40,570	624,817	603,926
Net pension liability	21,500,604	1,917,361	1,915,236	21,502,728	-
Net OPEB liability	496,782	1,393,902	496,782	1,393,902	-
Total governmental activities long-term liabilities	\$ 31,470,323	\$ 3,551,887	\$ 3,372,875	\$ 31,649,334	\$ 1,374,403

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

Business-type Activities	Balance			Balance	Amounts
	December 31,	Increases	Decreases	December 31,	Due In
	2017			2018	One Year
Compensated absences	\$ 56,065	\$ 4,568	\$ 5,008	\$ 55,625	\$ 48,589
Net pension liability	2,087,207	301,032	-	2,388,239	-
Total business-type activities long-term liabilities	\$ 2,143,273	\$ 305,600	\$ 5,008	\$ 2,443,865	\$ 48,589

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

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, 2018 an additional \$185,000 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, 2025.

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. 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, 2018.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 600,000	\$ 277,666	\$ 877,666
2020	615,000	263,849	878,849
2021	625,000	249,586	874,586
2022	645,000	234,039	879,039
2023	660,000	216,785	876,785
2024-2028	3,235,000	614,304	3,849,304
2029-2030	1,090,000	48,834	1,138,834
Total	<u>\$ 7,470,000</u>	<u>\$ 1,905,063</u>	<u>\$ 9,375,063</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, 2018, the principal balance outstanding was \$14,958.

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, 2018, the principal balance outstanding was \$462,084.

The City entered into a capital lease agreement with Dell Financial Services on September 28, 2018 for the purpose of upgrading servers city wide. The lease agreement was for \$167,218 to be repaid in sixty (60) monthly installments of \$3,142. As of December 31, 2018, the principal balance outstanding was \$156,668.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 170,477	\$ 9,734	\$ 180,211
2020	157,887	7,366	165,253
2021	160,341	4,912	165,253
2022	120,333	2,404	122,737
2023	24,672	464	25,136
	<u>\$ 633,710</u>	<u>\$ 24,880</u>	<u>\$ 658,590</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, 2018 are as follows:

Fund	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General Fund	\$ 10,207	\$ 475,000
Special Projects	475,000	-
CDBG	-	9,859
Capital Improvements Construction Fund	-	36,649
Capital Improvements Debt Service Fund	36,649	-
9-1-1 Emergency Communications	-	-
	521,856	521,508
Governmental Funds to/from Fiduciary Funds		
General Fund	-	60,005
Total governmental funds	521,856	581,513
Proprietary Fund		
Sanitation Services	-	348
Total proprietary funds	-	348
Fiduciary Funds		
Policemen's Pension	30,002	-
Firemen's Pension	30,003	-
Total fiduciary funds	60,005	-
Total	\$ 581,861	\$ 581,861

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.

Interfund transfers in and transfers out for the year ended December 31, 2018, are as follows:

Fund	Interfund Transfers	
	In	Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 71,434	\$ 1,200,827
Capital Projects- Special Projects	52,327	65,748
Nonmajor Funds	876,575	123,761
Total Governmental Funds	1,000,336	1,390,336
Proprietary Funds:		
AGFF Shooting Sports Complex	130,000	-
Emergency Medical Services	260,000	-
Total Proprietary Funds	390,000	-
Total	\$ 1,390,336	\$ 1,390,336

The transfers out of \$1,200,827 from the General Fund are transfers out to clear outstanding grants in the Grant Fund \$30,827 for an overpayment, to supplement the Emergency Medical Services Fund for operational expenses in the amount of \$260,000, to supplement the AGFF Shooting Sports Complex Fund for operational expenses in the amount of \$130,000, and to meet debt service requirements in the 2015 Capital Improvements Debt Service Fund in the amount of \$780,000.

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, AGFF Shooting Sports 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 Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Policemen's Pension and Relief Fund	\$ 126,643	\$ 480,403	\$ 133,166	\$ 391,154
Firemen's Pension and Relief Fund	3,006,363	625,103	207,921	173,735
Arkansas Public Employee Retirement System	3,996,242	820,159	757,009	119,397
Arkansas Local Police and Fire Retirement System - Fire	7,114,559	2,786,910	682,104	1,415,802
Arkansas Local Police and Fire Retirement System - Police	7,258,921	2,779,073	1,790,148	981,097
	<u>\$ 21,502,728</u>	<u>\$ 7,491,648</u>	<u>\$ 3,570,348</u>	<u>\$ 3,081,184</u>
Business-Type Activities	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Arkansas Public Employee Retirement System	\$ 1,043,156	\$ 232,714	\$ 197,605	\$ 82,311
Arkansas Local Police and Fire Retirement System	1,345,083	526,895	128,959	267,672
	<u>\$ 2,388,239</u>	<u>\$ 759,609</u>	<u>\$ 326,564</u>	<u>\$ 349,983</u>
Total Primary Government	<u>\$ 23,890,967</u>	<u>\$ 8,251,257</u>	<u>\$ 3,896,912</u>	<u>\$ 3,431,167</u>
Discretely Presented Component Units	<u>\$ 2,974,132</u>	<u>\$ 660,500</u>	<u>\$ 405,563</u>	<u>\$ 171,793</u>

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. Covered Employees Information

As of December 31, 2018, there were 19 police and 35 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, 2018 of the Policemen's and Firemen's Pension and Relief Funds.

	Statement of Fiduciary Net Position	
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Assets		
Cash and cash equivalents	\$ 237,096	\$ 1,039,650
Investments	5,475,123	4,937,924
Receivables	48,584	46,011
Total assets	<u>5,760,803</u>	<u>6,023,585</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 5,760,803</u>	<u>\$ 6,023,585</u>
	Statement of Changes in Fiduciary Net Position	
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Additions		
Contributions	\$ 393,162	\$ 438,177
Net investment income (loss)	<u>(178,235)</u>	<u>(271,374)</u>
Total additions	<u>214,927</u>	<u>166,803</u>
Deductions		
Benefits paid directly to participants	580,772	842,562
Administrative expenses	<u>2,400</u>	<u>1,500</u>
Total deductions	<u>583,172</u>	<u>844,062</u>
Change in Net Position	(368,245)	(677,259)
Net Position Restricted For Pension Benefits, Beginning of Year	<u>6,129,048</u>	<u>6,700,844</u>
Net Position Restricted For Pension Benefits, End of Year	<u>\$ 5,760,803</u>	<u>\$ 6,023,585</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 2018 to the Policemen's Fund were \$339,624. The City's share of contributions was \$339,624 and included \$282,824 in property taxes and \$56,800 in state insurance premium taxes and other supplements received from the state.

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 2018 to the Firemen's Fund were \$438,177. The City's share of contributions was \$438,177 and included \$282,824 in property taxes and \$155,353 in state insurance premium taxes.

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.

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, 2018.

For the December 31, 2018 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 2.5% and no cost of living increases. The remaining amortization period on December 31, 2018 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.

The actuarial assumptions used in the December 31, 2018 actuarial valuations were based on the results of an actuarial experience study for the period 2007 through 2012.

F. Net Pension Liability and Changes in Net Pension Liability

The components of the net pension liability were as follows as of December 31, 2018:

	<u>Policemen's Fund</u>	<u>Firemen's Fund</u>
Total pension liability	\$ 5,858,319	\$ 9,019,132
Plan's fiduciary net position	<u>5,731,676</u>	<u>6,012,769</u>
City's net pension liability	<u>\$ 126,643</u>	<u>\$ 3,006,363</u>
Plan's fiduciary net position as a percentage of total pension liability	97.84%	66.67%

Changes in the total pension liability, plan fiduciary net position, and the net pension liability for the year ended December 31, 2018 were as follows:

	<u>Policemen's Pension and Relief Fund</u>			<u>Firemen's Pension and Relief Fund</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2017	\$5,838,848	\$6,120,165	(\$281,317)	\$9,485,657	\$6,691,960	\$2,793,697
Changes for the year:						
Service costs	-	-	-	-	-	-
Interest on total pension liability	278,842	-	278,842	454,423	-	454,423
Differences between expected and actual experience	(184,491)	-	(184,491)	(126,560)	-	(126,560)
Changes in assumptions	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-
Employer contributions	-	334,484	(334,484)	-	388,103	(388,103)
Net investment income	-	(190,014)	190,014	-	(270,812)	270,812
Benefit payments and refunds	(524,022)	(524,022)	-	(794,388)	(794,388)	-
Administrative expenses	-	(8,987)	8,987	-	(2,094)	2,094
Benefit changes	449,142	-	449,142	-	-	-
Other	-	50	(50)	-	-	-
Net changes	19,471	(388,489)	407,960	(466,525)	(679,191)	212,666
Balances at December 31, 2018	<u>\$5,858,319</u>	<u>\$5,731,676</u>	<u>\$126,643</u>	<u>\$9,019,132</u>	<u>\$6,012,769</u>	<u>\$3,006,363</u>

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

For the year ended December 31, 2018, the City recognized pension expense of \$391,154 for the Policemen's Pension and Relief Fund and pension expense of \$173,735 for the Firemen's Pension

and Relief Fund, as measured in accordance with GASB Statement No. 68. On December 31, 2018, 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	\$ 480,403	\$ (133,166)	\$ 625,103	\$ (207,921)

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
2019	\$ 139,769	\$ 168,167
2020	52,214	80,242
2021	57,042	49,733
2022	98,212	119,040
	\$ 347,237	\$ 417,182

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)	\$ 651,257	\$ 126,643	\$ (325,719)
Firemen's Pension and Relief Fund	Net pension liability	\$ 3,828,389	\$ 3,006,363	\$ 2,298,708

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, 2018 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 2018.

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

The City was required to contribute at an actuarially determined rate which was 15.32% of covered payroll for the year ended December 31, 2018. For 2018, participating members' contributions were \$144,889 and the City's contributions were \$684,529.

