



2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Jacksonville, Arkansas
For the Fiscal Year Ended December 31, 2019

Comprehensive Annual Financial Report

**City of Jacksonville,
Arkansas**

Fiscal Year Ended

December 31, 2019

Prepared by:

FINANCE DEPARTMENT

Cheryl Erkel, CGFM
DIRECTOR OF FINANCE



CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2019

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CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2019

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City of Jacksonville, Arkansas

#1 Municipal Drive
Jacksonville, AR 72076



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

The Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville, Arkansas (the “City”) for the year ended December 31, 2019, 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 out weigh 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, 2019, 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 unmodified opinion that the City of Jacksonville’s financial statements for the fiscal year ended December 31, 2019, 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.

The independent audit of the financial statements of the City of Jacksonville was part of a broader, federally mandated “Single Audit” designed to meet the special needs of Federal Grantor Agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal

awards. These reports are included in the City of Jacksonville's Comprehensive Annual Financial 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

Situated approximately 17 miles north of Little Rock and the Arkansas River, Jacksonville registered as a town on June 29, 1870. The coming of the railroad brought more people and the rural community of about two hundred built homes, raised cotton and established new businesses. The City of Jacksonville was incorporated on September 6, 1941 as a political subdivision of the State of Arkansas. Today Jacksonville 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.

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.

ECONOMIC CONDITION

The City of Jacksonville historically benefits from low unemployment rates. The City's unemployment rate increased from an average of 4.2% in 2018 to an average of 5.0% in 2019.

Jacksonville is home to the Little Rock Air Force Base (LRAFB) which 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 roughly 5,000 family members live and work on and around the base with an estimated 53,000 retirees in the local area. The impact on the regional economy totaled \$469 million. Additionally, the base was the 9th largest employer in the State of Arkansas in fiscal year 2019 with 9,662 jobs on base. LRAFB is a major training facility for the United States Air Force and is the home of C-130 Combat Airlift.

Other principal employers that make their home in Jacksonville include:

- Pathfinders, Inc.
- Jacksonville North Pulaski School Dist
- Wal-Mart
- Arkansas Federal Credit Union
- Lomanco, Inc.

To help with the workforce, Jacksonville has a Welding College, a WAGE program that provides free computer and GED training, and a local office of the Arkansas Department of Workforce Services. In addition, the LRAFB University Center has five on base universities offering both undergraduate and graduate programs. 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 Little Rock Metro Area economy continues to gradually increase as measured by gross domestic product (GDP). It has grown at an average rate of 0.50% since 2001. Jacksonville is part of the Little Rock-North Little Rock-Conway metropolitan statistical area (MSA), a six-county area of more than 742,384 people.

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 1.3% with the 2018 levy collectible in 2019 increasing by 1.9%.

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 1.8% over the past five years which includes a decrease of 0.6% for 2018 and an increase of 5% for 2019. 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." Beginning July 1, 2019, the Arkansas Legislature enacted the Remote Transactions Parity Act which enables 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.

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. A committee was formed 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. The City is optimistic that the 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 was due to expire upon payment in full of the bonds in May 2020 however, in 2019 the City Council voted to keep the 1.0 millage with 0.5 going to the General Fund and 0.5 going to the Capital Equipment Fund. This tax will go into effect in 2020.

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. The lease has a five-year term 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. The City 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. The City also completed a sidewalk for a portion of Military Road at a cost of \$561,134 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 2020. 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.

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, 2018. 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 22nd consecutive year that the City of Jacksonville has achieved this prestigious award. We believe that the 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 Sydnie Shelton, 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

October 30, 2020



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

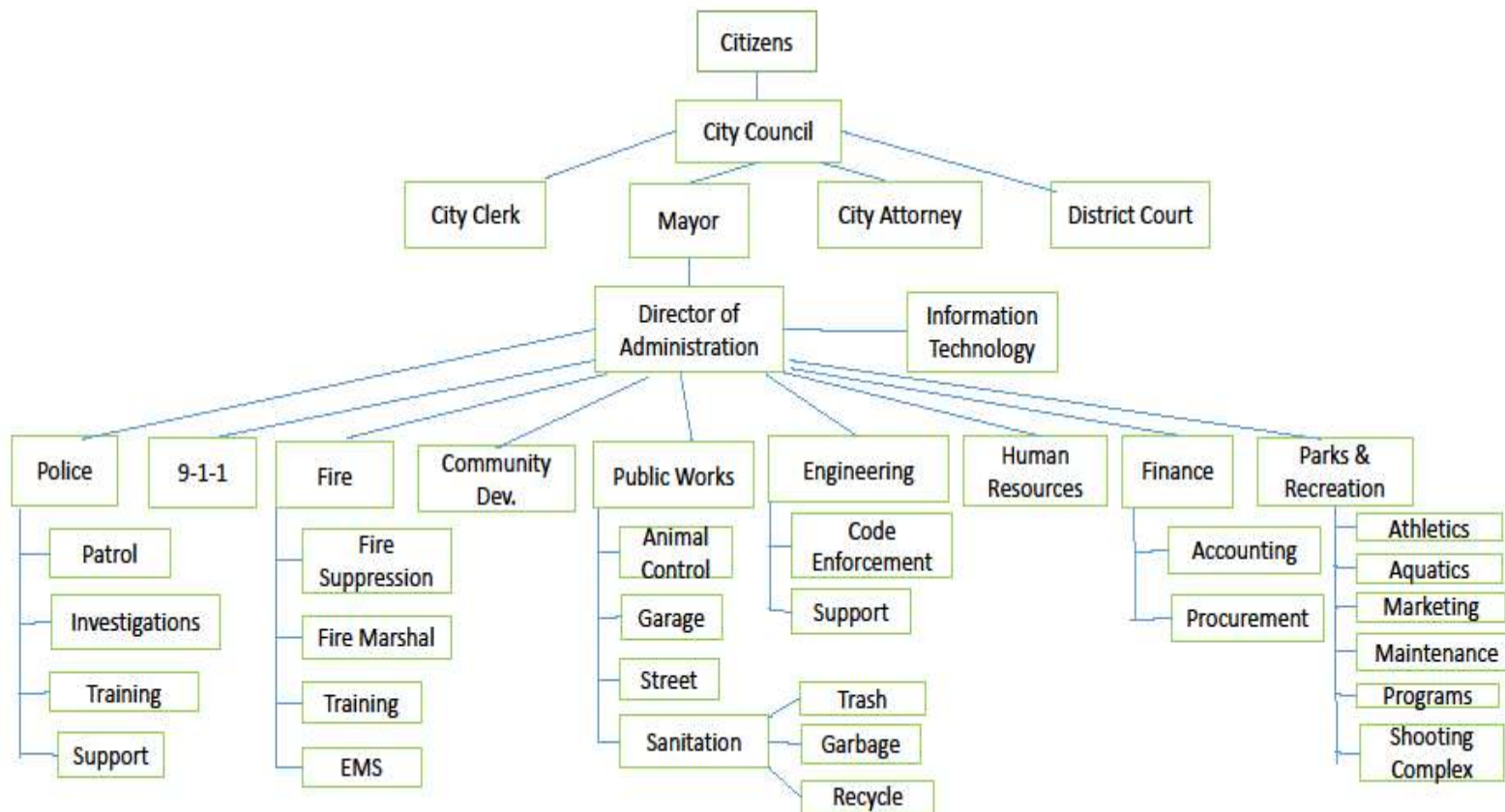
December 31, 2018

Christopher P. Morrill

Executive Director/CEO



City of Jacksonville Organizational Structure



**City of Jacksonville, Arkansas
List of Elected and Appointed Officials
December 31, 2019**

Elected Officials

	Bob Johnson		Mayor
Vacant	Ward 1, Position 1	James Bolden III	Ward 1, Position 2
Gary Sipes	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
	Stephanie Friedman		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	Joseph McCollough, Interim
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, 2019, 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%, 59% and 63%, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information including the combining and individual nonmajor and fiduciary fund financial statements, the combining statement of cash flows-discretely presented component units, the introductory and statistical sections, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements Federal Awards* as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor and fiduciary fund financial statements, the combining statement of cash flows-discretely presented component units, and the schedule of expenditures of federal awards (supplementary information) 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, 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
October 30, 2020





Management’s Discussion and Analysis

For the Year Ended December 31, 2019

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, 2019. 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 \$30,370,214.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$9,905,104 of which \$3,139,553 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,139,553, which is 18 % of total general fund expenditures.
- The City’s total bond related debt decreased by \$793,698 or 11% during 2019 primarily due to principal payments on existing debt.
- The City had general revenues of \$17,233,545, grants and contribution revenues of \$5,095,729, charges for services of \$6,171,126, and program expenses of \$28,574,204 for the year ended December 31, 2019.

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.

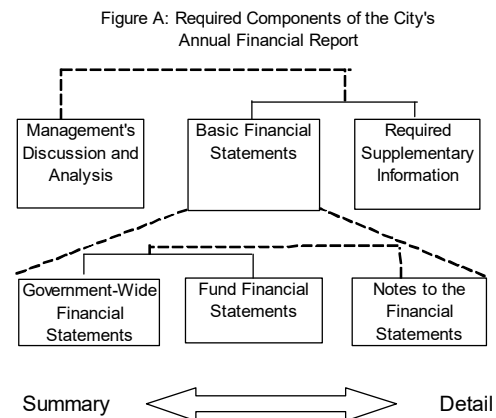


Figure B. Major features of the City's Government-wide and Fund Financial Statements

<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, 2019. The following table reflects the condensed Statement of Net Position.

City of Jacksonville						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 11,844,495	\$ 10,021,480	\$ 2,742,335	\$ 1,942,358	\$ 14,586,830	\$ 11,963,837
Noncurrent assets	348,760	607,631	-	-	348,760	607,631
Capital assets	41,407,125	43,671,476	5,050,271	5,080,941	46,457,396	48,752,417
Other assets	483,966	-	-	-	483,966	-
Total assets	<u>54,084,346</u>	<u>54,300,587</u>	<u>7,792,606</u>	<u>7,023,299</u>	<u>61,876,952</u>	<u>61,323,886</u>
Total deferred outflows of resources	<u>2,905,711</u>	<u>7,491,648</u>	<u>369,439</u>	<u>759,609</u>	<u>3,275,150</u>	<u>8,251,257</u>
Total Assets and Deferred Outflows	<u>56,990,056</u>	<u>61,792,233</u>	<u>8,162,048</u>	<u>7,782,911</u>	<u>65,152,105</u>	<u>69,575,144</u>
Current Liabilities	2,347,535	2,291,999	146,071	173,522	2,493,606	2,465,521
Long-term liabilities	26,206,560	30,274,932	2,315,292	2,395,276	28,521,852	32,670,208
Total liabilities	<u>28,554,095</u>	<u>32,566,931</u>	<u>2,461,363</u>	<u>2,568,798</u>	<u>31,015,458</u>	<u>35,135,729</u>
Total deferred inflows of resources	<u>3,463,029</u>	<u>3,668,834</u>	<u>303,403</u>	<u>326,564</u>	<u>3,766,432</u>	<u>3,995,398</u>
Total Liabilities and Deferred Inflows	<u>32,017,124</u>	<u>36,235,765</u>	<u>2,764,766</u>	<u>2,895,362</u>	<u>34,781,890</u>	<u>39,131,127</u>
Net Position:						
Net investment in capital assets	34,351,016	35,873,213	5,050,271	5,080,941	39,401,287	40,954,154
Restricted	5,284,005	5,023,813	-	-	5,284,005	5,023,813
Unrestricted	(14,662,089)	(15,340,558)	347,011	(193,393)	(14,315,078)	(15,533,950)
Total Net Position	<u>\$ 24,972,931</u>	<u>\$ 25,556,468</u>	<u>\$ 5,397,282</u>	<u>\$ 4,887,549</u>	<u>\$ 30,370,214</u>	<u>\$ 30,444,016</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 \$30,370,214 at the close of the most recent fiscal year.

The largest portion of the City's net position, 133%, 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, 18%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$14,315,078) represents -47% of the City's net position.

The following table provides a summary of the City's operations for the fiscal year ended December 31, 2019, with comparative totals for the fiscal year ended December 31, 2018.

City of Jacksonville						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 2,042,098	\$ 1,927,750	\$ 4,129,028	\$ 3,958,445	\$ 6,171,126	\$ 5,886,195
Operating grants and contributions	2,031,400	4,242,826	16,171	13,893	2,047,571	4,256,719
Capital grants and contributions	3,048,158	406,260	-	-	3,048,158	406,260
<i>General revenues:</i>						
Property taxes	917,150	882,197	-	-	917,150	882,197
Sales taxes	14,623,842	13,935,682	-	-	14,623,842	13,935,682
Franchise taxes	1,113,293	1,078,449	-	-	1,113,293	1,078,449
Investment income	110,642	78,189	20,200	10,755	130,842	88,944
Intergovernmental revenues	448,418	449,060	-	-	448,418	449,060
Gain/(loss) on sales of capital assets	-	-	-	33,180	-	33,180
Total revenues	24,335,001	23,000,413	4,165,399	4,016,273	28,500,400	27,016,685
Expenses						
General government	3,263,425	2,943,318	-	-	3,263,425	2,943,318
Public works	3,167,610	2,802,632	-	-	3,167,610	2,802,632
Parks and recreation services	3,053,109	2,688,822	-	-	3,053,109	2,688,822
Public safety	13,662,715	14,390,300	-	-	13,662,715	14,390,300
Housing and neighborhood programs	370,280	252,044	-	-	370,280	252,044
Agent fees on long-term debt	6,741	7,035	-	-	6,741	7,035
Interest on long-term debt	199,807	223,214	-	-	199,807	223,214
Sanitation services	-	-	2,030,667	2,001,844	2,030,667	2,001,844
AGFF Shooting Sports Complex	-	-	565,546	657,188	565,546	657,188
Emergency medical services	-	-	2,254,304	2,323,196	2,254,304	2,323,196
Total expenses	23,723,687	23,307,364	4,850,517	4,982,228	28,574,204	28,289,592
Change in net position before transfers	611,314	(306,952)	(685,118)	(965,955)	(73,804)	(1,272,907)
Transfers	(1,194,851)	(390,000)	1,194,851	390,000	-	-
Change in net position	(583,537)	(696,952)	509,733	(575,955)	(73,804)	(1,272,907)
Net Position, Beginning of Year, as previously reported	25,556,468	27,144,285	4,887,549	5,463,502	30,444,016	32,607,787
Change in accounting principle	-	(890,867)	-	-	-	(890,867)
Net Position, Beginning of Year, as restated	25,556,468	26,253,418	4,887,549	5,463,502	30,444,016	31,716,920
Net Position - End of Year	\$ 24,972,931	\$ 25,556,468	\$ 5,397,282	\$ 4,887,549	\$ 30,370,214	\$ 30,444,016

Governmental Activities - Governmental activities decreased the City's net position in the current year by \$583,537. An increase in current assets of \$1,823,015, net of an increase in current liabilities of \$55,536 increased net position by approximately \$1,767,479. The decrease in noncurrent assets of \$258,871, offset by a decrease in net capital assets of \$2,264,351 and a decrease in noncurrent liabilities of \$933,731, excluding the net pension and the net OPEB liability, decreased net position by approximately \$1,589,491. The decrease in the net pension liability of \$3,134,641 offset by an increase in pension assets of \$483,966 decrease in deferred outflows of \$4,585,937, net of a decrease in deferred inflows of resources of \$205,805, decreased net position by approximately \$761,525.

Sales taxes represent 60% or \$14,623,842 of the City's governmental revenue in 2019. Sales tax revenues increased 5% from \$13,935,682 in 2018. Part of this growth is attributed to Act 822 – *To reform the Tax Laws Concerning the Levy and Collection of Sales and Use Tax, the Apportionment and allocation of Income for Tax Purposes, Corporate Income Tax Rates, and Net Operating Losses; and to Declare an Emergency*, enacted during the 2019 regular session of the Arkansas General Assembly, and effective beginning July 2019. The provisions of Act 822 were consistent with the favorable Supreme Court ruling on *South Dakota v. Wayfair, Inc.* in which the court held that states may charge tax on purchases made from out-of-state sellers, even

if the seller does not have a physical presence in the taxing state. Grants and contributions added \$5,079,558 or 22% to total revenues as compared to \$4,649,086 received in 2018. The increase was a result of an increase in grants received for the Police Department and for Economic/Community Development from 2018. Charges for services increased \$114,348 to \$2,042,098 or less than 1% of total revenues compared to \$1,927,750 received in 2018. The increase was primarily attributable to an increase in revenues from the Police and Emergency Communication Departments as compared to 2018.

Current year expenses were 103% of current year revenues, excluding transfers in.

Business-type Activities - Business-type activities increased the City's net position by \$509,733. Key elements of this increase are as follows:

- Net transfers increased net position by \$1,194,851. Operating loss of \$685,118 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 \$1,591,723 in 2019 compared to \$1,885,890 in 2018. Operating expenses in 2019 were \$2,030,667 compared to \$2,001,844 in 2018. Revenues decreased due to decreases in sanitation fees and customer trash pick-up revenues. Expenses increased due to increases in Landfill fees 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 2019, those fees were \$405,152 compared to \$332,942 in 2018. The increase in revenues was due to an increase in tournament revenue in 2019 compared to 2018. Operating expenses in 2019 were \$565,546 compared to \$657,188 in 2018. 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 \$2,132,153 in 2019 compared to \$1,739,613 in 2018. Operating expenses in 2019 were \$2,254,304 compared to \$2,323,196 in 2018. Revenues increased as a result of increased ambulance run volume. Expenses decreased as a result of decrease in bad debt expense.

Current year operating expenses for business-type activities were 108% 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, 2019, the City's governmental funds reported combined ending fund balances of \$9,905,104, an increase of \$1,405,577 in comparison with the prior year. Approximately \$5,284,005 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$2,066 of the governmental fund balance is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$7,873 and \$1,471,609, respectively. Approximately \$3,139,553 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, 2019, the total fund balance of the General Fund was \$3,149,492 of which \$3,139,553 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 18% of total General Fund expenditures while total fund balances represents 18% of the same amount. The fund balances of the General Fund increased by \$1,146,631 during 2019. The key factors in this increase were increases from property and sales tax revenues and increases in revenues from licenses and permits.

The Street Fund had a total fund balance of \$4,183,788, which was an increase of \$474,101 from 2018. The total amount of the fund balance is classified as restricted. The increase was attributable to an increase in intergovernmental revenues and investment income.