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

As of December 31, 2018, the City reported a liability of \$5,039,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 actual City's contributions to the Plan relative to the actual contributions of all participating APERS members for the year ended June 30, 2018. At June 30, 2018, the City's proportion was 0.2284472%, compared to 0.2546313% for 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, 2018 related pension items was 82% for governmental activities and 18% for business activities (Sanitation Services and AGFF 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, 2018, the City recognized pension expense of \$640,997. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 80,145	\$ (52,901)
Net differences between projected and actual earnings on pension plan investments	-	(127,520)
Changes of assumptions	573,379	(311,647)
Changes in proportion	-	(462,546)
Contributions subsequent to the measurement date	352,290	-
	\$ 1,005,814	\$ (954,614)

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$439,290 will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. 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,		
2019	\$	364,838
2020		160,966
2021		(253,010)
2022		(111,338)
		<u>\$ 161,455</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>APERS</u>
Valuation	June 30, 2018
Actuarial Cost Method	Entry Age Normal Level Percent-of-
Amortization Method	Payroll
Remaining Amortization	21 year closed 4-Year Smoothed Market with 25%
Asset Valuation Method	Corridor
Investment rate of return	7.21%
Projected salary increase	3.25% - 9.85%
Inflation	2.50%
Cost of living adjustments	3.0% Annual Compounded

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. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the table below:

<u>APERS 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, 2018 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%)
\$ 8,239,163	\$ 5,039,397	\$ 2,399,847

Arkansas Local Police and Fire Retirement System**Plan Description and Funding Information**

The **Local Police and Fire Retirement System (LOPFI)** is a statewide cost-sharing multiple employer defined benefit pension plan that provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the Plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the internet at www.lopfi-prb.com or by contacting the following:

Arkansas Local Police and Fire Retirement System
P.O. Drawer 34164
Little Rock, Arkansas 72203
501.682.1745

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 of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 23.5% for participating policemen and 22.71% for participating firemen. City contributions for 2018 to the Plan were \$1,360,071.

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

At December 31, 2018, the LOPFI Police and LOPFI Fire reported a liability of \$7,258,921 and \$8,459,642, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, 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 actual City contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2018, the City's proportion share was 0.804419% and 0.937481% respectively, for LOPFI Police and LOPFI Fire compared to 1.05245% and 0.94785% respectively, for the prior year. The contributions used excluded contributions made for prior service, excess benefits and irregular payments.

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, 2018 LOPFI Fire related pension items was 84% for governmental activities and 16% for business activities (Emergency Medical Services Fund), which was unchanged from the prior year. Deferred outflows and inflows of resources have been recorded for each as shown below.

For the year ended December 31, 2018, the LOPFI Police and LOPFI Fire recognized pension expense of \$981,097 and \$1,683,474, respectively. On December 31, 2018, 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	\$ 385,644	\$ -	\$ 449,435	\$ -
Net difference between projected and actual earnings on plan investments	1,399,875	471,129	1,631,432	549,060
Changes in assumptions	993,554	-	1,157,901	-
Changes in proportion	-	1,319,019	75,037	262,003
Total	<u>\$ 2,779,073</u>	<u>\$ 1,790,148</u>	<u>\$ 3,313,805</u>	<u>\$ 811,063</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018 related to the Plans will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police Net Deferred Outflow of Resources	LOPFI Fire Net Deferred Outflow of Resources
2019	\$ 465,563	\$ 1,074,395
2020	246,707	713,831
2021	21,926	375,314
2022	254,729	339,202
	<u>\$ 988,925</u>	<u>\$ 2,502,742</u>

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	LOPFI - Police	LOPFI - Fire
Wage inflation	3.25%	3.25%
Price inflation	2.50%	2.50%
Salary increases	3.25% - 18.75%, including inflation	3.25% - 18.75%, including inflation
Investment rate of return	7.1%	7.1%
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-year smoothed market; 20%	5-year smoothed market; 20%

Mortality rates were based on the RP-2000 Combined Health Mortality Table Projected to 2017 Table, set forward two years for men.

The actuarial assumptions used for the December 31, 2018 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

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, 2018, these best estimates are summarized in the following table:

LOPFI Police and Fire 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 one percent lower or one percent higher than the current rate:

Local Police and Fire Retirement System (LOPFI)		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
LOPFI - Police	Net pension liability	\$ 10,713,251	\$ 7,258,921	\$ 4,475,398
LOPFI - Fire	Net pension liability	\$ 12,485,364	\$ 8,459,642	\$ 5,215,688

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**General Information about the OPEB Plan**

The City of Jacksonville participates in the Municipal Health Benefit Fund (MHBF), 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.

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 three active participants who pay monthly premiums ranging from \$405 for single coverage to \$902 for family coverage. Total contributions for the year ending December 31, 2018 was \$22,679.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability of the City at December 31, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2017	\$1,387,649	\$0	\$1,387,649
Changes for the year:			
Service cost	92,521	-	92,521
Interest	43,850	-	43,850
Differences between expected and actual experience	(39,062)	-	(39,062)
Employee contributions	-	22,679	(22,679)
Benefits and refunds	(22,679)	(22,679)	-
Benefit Changes	(68,377)	-	(68,377)
Net changes	6,253	-	6,253
Balances at December 31, 2018	\$1,393,902	\$0	\$1,393,902

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$127,418. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 35,807
Changes of assumptions	-	62,679
	<u>\$ -</u>	<u>\$ 98,486</u>

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

Year Ending December 31,	Net Deferred Outflows/(Inflows) Of Resources
2019	\$ (8,953)
2020	(8,953)
2021	(8,953)
2022	(8,953)
2023	(8,953)
Thereafter	(53,721)
Total	<u>\$ (98,486)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Cost method	Entry age normal
Health care cost trend rates	8% next year, with the rate decreasing by 0.5% each year, to an ultimate rate of 5% in the seventh year
Inflation	3.00% per year
Discount rate	3.64% at 12/31/18
Pre and post-retirement mortality	RP 2014 Table
Base claim costs	Retiree (no Medicare) \$1,142.04, Retiree (with Medicare) \$545.22 Premium assumed at \$545.22 per month for net subsidy of \$596.82
Administrative Costs	None assumed
Family Coverage	Sponsor provide single coverage only
Selection of coverage	85% of eligible retirees would select plan upon retirement, 15% would continue past age 65
Voluntary terminations	same as assumptions used by APERS

Long-term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. 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
Domestic fixed income	0.00%	0.00%
International fixed income	0.00%	0.00%
Domestic equity	0.00%	0.00%
Foreign equity	0.00%	0.00%
Cash	100.00%	0.64%
Subtotal	100.00%	0.64%
Inflation		3.00%
Total		3.64%

Discount Rate

A discount rate of 3.64% was used to measure the total OPEB liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The plan net position (assets) in future years can then be projected and compared to the obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required. The single discount rate is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and to Changes in the Healthcare Cost Trend Rates

Sensitivity of the net OPEB liability to changes in the discount rate: The following table presents the net OPEB liability of the City calculated using the single discount rate of 3.64%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Net OPEB liability	\$ 1,537,721	\$ 1,393,902	\$ 1,249,316

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trends:

	1% Decrease in HCCTR	Current Discount Rate in HCCTR	1% Increase in HCCTR
Net OPEB liability	\$ 1,171,732	\$ 1,393,902	\$ 1,654,395

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 \$77,019 for operating expenses in 2018. Separate financial statements of the Central Arkansas Library System are available at 100 Rock Street, Little Rock, Arkansas 72201.

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 2017 to 2018 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, 2018 property taxes receivable and related deferred inflows of resources of \$1,220,990 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 2018 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 \$2,699,017 of additional taxes could be raised per year based on the current year's assessed value of \$219,119,460 for real property and \$80,771,280 for personal property before the limit is reached.

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

Description	Millage Limit	Levied 2017 for 2018 Collections
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 \$6,211,566 for 2018. 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 \$7,639,555 for 2018. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

Note 13: Other Required Disclosures Note

The following enterprise fund has a deficit net position as of December 31, 2018:

Fund	Deficit Amount
Emergency Medical Services	\$ 357,483
Total deficit net position	<u>\$ 357,483</u>

The deficit net position is the result of revenues inadequate to cover expenses, including depreciation, in the current and/or prior years.

Note 14: 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 15: Discretely Presented Component Units

Jacksonville Municipal Water Works (JMWW)

Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2018
Jacksonville Municipal Water Works				
Capital Assets, non-depreciable				
Land	\$ 506,355	\$ 111	\$ -	\$ 506,466
Construction in progress	-	-	-	-
Total capital assets, non-depreciable	506,355	111	-	506,466
Capital Assets, depreciable				
Utility system	52,467,876	547,735	-	53,015,611
LRAFB water distribution system	-	17,750,941	-	17,750,941
Buildings and improvements	2,526,432	123,420	-	2,649,852
Furniture and equipment	2,690,551	320,600	-	3,011,151
Total capital assets, depreciable	57,684,859	18,742,696	-	76,427,555
Less accumulated depreciation	21,628,715	2,388,506	-	24,017,221
Total capital assets, depreciable, net	36,056,144	16,354,190	-	52,410,334
Total component units activities, net	\$ 36,562,499	\$ 16,354,301	\$ -	\$ 52,916,800

Long-Term Liabilities

Long-term debt consists of Water Capital Improvement Revenue Bonds and Little Rock Air Force Base Distribution System Contingent Liability for which the changes in the year are as follows:

Jacksonville Municipal Water Works	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018	Amounts Due In One Year
Water revenue bonds	\$ 14,120,413	\$ 17,750,941	\$ 2,716,172	\$ 29,155,182	\$ 2,978,309
Customer deposits	773,379	27,268	-	800,647	-
Net pension liability	1,637,449	-	171,793	1,465,656	-
Other liabilities	11,028	-	10,259	769	-
	<u>16,542,269</u>	<u>17,778,209</u>	<u>2,898,224</u>	<u>31,422,254</u>	<u>2,978,309</u>

The annual requirements to amortize water bond indebtedness outstanding, and scheduled, including interest are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 2,978,309	\$ 312,543	3,575,808
2020	3,271,394	304,414	3,575,808
2021	3,312,009	263,799	3,575,808
2022	3,353,148	222,660	3,575,808
2023	3,394,816	180,992	3,575,808
Thereafter	12,845,506	305,127	13,150,633
Total	<u>\$ 29,155,182</u>	<u>\$ 1,589,535</u>	<u>\$ 27,453,865</u>

Net Pension Liability

JMWW participates in the Arkansas Public Employees Retirement System (APERS). The general information and actuarial assumptions related to this plan can be found in *Note 6* above. See below for information about JMWW's Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

The collective net pension liability of \$2,205,935,053 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability is based on the employer's share of contributions to the Plan relative to the total contributions of all participating employers. At June 30, 2018, JMWW's proportion was 0.06644148% and the utility recorded a liability of \$1,465,656 for its proportionate share of the net pension liability of APERS.

For the year ended December 31, 2018, JMWW recognized pension expense of \$252,127. At December 31, 2018, JMWW 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	\$ 23,309	\$ (15,386)
Net differences between projected and actual earnings on pension plan investments	-	(37,088)
Changes of assumptions	166,761	(90,639)
Changes in proportion	53,333	(15,879)
Contributions subsequent to the measurement date	108,469	-
	<u>\$ 351,872</u>	<u>\$ (158,992)</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2019	\$	114,462
2020		58,270
2021		(57,836)
2022		(30,485)
	<u>\$</u>	<u>84,411</u>

Sensitivity of JMWW Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents JMWW proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what JMWW 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%)
Net pension liability	<u>\$ 2,396,274</u>	<u>\$ 1,465,656</u>	<u>\$ 697,970</u>

Jacksonville Wastewater Utility (JWWU)

Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Jacksonville Wastewater Utility	Balance December 31, 2017	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2018
Capital Assets, non-depreciable				
Land	\$ 411,491	\$ -	\$ -	\$ 411,491
Construction in progress	13,954	570,217	501,793	82,379
Total capital assets, non-depreciable	<u>425,445</u>	<u>570,217</u>	<u>501,793</u>	<u>493,870</u>
Capital Assets, depreciable				
Utility system	60,120,787	543,545	719	60,663,613
Buildings and improvements	2,412,229	7,655	4,930	2,414,955
Furniture and equipment	2,510,606	8,506	564	2,518,549
Total capital assets, depreciable	<u>65,043,622</u>	<u>559,706</u>	<u>6,213</u>	<u>65,597,117</u>
Less accumulated depreciation	<u>32,473,155</u>	<u>2,072,242</u>	<u>5,083</u>	<u>34,540,314</u>
Total component units activities, net	<u>\$ 32,995,912</u>	<u>\$ (942,319)</u>	<u>\$ 502,923</u>	<u>\$ 31,550,673</u>

Long-Term Liabilities

Long-term debt consists of Wastewater Refunding Revenue Bonds and Wastewater Construction Revenue Bonds for which the changes in the year are as follows:

Jacksonville Wastewater Utility	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018	Amounts Due In One Year
Wastewater revenue bonds	\$ 15,295,000	\$ -	\$ 450,000	\$ 14,845,000	\$ 460,000
Add issuance premium	258,610	-	17,410	241,200	-
Net pension liability	1,842,795	-	334,319	1,508,476	-
Post closure landfill costs	457,028	79,313	-	536,341	-
	<u>17,853,433</u>	<u>79,313</u>	<u>801,729</u>	<u>17,131,017</u>	<u>460,000</u>
Total component units long-term liabilities	<u>\$ 34,395,702</u>	<u>\$ 17,857,522</u>	<u>\$ 3,699,953</u>	<u>\$ 48,553,271</u>	<u>\$ 3,438,309</u>

The annual requirements to amortize wastewater bond indebtedness outstanding, and scheduled, including interest are as follows:

Year Ending December 31,	Principal	Interest	Total
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	440,000	525,943	965,943
2024-2028	3,470,000	2,275,119	5,745,119
2029-2033	4,225,000	1,527,319	5,752,319
2034-2038	5,050,000	704,913	5,754,913
2039	830,000	30,088	860,088
Total	<u>\$ 14,845,000</u>	<u>\$ 7,197,156</u>	<u>\$ 22,042,156</u>

Net Pension Liability

JWWU participates in the Arkansas Public Employees Retirement System (APERS). The general information and actuarial assumptions related to this plan can be found in *Note 6* above. See below for information about JWWU's Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

The collective net pension liability of \$2,205,935,053 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability is based on the employer's share of contributions to the Plan relative to the total contributions of all participating employers. At June 30, 2018, JWWU's proportion was 0.06838261% and the utility recorded a liability of \$1,508,476 for its proportionate share of the net pension liability of APERS.

For the year ended December 31, 2018, JWWU recognized pension expense of \$204,523. At December 31, 2018, JWWU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 23,990	\$ 15,835
Net differences between projected and actual earnings on pension plan investments	-	38,171
Changes of assumptions	171,633	93,287
Changes in proportion	3,951	99,278
Contributions subsequent to the measurement date	109,054	-
	<u>\$ 308,628</u>	<u>\$ 246,571</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2019	\$	71,224
2020		12,977
2021		(96,068)
2022		(35,130)
	\$	<u>(46,997)</u>

Sensitivity of JWWU Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents JWWU proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what JWWU 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%)
Net pension liability	<u>\$ 2,466,283</u>	<u>\$ 1,508,476</u>	<u>\$ 718,362</u>

Note 16: Subsequent Events

The City of Jacksonville did not have any recognized or unrecognized subsequent events occurring after December 31, 2018, 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 550,000	\$ 550,000	\$ 565,105	\$ 15,105
Sales taxes	14,259,895	14,259,895	13,935,682	(324,213)
Licenses and permits	240,500	240,500	243,423	2,923
Intergovernmental	2,046,927	2,046,927	1,871,390	(175,537)
Charges for services	657,607	657,607	956,629	299,022
Fines and fees	490,616	490,616	493,869	3,253
Utility franchise taxes	1,068,000	1,068,000	1,078,449	10,449
Investment income	-	-	2,973	2,973
Contributions	-	-	316,149	316,149
Miscellaneous	622,499	622,499	198,483	(424,016)
Total revenues	<u>19,936,044</u>	<u>19,936,044</u>	<u>19,662,151</u>	<u>(273,892)</u>
Expenditures				
General government				
General administration	447,437	447,437	343,689	103,749
City council	126,181	126,181	109,883	16,298
Mayor	249,847	249,847	248,997	850
City clerk	136,949	136,949	140,775	(3,826)
City attorney	197,187	197,187	197,436	(249)
District court	385,514	385,514	299,304	86,210
Director of administration	40,284	40,284	60,357	(20,073)
Director of information technology	376,979	376,979	351,763	25,216
Finance	477,619	477,619	491,764	(14,145)
Human resources	175,964	175,964	185,408	(9,444)
Fleet services	138,085	138,085	155,692	(17,607)
Community programs	163,316	163,316	154,474	8,842
Total general government	<u>2,915,362</u>	<u>2,915,362</u>	<u>2,739,541</u>	<u>175,821</u>
Public works				
Public works coordinator	130,629	130,629	138,970	(8,341)
Engineering	255,034	255,034	164,480	90,554
Code enforcement	191,478	191,478	158,821	32,657
Total public works	<u>577,141</u>	<u>577,141</u>	<u>462,271</u>	<u>114,870</u>
Parks and recreation services	2,530,939	2,530,939	2,465,034	65,905
Police	6,448,159	6,448,159	5,954,183	493,976
Fire	4,985,711	4,985,711	4,849,391	136,320
Emergency communication services	916,533	916,533	761,607	154,926
Animal control	303,663	303,663	299,083	4,580
Total expenditures	<u>18,677,508</u>	<u>18,677,508</u>	<u>17,531,110</u>	<u>1,146,398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,258,536</u>	<u>1,258,536</u>	<u>2,131,042</u>	<u>872,506</u>
Other Financing Sources (Uses)				
Transfers in	3,000	3,000	71,434	68,434
Transfers out	(1,261,536)	(1,261,536)	(1,200,827)	60,709
Total other financing sources (uses)	<u>(1,258,536)</u>	<u>(1,258,536)</u>	<u>(1,129,393)</u>	<u>129,143</u>
Net Change in Fund Balances	-	-	1,001,649	1,001,649
Fund Balances, Beginning of Year	<u>1,001,212</u>	<u>1,001,212</u>	<u>1,001,212</u>	-
Fund Balances, End of Year	<u>\$ 1,001,212</u>	<u>\$ 1,001,212</u>	<u>\$ 2,002,862</u>	<u>\$ 1,001,649</u>

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE

STREET FUND

YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,122,243	\$ 3,122,243	\$ 2,525,712	\$ (596,531)
Investment income	2,500	2,500	39,784	37,284
Miscellaneous	20,250	20,250	14,307	(5,943)
Total revenues	<u>3,144,993</u>	<u>3,144,993</u>	<u>2,579,803</u>	<u>(565,190)</u>
Expenditures				
Public works				
Streets and drainage	<u>3,314,665</u>	<u>3,314,665</u>	<u>1,648,263</u>	<u>1,666,402</u>
Total expenditures	<u>3,314,665</u>	<u>3,314,665</u>	<u>1,648,263</u>	<u>1,666,402</u>
Excess (Deficiency) of Revenues Over Expenditures	(169,672)	(169,672)	931,540	1,101,212
Fund Balances, Beginning of Year	<u>2,778,146</u>	<u>2,778,146</u>	<u>2,778,146</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,608,474</u>	<u>\$ 2,608,474</u>	<u>\$ 3,709,687</u>	<u>\$ 1,101,212</u>

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

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 CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 92,521
Interest	43,850
Changes in benefit terms	-
Differences between expected and actual experience	(39,062)
Changes of assumptions	(68,377)
Benefit payments	<u>(22,679)</u>
Net change in total OPEB liability	6,253
Total OPEB liability - Beginning	<u>1,387,649</u>
Total OPEB liability - Ending (a)	<u><u>1,393,902</u></u>
Plan Fiduciary Net Position	
Contributions - employer	22,679
Net investment income	-
Benefit payments	(22,679)
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - Beginning	<u>-</u>
Plan fiduciary net position - Ending (b)	<u><u>-</u></u>
Net OPEB liability - Ending (a)-(b)	<u><u>1,393,902</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered employee payroll	N/A
Net OPEB liability as a percentage of covered employee payroll	N/A

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2018

	2018
Actuarially Determined Contribution	\$ 163,683
Contributions in relation to the actuarially determined contribution	22,679
Contribution deficiency (excess)	<u>\$ 141,004</u>
Covered employee payroll	N/A
Contributions as a percentage of employee payroll	N/A

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially determined contributions are calculated as of December 31 after the valuation date.
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar over 30 years from January 1, 2018.
Remaining amortization period	30 years
Asset valuation method	Market value
Assumed inflation	3.00% per year
Assumed single discount rate	3.64% at 12/31/18
Assumed retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP 2014 Mortality Table

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS YEAR ENDED DECEMBER 31, 2018