The Special Projects Funds had a total fund balance of \$1,471,609, which was a decrease of \$1,243 from 2018. The total amount of the fund balance is classified as assigned. The decrease in fund balance was due mainly from increase in construction costs. 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	\$ 187,017	\$ (68,718)
Capital Drainage	432,234	5,684
Capital Equipment	795,019	89,114
Downtown Revitalization	57,339	(27,323)

The City maintains seven non-major governmental funds in addition to the above mentioned major funds. These funds had a total fund balance of \$1,100,217. The net decrease in fund balances during 2019 for these funds was \$213,910. 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	\$ 13,687	\$ 12,487
CDBG	64,406	2,322
HOME	44,896	(5,546)
Asset Forfeiture	26,608	(9,368)
2015 Capital Improvements Construction	111,987	(226,641)
2006 Library Debt Service	298,969	(10,975)
2015 Capital Improvements Debt Service	539,664	23,812

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 \$1,997,354 in 2019 which was a decrease of \$418,761 compared to \$2,416,115 as reported in 2018. This decrease is due to increased depreciation expense. 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 2019 was \$2,843,523 which was an increase of \$14,606 compared to \$2,828,917 as reported in 2018. This increase was due to an increase in tournament revenue in 2019. 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 2019 was \$556,406, which was an increase of \$913,889 compared to a net position of \$(357,483) reported in 2018. This change was due to a decrease in uncollectible accounts. 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 2019 General Fund budget appropriated \$19,739,873 as compared to the 2018 budget of \$18,677,508, an increase of approximately 6%.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2019, amounts to \$46,457,396 (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 \$2,295,021 net of depreciation, a decrease of 6%. Governmental capital assets decreased 5%, while capital assets for business-type activities decreased 1%.

City of Jacksonville
Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 10,307,488	\$ 10,307,488	\$ 480,385	\$ 480,385	\$10,787,873	\$ 10,787,873
Land improvements	566,045	625,660	121,921	95,474	687,966	721,133
Infrastructure	8,452,407	8,998,815	-	-	8,452,407	8,998,815
Buildings	17,458,479	18,192,462	2,432,533	2,503,904	19,891,012	20,696,366
Vehicles	1,659,872	2,391,240	1,469,565	1,543,717	3,129,437	3,934,957
Equipment	1,873,462	2,659,063	545,867	457,463	2,419,329	3,116,526
Construction in progress	1,089,376	496,752	-	-	1,089,376	496,752
Total	\$ 41,407,125	\$ 43,671,477	\$ 5,050,271	\$ 5,080,941	\$46,457,396	\$ 48,752,417

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, 2019, the City's primary government had long-term debt outstanding of \$7,163,702, including general obligation bonds outstanding of \$230,041, obligations under capital lease agreements of \$463,223, and \$6,470,439 of bonds secured solely by specified revenue source.

Total long-term bonds and obligations under a capital lease agreement decreased \$964,185 a decrease of 12%. The decrease was attributable to debt retirements during 2019.

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, 2019, of \$6,700,479 are well below the statutory limit of \$78,941,591. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. Outstanding short-term financings, including capital leases at December 31, 2019, of \$463,233

are well below the statutory limit of \$15,788,318. 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 the City's 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 Jacksonville North Pulaski School District is developing programs that will help fulfill the workforce needs in our community. 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, 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 2020 budgets were adopted for the General Fund at \$20,371,063 and \$2,658,892 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 3,420,625	\$ 902,899	\$ 4,323,524	\$ 15,905,021
Restricted cash and investments, current	619,187	-	619,187	2,079,564
Investments	2,183,910	506,004	2,689,914	1,552,219
Receivables, net of allowance for uncollectible accounts				
Taxes	2,034,709	-	2,034,709	-
Sales taxes	2,749,304	-	2,749,304	-
Accounts	103,435	1,290,578	1,394,013	3,077,752
Accrued interest	3,559	985	4,544	1,283
Grants and other governments	301,923	-	301,923	-
Other	426,156	-	426,156	-
Internal balances	(380)	380	-	-
Inventories	2,066	41,489	43,555	695,913
Prepaid expenses and other	-	-	-	114,907
Total current assets	11,844,495	2,742,335	14,586,830	23,426,659
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	967,947	-	967,947	576,234
Less amount required to meet current obligations	(619,187)	-	(619,187)	-
Total restricted assets	348,760	-	348,760	576,234
Capital assets				
Nondepreciable	11,396,864	627,914	12,024,778	1,025,763
Depreciable, net	30,010,261	4,422,357	34,432,618	80,283,931
Total capital assets	41,407,125	5,050,271	46,457,396	81,309,694
Other assets				
Net pension asset	483,966	-	483,966	-
Other	-	-	-	310,522
Total other assets	483,966	-	483,966	310,522
Total noncurrent assets	42,239,851	5,050,271	47,290,122	82,196,450
Total assets	54,084,345	7,792,606	61,876,953	105,623,109
Deferred Outflows of Resources				
Deferred outflows - pensions	2,854,209	369,439	3,223,648	691,535
Deferred outflows - OPEB	51,502	-	51,502	-
Bond refunding	-	-	-	114,112
Total deferred outflows of resources	2,905,711	369,439	3,275,150	805,647
Total Assets and Deferred Outflows of Resources	\$ 56,990,056	\$ 8,162,048	\$ 65,152,105	\$ 106,428,757

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	\$ 410,706	\$ 42,910	\$ 453,616	\$ 1,235,827
Accrued wages payable and related liabilities	371,023	55,921	426,944	-
Accrued expenses and other	125,885	-	125,885	226,408
Accrued interest payable	4,187	-	4,187	53,475
Compensated absences, current	567,915	45,500	613,415	-
Bonds payable, current	615,000	-	615,000	3,384,595
Capital lease obligations, current	157,887	-	157,887	-
Due to fiduciary funds	65,654	-	65,654	-
Unearned revenue	29,278	1,740	31,018	-
	<u>2,347,535</u>	<u>146,071</u>	<u>2,493,606</u>	<u>4,900,305</u>
Total current liabilities				
Noncurrent Liabilities				
Capital lease obligations	305,346	-	305,346	-
Bonds payable, net of unamortized premium and discount	6,085,676	-	6,085,676	37,144,269
Customer deposits	-	-	-	823,622
Compensated absences	53,549	9,602	63,151	-
Net pension liability	18,205,469	2,305,690	20,511,159	3,493,999
Net OPEB liability	1,556,520	-	1,556,520	-
Other long-term liabilities	-	-	-	565,020
	<u>26,206,560</u>	<u>2,315,292</u>	<u>28,521,852</u>	<u>42,026,910</u>
Total noncurrent liabilities				
Total liabilities	28,554,095	2,461,363	31,015,458	46,927,215
Deferred Inflows of Resources				
Deferred inflows - pensions	3,373,496	303,403	3,676,899	228,304
Deferred inflows - OPEB	89,533	-	89,533	-
	<u>3,463,029</u>	<u>303,403</u>	<u>3,766,432</u>	<u>228,304</u>
Total deferred inflows of resources				
Net Position				
Net investment in capital assets	34,351,016	5,050,271	39,401,287	40,736,231
Restricted - expendable				
Street maintenance	4,183,788	-	4,183,788	-
Capital projects	111,987	-	111,987	-
Debt service	838,633	-	838,633	2,646,923
Law enforcement activities	26,608	-	26,608	-
Housing and neighborhood programs	109,302	-	109,302	-
Grant funds	13,687	-	13,687	-
	<u>5,284,005</u>	<u>-</u>	<u>5,284,005</u>	<u>2,646,923</u>
Total restricted - expendable				
Unrestricted (deficit)	<u>(14,662,089)</u>	<u>347,011</u>	<u>(14,315,078)</u>	<u>15,890,084</u>
Total net position	<u>24,972,931</u>	<u>5,397,282</u>	<u>30,370,214</u>	<u>59,273,238</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 56,990,056</u>	<u>\$ 8,162,048</u>	<u>\$ 65,152,105</u>	<u>\$ 106,428,757</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 536,219	\$ 434,576	\$ 253,066	\$ -
City council	102,366	-	-	-
Office of the mayor	264,799	-	-	-
City clerk	149,541	-	-	-
City attorney	263,203	-	-	-
District court	410,884	364,662	-	-
Director of administration	60,483	-	-	-
Information technology	396,834	-	-	-
Finance	520,396	29,001	-	-
Human resources	179,466	-	-	-
Fleet services	143,021	31,583	-	-
Community programs	236,212	-	4,125	171,023
Public works	3,167,610	106,416	-	2,877,135
Parks and recreation services	3,053,109	640,172	434,326	-
Police	6,377,452	103,226	476,488	-
Fire	5,840,076	2,756	591,543	-
Emergency communication services	1,108,903	309,191	-	-
Animal control	336,284	20,495	121	-
Housing and neighborhood programs	370,280	20	271,731	-
Agent fees on long-term debt	6,741	-	-	-
Interest expense on long-term debt	199,807	-	-	-
Total governmental activities	23,723,687	2,042,098	2,031,400	3,048,158
Business-type Activities				
Sanitation services	2,030,667	1,591,723	-	-
AGFF Shooting Sports Complex	565,546	405,152	-	-
Emergency Medical services	2,254,304	2,132,153	16,171	-
Total business-type activities	4,850,517	4,129,028	16,171	-
Total primary government	\$ 28,574,204	\$ 6,171,126	\$ 2,047,571	\$ 3,048,158
Component Units				
Municipal Water Works	\$ 9,318,059	\$ 8,109,929	\$ -	\$ 207,861
Wastewater Utility	5,682,719	4,996,761	-	121,566
Advertising and Promotion Commission	823,989	-	-	-
Total component units	\$ 15,824,767	\$ 13,106,690	\$ -	\$ 329,427

General revenues
 Property taxes
 Sales taxes
 Utility franchise taxes
 Investment income
 Grants and contributions not restricted to specific programs
 Other
 Transfers

 Total general revenues and transfers

 Change in Net Position

 Net Position, Beginning of Year

 Net Position, End of Year

See Accompanying Notes to Basic Financial Statements.

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

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ 151,422	\$ -	\$ 151,422	\$ -
(102,366)	-	(102,366)	-
(264,799)	-	(264,799)	-
(149,541)	-	(149,541)	-
(263,203)	-	(263,203)	-
(46,222)	-	(46,222)	-
(60,483)	-	(60,483)	-
(396,834)	-	(396,834)	-
(491,395)	-	(491,395)	-
(179,466)	-	(179,466)	-
(111,438)	-	(111,438)	-
(61,064)	-	(61,064)	-
(184,059)	-	(184,059)	-
(1,978,612)	-	(1,978,612)	-
(5,797,738)	-	(5,797,738)	-
(5,245,777)	-	(5,245,777)	-
(799,712)	-	(799,712)	-
(315,668)	-	(315,668)	-
(98,530)	-	(98,530)	-
(6,741)	-	(6,741)	-
(199,807)	-	(199,807)	-
(16,602,030)	-	(16,602,030)	-
-	(438,944)	(438,944)	-
-	(160,394)	(160,394)	-
-	(105,980)	(105,980)	-
-	(705,318)	(705,318)	-
\$ (16,602,030)	\$ (705,318)	\$ (17,307,348)	\$ -
\$ -	\$ -	\$ -	\$ (1,000,269)
-	-	-	(564,392)
-	-	-	(823,989)
-	-	-	(2,388,650)
917,150	-	917,150	-
14,623,842	-	14,623,842	879,792
1,113,293	-	1,113,293	-
110,642	20,200	130,842	228,068
448,418	-	448,418	-
-	-	-	2,217,485
(1,194,851)	1,194,851	-	-
16,018,494	1,215,051	17,233,545	3,325,345
(583,537)	509,733	(73,803)	936,695
25,556,468	4,887,549	30,444,016	58,336,541
\$ 24,972,931	\$ 5,397,282	\$ 30,370,214	\$ 59,273,238

CITY OF JACKSONVILLE, ARKANSAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

	General	Street	Special Projects	Total Nonmajor Funds	Total
Assets					
Cash	\$ 151,247	\$ 2,037,932	\$ 1,112,845	\$ 118,601	\$ 3,420,625
Restricted cash	-	-	-	967,947	967,947
Investments	-	1,833,910	350,000	-	2,183,910
Accounts receivable					
Taxes	1,214,741	659,702	144,468	15,798	2,034,709
Sales taxes	2,749,304	-	-	-	2,749,304
Accounts	-	-	8,366	95,069	103,435
Accrued interest	-	2,999	560	-	3,559
Grants and other governments	730	301,193	-	-	301,923
Other	426,156	-	-	-	426,156
Due from other funds	13,112	185	-	39,044	52,341
Inventories	2,066	-	-	-	2,066
Total Assets	\$ 4,557,356	\$ 4,835,922	\$ 1,616,240	\$ 1,236,459	\$ 12,245,976
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 230,953	\$ 152,449	\$ 162	\$ 27,142	\$ 410,706
Due to other funds	68,615	-	-	49,761	118,376
Accrued wages payable and related liabilities	346,928	21,773	-	2,322	371,023
Unearned revenue	29,278	-	-	-	29,278
Other liabilities	9,828	59,038	-	57,019	125,885
Total liabilities	685,602	233,260	162	136,244	1,055,268
Deferred Inflows of Resources					
Unavailable revenues - property taxes	722,262	418,874	144,468	-	1,285,604
Total deferred inflows of resources	722,262	418,874	144,468	-	1,285,604
Fund Balances					
Nonspendable					
Inventories	2,066	-	-	-	2,066
Restricted					
Street maintenance	-	4,183,788	-	-	4,183,788
Capital projects	-	-	-	111,987	111,987
Debt service	-	-	-	838,633	838,633
Law enforcement activities	-	-	-	26,608	26,608
Housing & neighborhood programs	-	-	-	109,302	109,302
Grant funds	-	-	-	13,687	13,687
Committed					
Equipment	7,873	-	-	-	7,873
Assigned					
Capital projects	-	-	1,471,609	-	1,471,609
Unassigned	3,139,553	-	-	-	3,139,553
Total fund balances	3,149,492	4,183,788	1,471,609	1,100,215	9,905,104
Total liabilities, deferred inflows of resources and fund balances	\$ 4,557,356	\$ 4,835,922	\$ 1,616,240	\$ 1,236,459	\$ 12,245,976

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, 2019

Total fund balances per statement \$ 9,905,104

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. 41,407,125

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	(463,233)
Bonds payable	(6,700,676)
Accrued interest payable	(4,187)
Accrued compensated absences	(621,464)
Net pension liability	(18,205,469)
Deferred inflows and outflows of resources from pensions and OPEB	(557,318)
Net OPEB liability	(1,556,520)

Other long-term assets such as property taxes are not available for current period expenditures and, therefore are reported as unavailable revenue in the funds.

1,285,604

Net position of governmental activities \$ 24,972,931

Capital assets	\$ 41,407,125
Capital lease obligation	(463,233)
General obligation bonds net of premiums and discounts	(6,700,676)
Accrued interest	(4,187)
Unspent bond proceeds	<u>111,987</u>
Net investment in capital assets	<u>\$ 34,351,016</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2019

	General	Street	Special Projects	Total Nonmajor Funds	Total
Revenues					
Property taxes	\$ 577,095	\$ -	\$ 8,540	\$ 266,901	\$ 852,536
Sales taxes	14,623,842	-	-	-	14,623,842
Licenses and permits	305,522	-	-	-	305,522
Intergovernmental	1,976,521	2,877,135	75,149	553,319	5,482,124
Charges for services	1,020,293	-	43,347	-	1,063,640
Fines and fees	429,075	-	-	-	429,075
Utility franchise taxes	1,113,293	-	-	-	1,113,293
Investment income	11,451	64,870	14,230	20,091	110,642
Contributions and donations	-	-	4,125	-	4,125
Miscellaneous	289,514	1,991	43,154	20	334,679
Total revenues	20,346,606	2,943,996	188,545	840,330	24,319,477
Expenditures					
General government					
General government and administration	326,177	-	15,953	-	342,130
City council	96,627	-	-	-	96,627
Mayor	253,951	-	-	-	253,951
City clerk	142,928	-	-	-	142,928
City attorney	261,310	-	-	-	261,310
District court	397,238	-	-	-	397,238
Director of administration	58,909	-	-	-	58,909
Information technology	455,513	-	-	-	455,513
Finance	500,923	-	-	-	500,923
Human resources	168,178	-	-	-	168,178
Fleet services	137,301	-	-	-	137,301
Community programs	181,135	-	28,927	-	210,062
Total general government	2,980,189	-	44,880	-	3,025,070
Public works					
Public works coordinator	164,916	-	-	-	164,916
Engineering	164,091	-	-	-	164,091
Code enforcement	139,012	-	-	-	139,012
Streets and drainage	-	2,469,895	92,026	-	2,561,921
Total public works	468,019	2,469,895	92,026	-	3,029,940
Parks and recreation services					
Parks and recreation services	2,681,222	-	1,300	-	2,682,522
Police	5,679,726	-	51,582	188,575	5,919,883
Fire	4,969,057	-	-	231,491	5,200,548
Emergency communication services	812,913	-	-	-	812,913
Animal control	307,313	-	-	-	307,313
Housing and neighborhood programs	-	-	-	365,580	365,580
Debt Service					
Principal	-	-	-	790,000	790,000
Interest	-	-	-	198,391	198,391
Agent fees	-	-	-	6,741	6,741
Total expenditures	17,898,439	2,469,895	189,788	1,780,777	22,338,900
Excess (Deficiency) of Revenues Over Expenditures	2,448,167	474,101	(1,243)	(940,447)	1,980,577
Other Financing Sources (Uses)					
Transfers in	-	-	-	726,536	726,536
Transfers out	(1,301,536)	-	-	-	(1,301,536)
Total other financing sources (uses)	(1,301,536)	-	-	726,536	(575,000)
Net Change in Fund Balances	1,146,631	474,101	(1,243)	(213,911)	1,405,577
Fund Balances, Beginning of Year	2,002,862	3,709,687	1,472,853	1,314,126	8,499,528
Fund Balances, End of Year	\$ 3,149,492	\$ 4,183,788	\$ 1,471,609	\$ 1,100,215	\$ 9,905,104

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, 2019

Net change in fund balances - total governmental funds \$ 1,405,577

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	781,842
Retirements	(27,307)
Depreciation expense	(2,399,035)

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	260,000
Revenue bonds	530,000
Capital lease obligations	170,478
Amortization of bond premiums and discounts	3,501