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2018	0%

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2018

Policemen's Pension and Relief Fund

Fiscal year ending December 31,	2018	2017	2016	2015
Total pension liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	278,842	286,440	307,361	330,964
Changes of benefit terms	449,142	-	-	-
Difference between expected and actual experience	(184,491)	77,943	(205,160)	(266,517)
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of plan member contributions	(524,022)	(508,690)	(532,529)	(540,476)
Net change in total pension liability	19,471	(144,307)	(430,328)	(476,029)
Total pension liability, beginning of year	5,838,848	5,983,154	6,413,482	6,889,512
Total pension liability, end of year	<u>\$ 5,858,319</u>	<u>\$ 5,838,848</u>	<u>\$ 5,983,154</u>	<u>\$ 6,413,483</u>
Plan fiduciary net position:				
Employer contributions	\$ 334,484	\$ 329,627	\$ 341,668	\$ 334,472
Plan member contributions	-	-	-	-
Net investment income	(190,014)	491,440	304,119	(140,490)
Benefit payments, including refunds of plan member contributions	(524,022)	(508,690)	(532,529)	(540,476)
Administrative expense	(8,987)	(6,932)	(6,967)	(7,706)
Other	50	9,858	150	-
Net change in plan fiduciary net position	(388,489)	315,303	106,441	(354,200)
Plan fiduciary net position, beginning of year	6,120,165	5,804,861	5,698,420	6,052,620
Plan fiduciary net position, end of year	<u>\$ 5,731,676</u>	<u>\$ 6,120,164</u>	<u>\$ 5,804,861</u>	<u>\$ 5,698,420</u>
City's net pension liability (asset), end of year	<u>\$ 126,643</u>	<u>\$ (281,316)</u>	<u>\$ 178,293</u>	<u>\$ 715,063</u>
Plan's fiduciary net position as a percentage of the total pension liability	97.84%	104.82%	97.02%	88.85%
Covered 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 SCHEDULE OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2018

Firemen's Pension and Relief Fund

Fiscal year ending December 31,	2018	2017	2016	2015
Total pension liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	454,423	464,671	481,908	528,688
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(126,560)	126,580	91,701	(473,629)
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of plan member contributions	(794,388)	(798,043)	(1,038,656)	(942,640)
Net change in total pension liability	(466,525)	(206,792)	(465,046)	(887,581)
Total pension liability, beginning of year	9,485,657	9,692,449	10,157,495	11,045,076
Total pension liability, end of year	\$ 9,019,132	\$ 9,485,657	\$ 9,692,449	\$ 10,157,495
Plan fiduciary net position:				
Employer contributions	\$ 388,103	\$ 380,031	\$ 418,220	\$ 399,410
Plan member contributions	-	-	2,191	7,017
Net investment income	(270,812)	658,346	176,675	(77,487)
Benefit payments, including refunds of plan member contributions	(794,388)	(798,043)	(1,038,656)	(942,640)
Administrative expense	(2,094)	(6,942)	(6,448)	(6,425)
Other	-	9,858	-	2,800
Net change in plan fiduciary net position	(679,191)	243,250	(448,017)	(617,325)
Plan fiduciary net position, beginning of year	6,691,960	6,448,710	6,896,727	7,514,052
Plan fiduciary net position, end of year	\$ 6,012,769	\$ 6,691,960	\$ 6,448,710	\$ 6,896,727
City's net pension liability, end of year	\$ 3,006,363	\$ 2,793,697	\$ 3,243,739	\$ 3,260,768
Plan's fiduciary net position as a percentage of the total pension liability	66.67%	70.55%	66.53%	67.90%
Covered 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 SCHEDULE OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2018

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered 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
	2018	-	334,484	(334,484)	-	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 rate of return	5.00%
Mortality	1983 GAM

	Year Ended December 31	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered 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
	2018	629,910	388,103	241,807	-	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
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED DECEMBER 31, 2018**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>June 30</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.2284472%	0.2546313%	0.2592827%	0.2593006%
City's proportionate share of the net pension liability	\$ 5,039,397	\$ 6,580,031	\$ 6,200,353	\$ 4,775,626
City's covered payroll	\$ 4,280,563	\$ 4,393,927	\$ 4,312,438	\$ 4,309,745
City's proportionate share of the net pension liability as a percentage of its covered payroll	117.73%	149.75%	143.78%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	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
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 YEAR ENDED DECEMBER 31, 2018**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>December 31</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 684,529	\$ 661,320	\$ 685,822	\$ 679,053
Contributions related to the contractually required contribution	<u>684,529</u>	<u>661,320</u>	<u>685,822</u>	<u>679,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,302,673	\$ 4,405,479	\$ 4,556,439	\$ 4,403,272
Contributions as a percent of covered payroll	15.91%	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 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2018

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

December 31	2018	2017	2016	2015
City's proportion of the net pension liability	0.804420%	1.052449%	1.140590%	1.217420%
City's proportionate share of the net pension liability	\$ 7,258,921	\$ 7,478,672	\$ 6,507,408	\$ 6,388,710
City's covered payroll	\$ 2,835,601	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
City's proportionate share of the net pension liability as a percentage of its covered payroll	255.99%	216.23%	185.58%	180.72%
Plan fiduciary net position as a percentage of the total pension liability	65.84%	71.17%	72.46%	72.41%

LOPFI - Fire

December 31	2018	2017	2016	2015
City's proportion of the net pension liability	0.937480%	0.947852%	1.038400%	0.989380%
City's proportionate share of the net pension liability	\$ 8,459,642	\$ 6,735,410	\$ 5,924,363	\$ 5,192,039
City's covered payroll	\$ 3,417,168	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
City's proportionate share of the net pension liability as a percentage of its covered payroll	247.56%	195.58%	175.84%	156.27%
Plan fiduciary net position as a percentage of the total pension liability	65.84%	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 SCHEDULE OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2018

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

December 31	2018	2017	2016	2015
Contractually required contribution	\$ 713,355	\$ 752,784	\$ 779,997	\$ 755,994
Contributions related to the contractually required contribution	713,355	752,784	779,997	755,994
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,835,601	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
Contribution as a percent of covered payroll	25.16%	21.77%	22.24%	21.39%

LOPFI - Fire

December 31	2018	2017	2016	2015
Contractually required contribution	\$ 760,297	\$ 678,135	\$ 686,207	\$ 614,388
Contributions related to the contractually required contribution	760,297	678,135	686,207	614,388
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,417,168	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
Contribution as a percent of covered payroll	22.25%	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 SCHEDULE OF INVESTMENT RETURNS YEAR ENDED DECEMBER 31, 2018

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Policemen's Pension and Relief Fund	12/31/2018	(3.16%)
	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	12/31/2018	(4.17%)
	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, 2018

	Special Revenue				Capital Project 2015 Capital Improvements Construction	Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture		2006 Library Debt Service	2015 Capital Improvements Debt Service	
Assets								
Cash	\$ 23,473	\$ 75,362	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ 100,035
Restricted cash	-	-	-	36,651	375,277	279,942	488,114	1,179,984
Accounts receivable	56,004	5,797	-	-	-	304,391	-	366,192
Due from other funds	-	-	-	-	-	-	36,649	36,649
Total Assets	\$ 79,477	\$ 81,159	\$ 1,200	\$ 36,651	\$ 375,277	\$ 584,333	\$ 524,763	\$ 1,682,860
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$ 4,786	\$ -	\$ -	\$ 675	\$ -	\$ -	\$ -	\$ 5,461
Due to other funds	9,859	-	-	-	36,649	-	-	46,508
Accrued wages payable	2,233	-	-	-	-	-	-	2,233
Other liabilities	515	30,717	-	-	-	-	8,911	40,143
Total liabilities	17,394	30,717	-	675	36,649	-	8,911	94,345
Deferred Inflows of Resources								
Unavailable revenues - property taxes	-	-	-	-	-	274,389	-	274,389
Total deferred inflows of resources	-	-	-	-	-	274,389	-	274,389
Fund Balances								
Restricted:								
Debt service	-	-	-	-	-	309,944	515,852	825,796
Law enforcement activities	-	-	-	35,976	-	-	-	35,976
Housing and neighborhood programs	62,084	50,442	-	-	-	-	-	112,526
Grant funds	-	-	1,200	-	-	-	-	1,200
Capital projects	-	-	-	-	338,628	-	-	338,628
Total fund balances	62,084	50,442	1,200	35,976	338,628	309,944	515,852	1,314,126
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 79,477	\$ 81,159	\$ 1,200	\$ 36,651	\$ 375,277	\$ 584,333	\$ 524,763	\$ 1,682,860

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - NONMAJOR YEAR ENDED DECEMBER 31, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ 291,434	\$ -	\$ 291,434
Intergovernmental	175,335	-	12,658	6,556	-	-	194,549
Investment income	739	-	398	-	15,074	2,725	25,719
Miscellaneous	46,020	-	-	-	-	-	46,020
Total revenues	222,094	-	13,057	6,556	15,074	294,159	557,722
Expenditures							
Public works	-	-	-	-	185,075	-	185,075
Parks and recreation services	-	-	-	-	109,879	-	109,879
Police	-	-	19,959	14,670	-	-	34,629
Fire	-	-	-	-	411,772	-	411,772
Housing and neighborhood programs	239,298	4,950	-	-	-	-	244,248
Debt service							
Principal	-	-	-	-	-	245,000	765,000
Interest	-	-	-	-	-	27,072	220,133
Agent fees	-	-	-	-	-	6,035	7,035
Total expenditures	239,298	4,950	19,959	14,670	706,727	278,107	1,977,772
Excess (Deficiency) of Revenues Over Expenditures	(17,204)	(4,950)	(6,902)	(8,114)	(691,653)	16,052	(1,420,050)
Other Financing Sources (Uses)							
Transfers in	-	-	96,575	-	-	780,000	876,575
Transfers out	-	-	(123,761)	-	-	-	(123,761)
Total other financing sources (uses)	-	-	(27,186)	-	-	780,000	752,814
Net Change in Fund Balances	(17,204)	(4,950)	(34,088)	(8,114)	(691,653)	72,722	(667,236)
Fund Balances, Beginning of Year	79,288	55,392	35,288	44,091	1,030,281	293,892	1,981,362
Fund Balances, End of Year	\$ 62,084	\$ 50,442	\$ 1,200	\$ 35,976	\$ 338,628	\$ 309,944	\$ 1,314,126



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, 2018

	<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	\$ 237,096	\$ 1,039,650	\$ 1,276,746
Investments			
U.S. Government obligations	1,089,449	2,956,986	4,046,435
Corporate bonds	1,447,258	-	1,447,258
Corporate stocks	212,646	-	212,646
Mutual funds	2,725,770	1,980,938	4,706,708
Receivables			
Accounts	271	271	542
Due from other funds	30,002	30,003	60,005
Accrued interest	18,311	15,737	34,048
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,760,803</u>	<u>\$ 6,023,585</u>	<u>\$ 11,784,388</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 5,760,803</u>	<u>\$ 6,023,585</u>	<u>\$ 11,784,388</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2018

	<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	\$ 53,538	\$ -	\$ 53,538
Contributed from General Fund			
Property taxes	282,824	282,824	565,648
State insurance turnback and guarantee fund	56,800	155,353	212,153
Total contributions	<u>393,162</u>	<u>438,177</u>	<u>831,339</u>
Investment income			
Net increase(decrease) in fair value of investments	(509,916)	(531,931)	(1,041,847)
Interest and dividends	147,958	79,559	227,517
Gain(loss) on sale of investments	244,111	252,447	496,558
Other investment income	56	114	170
	<u>(117,791)</u>	<u>(199,811)</u>	<u>(317,602)</u>
Less investment expense	60,444	71,563	132,007
Net investment income (loss)	<u>(178,235)</u>	<u>(271,374)</u>	<u>(449,609)</u>
Total additions	<u>214,927</u>	<u>166,803</u>	<u>381,731</u>
Deductions			
Benefits paid directly to participants	580,772	842,562	1,423,334
Administrative expenses	2,400	1,500	3,900
Total deductions	<u>583,172</u>	<u>844,062</u>	<u>1,427,234</u>
Change in Net Position	(368,245)	(677,259)	(1,045,503)
Net Position Restricted for Pension Benefits			
Beginning of Year	<u>6,129,048</u>	<u>6,700,844</u>	<u>12,829,892</u>
Net Position Restricted for Pension Benefits			
End of Year	<u>\$ 5,760,803</u>	<u>\$ 6,023,585</u>	<u>\$ 11,784,388</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>District Court Fines and Forfeitures Fund</u>				
Assets				
Cash	\$ 65,732	\$ 761,787	\$ 798,573	\$ 28,946
Liabilities				
Other liabilities	\$ 65,732	\$ 761,787	\$ 798,573	\$ 28,946
<u>District Court Restitution Fund</u>				
Assets				
Cash	\$ 699	\$ 2,951	\$ 1,587	\$ 2,063
Liabilities				
Other Liabilities	\$ 699	\$ 2,951	\$ 1,587	\$ 2,063
<u>Total Agency Funds</u>				
Assets				
Cash	\$ 66,431	\$ 764,738	\$ 800,160	\$ 31,009
Liabilities				
Other liabilities	66,431	764,738	800,160	31,009
Total Liabilities	\$ 66,431	\$ 764,738	\$ 800,160	\$ 31,009

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2018

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Operating Activities				
Receipts from customers	\$ 7,143,785	\$ 4,802,112	\$ -	\$ 11,945,897
Other receipts	3,181,441	33,412	-	3,214,853
Payments to employees	(2,262,656)	(1,912,978)	-	(4,175,634)
Payments to suppliers	(1,088,941)	(618,562)	(1,052)	(1,708,555)
Payments to service providers	(208,413)	(372,448)	(790,899)	(1,371,760)
Other payments	(2,268,156)	-	-	(2,268,156)
Net cash provided by (used in) operating activities	4,497,060	1,931,536	(791,951)	5,636,645
Noncapital Financing Activities				
Local tax levy supporting operations	-	-	845,438	845,438
Capital and Related Financing Activities				
Purchase of capital assets	(18,596,637)	(628,128)	-	(19,224,765)
Proceeds from issuance of long-term debt	15,034,769	-	-	15,034,769
Principal paid on long-term debt	-	(450,000)	-	(450,000)
Interest paid on long-term debt	(274,035)	(557,944)	-	(831,979)
Net cash provided by (used in) capital and related financing activities	(3,835,903)	(1,636,072)	-	(5,471,975)
Investing Activities				
Proceeds from maturities of cash investments	2,160,286	-	151,861	2,312,147
Purchase of cash investments	(2,165,692)	-	(3,835)	(2,169,527)
Decrease (increase) in restricted cash	92,024	-	-	92,024
Interest received	9,119	128,714	4,388	142,221
Net cash provided by (used in) investing activities	95,737	128,714	152,414	376,865
Net Increase in Cash and Cash Equivalents	756,894	424,178	205,901	1,386,973
Cash and Cash Equivalents, Beginning of Year	6,270,459	8,026,258	273,711	14,570,428
Cash and Cash Equivalents, End of Year	\$ 7,027,353	\$ 8,450,436	\$ 479,612	\$ 15,957,401
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (578,161)	\$ (316,006)	\$ (794,517)	\$ (1,688,684)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	2,388,506	2,072,242	-	4,460,748
Closure and post-closure care costs	-	79,313	-	79,313
Amortization of deferred expenses	72,933	-	-	72,933
Other income, net	3,181,441	-	-	3,181,441
Changes in operating assets and liabilities				
Receivables, net	(407,074)	29,331	-	(377,743)
Revenues earned and unbilled	-	40,404	-	40,404
Prepaid expenses	(25,196)	(262)	-	(25,458)
Inventories	(261,770)	1,492	-	(260,278)
Due to other entities	(33,793)	-	-	(33,793)
Accounts payable	85,500	33,107	2,566	121,173
Accrued pension liability	(171,793)	-	-	(171,793)
Accrued expenses	16,524	(15,293)	-	1,231
Customer deposits	27,268	-	-	27,268
Deferrals related to pensions	212,934	7,208	-	220,142
Other liabilities	(10,259)	-	-	(10,259)
Net cash provided by (used in) operating activities	\$ 4,497,060	\$ 1,931,536	\$ (791,951)	\$ 5,636,645
Presented on the Statement of Fund Net Position- Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 7,027,353	\$ 7,761,104	\$ 479,612	\$ 15,268,069
Restricted for bond requirements-cash and cash equivalents	-	112,519	-	112,519
Noncurrent assets				
Cash and cash equivalents	-	576,813	-	576,813
Total Cash and Cash Equivalents	\$ 7,027,353	\$ 8,450,436	\$ 479,612	\$ 15,957,401

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 2018 was \$146,170.

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)	114
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)	124
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)	129
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)	136
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)	138
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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 32,145,339	\$ 34,751,804	\$ 36,800,745	\$ 41,063,504
Restricted	4,381,589	2,384,498	2,052,401	1,798,969
Unrestricted (deficit)	15,151,670	13,387,422	10,824,395	5,937,438
Total governmental activities net position	<u>\$ 51,678,598</u>	<u>\$ 50,523,724</u>	<u>\$ 49,677,541</u>	<u>\$ 48,799,911</u>
Business-type activities				
Net investment in capital assets	\$ 590,355	\$ 469,824	\$ 653,790	\$ 821,873
Unrestricted	467,345	238,833	825,120	1,107,844
Total business-type activities net position	<u>\$ 1,057,700</u>	<u>\$ 708,657</u>	<u>\$ 1,478,910</u>	<u>\$ 1,929,717</u>
Primary government				
Net investment in capital assets	\$ 32,735,694	\$ 35,221,628	\$ 37,454,535	\$ 41,885,377
Restricted	4,381,589	2,384,498	2,052,401	1,798,969
Unrestricted (deficit)	15,619,015	13,626,255	11,649,515	7,045,282
Total primary government net position	<u>\$ 52,736,298</u>	<u>\$ 51,232,381</u>	<u>\$ 51,156,451</u>	<u>\$ 50,729,628</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>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 42,058,114	\$ 42,843,428	\$ 43,120,490	\$ 42,125,123	\$ 37,788,738	\$ 35,873,213
1,184,762	1,831,423	6,086,120	4,161,056	4,759,509	5,023,813
3,544,078	2,694,078	(12,819,219)	(14,319,749)	(15,403,962)	(15,340,558)
<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>	<u>\$ 25,556,468</u>
\$ 887,393	\$ 989,853	\$ 1,366,575	\$ 1,820,668	\$ 5,284,651	\$ 5,080,941
1,479,431	1,673,821	871,967	328,090	178,852	(193,393)
<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>	<u>\$ 4,887,549</u>
\$ 42,945,507	\$ 43,833,282	\$ 44,487,065	\$ 43,945,791	\$ 43,073,389	\$ 40,954,154
1,184,762	1,831,423	6,086,120	4,161,056	4,759,509	5,023,813
5,023,509	4,367,899	(11,947,253)	(13,991,659)	(15,225,111)	(15,533,950)
<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>	<u>\$ 30,444,016</u>

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental activities:				
General administration	\$ 516,564	\$ 1,754,213	\$ 389,238	\$ 454,301
City council	119,018	115,831	120,634	112,915
Office of the mayor	197,782	231,562	230,970	240,152
City clerk	146,559	144,722	212,357	143,434
City attorney	144,430	184,094	180,478	190,970
District court	312,140	308,593	303,536	336,932
Director of administration	263,454	317,955	125,806	112,868
Information technology	-	-	177,839	216,749
Finance	503,902	535,466	478,674	659,988
Human resources	231,641	202,575	245,038	228,913
Fleet services	143,039	176,543	186,396	165,871
Community programs	225,281	14,139	173,030	198,400
Public works	3,084,831	2,866,092	2,585,034	2,872,093
Parks and recreation services	2,688,917	2,515,033	2,602,790	2,748,589
Police	7,027,162	7,025,994	8,510,214	7,782,731
Fire	3,548,000	4,500,852	3,998,521	4,882,380
Emergency communication services	846,094	800,722	563,861	894,851
Animal control	301,371	313,564	308,039	306,344
Housing and neighborhood programs	433,766	543,274	273,097	365,162
Interest expense on long term debt	99,042	92,912	102,070	79,563
Agent fees on long-term debt	-	-	-	-
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>20,832,993</u>	<u>22,644,136</u>	<u>21,767,622</u>	<u>22,993,206</u>
Business-type activities				
Sanitation services	1,579,466	1,629,285	1,628,388	1,531,003
Shooting complex services	-	-	-	-
Emergency medical services	1,716,980	1,224,188	1,094,031	1,460,366
Total business-type activities expenses	<u>3,296,446</u>	<u>2,853,473</u>	<u>2,722,419</u>	<u>2,991,369</u>
Total primary government expenses	<u>\$ 24,129,439</u>	<u>\$ 25,497,609</u>	<u>\$ 24,490,041</u>	<u>\$ 25,984,575</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$ 143,871	\$ 181,945	\$ 162,959	\$ 178,388
District court	263,377	307,641	311,855	730,677
Finance	8,068	8,001	8,026	8,001
Fleet services	75,221	73,845	51,060	37,225
Public works	66,674	105,706	67,005	73,871
Parks and recreation services	651,836	732,000	672,790	751,295
Police	277,110	362,790	363,469	59,193
Fire	4,418	2,912	2,512	800
Emergency communication services	187,703	225,154	205,394	-
Animal control	32,715	32,350	24,420	20,865
Housing and neighborhood programs	2,065	17,007	535	1,036
Operating grants and contributions	3,684,503	3,916,198	3,731,153	4,236,786
Capital grants and contributions	512,854	419,836	709,285	1,013,992
Total governmental activities program revenues	<u>5,910,415</u>	<u>6,385,386</u>	<u>6,310,463</u>	<u>7,112,129</u>
Business-type activities				
Sanitation services	1,255,037	1,277,118	1,812,390	1,816,769
AGFF Shooting sports complex	-	-	-	-
Emergency medical services	645,163	709,812	1,009,118	1,062,331
Operating grants and contributions	12,000	12,000	13,500	13,000
Capital grants and contributions	-	-	305,495	59,196
Total business-type activities program revenues	<u>1,912,200</u>	<u>1,998,930</u>	<u>3,140,503</u>	<u>2,951,296</u>
Total primary government program revenues	<u>\$ 7,822,615</u>	<u>\$ 8,384,316</u>	<u>\$ 9,450,966</u>	<u>\$ 10,063,425</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