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. 64,614

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. 8,171

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. (761,525)

Change in net position of governmental activities \$ (583,537)

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 884,142	\$ 6,299	\$ 12,458	\$ 902,899
Investments	506,004	-	-	506,004
Accounts receivable, net of allowance for uncollectible accounts	275,049	-	1,015,529	1,290,578
Accrued interest	985	-	-	985
Due from other funds	274	1	105	380
Inventories	-	41,489	-	41,489
Total current assets	1,666,454	47,789	1,028,092	2,742,335
Noncurrent assets				
Capital assets				
Land and improvements	-	627,914	-	627,914
Buildings and improvements	-	2,854,808	-	2,854,808
Vehicles	2,805,476	13,486	902,713	3,721,675
Furniture and equipment	1,275,266	34,637	375,024	1,684,927
	4,080,742	3,530,845	1,277,737	8,889,324
Less accumulated depreciation	(2,830,320)	(483,869)	(524,864)	(3,839,053)
Net capital assets	1,250,422	3,046,976	752,873	5,050,271
Total noncurrent assets	1,250,422	3,046,976	752,873	5,050,271
Total assets	2,916,876	3,094,765	1,780,965	7,792,606
Deferred outflows of resources				
Deferred outflows - pensions	111,980	30,719	226,740	369,439
Total deferred outflows of resources	111,980	30,719	226,740	369,439
Total assets and deferred outflow of resources	\$ 3,028,856	\$ 3,125,484	\$ 2,007,705	\$ 8,162,045
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 29,291	\$ 4,954	\$ 8,665	\$ 42,910
Accrued wages payable	26,270	5,981	23,670	55,921
Compensated absences, current	23,000	2,500	20,000	45,500
Deferred revenue	-	-	1,740	1,740
Total current liabilities	78,561	13,435	54,075	146,071
Noncurrent liabilities				
Compensated absences	2,326	2,113	5,163	9,602
Net pension liability	855,213	239,677	1,210,800	2,305,690
Total noncurrent liabilities	857,539	241,790	1,215,963	2,315,292
Total liabilities	936,100	255,225	1,270,038	2,461,363
Deferred inflows of resources				
Deferred inflows - pensions	95,402	26,737	181,264	303,403
Total deferred inflows of resources	95,402	26,737	181,264	303,403
Net Position				
Net investment in capital assets	1,250,422	3,046,976	752,873	5,050,271
Unrestricted (deficit)	746,932	(203,453)	(196,468)	347,011
Total net position	1,997,354	2,843,523	556,406	5,397,282
Total liabilities, deferred inflows of resources and net position	\$ 3,028,856	\$ 3,125,484	\$ 2,007,705	\$ 8,162,045

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, 2019

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Revenues				
Charges for services	\$ 1,489,781	\$ 266,531	\$ 2,132,094	\$ 3,888,406
Miscellaneous	101,942	138,621	59	240,622
Total operating revenues	1,591,723	405,152	2,132,153	4,129,028
Operating Expenses				
Salaries, wages and employee benefits	862,702	239,647	1,057,617	2,159,966
Supplies and materials	178,687	20,943	133,415	333,045
Services	84,352	51,724	80,253	216,329
Repairs and maintenance	105,353	10,085	22,388	137,826
Landfill fees	214,385	-	-	214,385
Other	2,445	160,087	865,675	1,028,207
Depreciation	582,743	83,060	94,956	760,759
Total operating expenses	2,030,667	565,546	2,254,304	4,850,517
Operating Income (Loss)	(438,944)	(160,394)	(122,151)	(721,489)
Nonoperating Revenues (Expenses)				
Interest income	20,183	-	17	20,200
Grant revenues	-	-	16,171	16,171
Net nonoperating revenues (expenses)	20,183	-	16,188	36,371
Income (Loss) Before Contributions and Transfers	(418,761)	(160,394)	(105,963)	(685,118)
Contributions	-	-	619,851	619,851
Transfers in	-	175,000	400,000	575,000
Changes in Net Position	(418,761)	14,606	913,889	509,733
Net Position (Deficit), Beginning of Year	2,416,115	2,828,917	(357,483)	4,887,549
Net Position, End of Year	<u>\$ 1,997,354</u>	<u>\$ 2,843,523</u>	<u>\$ 556,406</u>	<u>\$ 5,397,282</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			Total
	Sanitation Services	AGFF Shooting Sports Complex	Emergency Medical Services	
Operating Activities				
Receipts from customers	\$ 1,796,236	\$ 266,531	\$ 737,043	\$ 2,799,810
Other receipts	101,668	(21,466)	1,694	81,896
Payments to employees	(770,829)	(268,808)	(839,579)	(1,879,216)
Payments to suppliers	(191,397)	(48,081)	(145,280)	(384,758)
Payments to service providers	(82,189)	(55,142)	(79,257)	(216,588)
Other payments	(317,544)	(10,585)	(22,331)	(350,460)
Net cash provided by (used in) operating activities	535,945	(137,550)	(347,710)	50,685
Noncapital Financing Activities				
Operating grants	-	-	16,171	16,171
Transfers from other funds	-	175,000	400,000	575,000
Net cash provided by noncapital financing activities	-	175,000	416,171	591,171
Capital and Related Financing Activities				
Purchases of capital assets	(10,402)	(33,929)	(685,759)	(730,090)
Capital contributions	-	-	619,851	619,851
Net cash provided by (used in) capital and related financing activities	(10,402)	(33,929)	(65,908)	(110,239)
Investing Activities				
Proceeds from maturities of cash investments	204,257	-	-	204,257
Purchase of cash investments	(407,368)	-	-	(407,368)
Interest income	20,183	-	17	20,200
Net cash provided (used) by investing activities	(182,929)	-	17	(182,911)
Net Increase in Cash	342,614	3,521	2,571	348,706
Cash, Beginning of Year	541,528	2,779	9,886	554,193
Cash, End of Year	\$ 884,142	\$ 6,299	\$ 12,458	\$ 902,898

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2019

	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)	\$ (438,944)	\$ (160,394)	\$ (122,151)	\$ (721,489)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	582,743	83,060	94,956	760,759
Changes in assets and liabilities				
Receivables, net	308,900	-	(527,636)	(218,736)
Inventory	-	(26,956)	-	(26,956)
Due from other funds	(274)	(1)	(105)	(380)
Deferred outflows of resources	101,314	(11,299)	300,155	390,170
Accounts payable	(8,353)	(4,099)	(10,812)	(23,263)
Accrued expenses	47,895	268	(134,422)	(86,259)
Deferred inflows of resources	(57,336)	(18,130)	52,305	(23,161)
Net cash provided by (used in) operating activities	<u>\$ 535,945</u>	<u>\$ (137,550)</u>	<u>\$ (347,710)</u>	<u>\$ 50,685</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2019

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 758,283	\$ 17,204
Investments		
U.S. Government obligations	4,153,615	-
Corporate bonds	1,384,767	-
Mutual funds	6,267,886	-
Receivables		
Accounts receivable	466	-
Due from other funds	65,654	-
Accrued interest	36,419	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,667,090</u>	<u>\$ 17,204</u>
Liabilities		
Other liabilities	<u>\$ -</u>	<u>\$ 17,204</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 12,667,090</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, 2019

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 48,399
Contributed from General Fund	
Property taxes	569,022
State insurance turnback and guarantee fund	262,321
	<hr/>
Total contributions	879,742
Investment income	
Net increase in fair value of investments	1,083,763
Interest and dividends	262,318
Gain on sale of investments	187,792
Other investment income	354
	<hr/>
	1,534,227
Less investment expense	126,812
	<hr/>
Net investment income	1,407,415
Total additions	<hr/>
	2,287,156
Deductions	
Benefits paid directly to participants	1,399,564
Administrative expenses	4,890
	<hr/>
Total deductions	1,404,454
Change in Net Position	882,702
Net Position Restricted for Pension Benefits, Beginning of Year	<hr/>
	11,784,388
Net Position Restricted for Pension Benefits, End of Year	<hr/> <hr/>
	\$ 12,667,090

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2019

	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	\$ 7,210,210	\$ 8,259,864	\$ 434,947	\$ 15,905,021
Investments	1,143,326	-	408,893	1,552,219
Receivables, net of allowance for uncollectible accounts				
Accounts	1,716,213	1,041,770	132,645	2,890,628
Revenues earned and unbilled	-	187,124	-	187,124
Accrued interest	682	-	601	1,283
Inventories	602,225	93,688	-	695,913
Prepaid expenses	103,227	11,680	-	114,907
Restricted Current Assets				
Cash and cash equivalents	1,955,348	124,216	-	2,079,564
Total current assets	12,731,231	9,718,342	977,086	23,426,659
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	576,234	-	576,234
Total restricted noncurrent assets	-	576,234	-	576,234
Capital assets				
Land	506,557	411,491	-	918,048
Buildings and improvements	2,653,818	2,430,227	-	5,084,045
Machinery and equipment	3,150,837	2,520,654	-	5,671,491
LRAFB Distribution System	17,750,941	-	-	17,750,941
Water system	53,901,380	-	-	53,901,380
Sewer system	-	61,321,973	-	61,321,973
Construction in progress	-	107,715	-	107,715
	77,963,533	66,792,060	-	144,755,593
Less accumulated depreciation	(26,901,472)	(36,544,426)	-	(63,445,898)
Net capital assets	51,062,061	30,247,634	-	81,309,694
Other assets	310,522	-	-	310,522
Total noncurrent assets	51,372,583	30,823,868	-	82,196,450
Total Assets	64,103,814	40,542,210	977,086	105,623,109
Deferred Outflows of Resources				
Deferred amounts on refunding	-	114,112	-	114,112
Deferred outflows from pensions	452,223	239,312	-	691,535
Total deferred outflows of resources	452,223	353,424	-	805,647
Total Assets and Deferred Outflows of Resources	\$ 64,556,037	\$ 40,895,634	\$ 977,086	\$ 106,428,757

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	\$ 931,479	\$ 62,740	\$ 241,608	\$ 1,235,827
Accrued interest payable	8,875	44,600	-	53,475
Bonds payable-current portion	3,014,595	370,000	-	3,384,595
Accrued expenses and other	165,014	61,394	-	226,408
Total current liabilities	<u>4,119,963</u>	<u>538,734</u>	<u>241,608</u>	<u>4,900,305</u>
Noncurrent liabilities				
Bonds payable, net of unamortized discount	22,905,478	14,238,791	-	37,144,269
Customer deposits	823,622	-	-	823,622
Net pension liability	1,837,253	1,656,746	-	3,493,999
Other long-term liabilities	1,299	563,721	-	565,020
Total noncurrent liabilities	<u>25,567,652</u>	<u>16,459,258</u>	<u>-</u>	<u>42,026,910</u>
Total liabilities	<u>29,687,615</u>	<u>16,997,992</u>	<u>241,608</u>	<u>46,927,215</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	92,229	136,075	-	228,304
Net Position				
Net investment in capital assets	25,141,988	15,594,243	-	40,736,231
Restricted-expendable	1,946,473	700,450	-	2,646,923
Unrestricted	7,687,732	7,466,874	735,478	15,890,084
Total net position	<u>34,776,193</u>	<u>23,761,567</u>	<u>735,478</u>	<u>59,273,238</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 64,556,037</u>	<u>\$ 40,895,634</u>	<u>\$ 977,086</u>	<u>\$ 106,428,757</u>
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CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Advertising and Promotion Commission	\$ 823,989	\$ -	\$ -	\$ -
Total governmental activities	823,989	-	-	-
Business-type Activities				
Municipal Water Works	9,318,059	8,109,929	-	207,861
Wastewater Utility	5,682,719	4,996,761	-	121,566
Total business-type activities	15,000,778	13,106,690	-	329,427
Total component units	\$ 15,824,767	\$ 13,106,690	\$ -	\$ 329,427
General revenues				
Sales taxes				
Investment income				
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
\$ -	\$ -	\$ (823,989)	\$ (823,989)
-	-	(823,989)	(823,989)
(1,000,269)	-	-	(1,000,269)
-	(564,392)	-	(564,392)
(1,000,269)	(564,392)	-	(1,564,661)
<u>\$ (1,000,269)</u>	<u>\$ (564,392)</u>	<u>\$ (823,989)</u>	<u>\$ (2,388,650)</u>
-	-	879,792	879,792
9,460	212,597	6,011	228,068
2,217,485	-	-	2,217,485
<u>2,226,945</u>	<u>212,597</u>	<u>885,803</u>	<u>3,325,345</u>
1,226,676	(351,795)	61,814	936,695
<u>33,549,517</u>	<u>24,113,361</u>	<u>673,663</u>	<u>58,336,541</u>
<u>\$ 34,776,193</u>	<u>\$ 23,761,567</u>	<u>\$ 735,478</u>	<u>\$ 59,273,238</u>



CITY OF JACKSONVILLE, ARKANSAS

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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 citizens 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 citizens of Jacksonville.

There were no significant transactions between the major component units and the City or its other component units in 2019.

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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in certificate of deposit and money market investments are carried at amortized cost, which approximates fair value.

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 purchased.

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.

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, 2019:

Statement No.	Adoption Required in Fiscal Year
84 <i>Fiduciary Activities</i>	2020
87 <i>Leases</i>	2022
88 <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement</i>	2020
91 <i>Conduit Debt Obligations</i>	2022
93 <i>Replacement of Interbank Offered Rates</i>	2021/2022
94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangement</i>	2023
96 <i>Subscription-Based Information Technology Arrangements</i>	2023
97 <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32</i>	Various

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.

State statutes require all time and demand deposits to be fully insured or collateralized. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements. At December 31, 2019, none of the City's primary government bank balances were exposed to custodial credit risk.

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, 2019 were as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury obligations	\$ 3,691,215	\$ 939,562	\$ 2,678,202	\$ 73,450	\$ -
U.S. Agencies obligations	462,400	-	249,852	-	212,548
Corporate Bonds	1,384,767	204,593	1,092,529	87,644	-
Bond mutual funds	3,360,357	3,360,357			
Mutual funds	2,907,529	2,907,529			
	11,806,268	<u>\$ 7,412,041</u>	<u>\$ 4,020,584</u>	<u>\$ 161,095</u>	<u>\$ 212,548</u>
Money Market Fund	330,518				
	<u>\$ 12,136,785</u>				

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized costs.

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, 2019 the City's investments, exclusive of the pension trust funds, consisted of FDIC insured certificates of deposit.

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, 2019, 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, 2019.

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, 2019.

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 value:

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 fiduciary funds 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, 2019:

		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2019				
U.S. Treasury obligations	\$ 3,691,215	\$ 3,691,215	\$ -	\$ -
U.S. Agencies obligations	462,400	-	462,400	-
Corporate Bonds	1,384,767	1,384,767	-	-
Bond mutual funds	3,360,357	3,360,357		
Mutual funds	2,907,529	2,907,529		
Total investments by fair value level	\$ 1,847,167	\$ 4,745,124	\$ 462,400	\$ -
Investments Measured at the Net Asset Value (NAV)				
Money Market Mutual Fund	\$ 330,518			
	\$ 330,518			

Investments – Where quoted market prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 includes several real estate funds that invest primarily in E.U. commercial real estate. These investments can never be redeemed with the funds. Distributions from

each fund will be made as the underlying investments of the fund are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 7 to 10 years.

Summary of Carrying Values – The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	Primary Government
Carrying value	
Deposits	\$ 8,426,355
Investments	<u>12,136,785</u>
	<u>\$ 20,563,140</u>
Included in the following statements of net position captions	
Current Assets	
Cash and cash equivalents	\$ 4,323,524
Short-term investments	2,689,914
Noncurrent Assets	
Restricted cash and investments	967,947
Cash and investments - fiduciary funds	<u>12,581,755</u>
	<u>\$ 20,563,140</u>

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019 is presented as follows:

Governmental Activities	Balance January 1, 2019	Increases	Decreases	Transfers	Balance December 31, 2019
Capital Assets, non-depreciable					
Land	\$ 10,307,488	\$ -	\$ -	\$ -	\$ 10,307,488
Construction in progress	<u>496,752</u>	<u>592,624</u>	<u>-</u>	<u>-</u>	<u>1,089,376</u>
Total capital assets, non-depreciable	<u>10,804,240</u>	<u>592,624</u>	<u>-</u>	<u>-</u>	<u>11,396,864</u>
Capital Assets, depreciable					
Land improvements	1,496,253	-	-	-	1,496,253
Infrastructure	34,338,777	-	-	-	34,338,777
Buildings	28,455,541	55,516	(6,944)	-	28,504,113
Vehicles	6,612,173	54,107	-	(460,982)	6,205,298
Equipment	<u>10,311,672</u>	<u>79,595</u>	<u>(39,018)</u>	<u>(158,869)</u>	<u>10,193,380</u>
Total capital assets, depreciable	<u>81,214,416</u>	<u>189,218</u>	<u>(45,962)</u>	<u>(619,851)</u>	<u>80,737,821</u>
Less accumulated depreciation					
Land improvements	870,594	59,615	-	-	930,208
Infrastructure	25,339,960	546,408	-	-	25,886,369
Buildings	10,263,079	782,555	-	-	11,045,634
Vehicles	4,220,932	324,493	-	-	4,545,426
Equipment	<u>7,652,611</u>	<u>685,964</u>	<u>(18,655)</u>	<u>-</u>	<u>8,319,919</u>
Total accumulated depreciation	<u>48,347,180</u>	<u>2,399,035</u>	<u>(18,655)</u>	<u>-</u>	<u>50,727,556</u>
Total capital assets, depreciable, net	<u>32,867,236</u>	<u>(2,209,817)</u>	<u>(27,307)</u>	<u>(619,851)</u>	<u>30,010,261</u>
Total governmental activities, net	<u>\$ 43,671,476</u>	<u>\$ (1,617,193)</u>	<u>\$ (27,307)</u>	<u>\$ (619,851)</u>	<u>\$ 41,407,125</u>