	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	614,247	\$ 538,999	\$ 569,284	\$ 556,838	\$ 557,064	\$ 588,492
	143,817	129,174	137,959	127,096	135,390	115,767
	245,782	239,117	242,586	268,762	257,366	235,751
	140,796	137,910	133,400	156,334	137,719	132,710
	192,214	177,245	175,033	169,206	265,883	195,078
	342,963	340,907	339,984	363,278	327,002	288,647
	114,376	114,063	108,044	129,570	168,666	66,589
	241,131	233,713	215,326	344,072	281,286	328,045
	541,303	470,372	468,408	523,413	480,310	476,826
	236,759	227,865	223,741	234,627	182,619	173,136
	144,176	151,582	142,922	155,398	151,475	144,414
	94,705	193,128	156,941	410,863	247,008	197,863
	3,605,742	2,247,748	2,832,455	2,987,291	3,134,679	2,802,632
	2,953,709	3,381,026	3,547,411	4,109,087	2,875,561	2,688,822
	7,928,822	7,507,452	7,129,333	9,125,283	7,531,016	6,757,932
	4,840,219	4,498,167	3,985,677	5,744,534	5,465,496	6,345,142
	962,308	1,035,881	980,293	1,103,149	1,026,272	1,001,230
	320,102	318,606	296,316	329,470	307,420	285,996
	588,290	239,470	200,669	240,454	216,681	252,044
	154,499	224,750	209,386	262,728	242,525	223,214
	-	-	33,833	6,844	6,990	7,035
	-	-	145,014	-	-	-
	<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>	<u>23,307,364</u>
	1,585,114	1,522,422	1,459,139	1,516,551	1,575,392	2,001,844
	-	-	-	-	813,554	657,188
	1,615,704	1,876,427	2,005,367	2,472,158	1,994,625	2,323,196
	<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>4,982,228</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>	<u>\$ 28,289,592</u>
\$	156,458	\$ 183,919	\$ 365,550	\$ 259,848	\$ 443,992	\$ 311,026
	766,291	812,509	561,363	533,596	473,217	435,533
	20,001	20,001	29,001	28,001	29,001	29,001
	28,368	22,950	35,338	33,602	30,990	28,920
	79,073	87,505	118,729	178,305	101,345	73,919
	797,053	980,103	1,024,897	1,037,505	690,777	688,960
	33,670	25,464	92,562	46,142	82,007	69,432
	822	1,968	600	616	6,218	2,956
	212,769	221,994	221,144	224,805	227,063	237,118
	19,365	24,415	18,770	10,508	10,444	4,865
	486	67,693	53,217	300	45,973	46,020
	4,428,410	4,598,762	4,145,981	4,413,390	4,300,118	4,242,826
	685,232	211,790	933,951	259,177	111,000	406,260
	<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>	<u>6,576,836</u>
	1,908,726	1,847,490	1,881,351	1,825,540	1,854,628	1,885,890
	-	-	-	-	361,463	332,942
	1,132,011	1,387,624	1,550,301	1,579,660	1,743,946	1,739,613
	6,500	-	12,460	11,947	15,855	13,893
	-	-	-	-	-	-
	<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>3,972,338</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>	<u>\$ 10,549,174</u>

(continued)

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (expense)/revenue				
Governmental activities	\$ (14,922,578)	\$ (16,258,750)	\$ (15,457,159)	\$ (15,881,077)
Business-type activities	(1,384,246)	(854,543)	418,084	(40,073)
Total primary government net expense	<u>\$ (16,306,824)</u>	<u>\$ (17,113,294)</u>	<u>\$ (15,039,075)</u>	<u>\$ (15,921,150)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 711,289	\$ 768,342	\$ 777,265	\$ 784,180
Sales taxes	13,170,622	13,157,342	12,612,511	13,138,610
Utility franchise taxes	1,131,386	1,097,960	1,057,234	1,031,798
Investment earnings	247,304	79,823	38,014	21,136
Grants and contributions not restricted to specific programs	511,033	491,200	459,187	459,957
Gain (loss) on sale of capital assets	365,197	9,209	9,265	10,263
Transfers	(400,000)	(500,000)	(342,500)	(442,496)
Total governmental activities	<u>15,736,831</u>	<u>15,103,876</u>	<u>14,610,976</u>	<u>15,003,448</u>
Business-type activities:				
Investment earnings	7,793	5,500	(17,890)	504
Grants and contributions not restricted	-	-	27,559	47,881
Gain on sale of capital assets	-	-	-	-
Transfers	400,000	500,000	342,500	442,496
Total business-type activities	<u>407,793</u>	<u>505,500</u>	<u>352,169</u>	<u>490,880</u>
Total primary government	<u>\$ 16,144,624</u>	<u>\$ 15,609,376</u>	<u>\$ 14,963,144</u>	<u>\$ 15,494,328</u>
Changes in Net Position				
Governmental activities	\$ 814,253	\$ (1,154,874)	\$ (846,183)	\$ (877,629)
Business-type activities	(976,453)	(349,043)	770,253	450,807
Change in accounting principle	-	-	-	-
Total primary government	<u>\$ (162,200)</u>	<u>\$ (1,503,918)</u>	<u>\$ (75,930)</u>	<u>\$ (426,822)</u>

Table 2

2013	2014	2015 (1)	2016	2017	2018
\$ (17,177,963)	\$ (15,148,100)	\$ (14,672,914)	\$ (20,322,502)	\$ (17,446,283)	\$ (16,730,529)
(153,581)	(163,735)	(20,394)	(571,562)	(407,679)	(1,009,890)
<u>\$ (17,331,544)</u>	<u>\$ (15,311,835)</u>	<u>\$ (14,693,308)</u>	<u>\$ (20,894,064)</u>	<u>\$ (17,853,962)</u>	<u>\$ (17,740,419)</u>
\$ 826,033	\$ 838,864	\$ 845,840	\$ 871,178	\$ 821,693	\$ 882,197
13,164,041	13,406,409	13,798,792	13,781,154	14,013,579	13,935,682
1,292,667	1,137,932	1,262,049	1,105,865	1,096,000	1,078,449
7,026	5,059	15,644	89,570	110,441	78,189
433,463	470,303	454,419	451,246	449,828	449,060
31,775	331,187	(69,038)	37,520	(149,160)	-
(590,000)	(459,677)	(425,000)	(434,989)	(3,718,243)	(390,000)
<u>15,165,005</u>	<u>15,730,077</u>	<u>15,882,706</u>	<u>15,901,544</u>	<u>12,624,139</u>	<u>16,033,577</u>
688	908	993	1,539	4,125	10,755
-	-	-	-	-	-
-	-	74,831	45,250	56	33,180
590,000	459,677	425,000	434,989	3,718,243	390,000
<u>590,688</u>	<u>460,585</u>	<u>500,825</u>	<u>481,778</u>	<u>3,722,424</u>	<u>433,935</u>
<u>\$ 15,755,693</u>	<u>\$ 16,190,662</u>	<u>\$ 16,383,531</u>	<u>\$ 16,383,322</u>	<u>\$ 16,346,563</u>	<u>\$ 16,467,512</u>
\$ (2,012,958)	\$ 581,977	\$ 1,209,792	\$ (4,420,959)	\$ (4,822,144)	\$ (696,952)
437,107	296,850	480,431	(89,784)	3,314,745	(575,955)
-	-	(13,096,892)	-	-	(890,867)
<u>\$ (1,575,851)</u>	<u>\$ 878,827</u>	<u>\$ (11,406,669)</u>	<u>\$ (4,510,742)</u>	<u>\$ (1,507,399)</u>	<u>\$ (2,163,774)</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			
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
2018	882,197	7,639,555	6,211,566	84,560	13,935,682	1,078,449	15,896,328
Change 2009-2018	24.0%	8.8%	1.4%	302.9%	5.8%	-4.7%	5.9%

CITY OF JACKSONVILLE, ARKANSAS

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

Table 4

		Pre-GASB 54							
		<u>2009</u>	<u>2010</u>						
General Fund									
Reserved		\$ 68,304	\$ 159,341						
Unreserved		3,503,551	3,297,028						
Total general fund		<u>\$ 3,571,855</u>	<u>\$ 3,456,369</u>						
All Other Governmental Funds									
Reserved, reported in:									
Debt service funds		\$ 317,300	\$ 254,508						
Special revenue funds		11,078,199	8,928,627						
Unreserved, reported in:									
Special revenue funds		3,572,054	2,995,731						
Capital projects funds									
Total all other governmental funds		<u>\$ 14,967,553</u>	<u>\$ 12,178,866</u>						
		Post-GASB 54							
		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund									
Nonspendable		\$ -	\$ -	\$ -	\$ 49,285	\$ 35,247	\$ 29,034	\$ 1,003	\$ 3,758
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	6,985
Assigned		1,070,000	-	-	-	-	-	-	-
Unassigned		3,792,850	4,095,873	3,089,430	2,375,306	1,830,111	806,202	994,333	1,992,119
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>	<u>\$ 2,002,862</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	\$ 5,023,812
Assigned		6,180,291	2,733,641	1,809,841	1,597,837	1,617,645	1,603,548	1,406,102	1,472,853
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>	<u>\$ 6,496,665</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Property taxes	\$ 717,792	\$ 723,754	\$ 762,221	\$ 779,861
Sales taxes	13,170,622	13,157,342	12,612,511	13,138,610
Licenses and permits	130,663	153,264	122,289	160,514
Intergovernmental	4,102,067	4,305,841	4,053,971	5,310,202
Charges for services	919,286	1,026,128	924,618	1,056,207
Fines and fees	561,429	651,231	651,271	791,192
Utility franchise taxes	1,131,386	1,097,960	1,057,234	1,031,798
Investment income	247,304	79,823	38,014	21,136
Contributions	-	-	-	-
Miscellaneous	673,468	343,931	818,963	227,747
	<u>21,654,016</u>	<u>21,539,274</u>	<u>21,041,092</u>	<u>22,517,267</u>
Total revenues	21,654,016	21,539,274	21,041,092	22,517,267
Expenditures				
General government	3,792,768	3,265,843	2,794,399	3,600,208
Public works	2,790,533	3,259,890	4,137,281	3,070,904
Parks and recreation services	3,087,495	2,568,025	2,332,786	3,694,975
Police	7,578,930	7,920,716	7,675,658	11,533,317
Fire	4,637,438	5,177,419	4,716,182	4,403,817
Emergency communication services	749,533	672,701	755,149	4,858,959
Animal control	285,653	299,631	295,563	298,166
Housing and neighborhood programs	429,597	539,016	286,307	371,863
Debt Service				
Principal	125,000	145,000	135,000	155,000
Interest	100,616	94,956	104,094	81,468
Agent fees	250	250	600	700
Issuance costs	-	-	-	-
	<u>23,577,813</u>	<u>23,943,447</u>	<u>23,233,019</u>	<u>32,069,377</u>
Total expenditures	23,577,813	23,943,447	23,233,019	32,069,377
Excess (Deficiency) of revenues over (under) expenditures	(1,923,797)	(2,404,173)	(2,191,927)	(9,552,110)
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Proceeds from other long-term debt	-	-	-	3,011,700
Capital lease	-	-	-	2,516,526
Transfers in	14,053,286	14,209,326	836,647	6,004
Transfers out	(14,453,286)	(14,709,326)	(1,179,147)	(448,500)
	<u>(400,000)</u>	<u>(500,000)</u>	<u>(342,500)</u>	<u>5,085,730</u>
Total other financing sources (uses)	(400,000)	(500,000)	(342,500)	5,085,730
Net change in fund balances	<u>\$ (2,323,798)</u>	<u>\$ (2,904,173)</u>	<u>\$ (2,534,427)</u>	<u>\$ (4,466,380)</u>
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.3%	1.2%

Table 5

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 782,292	\$ 802,438	\$ 833,835	\$ 839,052	\$ 826,251	\$ 856,539
13,164,041	13,406,409	13,798,792	13,781,154	14,013,579	13,935,682
123,447	133,586	136,274	226,274	434,535	243,423
4,674,667	4,729,464	4,575,835	4,847,747	4,738,360	4,687,887
1,081,303	1,119,187	1,150,933	1,097,253	942,439	956,629
798,456	840,609	651,626	562,916	542,862	493,869
1,292,667	1,137,932	1,262,049	1,105,865	1,096,000	1,078,449
7,026	5,059	15,644	89,570	110,441	78,189
150,000	-	772,000	257,500	110,000	406,260
917,159	932,527	665,312	548,794	234,085	260,997
22,991,058	23,107,211	23,862,300	23,356,125	23,048,552	22,997,923
3,491,811	2,906,919	2,708,248	2,781,035	2,904,825	2,797,378
3,021,075	2,528,778	2,802,715	2,375,150	2,390,959	2,295,609
5,514,730	3,025,248	3,292,345	3,936,111	2,473,090	2,620,703
8,096,659	7,149,003	7,347,242	7,370,238	6,970,618	6,003,262
4,486,226	4,324,497	4,472,701	7,214,517	4,764,915	5,261,163
878,086	714,945	675,758	699,037	714,326	761,607
322,848	305,998	287,637	280,536	290,121	299,083
559,482	238,824	202,067	226,768	213,718	244,248
1,422,435	1,803,468	6,389,707	725,000	1,050,000	765,000
157,622	227,594	215,760	272,534	251,964	220,133
600	600	33,833	6,844	6,990	7,035
-	-	145,014	-	-	-
27,951,574	23,225,874	28,573,027	25,887,770	22,031,526	21,275,222
(4,960,516)	(118,663)	(4,710,727)	(2,531,645)	1,017,026	1,722,701
-	-	8,851,649	-	-	-
3,157,161	344,335	-	-	-	-
-	-	-	-	-	-
577,890	554,150	150,000	993,156	1,088,000	1,000,336
(1,167,890)	(1,013,827)	(575,000)	(1,428,145)	(1,543,989)	(1,390,336)
2,567,161	(115,342)	8,426,649	(434,989)	(455,989)	(390,000)
\$ (2,393,355)	\$ (234,005)	\$ 3,715,922	\$ (2,966,634)	\$ 561,037	\$ 1,332,701
7.3%	10.7%	33.1%	4.7%	6.4%	4.9%

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			
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
2018	856,539	7,639,555	6,211,566	84,560	13,935,682	1,078,449	15,870,670
Change 2009-2018	19.3%	8.8%	1.4%	302.9%	5.8%	-4.7%	5.7%

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				
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%
2018	219,119,460	59,101,010	-	21,670,270	299,890,740	3.0	1,499,453,700	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
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 (1)	-	-	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
2018	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40

Tax Levies

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		-		69,343,032
2016		1,316,778		55,175,845		-		18,017,117		74,509,740
2017		1,309,974		55,667,587		-		18,465,942		75,443,503
2018		1,334,609		57,637,586		-		18,997,768		77,969,963

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	2018			2009				
		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	199,401,134	3,988,023	1	58.8%	193,778,010	3,875,560	1	55.02%
72	Accommodations and Food Services	35,105,000	702,100	2	10.4%	37,666,395	753,328	2	10.70%
42	Wholesale Trade	20,744,035	414,881	3	6.1%	22,425,645	448,513	5	6.37%
51	Information and Cultural Industries	19,185,027	383,701	4	5.7%	24,659,406	493,188	4	7.00%
22	Utilities	13,952,850	279,057	5	4.1%	30,886,935	617,739	3	8.77%
56	Admin & Support & Waste Mngmt & Remediation Services	13,633,419	272,668	6	4.0%	7,586,584	151,732	8	2.15%
53	Rental, Leasing and Real Estate	12,386,470	247,729	7	3.7%	8,064,824	161,296	7	2.29%
81	Other Services (except Public Administration)	10,355,916	207,118	8	3.1%	4,162,037	83,241	9	1.18%
	Automobile	7,543,950	150,879	9	2.2%	-	-		
31-33	Manufacturing	6,738,440	134,769	10	2.0%	15,398,173	307,963	6	4.37%
23	Construction					2,652,089	53,042	10	75.00%
	Totals	<u>339,046,238</u>	<u>6,780,925</u>			<u>347,280,098</u>	<u>6,945,602</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		Taxes Levied in the Prior Year		Collections in Subsequent Years	Total Collections to Date				
	in Prior Year		Collected within the current year	Percentage of Levy		Amount	Percentage of Levy			
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%
2018		1,309,974		1,114,212	85.06%		100,976		1,215,188	92.76%

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				
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
2018	490,139	7,004,038	-	633,710	-	-	8,127,887	1.36%	384.86

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
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
2018	28,364	299,890,740	7,494,177	2.50%	264.21

(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, 2018

Table 13

	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
Direct:			
City of Jacksonville	\$ 7,971,219	100%	\$ 7,971,219
Overlapping:			
Jacksonville North Pulaski School District	<u>56,525</u>	100%	<u>56,525</u>
Total direct & overlapping debt	<u>\$ 8,027,744</u>		<u>\$ 8,027,744</u>

CITY OF JACKSONVILLE, ARKANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 64,641,839	\$ 66,951,118	\$ 68,106,061	\$ 68,317,198
Total net debt applicable to limit	<u>1,960,001</u>	<u>1,817,691</u>	<u>1,672,256</u>	<u>7,014,419</u>
Legal debt margin	<u>\$ 62,681,838</u>	<u>\$ 65,133,427</u>	<u>\$ 66,433,805</u>	<u>\$ 61,302,779</u>
Total net debt applicable to the limit as a percentage of debt limit	3.03%	2.71%	2.46%	10.27%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 70,423,335	\$ 72,414,511	\$ 72,984,777	\$ 73,973,464	\$ 73,589,962	74,972,685
<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>7,472,668</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>	<u>67,500,017</u>
12.46%	10.09%	13.34%	11.80%	10.24%	9.97%

Legal Debt Margin Calculation for 2018

Assessed value	\$ 299,890,740
Debt limit:	
General obligation debt limitation (1)	59,978,148
Short-term financing debt limitation (2)	<u>14,994,537</u>
Total Debt Limitation	<u>74,972,685</u>
Debt applicable to limit:	
General obligation and short-term financing	8,127,887
Less: Amount set aside for repayment in debt service fund	<u>655,219</u>
Total net debt applicable to limit	<u>7,472,668</u>
Legal debt margin	<u>\$ 67,500,017</u>

CITY OF JACKSONVILLE, ARKANSAS

REVENUE BOND COVERAGE LAST TEN YEARS

	Year	Operating Revenue	Operating Expenses (1)
Jacksonville Municipal Water Works	2009	\$ 5,368,334	\$ 4,312,394
	2010	6,137,715	3,830,624
	2011	6,837,937	4,069,853
	2012	7,352,372	4,266,956
	2013	6,756,347	4,873,636
	2014	6,759,811	4,999,214
	2015	6,731,018	4,914,904
	2016	6,867,230	4,912,576
	2017	6,628,506	5,264,757
	2018	7,557,384	5,747,039
Jacksonville Wastewater Utility	2009	\$ 4,070,352	\$ 2,677,216
	2010	4,096,783	2,685,644
	2011	3,913,742	2,646,923
	2012	4,132,309	2,612,691
	2013	4,583,752	3,177,026
	2014	4,956,497	3,124,203
	2015	5,003,956	3,209,027
	2016	4,928,496	3,089,715
	2017	4,905,432	3,136,073
	2018	4,765,790	3,009,554

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

(1) Excludes depreciation.