Business-type activities	Balance	Increases	Decreases	Transfers	Balance
	January 1, 2019				December 31, 2019
Capital Assets, non-depreciable					
Land	\$ 480,385	\$ -	\$ -	\$ -	\$ 480,385
Construction in Progress	-	-	-	-	-
Total capital assets, non-depreciable	480,385	-	-	-	480,385
Capital Assets, depreciable					
Buildings	2,854,808	-	-	-	2,854,808
Land Improvements	113,600	33,929	-	-	147,529
Vehicles	3,260,693	-	-	460,982	3,721,675
Equipment	1,449,749	235,177	-	-	1,684,926
Total capital assets, depreciable	7,678,849	269,106	-	460,982	8,408,938
Less accumulated depreciation					
Buildings	350,904	71,371	-	-	422,275
Land Improvements	18,126	7,482	-	-	25,608
Vehicles	1,716,976	643,592	(107,088)	-	2,253,480
Equipment	992,286	145,403	-	-	1,137,689
Total accumulated depreciation	3,078,293	867,848	(107,088)	-	3,839,052
Total business-type activities, net	\$ 5,080,941	\$ (598,742)	\$ 107,088	\$ 460,982	\$ 5,050,271

Construction in progress is composed of the following:

	Expended to December 31, 2019	Estimated Amount To Complete
Primary Government		
General Government		
Military Road Sidewalk	\$ 570,259	\$ 1,688
Loop Road Rail Grade	156,576	9,143,424
Oneida Bridge	232,408	567,592
Emma Street extension	45,875	500,000
Main Street alignment	67,396	1,000,000
City Hall new phone system installation	16,862	31,733
	<u>\$ 1,089,376</u>	<u>\$ 11,553,718</u>
Component Unit		
Jacksonville Wastewater Utility		
Hwy 67/167 relocation	107,714	42,286
	<u>\$ 107,714</u>	<u>\$ 42,286</u>

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

Governmental Activities		
General government		
General administration		\$ 194,089
Director of administration		1,000
Information technology		39,556
Community programs		36,312
		<hr/>
Total general government		270,957
Public works		
Streets and drainage		658,567
		<hr/>
Total public works		658,567
Parks and recreation services		378,458
Police		345,898
Fire		340,873
Emergency services		395,599
Animal control		8,683
		<hr/>
Total depreciation expense - governmental activities		2,399,035
Business-type Activities		
Sanitation services		689,830
AGFF Shooting Sports Complex		94,957
Emergency medical services		83,061
		<hr/>
Total depreciation expense - business-type activities		867,848
		<hr/>
Total depreciation expense - primary government		\$ 3,266,883

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2019 were as follows:

Governmental Activities	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due In One Year
Bonds payable-					
2006 Library Construction	\$ 490,000	\$ -	\$ 260,000	\$ 230,000	\$ 75,000
2015 Capital Improvement and Refunding	6,980,000	-	530,000	6,450,000	540,000
Less: issuance discount	139	-	98	41	-
Add: issuance premium	24,038	-	3,599	20,439	-
Bonds payable, net	<hr/> 7,494,177	<hr/> -	<hr/> 793,698	<hr/> 6,700,479	<hr/> 615,000
Capital lease obligations	633,710	-	170,487	463,223	160,438
Compensated absences	624,817	10,485	13,838	621,462	567,915
Governmental activities long-term liabilities	<hr/> \$ 8,752,704	<hr/> \$ 10,485	<hr/> \$ 978,023	<hr/> \$ 7,785,165	<hr/> \$ 1,343,353
Business-type Activities	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due In One Year
Compensated absences	\$ 55,625	\$ 1,987	\$ 2,512	\$ 55,100	\$ 45,500
Total business-type activities long-term liabilities	<hr/> \$ 55,626	<hr/> \$ 1,987	<hr/> \$ 2,512	<hr/> \$ 55,101	<hr/> \$ 45,500

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, 2019, an additional \$190,000 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.

Annual Debt Service Requirements

The following schedule shows the annual debt-service requirements to pay principal and interest on the general obligation bonds and revenue bonds outstanding at December 31, 2019.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 615,000	\$ 263,849	\$ 878,849
2021	625,000	245,899	870,899
2022	645,000	197,764	842,764
2023	575,000	145,823	720,823
2024	590,000	131,256	721,256
2025-2030	3,630,000	397,219	4,027,219
Total	<u>\$ 6,680,000</u>	<u>\$ 1,381,809</u>	<u>\$ 8,061,809</u>

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2019:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage		
				Portion of Pledged Revenue Stream	Remaining Principle and Interest	Period Revenue Will Not Be Available For Other Purposes
2006 Library Construction and Improvement Bonds	Property tax	\$ 5,494,775	\$ 70,000	1%	\$ 424,113	Until 2021
2015 Capital Improvement and Refunding Revenue Bonds	Franchise fees for public utilities	\$ 16,868,130	\$ 530,000	3%	\$ 7,637,697	Until 2030

Lease Obligations

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. As of December 31, 2019, the principal balance outstanding was \$337,140. The equipment has a five (5) year estimated life. This year, \$125,014 was included in depreciation expense. The lease agreement was for \$627,430 to be repaid in sixty (60) monthly installments of \$10,629. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The City entered into a capital lease agreement with Dell Financial Services on September 28, 2018 for the purpose of upgrading computer servers city wide. As of December 31, 2019, the principal balance outstanding was \$126,093. The equipment has a five (5) year estimated life. This year, \$13,250 was included in depreciation expense. The lease agreement was for \$167,218 to be repaid in sixty (60) monthly installments of \$3,142. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending December 31,	Governmental Activities
2020	\$ 165,253
2021	165,253
2022	122,737
2023	25,136
Total minimum lease payments	478,379
Less: amount representing interest	(15,146)
Present value of minimum lease payments	<u>\$ 463,233</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, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General Fund	\$ 13,112	\$ 2,960
Street	185	-
Asset Forfeitures	2,394	-
CDBG	1	13,112
Capital Improvements Construction Fund	-	36,649
Capital Improvements Debt Service Fund	36,649	-
Governmental Funds to/from Fiduciary Funds		
General Fund	-	65,654
Total governmental funds	<u>52,341</u>	<u>118,375</u>
Proprietary Funds		
Emergency Medical Services	105	-
AGFF Shooting Sports Complex	1	-
Sanitation Services	<u>274</u>	<u>-</u>
Total proprietary funds	<u>380</u>	<u>-</u>
Fiduciary Funds		
Policemen's Pension	32,827	-
Firemen's Pension	<u>32,827</u>	<u>-</u>
Total fiduciary funds	<u>65,654</u>	<u>-</u>
Total	<u>\$ 118,375</u>	<u>\$ 118,375</u>

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

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Policemen's and Firemen's Pension Plans.

Interfund transfers in and transfers out for the year ended December 31, 2019, are as follows:

<u>Fund</u>	<u>Interfund Transfers</u>	
	<u>In</u>	<u>Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ -	\$ 1,301,536
Nonmajor Funds	<u>726,536</u>	<u>-</u>
Total governmental funds	<u>726,536</u>	<u>1,301,536</u>
Proprietary Funds:		
AGFF Shooting Sports Complex	175,000	-
Emergency Medical Services	<u>400,000</u>	<u>-</u>
Total proprietary funds	<u>575,000</u>	<u>-</u>
Total	<u>\$ 1,301,536</u>	<u>\$ 1,301,536</u>

The transfers out of \$1,301,536 from the General Fund are transfers out to supplement the Emergency Medical Services Fund for operational expenses in the amount of \$400,000, to supplement the AGFF Shooting Sports Complex Fund for operational expenses in the amount of \$175,000, and to meet debt service requirements in the 2015 Capital Improvements Debt Service Fund in the amount of \$726,536.

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 Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Policemen's Pension and Relief Fund	\$ 483,966	\$ -	\$ -	\$ 132,405	\$ 203,256
Firemen's Pension and Relief Fund	-	2,170,702	-	67,448	84,179
Arkansas Public Employee Retirement System	-	4,352,324	680,938	485,519	418,749
Arkansas Local Police and Fire Retirement System - Fire	-	5,945,228	1,113,333	890,038	1,415,111
Arkansas Local Police and Fire Retirement System - Police	-	5,737,215	1,059,938	1,798,086	825,294
	<u>\$ 483,966</u>	<u>\$ 18,205,469</u>	<u>\$ 2,854,209</u>	<u>\$ 3,373,496</u>	<u>\$ 2,946,588</u>
Business-Type Activities	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Arkansas Public Employee Retirement System	\$ -	\$ 1,094,890	\$ 142,699	\$ 122,139	\$ 133,944
Arkansas Local Police and Fire Retirement System	-	1,210,800	226,740	181,264	288,200
	<u>\$ -</u>	<u>\$ 2,305,690</u>	<u>\$ 369,439</u>	<u>\$ 303,403</u>	<u>\$ 422,144</u>
Total Primary Government	<u>\$ 483,966</u>	<u>\$ 20,511,159</u>	<u>\$ 3,223,648</u>	<u>\$ 3,676,899</u>	<u>\$ 3,368,732</u>
Discretely Presented Component Units	<u>\$ -</u>	<u>\$ 3,493,999</u>	<u>\$ 691,535</u>	<u>\$ 228,304</u>	<u>\$ 729,141</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 the December 31, 2019 measurement date, there were 18 police and 34 fire retirees and beneficiaries covered by benefit terms of the plans. There are no active employees in the plans.

C. Financial Information

The statement of fiduciary net position and the statement of changes in fiduciary net position as of and for the year ended December 31, 2019 for the Policemen's and Firemen's Pension and Relief Funds are below:

	Statement of Fiduciary Net Position	
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Assets		
Cash and cash equivalents	\$ 290,524	\$ 467,759
Investments	5,934,627	5,871,641
Receivables	51,414	51,125
Total assets	<u>6,276,565</u>	<u>6,390,525</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 6,276,565</u>	<u>\$ 6,390,525</u>
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
Additions		
Contributions	\$ 386,870	\$ 492,872
Net investment income (loss)	701,580	705,835
Total additions	<u>1,088,450</u>	<u>1,198,707</u>
Deductions		
Benefits paid directly to participants	569,398	830,166
Administrative expenses	3,290	1,600
Total deductions	<u>572,688</u>	<u>831,766</u>
Change in Net Position	515,762	366,941
Net Position Restricted For Pension Benefits, Beginning of Year	<u>5,760,803</u>	<u>6,023,585</u>
Net Position Restricted For Pension Benefits, End of Year	<u>\$ 6,276,565</u>	<u>\$ 6,390,525</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 2019 to the Policemen's Fund were \$386,870. The City's share of contributions was \$386,870 and included \$284,511 in property taxes and \$53,960 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 2019 to the Firemen's Fund were \$492,872. The City's share of contributions was \$492,872 and included \$284,511 in property taxes and \$208,361 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, 2019.

For the December 31, 2019 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, 2019 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, 2019 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, 2019:

	<u>Policemen's Fund</u>	<u>Firemen's Fund</u>
Total pension liability	\$ 5,764,386	\$ 8,533,304
Plan's fiduciary net position	6,248,352	6,362,602
City's net pension (asset) liability	<u>\$ (483,966)</u>	<u>\$ 2,170,702</u>
 Plan's fiduciary net position as a percentage of total pension liability	 108.40%	 74.56%

Changes in the total pension liability, plan fiduciary net position, and the net pension liability for the year ended December 31, 2019 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 (Asset)Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of Beginning of Year	\$5,858,319	\$5,731,676	\$126,643	\$9,019,132	\$6,012,769	\$3,006,363
Changes for the year:						
Interest on total pension liability	280,024	-	280,024	431,668	-	431,668
Differences between expected and actual experience	(276,719)	-	(276,719)	(145,950)	-	(145,950)
Employer contributions	-	334,222	(334,222)	-	435,210	(435,210)
Net investment income	-	706,670	(706,670)	-	687,769	(687,769)
Benefit payments and refunds	(515,688)	(515,688)	-	(771,546)	(771,546)	-
Administrative expenses	-	(8,778)	8,778	-	(1,600)	1,600
Benefit changes	418,451	-	418,451	-	-	-
Other	-	250	(250)	-	-	-
Net changes	<u>(93,933)</u>	<u>516,676</u>	<u>(610,609)</u>	<u>(485,828)</u>	<u>349,833</u>	<u>(835,661)</u>
Balances as of End of Year	<u>\$5,764,386</u>	<u>\$6,248,352</u>	<u>(\$483,966)</u>	<u>\$8,533,304</u>	<u>\$6,362,602</u>	<u>\$2,170,702</u>

G. Pension Income and Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized pension expense of \$203,256 for the Policemen's Pension and Relief Fund and pension expense of \$84,179 for the Firemen's Pension and Relief Fund, as measured in accordance with GASB Statement No. 68. On December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Policemen's Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments	\$ -	\$ 132,405

	Firemen's Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings on pension plan investments	\$ -	\$ 67,448

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
2020	\$ (32,755)	\$ 1,126
2021	(27,926)	(29,382)
2022	13,243	39,924
2023	(84,968)	(79,116)
	<u>\$ (132,405)</u>	<u>\$ (67,448)</u>

H. Long-Term Expected Rate of Return

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	<u>100.00%</u>		

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 to Discount Rate Changes

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)	\$ 25,303	\$ (483,966)	\$ (924,028)
Firemen's Pension and Relief Fund	Net pension liability	\$ 2,926,978	\$ 2,170,702	\$ 1,517,513

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. The costs of administering the plan are paid out of investment earnings. At December 31, 2019 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 most covered employees and 7.5% for two newly elected officials for fiscal year 2019.

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 most employees and 17.82% for two newly elected officials for the year ended December 31, 2019. For 2019, participating members' contributions were \$165,327 and the City's contributions were \$693,691.

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

As of December 31, 2019, the City reported a liability of \$5,447,214 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019. At June 30, 2019, the City's proportion was 0.22578854%, compared to 0.2284472% 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, 2019 related pension items was 86% for governmental activities and 14% 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, 2019, the City recognized pension expense of \$552,693. At December 31, 2019, 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	\$ 148,250	\$ 8,093
Net differences between expected and actual earnings on pension plan investments	-	41,374
Changes of assumptions	295,660	209,400
Changes in proportion	374	348,791
Contributions subsequent to the measurement date	379,353	-
	<u>\$ 823,637</u>	<u>\$ 607,658</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$379,353 will be recognized as a reduction of the net pension liability for the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2019, related to the Plan will be recognized in pension expense as follows:

Year Ending December 31,	
2020	\$ 97,836
2021	(298,503)
2022	(36,231)
2023	73,524
	<u>\$ (163,374)</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	APERS
Valuation	June 30, 2019
Actuarial Cost Method	Entry Age Normal Level Percent-of-
Amortization Method	Payroll
Remaining Amortization	30 year closed
Asset Valuation Method	4-Year Smoothed Market with 25% Corridor
Investment rate of return	7.15%
Projected salary increase	3.25% - 9.85%
Inflation	3.25%
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, 2019 are summarized in the table below:

APERS		Long-Term
Asset Class	Target Allocation	Expected Real
		Rate of Return
Broad domestic equity	37.00%	6.20%
International equity	24.00%	6.33%
Real assets	16.00%	3.32%
Absolute return	5.00%	3.56%
Domestic fixed	18.00%	1.54%
Total	100.00%	

Discount Rate

In the June 30, 2019 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%	Current Single	1%
Decrease	Rate Assumption	Increase
(6.15%)	(7.15%)	(8.15%)
\$ 8,730,524	\$ 5,447,214	\$ 2,738,333

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 participating firemen. City contributions for 2019 to the Plan were \$1,381,672.

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

At December 31, 2019, the LOPFI Police and LOPFI Fire reported a liability of \$5,737,215 and \$7,156,028, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The City's proportion of the net pension liability was based on actual City contributions to the Plan during the measurement period to total employer contributions of the group for the fiscal year ended December 31, 2019. The City's proportionate share was 0.74245% and 0.92606% respectively, for LOPFI Police and LOPFI Fire compared to .804419% and 0.937481% 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, 2019 LOPFI Fire related pension items was 83% for governmental activities and 17% 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, 2019, the LOPFI Police and LOPFI Fire recognized pension expense of \$825,294 and \$1,703,311, respectively. On December 31, 2019, the LOPFI Police and LOPFI Fire reported deferred outflows and inflows of resources related to pensions from the following sources:

LOPFI - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 564,507	\$ -
Net difference between expected and actual earnings on plan investments	-	692,889
Changes in assumptions	495,431	-
Changes in proportion	-	1,105,197
Total	\$ 1,059,938	\$ 1,798,086
LOPFI - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 704,109	\$ -
Net difference between expected and actual earnings on plan investments	-	864,240
Changes in assumptions	617,951	-
Changes in proportion	18,013	207,062
Total	\$ 1,340,073	\$ 1,071,302

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2019 related to the Plans will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police	LOPFI Fire
2020	\$ (89,551)	\$ 452,326
2021	(289,581)	118,374
2022	(51,446)	81,703
2023	(307,570)	(383,632)
	<u>\$ (738,148)</u>	<u>\$ 268,771</u>

Actuarial Assumptions

The total pension liability in the December 31, 2019 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	7.0%	7.0%
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5-year smoothed market; 20% corridor	5-year smoothed market; 20% corridor

Mortality rates were based on the RP-2000 Combined Health Mortality Table Projected to 2018 Table, set forward two years for men.

The actuarial assumptions used for the December 31, 2019 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

Long-term Expected Rate of Return

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, 2019, 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	30.00%	0.78%
Domestic equity	42.00%	5.58%
Foreign equity	18.00%	7.38%
Alternative investments	10.00%	6.23%
Total	<u>100.00%</u>	

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 calculated using a single 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:

		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Local Police and Fire Retirement System (LOPFI)				
LOPFI - Police	Net pension liability	\$ 9,141,583	\$ 5,737,215	\$ 2,991,870
LOPFI - Fire	Net pension liability	\$ 11,402,295	\$ 7,156,028	\$ 3,731,759

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 City of Jacksonville employees in accordance with 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 \$408 for single coverage to \$905 for family coverage. Total contributions for the year ending December 31, 2019 was \$27,454.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2019, 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, 2019 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at January 1, 2019	\$1,393,902	\$0	\$1,393,902
Changes for the year:			
Service cost	80,712	-	80,712
Interest	53,176	-	53,176
Employer contributions	-	27,454	(27,454)
Benefit payments	(27,454)	(27,454)	-
Change in discount rate	56,184	-	56,184
Net changes	162,618	-	162,618
Balances at December 31, 2019	<u>\$1,556,520</u>	<u>\$0</u>	<u>\$1,556,520</u>

OPEB Plan Fiduciary Net Position

The statement of fiduciary net position and the statement of changes in fiduciary net position for the OPEB Plan are below:

Assets		
Cash and cash equivalents		\$ -
Investments		-
Equities		-
Mutual funds and other investments		-
Total assets		<u>-</u>
Net Position		
Net position restricted for other postemployment benefits		<u>\$ -</u>
Additions		
Contributions		
Employer (implied subsidy)		\$ 27,454
Total contributions		<u>27,454</u>
Total additions		<u>27,454</u>
Deductions		
Benefits paid directly to participants		27,454
Total deductions		<u>27,454</u>
Net Increase in Net Position		-
Net Position Restricted for Other Postemployment Benefits, Beginning of Year		<u>-</u>
Net Position Restricted for Other Postemployment Benefits, End of Year		<u>-</u>

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$129,617. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 32,552
Changes of assumptions	51,502	56,981
	<u>\$ 51,502</u>	<u>\$ 89,533</u>

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

<u>Year Ending December 31,</u>	
2019	\$ (4,271)
2020	(4,271)
2021	(4,271)
2022	(4,271)
2023	(4,271)
Thereafter	<u>(16,676)</u>
Total	<u>\$ (38,031)</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Investment rate of return	3.26%
Health care cost trend rates	8% in year 1, graded downward 0.5% per year, to 5% in year 7 and later
Pre and post-retirement mortality	RP 2014 Mortality Table
Base claim costs	Retiree(no Medicare) \$1,142, Retiree (with Medicare) \$545 Premium assumed at \$545 per month for net subsidy of \$596
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 Rate of Return

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%	26%
Subtotal	100.00%	0.26%
Inflation		3.00%
Total		3.26%

Discount Rate

A discount rate of 3.26% 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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Net OPEB liability	\$ 1,717,117	\$ 1,556,520	\$ 1,395,066

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	\$ 1,308,431	\$ 1,556,520	\$ 1,847,401

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 \$94,197 for operating expenses in 2019. 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 2018 to 2019 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, 2019 property taxes receivable and related deferred inflows of resources of \$1,285,604 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.

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

Description	Millage Limit	Levied
		2018 for 2019 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 \$6,565,369 for 2019. 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 \$7,971,755 for 2019. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

Note 13: Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

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 attorney represents the City in all other actions. 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 14: Discretely Presented Component Units**Jacksonville Municipal Water Works (JMWW)****Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows:

Jacksonville Municipal Water Works	Balance January 1, 2019	Increases	Decreases	Transfers	Balance December 31, 2019
Capital Assets, non-depreciable					
Land	\$ 506,466	\$ 91	\$ -	\$ -	\$ 506,557
Total capital assets, non-depreciable	<u>506,466</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>506,557</u>
Capital Assets, depreciable					
Utility system	53,015,611	882,163	-	-	53,897,774
LRAFB water distribution system	17,750,941	-	-	-	17,750,941
Buildings and improvements	2,649,852	3,966	-	-	2,653,818
Furniture and equipment	3,011,151	139,686	-	-	3,150,837
Total capital assets, depreciable	<u>76,427,555</u>	<u>1,025,815</u>	<u>-</u>	<u>-</u>	<u>77,453,370</u>
Less accumulated depreciation	<u>24,017,221</u>	<u>2,884,250</u>	<u>-</u>	<u>-</u>	<u>26,901,471</u>
Total capital assets, depreciable, net	<u>52,410,334</u>	<u>(1,858,435)</u>	<u>-</u>	<u>-</u>	<u>50,551,899</u>
Total capital assets, net	<u>\$ 52,916,800</u>	<u>\$ (1,858,344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,058,456</u>

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 January 1, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due In One Year
Water revenue bonds	<u>\$ 29,155,182</u>	<u>\$ -</u>	<u>\$ 3,235,109</u>	<u>\$ 25,920,073</u>	<u>\$ 3,014,594</u>

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

Year	Principal	Interest
2020	\$ 3,014,594	\$ 304,414
2021	3,312,009	263,799
2022	3,353,148	222,660
2023	3,394,816	180,992
2024	3,437,025	138,783
Thereafter	9,408,481	166,345
Total	<u>\$ 25,920,073</u>	<u>\$ 1,276,993</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.

At December 31, 2019, JMWW reported a liability of \$1,837,253 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. JMWW's portion of the net pension liability was based on JMWW's contributions to the pension plan relative to the total contributions of all participating APERS members. At June 30, 2019, JMWW's proportion was 0.07615466%, which was an increase of 0.00971318% from its proportion measured as of June 30, 2018 of 0.06644148%.

For the year ended December 31, 2019, JMWW recognized pension expense of \$430,291. At December 31, 2019, 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	\$ 50,002	\$ 2,730
Net differences between expected and actual earnings on pension plan investments	-	13,955
Changes of assumptions	99,721	70,627
Changes in proportion	191,486	4,917
Contributions subsequent to the measurement date	111,014	-
	<u>\$ 452,223</u>	<u>\$ 92,229</u>

The \$111,014 reported as deferred outflows of resources at December 31, 2019, related to pensions resulting from JMWW's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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,		
2020	\$	150,113
2021		16,425
2022		49,820
2023		32,622
	<u>\$</u>	<u>248,980</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%)
\$ 2,944,658	\$ 1,837,253	\$ 923,593

Jacksonville Wastewater Utility (JWWU)

Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Jacksonville Wastewater Utility	Balance January 1, 2019	Increases	Decreases	Transfers	Balance December 31, 2019
Capital Assets, non-depreciable					
Land	\$ 411,491	\$ -	\$ -	\$ -	\$ 411,491
Construction in progress	82,379	493,780	(468,444)	-	107,715
Total capital assets, non-depreciable	493,870	493,780	(468,444)	-	519,206
Capital Assets, depreciable					
Utility system	60,663,613	684,473	(26,113)	-	61,321,973
Buildings and improvements	2,414,955	17,617	(2,345)	-	2,430,227
Furniture and equipment	2,518,549	18,702	(16,597)	-	2,520,654
Total capital assets, depreciable	65,597,117	720,792	(45,055)	-	66,272,854
Less accumulated depreciation	34,540,314	2,049,167	(45,055)	-	36,544,426
Total capital assets, net	\$ 31,550,673	\$ (834,595)	\$ (468,444)	\$ -	\$ 30,247,634

Long-Term Liabilities

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

Jacksonville Wastewater Utility	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due In One Year
Wastewater revenue bonds	\$ 14,845,000	\$ -	\$ 460,000	\$ 14,385,000	\$ 370,000
Add issuance premium	241,200	-	17,410	223,790	-
	\$ 15,086,200	\$ -	\$ 477,410	\$ 14,608,790	\$ 370,000

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

Year	Principal	Interest
2020	\$ 370,000	\$ 535,194
2021	-	525,943
2022	-	525,943
2023	440,000	525,943
2024	640,000	508,344
2025-2029	3,610,000	2,136,319
2030-2034	4,385,000	1,367,269
2035-2039	4,940,000	525,508
Total	<u>\$ 14,385,000</u>	<u>\$ 6,650,463</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.

At December 31, 2019, JWWU reported a liability of \$1,656,746, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. JWWU's proportion of the net pension liability is based on the JWWU's contributions to the pension plan relative to the contributions of all participating APERS members. At June 30, 2019, JWWU's proportion was 0.06867259%, which was an increase of 0.00028998% from its proportion measured as of June 30, 2018 of 0.06838261%.

For the year ended December 31, 2019, JWWU recognized pension expense of \$298,850. At December 31, 2019, 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	\$ 45,090	\$ 2,461
Net differences between expected and actual earnings on pension plan investments	-	12,584
Changes of assumptions	89,924	63,688
Changes in proportion	4,812	57,342
Contributions subsequent to the measurement date	99,486	-
	<u>\$ 239,312</u>	<u>\$ 136,075</u>

The \$99,486 reported as deferred outflows of resources at December 31, 2019, related to pension resulting from JWWU's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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,			
2020	\$	46,200	
2021		(63,371)	
2022		(2,254)	
2023		23,176	
	\$	<u>3,751</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%)
\$ <u>2,655,350</u>	\$ <u>1,656,746</u>	\$ <u>832,852</u>

Note 15: Subsequent Events

Economic Environment

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

2006 Library Construction and Improvement Bonds

The 2006 Library Construction and Improvement Bonds were fully redeemed in May 2020. The Jacksonville City Council voted to reallocate the 1.0 mill ad valorem tax levied on real and personal property within the City to pay the bonds. The tax was reallocated as 0.5 mill for City general operations and as 0.5 mill for capital equipment effective for 2019 assessed taxes collectible in 2020.

Wastewater Construction Revenue Bonds, Series 2020

On August 27, 2020, the City issued \$14,620,000 Series 2020 Wastewater Refunding Revenue Bonds at interest rates ranging from 0.72% to 2.70%. The bonds mature December 1, 2039. The bonds were issued to advance refund the City's Wastewater Refunding Revenue Bonds, Series 2016B, to fund a debt service reserve and to pay expenses of issuing the bonds. The bonds are special obligations, secured by a pledge of and payable from net revenues derived from the City's wastewater system, which is operated by the Jacksonville Wastewater Utility.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 560,000	\$ 560,000	\$ 577,095	\$ 17,095
Sales taxes	14,350,725	14,350,725	14,623,842	273,117
Licenses and permits	237,300	237,300	305,522	68,222
Intergovernmental	1,795,878	1,795,878	1,976,521	180,643
Charges for services	947,599	947,599	1,020,293	72,694
Fines and fees	497,616	497,616	429,075	(68,541)
Utility franchise taxes	1,089,800	1,089,800	1,113,293	23,493
Investment income	-	-	11,451	11,451
Contributions	-	-	-	-
Miscellaneous	260,955	260,955	289,514	28,559
Total revenues	<u>19,739,873</u>	<u>19,739,873</u>	<u>20,346,606</u>	<u>606,733</u>
Expenditures				
General government				
General administration	416,599	416,599	326,177	90,422
City council	94,781	94,781	96,627	(1,846)
Mayor	250,399	250,399	253,951	(3,552)
City clerk	138,557	138,557	142,928	(4,371)
City attorney	267,483	267,483	261,310	6,173
District court	359,589	359,589	397,238	(37,649)
Director of administration	58,949	58,949	58,909	40
Director of information technology	499,539	499,539	455,513	44,026
Finance	502,849	502,849	500,923	1,926
Human resources	171,061	171,061	168,178	2,883
Fleet services	142,281	142,281	137,301	4,980
Community programs	158,021	158,021	181,135	(23,114)
Total general government	<u>3,060,108</u>	<u>3,060,108</u>	<u>2,980,190</u>	<u>79,918</u>
Public works				
Public works coordinator	163,704	163,704	164,916	(1,212)
Engineering	177,091	177,091	164,091	13,000
Code enforcement	259,309	259,309	139,012	120,297
Total public works	<u>600,104</u>	<u>600,104</u>	<u>468,019</u>	<u>132,085</u>
Parks and recreation services	2,645,019	2,645,019	2,681,222	(36,203)
Police	6,521,859	6,521,859	5,679,726	842,133
Fire	4,948,325	4,948,325	4,969,057	(20,732)
Emergency communication services	923,927	923,927	812,913	111,014
Animal control	316,995	316,995	307,313	9,682
Total expenditures	<u>19,016,337</u>	<u>19,016,337</u>	<u>17,898,440</u>	<u>1,117,897</u>
Excess (Deficiency) of Revenues Over Expenditures	723,536	723,536	2,448,166	1,724,630
Other Financing Sources (Uses)				
Transfers in	3,000	3,000	-	(3,000)
Transfers out	(726,536)	(726,536)	(1,301,536)	(575,000)
Total other financing sources (uses)	<u>(723,536)</u>	<u>(723,536)</u>	<u>(1,301,536)</u>	<u>(578,000)</u>
Net Change in Fund Balances	-	-	1,146,630	1,146,630
Fund Balances, Beginning of Year	2,002,862	2,002,862	2,002,862	-
Fund Balances, End of Year	\$ 2,002,862	\$ 2,002,862	\$ 3,149,492	\$ 1,146,630

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE

STREET FUND

YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 2,617,842	\$ 2,617,842	\$ 2,877,135	\$ 259,293
Investment income	7,000	7,000	64,870	57,870
Miscellaneous	10,250	10,250	1,991	(8,259)
Total revenues	<u>2,635,092</u>	<u>2,635,092</u>	<u>2,943,996</u>	<u>308,904</u>
Expenditures				
Public works				
Streets and drainage	<u>2,635,092</u>	<u>2,635,092</u>	<u>2,469,895</u>	<u>165,197</u>
Total expenditures	<u>2,635,092</u>	<u>2,635,092</u>	<u>2,469,895</u>	<u>165,197</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	474,101	474,101
Fund Balances, Beginning of Year	<u>3,709,687</u>	<u>3,709,687</u>	<u>3,709,687</u>	-
Fund Balances, End of Year	<u>\$ 3,709,687</u>	<u>\$ 3,709,687</u>	<u>\$ 4,183,788</u>	<u>\$ 474,101</u>

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

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, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 80,712	\$ 92,521
Interest	53,176	43,850
Differences between expected and actual experience	-	(39,062)
Changes of assumptions	56,184	(68,377)
Benefit payments	<u>(27,454)</u>	<u>(22,679)</u>
Net change in total OPEB liability	162,618	6,253
Total OPEB liability - Beginning	<u>1,393,902</u>	<u>1,387,649</u>
Total OPEB liability - Ending (a)	<u><u>1,556,520</u></u>	<u><u>1,393,902</u></u>
Plan Fiduciary Net Position		
Contributions - employer	27,454	22,679
Benefit payments	<u>(27,454)</u>	<u>(22,679)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - Beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - Ending (b)	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB liability - Ending (a)-(b)	<u><u>1,556,520</u></u>	<u><u>1,393,902</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered payroll	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	N/A	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, 2019

	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 156,481	\$ 163,683
Contributions in relation to the actuarially determined contribution	27,454	22,679
Contribution deficiency (excess)	<u>\$ 129,027</u>	<u>\$ 141,004</u>
Covered employee payroll	N/A	N/A
Contributions as a percentage of employee payroll	N/A	N/A
Assumed single discount rate	3.64%	3.16%

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 single discount rate

Shown in table above.

Assumed inflation

3.00%

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, 2019

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2018	0%
12/31/2019	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, 2019**

Policemen's Pension and Relief Fund

Fiscal year ending December 31,	2019	2018	2017	2016	2015
Total pension liability:					
Interest	\$ 280,024	\$ 278,842	\$ 286,440	\$ 307,361	\$ 330,964
Changes of benefit terms	418,451	449,142	-	-	-
Difference between expected and actual experience	(276,719)	(184,491)	77,943	(205,160)	(266,517)
Changes in assumptions	-	-	-	-	-
Benefit payments, including refunds of plan member contributions	(515,688)	(524,022)	(508,690)	(532,529)	(540,476)
Net change in total pension liability	(93,933)	19,471	(144,307)	(430,328)	(476,029)
Total pension liability, beginning of year	5,858,319	5,838,848	5,983,154	6,413,482	6,889,512
Total pension liability, end of year	\$ 5,764,386	\$ 5,858,319	\$ 5,838,848	\$ 5,983,154	\$ 6,413,483
Plan fiduciary net position:					
Employer contributions	\$ 334,222	\$ 334,484	\$ 329,627	\$ 341,668	\$ 334,472
Net investment income	706,670	(190,014)	491,440	304,119	(140,490)
Benefit payments, including refunds of plan member contributions	(515,688)	(524,022)	(508,690)	(532,529)	(540,476)
Administrative expense	(8,778)	(8,987)	(6,932)	(6,967)	(7,706)
Other	250	50	9,858	150	-
Net change in plan fiduciary net position	516,676	(388,489)	315,303	106,441	(354,200)
Plan fiduciary net position, beginning of year	5,731,676	6,120,165	5,804,861	5,698,420	6,052,620
Plan fiduciary net position, end of year	\$ 6,248,352	\$ 5,731,676	\$ 6,120,164	\$ 5,804,861	\$ 5,698,420
City's net pension liability (asset), end of year	\$ (483,966)	\$ 126,643	\$ (281,316)	\$ 178,293	\$ 715,063
Plan's fiduciary net position as a percentage of the total pension liability	108.40%	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	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, 2019**

Firemen's Pension and Relief Fund

Fiscal year ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Interest	\$ 431,668	\$ 454,423	\$ 464,671	\$ 481,908	\$ 528,688
Difference between expected and actual experience	(145,950)	(126,560)	126,580	91,701	(473,629)
Benefit payments, including refunds of plan member contributions	<u>(771,546)</u>	<u>(794,388)</u>	<u>(798,043)</u>	<u>(1,038,656)</u>	<u>(942,640)</u>
Net change in total pension liability	(485,828)	(466,525)	(206,792)	(465,046)	(887,581)
Total pension liability, beginning of year	<u>9,019,132</u>	<u>9,485,657</u>	<u>9,692,449</u>	<u>10,157,495</u>	<u>11,045,076</u>
Total pension liability, end of year	<u>\$ 8,533,304</u>	<u>\$ 9,019,132</u>	<u>\$ 9,485,657</u>	<u>\$ 9,692,449</u>	<u>\$ 10,157,495</u>
Plan fiduciary net position:					
Employer contributions	\$ 435,210	\$ 388,103	\$ 380,031	\$ 418,220	\$ 399,410
Plan member contributions	-	-	-	2,191	7,017
Net investment income	687,769	(270,812)	658,346	176,675	(77,487)
Benefit payments, including refunds of plan member contributions	(771,546)	(794,388)	(798,043)	(1,038,656)	(942,640)
Administrative expense	(1,600)	(2,094)	(6,942)	(6,448)	(6,425)
Other	-	-	9,858	-	2,800
Net change in plan fiduciary net position	349,833	(679,191)	243,250	(448,017)	(617,325)
Plan fiduciary net position, beginning of year	<u>6,012,769</u>	<u>6,691,960</u>	<u>6,448,710</u>	<u>6,896,727</u>	<u>7,514,052</u>
Plan fiduciary net position, end of year	<u>\$ 6,362,602</u>	<u>\$ 6,012,769</u>	<u>\$ 6,691,960</u>	<u>\$ 6,448,710</u>	<u>\$ 6,896,727</u>
City's net pension liability, end of year	<u>\$ 2,170,702</u>	<u>\$ 3,006,363</u>	<u>\$ 2,793,697</u>	<u>\$ 3,243,739</u>	<u>\$ 3,260,768</u>
Plan's fiduciary net position as a percentage of the total pension liability	74.56%	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	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, 2019

	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
	2019	28,555	334,222	(305,667)	-	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
	2019	677,861	435,210	242,651	-	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, 2019**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>June 30</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.2257885%	0.2284472%	0.2546313%	0.2592827%	0.2593006%
City's proportionate share of the net pension liability	\$ 5,447,214	\$ 5,039,397	\$ 6,580,031	\$ 6,200,353	\$ 4,775,626
City's covered payroll	\$ 4,413,157	\$ 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	123.43%	117.73%	149.75%	143.78%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	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, 2019**

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 744,077	\$ 684,529	\$ 661,320	\$ 685,822	\$ 679,053
Contributions related to the contractually required contribution	<u>744,077</u>	<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>	<u>\$ -</u>
City's covered payroll	\$ 4,616,073	\$ 4,302,673	\$ 4,405,479	\$ 4,556,439	\$ 4,403,272
Contributions as a percent of covered payroll	16.12%	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, 2019**

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.742450%	0.804420%	1.052449%	1.140590%	1.217420%
City's proportionate share of the net pension liability	\$ 5,737,215	\$ 7,258,921	\$ 7,478,672	\$ 6,507,408	\$ 6,388,710
City's covered payroll	\$ 2,721,171	\$ 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	210.84%	255.99%	216.23%	185.58%	180.72%
Plan fiduciary net position as a percentage of the total pension liability	73.03%	65.84%	71.17%	72.46%	72.41%

LOPFI - Fire

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.926060%	0.937480%	0.947852%	1.038400%	0.989380%
City's proportionate share of the net pension liability	\$ 7,156,028	\$ 8,459,642	\$ 6,735,410	\$ 5,924,363	\$ 5,192,039
City's covered payroll	\$ 3,380,971	\$ 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	211.66%	247.56%	195.58%	175.84%	156.27%
Plan fiduciary net position as a percentage of the total pension liability	73.03%	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, 2019

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

LOPFI - Police

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 619,463	\$ 713,355	\$ 752,784	\$ 779,997	\$ 755,994
Contributions related to the contractually required contribution	<u>619,463</u>	<u>713,355</u>	<u>752,784</u>	<u>779,997</u>	<u>755,994</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,721,171	\$ 2,835,601	\$ 3,458,671	\$ 3,506,494	\$ 3,535,137
Contribution as a percent of covered payroll	22.76%	25.16%	21.77%	22.24%	21.39%

LOPFI - Fire

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 772,808	\$ 760,297	\$ 678,135	\$ 686,207	\$ 614,388
Contributions related to the contractually required contribution	<u>772,808</u>	<u>760,297</u>	<u>678,135</u>	<u>686,207</u>	<u>614,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,380,971	\$ 3,417,168	\$ 3,443,817	\$ 3,369,089	\$ 3,322,435
Contribution as a percent of covered payroll	22.86%	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, 2019

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Policemen's Pension and Relief Fund	12/31/2019	12.54%
	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	12/31/2019	11.77%
	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. These revenues are restricted to expenditure for providing housing or housing assistance provided to qualifying citizens, improvements to neighborhood streets and drainage.

HOME Investment Partnership Program Fund (HOME) – Accounts for HOME grant funds received from the U.S. Department of Housing and Urban Development and passed through the Arkansas Development Finance Authority. These revenues provide assistance for affordable housing to qualifying 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 asset forfeiture programs. These monies are restricted for expenditures for assistance in drug enforcement activities.

The **Capital Projects Fund** accounts for the acquisition or construction of major capital assets from the proceeds from general obligation bond issues and other financing sources.

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.

The **Debt Service Funds** account 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 a 1.0 mil annual ad valorem tax and the pro-rata portion of the proceeds of the 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.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING BALANCE SHEET
 GOVERNMENTAL FUNDS - NONMAJOR
 DECEMBER 31, 2019

	Special Revenue				Capital Project	Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2015 Capital Improvements Construction	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Assets								
Cash	\$ 48,785	\$ 69,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,601
Restricted cash	-	-	-	24,214	148,636	283,171	511,926	967,947
Accounts receivable	34,826	5,797	54,446	-	-	15,798	-	110,867
Due from other funds	1	-	-	2,394	-	-	36,649	39,044
Total Assets	\$ 83,612	\$ 75,613	\$ 54,446	\$ 26,608	\$ 148,636	\$ 298,969	\$ 548,575	\$ 1,236,459
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 3,237	\$ -	\$ 23,905	\$ -	\$ -	\$ -	\$ -	\$ 27,142
Due to other funds	13,112	-	-	-	36,649	-	-	49,761
Accrued wages payable	2,322	-	-	-	-	-	-	2,322
Other liabilities	536	30,717	16,855	-	-	-	8,911	57,019
Total liabilities	19,207	30,717	40,760	-	36,649	-	8,911	136,244
Fund Balances								
Restricted:								
Debt service	-	-	-	-	-	298,969	539,664	838,633
Law enforcement activities	-	-	-	26,608	-	-	-	26,608
Housing and neighborhood programs	64,406	44,896	-	-	-	-	-	109,302
Grant funds	-	-	13,687	-	-	-	-	13,687
Capital projects	-	-	-	-	111,987	-	-	111,987
Total fund balances	64,406	44,896	13,687	26,608	111,987	298,969	539,664	1,100,217
Total Liabilities and Fund Balances	\$ 83,612	\$ 75,613	\$ 54,446	\$ 26,608	\$ 148,636	\$ 298,969	\$ 548,575	\$ 1,236,459

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - NONMAJOR YEAR ENDED DECEMBER 31, 2019

	Special Revenue				Capital Project	Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2015 Capital Improvements Construction	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,901	\$ -	\$ 266,901
Intergovernmental	308,103	-	229,998	15,218	-	-	-	553,319
Investment income	665	-	44	-	4,850	3,695	10,837	20,091
Miscellaneous	20	-	-	-	-	-	-	20
Total revenues	308,788	-	230,043	15,218	4,850	270,596	10,837	840,331
Expenditures								
Police	-	-	163,989	24,586	-	-	-	188,575
Fire	-	-	-	-	231,491	-	-	231,491
Housing and neighborhood programs	306,466	5,546	53,568	-	-	-	-	365,580
Debt service								
Principal	-	-	-	-	-	260,000	530,000	790,000
Interest	-	-	-	-	-	15,830	182,561	198,391
Agent fees	-	-	-	-	-	5,741	1,000	6,741
Total expenditures	306,466	5,546	217,556	24,586	231,491	281,571	713,561	1,780,777
Excess (Deficiency) of Revenues Over Expenditures	2,322	(5,546)	12,487	(9,368)	(226,641)	(10,975)	(702,724)	(940,446)
Other Financing Sources								
Transfers in	-	-	-	-	-	-	726,536	726,536
Total other financing sources	-	-	-	-	-	-	726,536	726,536
Net Change in Fund Balances	2,322	(5,546)	12,487	(9,368)	(226,641)	(10,975)	23,812	(213,910)
Fund Balances, Beginning of Year	62,084	50,442	1,200	35,976	338,628	309,944	515,852	1,314,126
Fund Balances, End of Year	\$ 64,406	\$ 44,896	\$ 13,687	\$ 26,608	\$ 111,987	\$ 298,969	\$ 539,664	\$ 1,100,217



FIDUCIARY FUNDS

Pension Trust Funds

Pension Trust Funds account for assets held in the Policemen's Pension and Relief Fund, the Firemen's Pension and Relief Fund, and the Municipal Judges' Retirement 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, 2019

	<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	\$ 290,524	\$ 467,759	\$ 758,283
Investments			
U.S. Government obligations	1,189,503	2,964,112	4,153,615
Corporate bonds	1,384,767	-	1,384,767
Mutual funds	3,360,357	2,907,529	6,267,886
Receivables			
Accounts	233	233	466
Due from other funds	32,827	32,827	65,654
Accrued interest	18,354	18,065	36,419
	<u>\$ 6,276,565</u>	<u>\$ 6,390,525</u>	<u>\$ 12,667,090</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 6,276,565</u>	<u>\$ 6,390,525</u>	<u>\$ 12,667,090</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2019

	<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	\$ 48,399	\$ -	\$ 48,399
Contributed from General Fund			
Property taxes	284,511	284,511	569,022
State insurance turnback and guarantee fund	53,960	208,361	262,321
Total contributions	<u>386,870</u>	<u>492,872</u>	<u>879,742</u>
Investment income			
Net increase in fair value of investments	509,578	574,185	1,083,763
Interest and dividends	163,072	99,246	262,318
Gain on sale of investments	88,160	99,632	187,792
Other investment income	354	-	354
	<u>761,164</u>	<u>773,063</u>	<u>1,534,227</u>
Less investment expense	59,584	67,228	126,812
Net investment income	<u>701,580</u>	<u>705,835</u>	<u>1,407,415</u>
Total additions	<u>1,088,450</u>	<u>1,198,706</u>	<u>2,287,156</u>
Deductions			
Benefits paid directly to participants	569,398	830,166	1,399,564
Administrative expenses	3,290	1,600	4,890
Total deductions	<u>572,688</u>	<u>831,766</u>	<u>1,404,454</u>
Change in Net Position	515,762	366,940	882,702
Net Position Restricted for Pension Benefits			
Beginning of Year	<u>5,760,803</u>	<u>6,023,585</u>	<u>11,784,388</u>
Net Position Restricted for Pension Benefits			
End of Year	<u>\$ 6,276,565</u>	<u>\$ 6,390,525</u>	<u>\$ 12,667,090</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>District Court Fines and Forfeitures Fund</u>				
Assets				
Cash	\$ 28,946	\$ 568,423	\$ 581,789	\$ 15,580
Liabilities				
Other liabilities	\$ 28,946	\$ 568,423	\$ 581,789	\$ 15,580
<u>District Court Restitution Fund</u>				
Assets				
Cash	\$ 2,063	\$ 316	\$ 755	\$ 1,624
Liabilities				
Other Liabilities	\$ 2,063	\$ 316	\$ 755	\$ 1,624
<u>Total Agency Funds</u>				
Assets				
Cash	\$ 31,009	\$ 568,739	\$ 582,544	\$ 17,204
Liabilities				
Other liabilities	31,009	568,739	582,544	17,204
Total Liabilities	\$ 31,009	\$ 568,739	\$ 582,544	\$ 17,204

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2019

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Operating Activities				
Receipts from customers	\$ 8,272,703	\$ 4,830,801	\$ -	\$ 13,103,504
Other receipts	2,217,485	40,325	-	2,257,810
Payments to employees	(2,244,034)	(1,851,332)	-	(4,095,366)
Payments to suppliers	(826,495)	(705,036)	(4,841)	(1,536,372)
Payments to service providers	(181,876)	(386,220)	(722,866)	(1,290,962)
Other payments	(2,668,702)	-	-	(2,668,702)
Net cash provided by (used in) operating activities	4,569,081	1,928,538	(727,707)	5,769,912
Noncapital Financing Activities				
Local tax levy supporting operations	-	-	832,780	832,780
Capital and Related Financing Activities				
Purchase of capital assets	(821,651)	(624,563)	-	(1,446,214)
Proceeds from issuance of long-term debt	(3,235,109)	-	-	(3,235,109)
Principal paid on long-term debt	-	(460,000)	-	(460,000)
Interest paid on long-term debt	(332,959)	(546,695)	-	(879,654)
Net cash provided by (used in) capital and related financing activities	(4,389,719)	(1,631,258)	-	(6,020,977)
Investing Activities				
Proceeds from maturities of cash investments	2,165,692	-	-	2,165,692
Purchase of cash investments	(2,171,112)	-	(155,446)	(2,326,558)
Decrease (increase) in restricted cash	(544)	-	-	(544)
Interest received	9,459	212,597	5,708	227,764
Net cash provided by (used in) investing activities	3,495	212,597	(149,738)	66,354
Net Increase in Cash and Cash Equivalents	182,857	509,878	(44,665)	648,070
Cash and Cash Equivalents, Beginning of Year	7,027,353	8,450,436	479,612	15,957,401
Cash and Cash Equivalents, End of Year	\$ 7,210,210	\$ 8,960,314	\$ 434,947	\$ 16,605,471
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (875,171)	\$ (148,248)	\$ (823,989)	\$ (1,847,408)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	2,884,250	2,049,167	-	4,933,417
Closure and post-closure care costs	-	27,380	-	27,380
Amortization of deferred expenses	72,933	-	-	72,933
Other income, net	2,217,485	-	-	2,217,485
Changes in operating assets and liabilities				
Receivables, net	93,906	(119,390)	-	(25,484)
Revenues earned and unbilled	-	(6,247)	-	(6,247)
Prepaid expenses	(1,655)	(1,109)	-	(2,764)
Inventories	28,860	25,078	-	53,938
Due to other entities	49,582	-	-	49,582
Accounts payable	(132,812)	3,852	96,282	(32,678)
Accrued pension liability	371,597	-	-	371,597
Accrued expenses	3,715	(9,035)	-	(5,320)
Customer deposits	22,975	-	-	22,975
Deferrals related to pensions	(167,114)	107,090	-	(60,024)
Other liabilities	530	-	-	530
Net cash provided by (used in) operating activities	\$ 4,569,081	\$ 1,928,538	\$ (727,707)	\$ 5,769,912
Presented on the Statement of Fund Net Position- Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 7,210,210	\$ 8,259,864	\$ 434,947	\$ 15,905,021
Restricted for bond requirements-cash and cash equivalents	-	124,216	-	124,216
Noncurrent assets				
Cash and cash equivalents	-	576,234	-	576,234
Total Cash and Cash Equivalents	\$ 7,210,210	\$ 8,960,314	\$ 434,947	\$ 16,605,471

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 2019 was \$207,861.

During 2019, Jacksonville Wastewater Utility accepted utility property constructed by private developers. The fair value of this donated property was \$121,566.

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)	135
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.	

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 34,751,804	\$ 36,800,745	\$ 41,063,504	\$ 42,058,114
Restricted	2,384,498	2,052,401	1,798,969	1,184,762
Unrestricted (deficit)	13,387,422	10,824,395	5,937,438	3,544,078
Total governmental activities net position	<u>\$ 50,523,724</u>	<u>\$ 49,677,541</u>	<u>\$ 48,799,911</u>	<u>\$ 46,786,954</u>
Business-type activities				
Net investment in capital assets	\$ 469,824	\$ 653,790	\$ 821,873	\$ 887,393
Unrestricted	238,833	825,120	1,107,844	1,479,431
Total business-type activities net position	<u>\$ 708,657</u>	<u>\$ 1,478,910</u>	<u>\$ 1,929,717</u>	<u>\$ 2,366,824</u>
Primary government				
Net investment in capital assets	\$ 35,221,628	\$ 37,454,535	\$ 41,885,377	\$ 42,945,507
Restricted	2,384,498	2,052,401	1,798,969	1,184,762
Unrestricted (deficit)	13,626,255	11,649,515	7,045,282	5,023,509
Total primary government net position	<u>\$ 51,232,381</u>	<u>\$ 51,156,451</u>	<u>\$ 50,729,628</u>	<u>\$ 49,153,778</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.

(2) During 2017, the AGFF Shooting Sports Complex was moved into an enterprise fund from the General Fund.

Table 1

<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017(2)</u>	<u>2018</u>	<u>2019</u>
\$ 42,843,428	\$ 43,120,490	\$ 42,125,123	\$ 37,788,738	\$ 35,873,213	\$ 34,351,016
1,831,423	6,086,120	4,161,056	4,759,509	5,023,813	5,284,005
2,694,078	(12,819,219)	(14,319,749)	(15,403,962)	(15,340,558)	(14,662,089)
<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>	<u>\$ 24,972,931</u>
\$ 989,853	\$ 1,366,575	\$ 1,820,668	\$ 5,284,651	\$ 5,080,941	\$ 5,050,271
1,673,821	871,967	328,090	178,852	(193,393)	347,011
<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>	<u>\$ 5,397,282</u>
\$ 43,833,282	\$ 44,487,065	\$ 43,945,791	\$ 43,073,389	\$ 40,954,154	\$ 39,401,287
1,831,423	6,086,120	4,161,056	4,759,509	5,023,813	5,284,005
4,367,899	(11,947,253)	(13,991,659)	(15,225,111)	(15,533,950)	(14,315,078)
<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>	<u>\$ 30,370,214</u>

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
General administration	\$ 1,754,213	\$ 389,238	\$ 454,301	\$ 614,247
City council	115,831	120,634	112,915	143,817
Office of the mayor	231,562	230,970	240,152	245,782
City clerk	144,722	212,357	143,434	140,796
City attorney	184,094	180,478	190,970	192,214
District court	308,593	303,536	336,932	342,963
Director of administration	317,955	125,806	112,868	114,376
Information technology	-	177,839	216,749	241,131
Finance	535,466	478,674	659,988	541,303
Human resources	202,575	245,038	228,913	236,759
Fleet services	176,543	186,396	165,871	144,176
Community programs	14,139	173,030	198,400	94,705
Public works	2,866,092	2,585,034	2,872,093	3,605,742
Parks and recreation services	2,515,033	2,602,790	2,748,589	2,953,709
Police	7,025,994	8,510,214	7,782,731	7,928,822
Fire	4,500,852	3,998,521	4,882,380	4,840,219
Emergency communication services	800,722	563,861	894,851	962,308
Animal control	313,564	308,039	306,344	320,102
Housing and neighborhood programs	543,274	273,097	365,162	588,290
Interest expense on long term debt	92,912	102,070	79,563	154,499
Agent fees on long-term debt	-	-	-	-
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>22,644,136</u>	<u>21,767,622</u>	<u>22,993,206</u>	<u>24,405,960</u>
Business-type activities				
Sanitation services	1,628,388	1,531,003	1,585,114	1,522,422
Shooting complex services	-	-	-	-
Emergency medical services	1,094,031	1,460,366	1,615,704	1,876,427
Total business-type activities expenses	<u>2,722,419</u>	<u>2,991,369</u>	<u>3,200,818</u>	<u>3,398,849</u>
Total primary government expenses	<u>\$ 24,490,041</u>	<u>\$ 25,984,575</u>	<u>\$ 27,606,778</u>	<u>\$ 25,806,023</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$ 181,945	\$ 162,959	\$ 178,388	\$ 156,458
District court	307,641	311,855	730,677	766,291
Finance	8,001	8,026	8,001	20,001
Fleet services	73,845	51,060	37,225	28,368
Public works	105,706	67,005	73,871	79,073
Parks and recreation services	732,000	672,790	751,295	797,053
Police	362,790	363,469	59,193	33,670
Fire	2,912	2,512	800	822
Emergency communication services	225,154	205,394	-	212,769
Animal control	32,350	24,420	20,865	19,365
Housing and neighborhood programs	17,007	535	1,036	486
Operating grants and contributions	3,916,198	3,731,153	4,236,786	4,428,410
Capital grants and contributions	419,836	709,285	1,013,992	685,232
Total governmental activities program revenues	<u>6,385,386</u>	<u>6,310,463</u>	<u>7,112,129</u>	<u>7,227,997</u>
Business-type activities				
Sanitation services	1,277,118	1,812,390	1,816,769	1,908,726
AGFF Shooting sports complex	-	-	-	-
Emergency medical services	709,812	1,009,118	1,062,331	1,132,011
Operating grants and contributions	12,000	13,500	13,000	6,500
Capital grants and contributions	-	305,495	59,196	-
Total business-type activities program revenues	<u>1,998,930</u>	<u>3,140,503</u>	<u>2,951,296</u>	<u>3,047,237</u>
Total primary government program revenues	<u>\$ 8,384,316</u>	<u>\$ 9,450,966</u>	<u>\$ 10,063,425</u>	<u>\$ 10,275,234</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

2014	2015 (1)	2016	2017	2018	2019
\$ 538,999	\$ 569,284	\$ 556,838	\$ 557,064	\$ 588,492	\$ 536,219
129,174	137,959	127,096	135,390	115,767	102,366
239,117	242,586	268,762	257,366	235,751	264,799
137,910	133,400	156,334	137,719	132,710	149,541
177,245	175,033	169,206	265,883	195,078	263,203
340,907	339,984	363,278	327,002	288,647	410,884
114,063	108,044	129,570	168,666	66,589	60,483
233,713	215,326	344,072	281,286	328,045	396,834
470,372	468,408	523,413	480,310	476,826	520,396
227,865	223,741	234,627	182,619	173,136	179,466
151,582	142,922	155,398	151,475	144,414	143,021
193,128	156,941	410,863	247,008	197,863	236,212
2,247,748	2,832,455	2,987,291	3,134,679	2,802,632	3,167,610
3,381,026	3,547,411	4,109,087	2,875,561	2,688,822	3,053,109
7,507,452	7,129,333	9,125,283	7,531,016	6,757,932	6,377,452
4,498,167	3,985,677	5,744,534	5,465,496	6,345,142	5,840,076
1,035,881	980,293	1,103,149	1,026,272	1,001,230	1,108,903
318,606	296,316	329,470	307,420	285,996	336,284
239,470	200,669	240,454	216,681	252,044	370,280
224,750	209,386	262,728	242,525	223,214	199,807
-	33,833	6,844	6,990	7,035	6,741
-	145,014	-	-	-	-
<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>	<u>23,723,687</u>
1,459,139	1,516,551	1,575,392	2,001,844	2,001,844	2,030,667
-	-	813,554	657,188	657,188	565,546
2,005,367	2,472,158	1,994,625	2,323,196	2,323,196	2,254,304
<u>3,464,506</u>	<u>3,988,709</u>	<u>4,383,571</u>	<u>4,982,228</u>	<u>4,982,228</u>	<u>4,850,517</u>
<u>\$ 25,738,523</u>	<u>\$ 31,337,006</u>	<u>\$ 28,381,999</u>	<u>\$ 28,289,592</u>	<u>\$ 28,289,592</u>	<u>\$ 28,574,204</u>
\$ 183,919	\$ 365,550	\$ 259,848	\$ 443,992	\$ 311,026	\$ 434,576
812,509	561,363	533,596	473,217	435,533	364,662
20,001	29,001	28,001	29,001	29,001	29,001
22,950	35,338	33,602	30,990	28,920	31,583
87,505	118,729	178,305	101,345	73,919	106,416
980,103	1,024,897	1,037,505	690,777	688,960	640,172
25,464	92,562	46,142	82,007	69,432	103,226
1,968	600	616	6,218	2,956	2,756
221,994	221,144	224,805	227,063	237,118	309,191
24,415	18,770	10,508	10,444	4,865	20,495
67,693	53,217	300	45,973	46,020	20
4,598,762	4,145,981	4,413,390	4,300,118	4,242,826	2,031,400
211,790	933,951	259,177	111,000	406,260	3,048,158
<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>	<u>7,121,656</u>
1,847,490	1,881,351	1,825,540	1,854,628	1,885,890	1,591,723
-	-	-	361,463	332,942	405,152
1,387,624	1,550,301	1,579,660	1,743,946	1,739,613	2,132,153
-	12,460	11,947	15,855	13,893	16,171
-	-	-	-	-	-
<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>4,145,199</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>	<u>\$ 11,266,855</u>

(continued)

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (expense)/revenue				
Governmental activities	\$ (16,258,750)	\$ (15,457,159)	\$ (15,881,077)	\$ (17,177,963)
Business-type activities	(854,543)	418,084	(40,073)	(153,581)
Total primary government net expense	<u>\$ (17,113,294)</u>	<u>\$ (15,039,075)</u>	<u>\$ (15,921,150)</u>	<u>\$ (17,331,544)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 768,342	\$ 777,265	\$ 784,180	\$ 826,033
Sales taxes	13,157,342	12,612,511	13,138,610	13,164,041
Utility franchise taxes	1,097,960	1,057,234	1,031,798	1,292,667
Investment earnings	79,823	38,014	21,136	7,026
Grants and contributions not restricted to specific programs	491,200	459,187	459,957	433,463
Gain (loss) on sale of capital assets	9,209	9,265	10,263	31,775
Transfers	(500,000)	(342,500)	(442,496)	(590,000)
Total governmental activities	<u>15,103,876</u>	<u>14,610,976</u>	<u>15,003,448</u>	<u>15,165,005</u>
Business-type activities:				
Investment earnings	5,500	(17,890)	504	688
Grants and contributions not restricted	-	27,559	47,881	-
Gain on sale of capital assets	-	-	-	-
Transfers	500,000	342,500	442,496	590,000
Total business-type activities	<u>505,500</u>	<u>352,169</u>	<u>490,880</u>	<u>590,688</u>
Total primary government	<u>\$ 15,609,376</u>	<u>\$ 14,963,144</u>	<u>\$ 15,494,328</u>	<u>\$ 15,755,693</u>
Changes in Net Position				
Governmental activities	\$ (1,154,874)	\$ (846,183)	\$ (877,629)	\$ (2,012,958)
Business-type activities	(349,043)	770,253	450,807	437,107
Change in accounting principle	-	-	-	-
Total primary government	<u>\$ (1,503,918)</u>	<u>\$ (75,930)</u>	<u>\$ (426,822)</u>	<u>\$ (1,575,851)</u>

Table 2

2014	2015 (1)	2016	2017	2018	2019
\$ (15,148,100)	\$ (14,672,914)	\$ (20,322,502)	\$ (17,446,283)	\$ (16,730,529)	\$ (16,602,030)
(163,735)	(20,394)	(571,562)	(407,679)	(1,009,890)	(705,318)
<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>	<u>\$ (17,307,348)</u>
\$ 838,864	\$ 845,840	\$ 871,178	\$ 821,693	\$ 882,197	\$ 917,150
13,406,409	13,798,792	13,781,154	14,013,579	13,935,682	14,623,842
1,137,932	1,262,049	1,105,865	1,096,000	1,078,449	1,113,293
5,059	15,644	89,570	110,441	78,189	110,642
470,303	454,419	451,246	449,828	449,060	448,418
331,187	(69,038)	37,520	(149,160)	-	-
(459,677)	(425,000)	(434,989)	(3,718,243)	(390,000)	(1,194,851)
<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>	<u>16,018,494</u>
908	993	1,539	4,125	10,755	20,200
-	-	-	-	-	-
-	74,831	45,250	56	33,180	-
459,677	425,000	434,989	3,718,243	390,000	1,194,851
<u>460,585</u>	<u>500,825</u>	<u>481,778</u>	<u>3,722,424</u>	<u>433,935</u>	<u>1,215,051</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>	<u>\$ 17,233,545</u>
\$ 581,977	\$ 1,209,792	\$ (4,420,959)	\$ (4,822,144)	\$ (696,952)	\$ (583,537)
296,850	480,431	(89,784)	3,314,745	(575,955)	509,733
-	(13,096,892)	-	-	(890,867)	-
<u>\$ 878,827</u>	<u>\$ (11,406,669)</u>	<u>\$ (4,510,742)</u>	<u>\$ (1,507,399)</u>	<u>\$ (2,163,774)</u>	<u>\$ (73,803)</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			
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
2019	917,150	7,971,755	6,565,369	86,719	14,623,842	1,113,293	16,654,285
Change 2010-2019	19.4%	15.0%	5.8%	361.0%	11.1%	1.4%	10.9%

CITY OF JACKSONVILLE, ARKANSAS

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

Table 4

Pre-GASB 54																		
<u>2010</u>																		
General Fund																		
Reserved	\$								159,341									
Unreserved									<u>3,297,028</u>									
Total general fund	\$								<u>3,456,369</u>									
All Other Governmental Funds																		
Reserved, reported in:																		
Debt service funds	\$								254,508									
Special revenue funds									<u>8,928,627</u>									
Unreserved, reported in:																		
Special revenue funds									2,995,731									
Capital projects funds																		
Total all other governmental funds	\$								<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>	<u>2019</u>									
General Fund																		
Nonspendable	\$	-	\$	-	\$	49,285	\$	35,247	\$	29,034	\$	1,003	\$	3,758	\$	2,066		
Restricted		536,440		537,495		123,382		8,158		-		-		-		-		
Committed		5,265		5,943		7,039		2,654		3,301		5,948		5,876		6,985		7,873
Assigned		1,070,000		-		-		-		-		-		-		-		-
Unassigned		<u>3,792,850</u>		<u>4,095,873</u>		<u>3,089,430</u>		<u>2,375,306</u>		<u>1,830,111</u>		<u>806,202</u>		<u>994,333</u>		<u>1,992,119</u>		<u>3,139,553</u>
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>	\$	<u>3,149,492</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	\$	5,284,005
Assigned		<u>6,180,291</u>		<u>2,733,641</u>		<u>1,809,841</u>		<u>1,597,837</u>		<u>1,617,645</u>		<u>1,603,548</u>		<u>1,406,102</u>		<u>1,472,853</u>		<u>1,471,609</u>
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>	\$	<u>6,755,615</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.
In 2015, the increase in restricted fund balance is associated with the issuance of the 2015 Capital Improvement Bonds.

CITY OF JACKSONVILLE, ARKANSAS

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Property taxes	\$ 723,754	\$ 762,221	\$ 779,861	\$ 782,292
Sales taxes	13,157,342	12,612,511	13,138,610	13,164,041
Licenses and permits	153,264	122,289	160,514	123,447
Intergovernmental	4,305,841	4,053,971	5,310,202	4,674,667
Charges for services	1,026,128	924,618	1,056,207	1,081,303
Fines and fees	651,231	651,271	791,192	798,456
Utility franchise taxes	1,097,960	1,057,234	1,031,798	1,292,667
Investment income	79,823	38,014	21,136	7,026
Contributions	-	-	-	150,000
Miscellaneous	343,931	818,963	227,747	917,159
	<u>21,539,274</u>	<u>21,041,092</u>	<u>22,517,267</u>	<u>22,991,058</u>
Total revenues	21,539,274	21,041,092	22,517,267	22,991,058
Expenditures				
General government	3,265,843	2,794,399	3,600,208	3,491,811
Public works	3,259,890	4,137,281	3,070,904	3,021,075
Parks and recreation services	2,568,025	2,332,786	3,694,975	5,514,730
Police	7,920,716	7,675,658	11,533,317	8,096,659
Fire	5,177,419	4,716,182	4,403,817	4,486,226
Emergency communication services	672,701	755,149	4,858,959	878,086
Animal control	299,631	295,563	298,166	322,848
Housing and neighborhood programs	539,016	286,307	371,863	559,482
Debt Service				
Principal	145,000	135,000	155,000	1,422,435
Interest	94,956	104,094	81,468	157,622
Agent fees	250	600	700	600
Issuance costs	-	-	-	-
	<u>23,943,447</u>	<u>23,233,019</u>	<u>32,069,377</u>	<u>27,951,574</u>
Total expenditures	23,943,447	23,233,019	32,069,377	27,951,574
Excess (Deficiency) of revenues over (under) expenditures	(2,404,173)	(2,191,927)	(9,552,110)	(4,960,516)
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Proceeds from other long-term debt	-	-	3,011,700	3,157,161
Capital lease	-	-	2,516,526	-
Transfers in	14,209,326	836,647	6,004	577,890
Transfers out	(14,709,326)	(1,179,147)	(448,500)	(1,167,890)
	<u>(500,000)</u>	<u>(342,500)</u>	<u>5,085,730</u>	<u>2,567,161</u>
Total other financing sources (uses)	(500,000)	(342,500)	5,085,730	2,567,161
Net change in fund balances	<u>\$ (2,904,173)</u>	<u>\$ (2,534,427)</u>	<u>\$ (4,466,380)</u>	<u>\$ (2,393,355)</u>
Debt service as a percentage of noncapital expenditures	1.3%	1.3%	0.9%	10.5%

Table 5

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 802,438	\$ 833,835	\$ 839,052	\$ 826,251	\$ 856,539	\$ 852,536
13,406,409	13,798,792	13,781,154	14,013,579	13,935,682	14,623,842
133,586	136,274	226,274	434,535	243,423	305,522
4,729,464	4,575,835	4,847,747	4,738,360	4,687,887	5,482,124
1,119,187	1,150,933	1,097,253	942,439	956,629	1,063,640
840,609	651,626	562,916	542,862	493,869	429,075
1,137,932	1,262,049	1,105,865	1,096,000	1,078,449	1,113,293
5,059	15,644	89,570	110,441	78,189	110,642
-	772,000	257,500	110,000	406,260	4,125
932,527	665,312	548,794	234,085	260,997	334,679
23,107,211	23,862,300	23,356,125	23,048,552	22,997,923	24,319,477
2,906,919	2,708,248	2,781,035	2,904,825	2,797,378	3,025,070
2,528,778	2,802,715	2,375,150	2,390,959	2,295,609	3,029,940
3,025,248	3,292,345	3,936,111	2,473,090	2,620,703	2,682,522
7,149,003	7,347,242	7,370,238	6,970,618	6,003,262	5,919,883
4,324,497	4,472,701	7,214,517	4,764,915	5,261,163	5,200,548
714,945	675,758	699,037	714,326	761,607	812,913
305,998	287,637	280,536	290,121	299,083	307,313
238,824	202,067	226,768	213,718	244,248	365,580
1,803,468	6,389,707	725,000	1,050,000	765,000	790,000
227,594	215,760	272,534	251,964	220,133	198,391
600	33,833	6,844	6,990	7,035	6,741
-	145,014	-	-	-	-
23,225,874	28,573,027	25,887,770	22,031,526	21,275,222	22,338,900
(118,663)	(4,710,727)	(2,531,645)	1,017,026	1,722,701	1,980,577
-	8,851,649	-	-	-	-
344,335	-	-	-	-	-
-	-	-	-	-	-
554,150	150,000	993,156	1,088,000	1,000,336	726,536
(1,013,827)	(575,000)	(1,428,145)	(1,543,989)	(1,390,336)	(1,301,536)
(115,342)	8,426,649	(434,989)	(455,989)	(390,000)	(575,000)
\$ (234,005)	\$ 3,715,922	\$ (2,966,634)	\$ 561,037	\$ 1,332,701	\$ 1,405,577
12.4%	33.6%	4.3%	7.5%	5.0%	4.5%

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENTAL 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			
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
2019	852,536	7,971,755	6,565,369	86,719	14,623,842	1,113,293	16,589,671
Change 2010-2019	17.8%	15.0%	5.8%	361.0%	11.1%	1.4%	10.8%

CITY OF JACKSONVILLE, ARKANSAS

ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Table 7

Year	Regular Property		Utility Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Personal	Real	Personal				
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%
2019	223,912,898	69,007,820	-	22,845,645	315,766,363	3.0	1,578,831,815	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
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
2019	3.00	3.00	10.10	10.10	-	-	48.30	48.30	58.40	58.40

Tax Levies

2010	\$	1,191,800	\$	46,915,434	\$	93,963,825	\$	-	\$	147,871,810
2011		1,212,353		48,464,111		98,195,347		-		150,884,589
2012		1,216,108		49,084,104		100,584,377		-		156,811,691
2013		1,253,591		50,553,806		105,004,294		-		162,634,409
2014		1,289,033		52,080,512		109,264,864		-		69,343,032
2015		1,299,180		53,185,616		14,858,236		-		56,492,623
2016		1,316,778		55,175,845		-		18,017,117		75,443,503
2017		1,309,974		55,667,587		-		18,465,942		77,969,963
2018		1,334,609		57,637,586		-		18,997,768		77,969,963
2019		1,405,292		59,806,627		-		19,920,435		81,132,354

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, 2019

Table 9

The City of Jacksonville, Arkansas' largest own-source revenue is sales taxes. The City's sale taxes revenues are generated from two separate tax levies: a two cent city tax based on point of sale and a portion of the county's one cent tax based on population. Taxes are assessed based on the point of sale. The City of Jacksonville makes up approximately 7% of the county population and receives a like portion of the county tax. In 2019, the two cent city sales tax generated revenue of \$7,971,754. The City's share of the county 1-cent tax generated revenue of \$6,548,442.

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.

Jacksonville Top Ten 2 Cent Sales Taxpayers Industries	Tax Collected	% of Total
Retail Trade	\$ 4,466,306	56.0%
Accommodations and Food Services	712,576	8.9%
Other	535,785	6.7%
Wholesale Trade	486,824	6.1%
Information and Cultural Industries	413,904	5.2%
Rental, Leasing and Real Estate	269,157	3.4%
Admin & Support & Waste Mngmt & Remediation Services	244,986	3.1%
Utilities	231,552	2.9%
Other Services (except Public Administration)	204,862	2.6%
Automobile	160,019	2.0%
Totals	\$ 7,725,971	96.9%

Jacksonville Top Ten 1 Cent County Sales Taxpayers Industry	Collected	% of Total
Retail Trade	\$ 2,999,187	45.8%
Accommodations and Food Services	818,555	12.5%
Wholesale Trade	609,005	9.3%
Utilities	445,294	6.8%
Rental, Leasing and Real Estate	307,777	4.7%
Manufacturing	301,228	4.6%
Information and Cultural Industries	288,131	4.4%
Other Services (except Public Administration)	235,744	3.6%
Admin & Support & Waste Mngmt & Remediation Services	189,905	2.9%
Automobile	78,581	1.2%
Totals	\$ 6,273,408	95.8%

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

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

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Table 10

Year	Total Tax Levy in Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2019	1,334,609	1,171,176	87.75%	59,229	1,230,405	92.19%

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 Leases	Notes Payable				
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 (2)	-	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	
2019	230,041	6,470,439	-	463,223	-	7,163,702	1.14%	323.48	

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	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property (1)	Per Capita (2)
2010	\$ 267,804,471	\$ 1,672,256	\$ 266,132,215	0.62%	\$ 58.96
2011	272,424,245	7,014,419	265,409,826	2.57%	247.30
2012	273,268,791	7,311,637	265,957,154	2.68%	257.78
2013	281,693,338	9,046,969	272,646,369	3.21%	318.96
2014	289,658,045	7,584,433	282,073,612	2.62%	267.40
2015	291,939,108	10,078,357	281,860,751	3.45%	355.32
2016	295,893,857	9,313,363	286,580,494	3.15%	328.35
2017	294,359,847	8,257,106	286,102,741	2.81%	291.11
2018	299,890,740	7,494,177	292,396,563	2.50%	264.21
2019	315,766,363	6,700,479	309,065,884	2.12%	236.23

Note: Details regarding the City's outstanding debt can be found in *Note 5* to the financial statements.

(1) See *Table 7*, Schedule of Assessed and Appraised Value of Taxable Property for property value data.

(2) See *Table 16*, Schedule of Demographic and economic Statistics for personal income and population data.

CITY OF JACKSONVILLE, ARKANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2019

Table 13

	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
Direct:			
City of Jacksonville	\$ 7,163,702	100%	\$ 7,163,702
Overlapping:			
Jacksonville North Pulaski School District	<u>56,525,000</u>	77% (1)	<u>43,524,250 (2)</u>
Total direct & overlapping debt	<u>\$ 63,688,702</u>		<u>\$ 50,687,952</u>

(1) Property value for city is \$315,766,363 while property value for the School District is \$412,431,112.
Estimated percentage = 315.8 divided by 412.4 = 77%

(2) Share of outstanding debt = 56,525,000 X 77%

CITY OF JACKSONVILLE, ARKANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 66,951,118	\$ 68,106,061	\$ 68,317,198	\$ 70,423,335
Total net debt applicable to limit	<u>1,817,691</u>	<u>1,672,256</u>	<u>7,014,419</u>	<u>8,772,496</u>
Legal debt margin	<u>\$ 65,133,427</u>	<u>\$ 66,433,805</u>	<u>\$ 61,302,779</u>	<u>\$ 61,650,839</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
\$ 72,414,511	\$ 72,984,777	\$ 73,973,464	\$ 73,589,962	\$ 74,972,685	\$ 74,972,685	\$ 78,941,591
<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>7,472,668</u>	<u>6,731,895</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>	<u>\$ 67,500,017</u>	<u>\$ 72,209,695</u>
12.46%	10.09%	13.34%	11.80%	10.24%	9.97%	8.53%

Legal Debt Margin Calculation for 2019

Assessed value	\$ 315,766,363
Debt limit:	
General obligation debt limitation (1)	63,153,273
Short-term financing debt limitation (2)	<u>15,788,318</u>
Total Debt Limitation	<u>78,941,591</u>
Debt applicable to limit:	
General obligation and short-term financing	7,163,702
Less: Amount set aside for repayment in debt service fund	<u>431,807</u>
Total net debt applicable to limit	<u>6,731,895</u>
Legal debt margin	<u>\$ 72,209,695</u>

CITY OF JACKSONVILLE, ARKANSAS

PLEGGED REVENUE BOND COVERAGE LAST TEN YEARS

Table 15

Governmental Activities Revenue Bonds*						
2006 Library Construction Bond						
Fiscal Year	Pledged Revenues	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2019	\$ 5,494,775	\$ 70,000	\$ 84,430	\$ 154,430	3%	
2015 Capital Improvement and Refunding Bond						
Fiscal Year	Pledged Revenues	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2019	\$ 16,868,130	\$ 530,000	\$ 193,236	\$ 723,236	4%	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Primary government pledged revenue bond coverage is presented starting with fiscal year 2019.

(1) Library Bonds are backed by the 1 mills annual ad valorem tax levied by the City on all taxable and real personal property located within the jurisdictional limits of the City.

(2) Capital Improvement and Refunding Revenue Bonds are backed with a pledge of specific Utility Franchise fees.

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)
2010	28,364 (1)	\$ 566,656	\$ 19,978	30.0	15.0%	5,826 (3)	8.5%
2011	28,364 (1)	582,738	20,545	30.0	15.0%	5,527 (3)	7.9%
2012	28,364 (1)	600,097	21,157	30.8	15.0%	5,333 (3)	8.0%
2013	28,364 (1)	577,378	20,356	31.2	15.0%	5,279 (3)	7.7%
2014	28,364 (1)	577,378	20,356	31.2	15.0%	5,144 (3)	6.1%
2015	28,364 (1)	580,895	20,480	31.2	18.6%	3,898 (5)	5.7%
2016	28,364 (1)	556,644	19,625	31.2	18.9%	4,062 (6)	4.1%
2017	28,364 (1)	576,073	20,310	31.9	19.2%	3,871	3.3%
2018	28,364 (1)	599,019	21,119	32.4	19.5%	3,886	4.2%
2019	28,364 (1)	628,149	22,146	33.1	18.6%	3,958	5.0%

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

- (1) 2010 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) 2015 New division lines for Pulaski County Special School District excludes data from Adkins PreK, Cato Elementary, Northwood Elementary schools.
- (6) 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>2019</u>			<u>2010</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
Little Rock Air Force Base	9,662	1	55.12%	7,163	1
Jacksonville North Pulaski School District	625	2	3.57%	-	-
Pathfinder, Inc	568	3	3.24%	900	2
Wal-Mart	300	4	1.71%	555	4
City of Jacksonville	288	5	1.64%	277	6
Arkansas Federal Credit Union	223	6	1.27%	174	8
Lomanco, Inc.	205	7	1.17%	194	7
First Arkansas Bank & Trust	149	8	0.85%	147	9
Lowe's	144	9	0.82%	-	-
Gwatney Chevrolet	125	10	0.71%	-	-
First Electric Co-op	-	-		130	10
Pulaski County Special School District	-	-		788	3
North Metro Medical Center	-	-		450	5
	<u>12,289</u>		<u>70.11%</u>	<u>10,778</u>	

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



CITY OF JACKSONVILLE, ARKANSAS

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

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government:					
General administration	12	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	7	7	8	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	4	4	4
Code enforcement	5	4	4	4	4
Parks and recreation	45	30	40	55	35
Police	90	95	95	98	96
Fire	52	54	54	56	56
Emergency communication	13	13	14	15	12
Animal control	6	6	6	6	5
Total General Fund	<u>264</u>	<u>254</u>	<u>266</u>	<u>288</u>	<u>261</u>
Community Development					
Community Development	2	2	2	2	1
Emergency Medical Services	12	11	12	12	12
Public Works - Street	22	18	22	18	15
Sanitation	24	16	18	16	15
Total Other Funds	<u>60</u>	<u>47</u>	<u>54</u>	<u>48</u>	<u>43</u>
Total Personnel	<u>324</u>	<u>301</u>	<u>320</u>	<u>336</u>	<u>303</u>

Source: City's Human Resource Department

Table 18

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
12	12	10	10	10
10	10	10	10	10
2	1	1	1	2
2	1	1	1	2
2	1	1	1	2
5	5	3	4	5
1	1	0	0	0
1	1	1	1	3
6	6	6	6	7
2	1	1	1	2
2	2	2	2	2
1	1	1	1	1
3	3	3	3	3
4	4	3	2	5
34	45	34	64	55
95	94	79	55	60
55	45	55	51	56
11	10	13	9	10
5	5	5	5	5
<u>253</u>	<u>248</u>	<u>229</u>	<u>227</u>	<u>240</u>
1	1	1	1	1
12	12	12	12	10
14	18	19	16	14
15	15	16	13	15
<u>42</u>	<u>46</u>	<u>48</u>	<u>42</u>	<u>40</u>
<u>295</u>	<u>294</u>	<u>277</u>	<u>269</u>	<u>280</u>

CITY OF JACKSONVILLE, ARKANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/Program	2010	2011	2012	2013
Planning and Development				
Total building permits issued	224	171	228	158
Estimated building cost	\$ 20,416,524	\$ 13,250,658	\$ 28,930,558	\$ 10,620,235
New commercial construction permits	27	9	3	9
Commercial construction value	\$ 10,353,317	\$ 8,412,857	\$ 16,653,110	\$ 5,335,457
New residential construction permits	60	31	102	32
Residential construction value	\$ 8,665,968	\$ 3,416,000	\$ 10,687,144	\$ 4,109,500
Police				
Number of uniformed employees	76	76	79	80
Call responses	47,895	47,217	48,167	49,659
Physical arrests	4,362	4,007	4,050	3,804
Parking/traffic violations	7,865	7,146	7,399	5,996
Clearance rate - violent crimes	49.7%	65.6%	44.0%	63.5%
Clearance rate - property crimes	30.7%	36.3%	44.8%	64.0%
Fire				
Number of uniformed employees	51	53	53	55
Fire alarms	2,640	3,129	3,129	4,141
EMS alarms	2,841	3,125	3,216	3,120
Fire losses	\$ 380,450	\$ 407,600	\$ 963,342	\$ 829,630
Fire savings	\$ 2,630,600	\$ 990,800	\$ 1,113,900	\$ 3,014,880
911 Communications				
Ambulance land line calls (1)(2)	852	1,406	1,447	1,404
Ambulance wireless calls (1)(2)	1,989	1,718	1,769	1,716
Fire land line calls (1)(2)	792	1,408	1,408	1,863
Fire wireless calls (1)(2)	1,848	1,721	1,721	2,278
Police land line calls (1)(2)	14,369	21,248	21,675	22,347
Police wireless calls (1)(2)	33,527	25,969	26,492	27,312
Animal Shelter				
Animals handled	2,176	2,063	1,762	1,563
Adoptions	915	758	564	595
Rescued and released to owners	431	416	419	374
Animal cruelty investigations	145	156	107	73
Animal bite investigations	34	39	33	35
Solid Waste/Garbage collection				
Solid waste disposal monthly service rate (3)	\$ 8.21	\$ 9.60	\$ 20.98	\$ 21.40
Refuse collected (cubic yards)	23,648	22,503	21,027	21,542
Recyclables collected, processed, and sold (tons)	675	665	609	579
Recycled yard waste (cubic yards)	32,816	35,768	32,910	33,456
Recycle drive-thru customers (4)	8,474	7,500	6,696	7,826
Public Works				
Asphalt milling (square yards)	6,111	7,113	8,308	15,513
Asphalt overlay (tons)	2,554	1,655	1,956	2,574
Right-of-way and ditch mowing (miles)	1,850	1,850	1,850	1,850
Ditch cleaning (linear feet)	12,906	11,398	22,322	22,322
Pipe/culvert installation (linear feet)	1,423	1,000	2,158	2,577
Storm drain culverts cleaned/flushed (feet)	3,000	3,000	3,000	3,000
Roadways cleaned with street sweeper (miles)	9,318	9,318	9,318	9,318
Potholes repaired	256	241	167	202
Parks and recreation				
Total recorded parks attendance	487,600	349,525	356,321	375,000
Community Center events booked	376	325	338	350
Pool parties-indoor pool	216	128	154	227
Pool parties-outdoor pool	81	107	122	113
Swim lessons	1,656	853	1,220	1,562
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

2014	2015	2016	2017	2018	2019
150	147	153	183	145	190
\$ 11,637,357	\$ 9,244,024	\$ 15,307,827	\$ 97,881,742	\$ 18,957,534	\$ 41,491,501
3	1	6	13	8	4
\$ 5,273,746	\$ 380,000	\$ 2,126,400	\$ 87,803,785	\$ 9,564,888	\$ 26,265,314
39	43	41	63	36	56
\$ 4,749,000	\$ 5,633,017	\$ 5,060,053	\$ 7,309,903	\$ 5,404,500	\$ 13,256,326
80	77	76	79	70	70
45,587	55,199	51,263	42,804	43,266	40,031
4,040	3,363	2,896	1,898	2,621	2,018
7,278	7,731	6,410	3,502	3,651	5,572
56.7%	63.0%	59.0%	56.0%	59.0%	38.7%
44.5%	49.0%	37.0%	18.0%	35.0%	39.7%
55	67	55	56	52	56
3,752	4,485	4,699	5,035	5,308	5,558
3,541	3,847	3,920	4,215	4,253	4,608
\$ 803,495	\$ 394,220	\$ 829,630	\$ 706,250	\$ 459,600	\$ 205,750
\$ 2,906,079	\$ 7,949,810	\$ 5,656,220	\$ 10,133,450	\$ 6,967,785	\$ 7,633,750
1,593	1,731	980	1,054	1,063	1,152
1,948	2,116	2,940	3,161	3,190	3,456
1,688	2,018	1,175	1,259	1,327	1,390
2,064	2,467	3,524	3,776	3,981	4,169
20,514	24,840	12,816	10,701	10,816	10,008
25,073	30,359	38,447	32,103	32,450	30,023
1,507	1,500	1,503	1,723	1,668	1,720
795	1,032	1,125	1,236	1,180	1,012
324	324	296	329	299	361
38	27	17	9	6	14
40	40	32	40	18	8
\$ 22.40	\$ 22.40	\$ 22.40	\$ 22.62	\$ 22.39	\$ 22.39
22,393	24,774	26,890	26,886	22,789	23,967
612	557	524	531	557	384
34,529	30,636	31,830	38,352	30,636	30,054
8,156	8,140	8,122	6,620	8,140	6,766
13,286	7,314	11,600	10,000	7,390	21,025
1,623	2,226	2,055	2,064	2,280	2,759
1,850	1,850	1,850	1,850	1,850	1,850
22,240	18,422	20,299	27,856	30,582	30,582
1,500	1,065	1,528	2,106	3,288	2,040
3,000	3,000	3,000	3,000	3,000	2,500
9,318	9,318	7,800	7,800	7,800	7,800
200	225	225	246	358	495
425,000	425,000	435,000	500,000	435,000	500,000
173	187	303	329	474	304
185	272	184	212	203	171
112	126	92	127	118	97
1,541	1,126	1,477	1,392	1,472	1,439
-	-	79	87	60	60
-	-	1,200,000	1,300,000	1,200,000	1,200,000

CITY OF JACKSONVILLE, ARKANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 20

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	1	2	2	2	2	2
Patrol units	69	69	69	69	87	82	78	80	49	51
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	4	4	4	4	5	5	5	5	6	8
Ambulances	4	4	4	4	4	4	4	3	4	5
Refuse Collection										
Collection trucks	18	18	18	18	18	18	20	22	18	19
Public Works										
Miles of streets	120	121.33	121	121	121	123	123	124	124	124
Miles of highways	43	43	43	43	43	43	43	43	43	43
Traffic signals	24	24	24	24	17	17	16	16	18	18
Parks and Recreation										
Acreage	313	318	318	318	700	700	700	700	700	700
Number of parks	16	16	16	16	16	16	16	16	16	16
Number of playgrounds	10	10	11	11	11	11	11	11	11	11
Number of ball fields	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	3	3	3	3	2
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Number of pavilions	18	18	18	18	18	18	18	18	18	18

Source: Various City departments.

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

McAlister & Associates, P. A.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019:

- (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, 2019 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
October 30, 2020



McAlister & Associates, P. A.

CERTIFIED PUBLIC ACCOUNTANTS

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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

INDEPENDENT AUDITOR'S REPORT

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, 2019, 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 October 30, 2020. Our report includes a reference to other auditors who audited the financial statements of Jacksonville Municipal Water Works as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
October 30, 2020

McAlister & Associates, P. A.

CERTIFIED PUBLIC ACCOUNTANTS

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Jacksonville, Arkansas 72078
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Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for the Major Federal Program

We have audited the City of Jacksonville, Arkansas's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. on these financial statements based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
October 30, 2020

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<u>Department of Defense Programs</u>				
Direct Programs:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	N/A	-	48,211
Total Department of Defense			-	48,211
<u>Department of Housing and Urban Development Programs</u>				
Direct Programs:				
<i>CDBG Entitlement Grants Cluster</i>				
Community Development Block Grants/ Entitlement Grants	14.218	N/A	\$ 6,000	\$ 270,094
<i>Total CDBG Entitlement Grants Cluster</i>			6,000	270,094
Total Department of Housing and Urban Development			6,000	270,094
<u>Department of Justice Programs</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	-	6,891
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	21,887
Equitable Sharing Program	16.922	N/A	-	24,586
Total Department of Justice			-	53,364
<u>Department of Transportation Programs</u>				
<i>Highway Planning and Construction Cluster</i>				
Pass-Through From:				
Arkansas Department of Transportation Highway Planning and Construction	20.205	JOB #061489. JOB #061538	-	455,000
Pass-Through From:				
Arkansas State Police Highway Safety Improvement Program	20.205	HSIP 148-2018-012220-02 HSIP 148-2018-012220-02	-	121,841
<i>Total Highway Planning and Construction Cluster</i>			-	576,841
Total Department of Transportation Programs			-	576,841
<i>Total Expenditures of Federal Awards</i>			\$ 6,000	\$ 948,510

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2019

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Jacksonville, Arkansas (City) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

The City did not have any federal loan programs during the year ended December 31, 2019.

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statement audited were prepared in accordance with accounting principles generally accepted in the Unites States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) Identified? Yes No

3. Noncompliance considered material to the financial statements noted?

Yes No

Federal Awards

4. Internal control over compliance for the major federal awards program:
applicable to major federal awards programs disclosed:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of audiotor's report issued on compliance for the major federal award program:

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2019

7. Identification of the major federal program:

Cluster/Program

Highway Planning and Construction Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9. The City qualified as a low-risk auditee?

Yes

No

Section II - Findings Required to be Reported by *Government Auditing Standards*

Reference Number

Finding

No matters are reportable.

Section III - Findings Required to be Reported by the Uniform Guidance

Reference Number

Finding

No matters are reportable.

CITY OF JACKSONVILLE, ARKANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2019

Reference Number	Summary of Finding	Status
No matters are reportable		