Table 15

Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Principal	Interest	Total	
\$ 1,055,940	\$ -	\$ -	\$ -	\$ -
2,307,091	-	-	-	-
2,768,084	-	812,500	812,500	3.41
3,085,416	-	812,500	812,500	3.80
1,882,711	-	202,123	202,123	9.31
1,760,597	754,987	380,931	1,135,918	1.55
1,816,114	779,723	422,619	1,202,342	1.51
1,954,654	805,374	404,215	1,209,589	1.62
1,363,749	836,984	370,952	1,207,936	1.13
1,810,345	1,270,644	154,136	1,424,780	1.27
\$ 1,393,136	\$ 285,000	\$ 882,818	\$ 1,167,818	\$ 1.19
1,411,139	300,000	868,568	1,168,568	1.21
1,266,819	315,000	853,568	1,168,568	1.08
1,519,618	330,000	837,818	1,167,818	1.30
1,406,726	350,000	821,318	1,171,318	1.20
1,832,294	365,000	803,818	1,168,818	1.57
1,794,929	385,000	785,568	1,170,568	1.53
1,838,781	440,000	644,800	1,008,944	1.82
1,769,359	450,000	568,944	1,018,944	1.76
1,756,236	450,000	557,944	1,007,944	1.74

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)
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%
2018	28,364 (5)	599,019	21,119	32.4	19.5%	3,886 (7)	4.2%

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>2018</u>			<u>2009</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	49.82%	7,096	1	53.02%
Jacksonville North Pulaski School District (1)	622	2	3.97%	-	-	
Pathfinder, Inc	590	3	3.76%	-	-	
Wal-Mart	298	4	1.90%	491	3	3.67%
City of Jacksonville	269	5	1.72%	293	5	2.19%
North Metro Medical Center	207	6	1.32%	450	4	3.36%
Arkansas Federal Credit Union	205	7	1.31%	218	7	1.63%
Lomanco, Inc.	202	8	1.29%	-	-	
Gwatney Chevrolet	148	9	0.94%	-	-	
First Arkansas Bank & Trust	145	10	0.92%	230	8	1.72%
Pulaski County Special School District (2)				1,515	2	11.32%
Graphic Packaging International (2)				283	6	2.11%
Conestoga Wood Specialties, Inc. (2)				150	10	1.12%
First Electric Co-op (2)				170	9	1.27%
	<u>10,495</u>		<u>66.95%</u>	<u>10,896</u>		<u>81.42%</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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>
General Government					
General government and administration	11	12	12	12	12
City council	10	10	10	10	10
Mayor	2	2	2	2	2
City clerk	2	2	2	2	2
City attorney	2	2	2	2	2
District court	5	5	5	5	5
Director of administration	1	1	1	1	1
Information technology	2	2	2	2	2
Finance	8	8	7	7	7
Human resources	3	3	3	3	3
Fleet services	3	3	3	3	2
Public works					
Public works coordinator	1	1	1	1	1
Engineering	3	3	3	4	4
Code enforcement	4	5	4	4	4
Parks and recreation services	46	45	30	40	35
Police	88	90	95	95	96
Fire	52	52	54	54	56
Emergency communication services	13	13	13	14	12
Animal control	6	6	6	6	5
Total General Fund	<u>261</u>	<u>264</u>	<u>254</u>	<u>266</u>	<u>261</u>
Community Development	3	2	2	2	1
Emergency Medical Services	12	12	11	12	12
Public Works - Street	22	22	18	22	15
Sanitation	24	24	16	18	15
Total Other Funds	<u>61</u>	<u>60</u>	<u>47</u>	<u>54</u>	<u>43</u>
Total Personnel	<u><u>322</u></u>	<u><u>324</u></u>	<u><u>301</u></u>	<u><u>320</u></u>	<u><u>303</u></u>

Source: City's Human Resource Department

Table 18

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
12	12	10	10
10	10	10	10
2	1	1	1
2	1	1	1
2	1	1	1
5	5	3	4
1	1	0	0
1	1	1	1
6	6	6	6
2	1	1	1
2	2	2	2
1	1	1	1
3	3	3	3
4	4	3	2
34	45	34	64
95	94	79	55
55	45	55	51
11	10	13	9
<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>253</u>	<u>248</u>	<u>229</u>	<u>227</u>
1	1	1	1
12	12	12	12
14	18	19	16
<u>15</u>	<u>15</u>	<u>16</u>	<u>13</u>
<u>42</u>	<u>46</u>	<u>48</u>	<u>42</u>
<u>295</u>	<u>294</u>	<u>277</u>	<u>269</u>

CITY OF JACKSONVILLE, ARKANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/Program	2009	2010	2011	2012
Planning and Development				
Total building permits issued	217	224	171	228
Estimated building cost	\$ 14,288,536	\$ 20,416,524	\$ 13,250,658	\$ 28,930,558
New commercial construction permits	12	27	9	3
Commercial construction value	\$ 5,944,317	\$ 10,353,317	\$ 8,412,857	\$ 16,653,110
New residential construction permits	57	60	31	102
Residential construction value	\$ 6,523,000	\$ 8,665,968	\$ 3,416,000	\$ 10,687,144
Police				
Number of uniformed employees	75	76	76	79
Call responses	37,672	47,895	47,217	48,167
Physical arrests	4,343	4,362	4,007	4,050
Parking/traffic violations	5,472	7,865	7,146	7,399
Clearance rate - violent crimes	40.5%	49.7%	65.6%	44.0%
Clearance rate - property crimes	37.0%	30.7%	36.3%	44.8%
Fire				
Number of uniformed employees	51	51	53	53
Fire alarms	1,884	2,640	3,129	3,129
EMS alarms	2,667	2,841	3,125	3,216
Fire losses	\$ 785,600	\$ 380,450	\$ 407,600	\$ 963,342
Fire savings	\$ 1,833,020	\$ 2,630,600	\$ 990,800	\$ 1,113,900
911 Communications				
Ambulance land line calls (*1)(*2)	830	852	1,406	1,447
Ambulance wireless calls (*1)(*2)	1,938	1,989	1,718	1,769
Fire land line calls (*1)(*2)	635	792	1,408	1,408
Fire wireless calls (*1)(*2)	1,481	1,848	1,721	1,721
Police land line calls (*1)(*2)	11,302	14,369	21,248	21,675
Police wireless calls (*1)(*2)	26,370	33,527	25,969	26,492
Animal Shelter				
Animals handled	2,325	2,176	2,063	1,762
Adoptions	869	915	758	564
Rescued and released to owners	405	431	416	419
Animal cruelty investigations	85	145	156	107
Animal bite investigations	40	34	39	33
Solid Waste/Garbage collection				
Solid waste disposal monthly service rate (*3)	\$ 7.98	\$ 8.21	\$ 9.60	\$ 20.98
Refuse collected (cubic yards)	22,451	23,648	22,503	21,027
Recyclables collected, processed, and sold (tons)	649	675	665	609
Recycled yard waste (cubic yards)	33,633	32,816	35,768	32,910
Recycle drive-thru customers (*4)	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
Ditch cleaning (linear feet)	17,008	12,906	11,398	22,322
Pipe/culvert installation (linear feet)	1,152	1,423	1,000	2,158
Storm drain culverts cleaned/flushed (feet)	2,000	3,000	3,000	3,000
Roadways cleaned with street sweeper (miles)	9,318	9,318	9,318	9,318
Potholes repaired	247	256	241	167
Parks and recreation				
Total recorded parks attendance	329,462	487,600	349,525	356,321
Community Center events booked	323	376	325	338
Pool parties-indoor pool	192	216	128	154
Pool parties-outdoor pool	83	81	107	122
Swim lessons	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	2018
158	150	147	153	183	145
\$ 10,620,235	\$ 11,637,357	\$ 9,244,024	\$ 15,307,827	\$ 97,881,742	\$ 18,957,534
9	3	1	6	13	8
\$ 5,335,457	\$ 5,273,746	\$ 380,000	\$ 2,126,400	\$ 87,803,785	\$ 9,564,888
32	39	43	41	63	36
\$ 4,109,500	\$ 4,749,000	\$ 5,633,017	\$ 5,060,053	\$ 7,309,903	\$ 5,404,500
80	80	77	76	79	70
49,659	45,587	55,199	51,263	42,804	43,266
3,804	4,040	3,363	2,896	1,898	2,621
5,996	7,278	7,731	6,410	3,502	3,651
63.5%	56.7%	63.0%	59.0%	56.0%	59.0%
64.0%	44.5%	49.0%	37.0%	18.0%	35.0%
55	55	67	55	56	52
4,141	3,752	4,485	4,699	5,035	5,308
3,120	3,541	3,847	3,920	4,215	4,253
\$ 829,630	\$ 803,495	\$ 394,220	\$ 829,630	\$ 706,250	\$ 459,600
\$ 3,014,880	\$ 2,906,079	\$ 7,949,810	\$ 5,656,220	\$ 10,133,450	\$ 6,967,785
1,404	1,593	1,731	980	1,054	1,063
1,716	1,948	2,116	2,940	3,161	3,190
1,863	1,688	2,018	1,175	1,259	1,327
2,278	2,064	2,467	3,524	3,776	3,981
22,347	20,514	24,840	12,816	10,701	10,816
27,312	25,073	30,359	38,447	32,103	32,450
1,563	1,507	1,500	1,503	1,723	1,668
595	795	1,032	1,125	1,236	1,180
374	324	324	296	329	299
73	38	27	17	9	6
35	40	40	32	40	18
\$ 21.40	\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.62	\$ 22.39
21,542	22,393	24,774	26,890	26,886	22,789
579	612	557	524	531	557
33,456	34,529	30,636	31,830	38,352	30,636
7,826	8,156	8,140	8,122	6,620	8,140
15,513	13,286	7,314	11,600	10,000	7,390
2,574	1,623	2,226	2,055	2,064	2,280
1,850	1,850	1,850	1,850	1,850	1,850
22,322	22,240	18,422	20,299	27,856	30,582
2,577	1,500	1,065	1,528	2,106	3,288
3,000	3,000	3,000	3,000	3,000	3,000
9,318	9,318	9,318	7,800	7,800	7,800
202	200	225	225	246	358
375,000	425,000	425,000	435,000	500,000	435,000
350	173	187	303	329	474
227	185	272	184	212	203
113	112	126	92	127	118
1,562	1,541	1,126	1,477	1,392	1,472
-	-	-	79	87	60
-	-	-	1,200,000	1,300,000	1,200,000

CITY OF JACKSONVILLE, ARKANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 20

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	1	1	2	2	2	2
Patrol units	69	69	69	69	69	87	82	78	80	49
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	4	4	4	4	4	5	5	5	5	6
Ambulances	4	4	4	4	4	4	4	4	3	4
Refuse Collection										
Collection trucks	18	18	18	18	18	18	18	20	22	18
Public Works										
Miles of Streets	120	120	121	121	121	121	123	123	124	124
Miles of Highways	43	43	43	43	43	43	43	43	43	43
Traffic signals (intersections)	24	24	24	24	24	17	17	16	16	18
Parks and Recreation										
Acreage	283	313	318	318	318	700	700	700	700	700
Number of Playgrounds	9	10	10	11	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	3	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.

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 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, 2018:

- (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, 2018 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
August 30, 2019



McAlister & Associates, P. A.

CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2018, 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 August 30, 2019. 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.

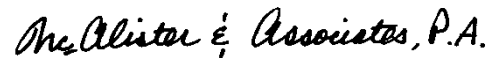
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.
Certified Public Accountants

Jacksonville, Arkansas
August 30, 2019

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2018

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable