

Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

City of Benton, Arkansas

Regulatory Basis Financial Statements,
Supplementary Information and Other Reports

For the Years Ended December 31, 2018 and 2017

City of Benton, Arkansas
Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Financial Statements	
Combined Balance Sheets - Regulatory Basis	4-5
Combined Statements of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis	6-7
Statements of Revenues and Expenditures – Budget and Actual – General Fund - Regulatory Basis	8-9
Statements of Revenues and Expenditures – Budget and Actual – Street Fund - Regulatory Basis	10-11
Notes to Financial Statements	12-28
Supplementary Information	
Schedule of General Fund Expenditures by Department – Regulatory Basis - 2018	29-30
Schedule of General Fund Expenditures by Department – Regulatory Basis - 2017	31-32
Combined Balance Sheet – Street Fund – Regulatory Basis – 2018	33
Combined Balance Sheet – Street Fund – Regulatory Basis – 2017	34
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Street Fund – Regulatory Basis – 2018	35
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Street Fund – Regulatory Basis – 2017	36
Combined Balance Sheet – Other Funds in the Aggregate – Regulatory Basis – 2018	37-38
Combined Balance Sheet – Other Funds in the Aggregate – Regulatory Basis – 2017	39-40
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis – 2018	41-42
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis – 2017	43-44
Schedule of Capital Assets	45
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47
Independent Auditors' Report on Compliance with Certain State Acts	48-49

Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Honorable Mayor and City Council
City of Benton, Arkansas

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arkansas code, as described in Note 1(B) and 1(C), to meet the requirements permitted by the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1(B) and 1(C) to the financial statements, to meet the financial reporting requirements permitted by the State of Arkansas, the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas code, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Arkansas Code.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1(B) and 1(C) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly the financial position of the City of Benton, Arkansas, as of December 31, 2018 and 2017, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on Regulatory Basis of Accounting

The utilities fund has not been included in the City's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas code requires the utility fund to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, revenues, and expenditures. The amount by which this departure would affect the assets, liabilities, revenues, and expenditures of the other funds in the aggregate column is not reasonably determinable. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1(B) and 1(C).

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the omissions described in the Basis for Adverse Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above do not present fairly the financial position of the other funds in the aggregate of the City, as of December 31, 2018 and 2017, and the regulatory basis revenues, expenditures, and changes in net position for the years then ended in accordance with regulatory basis of accounting, as described in Note 1(B) and 1(C).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund and street funds of the City of Benton, Arkansas, as of December 31, 2018 and 2017, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general and street funds for the years then ended in accordance with the financial reporting provisions of the Arkansas code described in Note 1(C).

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise the City of Benton, Arkansas' basis financial statements. The supplementary information on pages 29 through 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, because of the effects on the financial information in the supporting schedules of the omissions discussed above, such information is not presented fairly in all material respects in relation to the financial statements taken as a whole. The supplementary information in the schedule of capital assets is required by the regulatory basis of presentation and is presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we do not express an opinion or provide any assurance on the schedule of capital assets.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

Goakum, Lovell & Co., P.C.
Certified Public Accountants

Benton, Arkansas
June 17, 2019

City of Benton, Arkansas
 Combined Balance Sheet - Regulatory
 Presentation - Modified Accrual Basis
 December 31, 2018

Assets	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
Assets			
Cash and Equivalents:			
Unassigned	\$ 922,276	\$ 4,012,630	\$ 604,314
Council Committed	515,063	133,144	1,290
Restricted	67,617	3,505,223	9,203,705
Investments-Restricted			21,294,807
Other Receivables	336,893	1,222,233	123,323
Prepaid Expenses	64,430	15,580	58,260
Total Assets	<u>\$ 1,906,279</u>	<u>\$ 8,888,810</u>	<u>\$ 31,285,699</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 60,357	\$ 597,503	\$ 27,640
Accrued Compensation	192,691	11,245	30,343
Assets Held in Trust			22,857,257
Total Liabilities	<u>253,048</u>	<u>608,748</u>	<u>22,915,240</u>
Fund Balances			
Restricted for Debt Service			3,955,076
Restricted for Capital Outlay		4,263,321	2,643
Restricted for Other Activities	67,617		3,806,859
Unrestricted:			
Committed	515,063	113,506	1,290
Unassigned	1,070,551	3,903,235	604,591
Total Fund Balances	<u>1,653,231</u>	<u>8,280,062</u>	<u>8,370,459</u>
Total Liabilities and Fund Balances	<u>\$ 1,906,279</u>	<u>\$ 8,888,810</u>	<u>\$ 31,285,699</u>

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

City of Benton, Arkansas
 Combined Balance Sheet - Regulatory
 Presentation - Modified Accrual Basis
 December 31, 2017

Assets	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
Assets			
Cash and Equivalents:			
Unassigned	\$ 1,245,970	\$ 3,037,004	\$ 1,807,711
Council Committed	487,941	279,739	2,945
Restricted	226,759	2,419,485	6,181,595
Investments-Restricted			21,527,640
Other Receivables	136,118	1,159,724	
Prepaid Expenses	56,770	14,510	57,780
Total Assets	<u>\$ 2,153,558</u>	<u>\$ 6,910,462</u>	<u>\$ 29,577,671</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 256,037	\$ 1,303,277	\$ 44,457
Accrued Compensation	165,677	9,927	25,164
Assets Held in Trust			24,087,673
Total Liabilities	<u>421,714</u>	<u>1,313,204</u>	<u>24,157,294</u>
Fund Balances			
Restricted for Debt Service			3,507,709
Restricted for Capital Outlay		2,329,160	2,620
Restricted for Other Activities	226,759		111,233
Unrestricted:			
Committed	487,941	249,578	2,945
Unassigned	1,017,144	3,018,520	1,795,870
Total Fund Balances	<u>1,731,844</u>	<u>5,597,258</u>	<u>5,420,377</u>
Total Liabilities and Fund Balances	<u>\$ 2,153,558</u>	<u>\$ 6,910,462</u>	<u>\$ 29,577,671</u>

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

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances - Regulatory Presentation - Modified Accrual Basis
 For the Year Ended December 31, 2018

	General Fund	Street Fund	Other Funds in the Aggregate
Revenues			
Tax Revenues	\$ 2,063,007	\$ 2,921,127	\$ 19,705,305
Bonds, Fines and Fees	466,281		1,081,740
Permits and Licenses	366,271	112,271	
Federal and State Grants	528,478	4,996,866	650
Investment Income	11,903	62,065	90,165
Other	405,912	465,543	2,285,360
Total Revenues	<u>3,841,852</u>	<u>8,557,872</u>	<u>23,163,220</u>
Expenditures			
Human Resources	12,688,365	726,401	1,996,800
Operations and Maintenance	822,342	600,104	876,091
Utilities	118,553	11,455	391,635
Outside Services	1,324,119	82,792	778,433
Educational/Professional	198,034	4,404	31,860
Capital Outlay	936,490	6,892,086	375,795
Principal Payments			3,241,707
Interest Payments			2,032,529
Total Expenditures	<u>16,087,903</u>	<u>8,317,242</u>	<u>9,724,850</u>
Excess (Deficit) of Revenues over Expenditures	<u>(12,246,051)</u>	<u>240,630</u>	<u>13,438,370</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets	26,191		51,487
Proceeds from Debt		1,829,415	
Transfers In	12,754,301	1,812,759	11,976,115
Transfers Out	(613,054)	(1,200,000)	(22,515,890)
Total Other Financing Sources and (Uses)	<u>12,167,438</u>	<u>2,442,174</u>	<u>(10,488,288)</u>
Changes in Fund Balances	(78,613)	2,682,804	2,950,082
Fund Balances at Beginning of Year	<u>1,731,844</u>	<u>5,597,258</u>	<u>5,420,377</u>
Fund Balances at End of Year	<u>\$ 1,653,231</u>	<u>\$ 8,280,062</u>	<u>\$ 8,370,459</u>

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

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances - Regulatory Presentation - Modified Accrual Basis
 For the Year Ended December 31, 2017

	General Fund	Street Fund	Other Funds in the Aggregate
Revenues			
Tax Revenues	\$ 1,945,137	\$ 2,835,199	\$ 18,680,552
Bonds, Fines and Fees	509,722		917,283
Permits and Licenses	411,877	112,622	
Federal and State Grants	476,679	6,270,614	158,680
Investment Income	1,483	6,948	41,138
Other	445,254	589,243	1,824,410
Total Revenues	<u>3,790,152</u>	<u>9,814,626</u>	<u>21,622,063</u>
Expenditures			
Human Resources	12,072,264	725,059	1,693,015
Operations and Maintenance	1,131,799	668,323	771,641
Utilities	112,618	12,800	182,213
Outside Services	1,206,797	50,169	660,381
Educational/Professional	191,519	1,787	38,562
Capital Outlay	3,012,754	8,901,375	5,420,873
Principal Payments			4,767,892
Interest Payments			2,190,973
Total Expenditures	<u>17,727,751</u>	<u>10,359,513</u>	<u>15,725,550</u>
Excess (Deficit) of Revenues over Expenditures	<u>(13,937,599)</u>	<u>(544,887)</u>	<u>5,896,513</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets	76,375	4,100	
Proceeds From Debt	300,000	1,184,443	
Transfers In	14,024,303	1,723,917	13,123,760
Transfers Out	(475,750)	(1,150,000)	(25,398,766)
Total Other Financing Sources and (Uses)	<u>13,924,928</u>	<u>1,762,460</u>	<u>(12,275,006)</u>
Changes in Fund Balances	(12,671)	1,217,573	(6,378,493)
Fund Balances at Beginning of Year	<u>1,744,515</u>	<u>4,379,685</u>	<u>11,798,870</u>
Fund Balances at End of Year	<u>\$ 1,731,844</u>	<u>\$ 5,597,258</u>	<u>\$ 5,420,377</u>

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

City of Benton, Arkansas
Statement of Revenues and Expenditures - Budget and Actual -
General Fund - Regulatory Presentation - Modified Accrual Basis
For the Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Tax Revenues	\$ 2,039,765	\$ 2,063,007	\$ 23,242
Bonds, Fines and Fees	519,583	466,281	(53,302)
Permits and Licenses	493,600	366,271	(127,329)
Federal and State Grants	534,642	528,478	(6,164)
Investment Income	1,500	11,903	10,403
Other	365,939	405,912	39,973
Total Revenues	<u>3,955,029</u>	<u>3,841,852</u>	<u>(113,177)</u>
Expenditures			
Human Resources	13,475,855	12,688,365	787,490
Operations and Maintenance	1,149,543	822,342	327,201
Utilities	134,974	118,553	16,421
Outside Services	1,482,762	1,324,119	158,643
Educational/Professional	238,315	198,034	40,281
Capital Outlay	831,910	936,490	(104,580)
Total Expenditures	<u>17,313,359</u>	<u>16,087,903</u>	<u>1,225,456</u>
Excess (Deficit) of Revenues over Expenditures	<u>(13,358,330)</u>	<u>(12,246,051)</u>	<u>1,112,279</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets	27,178	26,191	(987)
Transfers In	13,891,955	12,754,301	(1,137,654)
Transfers Out	(652,000)	(613,054)	38,946
Total Other Financing Sources and (Uses)	<u>13,267,133</u>	<u>12,167,438</u>	<u>(1,099,695)</u>
Change in Fund Balance	<u>\$ (91,197)</u>	<u>\$ (78,613)</u>	<u>\$ 12,584</u>

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

City of Benton, Arkansas
Statement of Revenues and Expenditures - Budget and Actual -
General Fund - Regulatory Presentation - Modified Accrual Basis
For the Year Ended December 31, 2017

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Tax Revenues	\$ 2,359,727	\$ 1,945,137	\$ (414,590)
Bonds, Fines and Fees	518,592	509,722	(8,870)
Permits and Licenses	356,800	411,877	55,077
Federal and State Grants	695,030	476,679	(218,351)
Investment Income	1,800	1,483	(317)
Other	212,820	445,254	232,434
Total Revenues	<u>4,144,769</u>	<u>3,790,152</u>	<u>(354,617)</u>
Expenditures			
Human Resources	12,727,030	12,072,264	654,766
Operations and Maintenance	1,370,502	1,131,799	238,703
Utilities	138,555	112,618	25,937
Outside Services	1,594,600	1,206,797	387,803
Educational/Professional	261,415	191,519	69,896
Capital Outlay	3,144,959	3,012,754	132,205
Total Expenditures	<u>19,237,061</u>	<u>17,727,751</u>	<u>1,509,310</u>
Excess (Deficit) of Revenues over Expenditures	<u>(15,092,292)</u>	<u>(13,937,599)</u>	<u>1,154,693</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets	30,000	76,375	46,375
Proceeds from Debt		300,000	300,000
Transfers In	15,549,710	14,024,303	(1,525,407)
Transfers Out	(492,000)	(475,750)	16,250
Total Other Financing Sources and (Uses)	<u>15,087,710</u>	<u>13,924,928</u>	<u>(1,162,782)</u>
Change in Fund Balance	<u>\$ (4,582)</u>	<u>\$ (12,671)</u>	<u>\$ (8,089)</u>

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

City of Benton, Arkansas
Statement of Revenues and Expenditures - Budget and Actual -
Street Fund - Regulatory Presentation - Modified Accrual Basis
For the Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Tax Revenues	\$ 2,890,578	\$ 2,921,127	\$ 30,549
Permits and Licenses	114,100	112,271	(1,829)
Federal and State Grants	7,607,200	4,996,866	(2,610,334)
Investment Income	5,340	62,065	56,725
Other	621,600	465,543	(156,057)
Total Revenues	<u>11,238,818</u>	<u>8,557,872</u>	<u>(2,680,946)</u>
Expenditures			
Human Resources	883,748	726,401	157,347
Operations and Maintenance	940,175	600,104	340,071
Utilities	20,500	11,455	9,045
Outside Services	95,800	82,792	13,008
Educational/Professional	7,242	4,404	2,838
Capital Outlay	12,565,600	6,892,086	5,673,514
Total Expenditures	<u>14,513,065</u>	<u>8,317,242</u>	<u>6,195,823</u>
Excess (Deficit) of Revenues over Expenditures	<u>(3,274,247)</u>	<u>240,630</u>	<u>3,514,877</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets			
Proceeds from Debt	1,238,400	1,829,415	591,015
Transfers In	1,873,740	1,812,759	(60,981)
Transfers Out	(1,200,000)	(1,200,000)	
Total Other Financing Sources and (Uses)	<u>1,912,140</u>	<u>2,442,174</u>	<u>530,034</u>
Change in Fund Balance	<u>\$ (1,362,107)</u>	<u>\$ 2,682,804</u>	<u>\$ 4,044,911</u>

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

City of Benton, Arkansas
Statement of Revenues and Expenditures - Budget and Actual -
Street Fund - Regulatory Presentation - Modified Accrual Basis
For the Year Ended December 31, 2017

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues			
Tax Revenues	\$ 2,869,032	\$ 2,835,199	\$ (33,833)
Permits and Licenses	106,380	112,622	6,242
Federal and State Grants	5,380,000	6,270,614	890,614
Investment Income	5,340	6,948	1,608
Other	411,840	589,243	177,403
Total Revenues	<u>8,772,592</u>	<u>9,814,626</u>	<u>1,042,034</u>
Expenditures			
Human Resources	829,500	725,059	104,441
Operations and Maintenance	911,210	668,323	242,887
Utilities	19,500	12,800	6,700
Outside Services	94,400	50,169	44,231
Educational/Professional	6,884	1,787	5,097
Capital Outlay	8,663,500	8,901,375	(237,875)
Total Expenditures	<u>10,524,994</u>	<u>10,359,513</u>	<u>165,481</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,752,402)</u>	<u>(544,887)</u>	<u>1,207,515</u>
Other Financing Sources and (Uses)			
Gain on Sale of Assets		4,100	4,100
Proceeds From Debt	908,160	1,184,443	276,283
Transfers In	2,034,657	1,723,917	(310,740)
Transfers Out	(1,150,000)	(1,150,000)	
Total Other Financing Sources and (Uses)	<u>1,792,817</u>	<u>1,762,460</u>	<u>(30,357)</u>
Change in Fund Balance	<u>\$ 40,415</u>	<u>\$ 1,217,573</u>	<u>\$ 1,177,158</u>

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

City of Benton, Arkansas
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The City of Benton, Arkansas (the City) was incorporated on December 28, 1848, under the provisions of the State of Arkansas. The city operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police, fire, and animal control), streets, public improvements, culture-recreation, planning and zoning, and general administrative services. Other services include utilities.

The following is a summary of the significant accounting policies:

- A. **The Reporting Entity** – The City, for financial purposes, includes all of the funds relevant to the operations of the City. The utilities fund is not presented in this report. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.
- B. **Basis of Presentation – Regulatory Fund Accounting** – The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas code. Arkansas code requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of: a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and street fund; notes to the financial statements; and a supplemental schedule of capital assets.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying financial statements:

1. **General Fund** – The general fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund heading, as it appears in the financial statements, includes the following funds: elected staff, administrative services, legal, information technology, central communications, police, fire, community development, economic development and professional technical.
2. **Street Fund** – The street fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintaining and constructing highways and streets.
3. **Other Funds in the Aggregate** – Other funds in the aggregate consist of all funds included in the financial statements except for the general and street funds. The following types of funds are included in this column as follows:
 - a) **Special Revenue Funds** – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following special revenue funds are reported with other funds in the aggregate: public safety, animal control, parks and recreation, contingency, sales tax, event center, advertising and promotion commission, police drug control and the 911.

City of Benton, Arkansas
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (cont'd)

- b) Capital Project Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The following capital project funds are reported with other funds in the aggregate: economic development grant and park improvements.
 - c) Debt Service Funds – 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. The debt service fund included activity for the Series 2015 sales and use tax bonds, the Series 2015 capital improvement revenue bonds, the Series 2014 sales and use tax bonds, the Series 2012 hotel and restaurant gross receipts tax revenue bonds, the Series 2012 capital improvement refunding and improvement revenue bonds, the Series 2015 and 2017 general revenue promissory notes and the lease-purchase of park lighting, and is reported with other funds in the aggregate.
 - d) Trust and Agency Funds – Trust and agency funds are used to account for assets held by the entity in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and other funds. No activity is reported for these funds in the statements of revenues, expenditures and changes in fund balances, and the total of these assets are offset by a corresponding liability (assets held in trust) on the balance sheet. The following trust and agency funds are reported with other funds in the aggregate: Benton firefighters pension, City of Benton employees' pension, Benton Utilities employees' pension, municipal court judge and clerk pension, administration of justice, police bond and fine, and district court bond and fine.
- C. Measurement Focus and Regulatory Basis of Accounting – The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas code. The regulatory basis differs from accounting principles generally accepted in the United States. The financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. All major revenues are susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the liability has matured and payment is due. General capital asset acquisitions that provide future benefits are considered expenditures.
- D. Cash and Equivalents – Cash and equivalents consist of all cash on hand, deposited in the bank, or deposited in certificates of deposit.
- E. Cash Deposits – All cash deposits were insured or collateralized with securities held by the City, by the pledging financial institution's trust department, or by its agent in the City's name as of the balance sheet date.
- F. Investments – The City's only investments were maintained in trust for the pension funds. All of these investments were insured, registered, or securities held by the City or its agent in the City's name as of the balance sheet date. All investments are carried at fair value. Under the authority of Act 6 of 1985, the Board of Directors of the fireman's pension fund elected to deposit funds with investment banking firms. These funds are to be invested in corporate stocks and bonds and U.S. government obligations. Income from these investments is to be reinvested, and an annual management fee will be deducted from these funds.

City of Benton, Arkansas
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (cont'd)

- G. Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. Formal budgetary integration is employed as a management control device during the year for the general, street, animal control and parks/recreation funds. These budgets are adopted on a basis consistent with the regulatory basis of accounting. Under the regulatory basis of accounting only the general and street fund budgets have been presented in the basic financial statements. The city council approves all budgets. Payables are reported on the accrual method and there are no allowances made for encumbrances. Appropriations are cut off at year end and are not lapsed into the next year.
 2. The budget amounts shown in the basic financial statements are the final authorized amounts as revised during the year.
- H. Use of Estimates – The preparation of financial statements in conformity with the modified accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- I. Property Taxes – Property taxes are levied on the third Monday in February and are due and payable at that time through October 10th. Unpaid taxes are delinquent on October 11th. Property tax revenues are recognized when received.
- J. Fund Balance – In the basic financial statements, funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change. A commitment should be assumed for funds that have been separately established, even though such funds are reported as unassigned.

Note 2: Legal or Contractual Provisions for Deposits and Investments

- A. Governmental Fund Types – State law generally requires that municipal funds be deposited in federally insured banks located in the state of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.
- B. Pension Trust Funds – State law provides that if the total assets of the pension trust fund are less than one hundred thousand dollars (\$100,000), the funds may be deposited or invested as noted above. If the total assets of the fund exceed one hundred thousand dollars (\$100,000), the fund may employ a professional investment advisor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

Note 3: Legal Debt Limit – Tax Secured Bond Issues

The City is subject to a constitutional limitation for bonded indebtedness equal to twenty percent (20%) of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. There were no property tax secured bond issues as of December 31, 2018 and 2017.

City of Benton, Arkansas
Notes to the Financial Statements

Note 4: Council Committed Funds

The following is a schedule of the council committed funds at December 31:

	<u>2018</u>	<u>2017</u>
General Fund		
Communications Systems Fund	\$ 38,314	\$ 20,590
Financial Stability Fund	<u>476,749</u>	<u>467,351</u>
	<u>515,063</u>	<u>487,941</u>
Street Fund		
Stormwater Fund	133,144	279,739
Other Funds in the Aggregate		
Fire Truck Reserve Fund	1,290	75
Contingency Fund		<u>2,870</u>
	<u>1,290</u>	<u>2,945</u>
Total Council Committed Funds	<u>\$ 649,497</u>	<u>\$ 770,625</u>

Communication Systems Fund – The City Council passed Ordinance 43 in November 1997 to create a communications system fund from revenues provided under lease agreements between the City and various wireless telephone providers. The funds may only be expended with a two-thirds vote of the full City Council.

Financial Stability Fund – In accordance with Ordinance 84 of 2007, the City deposited fifty percent of any actual unpledged revenues into the financial stability fund from any budget years that have been previously closed, beginning with the 2007 budget year.

Stormwater Fund – In October 2011, the City Council approved Ordinance 59 of 2011 amending Ordinance 64 of 2006 to specify that stormwater funds be deposited into a fund separate of the general fund to be appropriated and expended as directed by the City Council.

Fire Truck Reserve Fund – In December 2012, the City Council approved Ordinance 73 of 2012 establishing a fire truck reserve fund for the purchase of a new fire truck.

Contingency Fund – In October 2004, the City Council approved the transfer of funds from the utility fund to a contingency fund pursuant to Ordinance 25 of 1998.

Note 5: Restricted Funds

Restricted funds are cash and equivalents that have been limited to uses specified either externally by creditors, grantors, contributors, or laws and regulations of other governments or internally by law through constitutional provisions or enabling legislation. The following is a schedule of the restricted funds at December 31:

	<u>2018</u>	<u>2017</u>
General Fund		
Court Automation Fund	\$ 60,023	\$ 61,745
Farmers Market	6,767	165,009
City Events	822	
Economic Development Funds	<u>5</u>	<u>5</u>
	<u>67,617</u>	<u>226,759</u>
Street Fund		
Special Projects Fund	854,394	217,012
Street Improvements Fund	<u>2,650,829</u>	<u>2,202,473</u>
	<u>3,505,223</u>	<u>2,419,485</u>

City of Benton, Arkansas
Notes to the Financial Statements

Note 5: Restricted Funds (cont'd)

Other Funds in the Aggregate		
Economic Development Grant Fund	2,643	2,620
Debt Service Fund	3,345,208	3,268,677
Public Safety Fund	1,276,745	12,150
Parks and Recreation Fund	2,357,391	28,476
A&P Commission Fund	486,545	239,032
Police Drug Control Funds	172,709	70,603
911 Fund	14	4
Agency and Pension Trust Funds	<u>1,562,450</u>	<u>2,560,033</u>
	<u>9,203,705</u>	<u>6,181,595</u>
Total Restricted Funds	<u>\$ 12,776,545</u>	<u>\$ 8,827,839</u>

Note 6: Investments

The following is a schedule of the investments at December 31:

	<u>2018</u>	<u>2017</u>
Simmons Bank Mutual Funds	\$ 19,622,662	\$ 19,873,271
LPL Financial Mutual Funds	<u>1,672,145</u>	<u>1,654,369</u>
Total Investments	<u>\$ 21,294,807</u>	<u>\$ 21,527,640</u>

Note 7: Commitments

Long-Term Debt – The City had outstanding commitments for the lease-purchase agreements for park lighting, the Series 2012 hotel and restaurant gross receipts tax revenue bonds, the Series 2012 capital improvement refunding and improvement revenue bonds, the Series 2014 sales and use tax bonds, the Series 2015 capital improvement revenue bonds, the Series 2015 sales and use tax bonds and the Series 2015 and 2017 general revenue promissory notes.

A Musco Finance, LLC lease-purchase maturing annually at 3.95% through November 2017, secured by the park lighting.

A Musco Finance, LLC lease-purchase had a balance of \$834,202 and \$1,088,465 at December 31, 2018 and 2017, respectively, maturing annually at 4.45% through January 2021, secured by the park lighting.

The Series 2012 hotel and restaurant gross receipts tax revenue bonds had a balance of \$2,925,000 and \$3,720,000 at December 31, 2018 and 2017, respectively. The bonds mature annually on August 1 at varying amounts through 2027, with interest due semi-annually on February 1 and August 1 at interest rates ranging from 1.162-4.555%, secured by a pledge of revenues derived by the City from a 1.5% tax on gross receipts from motels, hotels, restaurants and similar establishments within the City.

The Series 2012 capital improvement refunding and improvement revenue bonds had a balance of \$2,385,000 and \$2,590,000 at December 31, 2018 and 2017, respectively. The bonds mature annually on September 1 at varying amounts through 2028, with interest due semi-annually on March 1 and September 1 at interest rates ranging from 1.0-3.5%, secured by a pledge of revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City.

City of Benton, Arkansas
Notes to the Financial Statements

Note 7: Commitments (cont'd)

The Series 2014 sales and use tax bonds had a balance of \$34,960,000 and \$35,720,000 at December 31, 2018 and 2017, respectively. The bonds mature annually on June 1 at varying amounts through 2044, with interest due semi-annually on June 1 and December 1 at interest rates ranging from 2.0-5.0%, secured by a pledge of the tax receipts revenue derived by the City.

The Series 2015 capital improvement revenue bonds had a balance of \$6,155,000 and \$6,255,000 at December 31, 2018 and 2017, respectively. The bonds mature annually on September 1 at varying amounts through 2045, with interest due semi-annually on March 1 and September 1 at interest rates ranging from 2.0-4.0%, secured by a pledge of revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City.

The Series 2015 sales and use tax bonds had a balance of \$1,245,000 and \$1,275,000 at December 31, 2018 and 2017, respectively. The bonds mature annually on June 1 at varying amounts through 2044, with interest due semi-annually on June 1 and December 1 at interest rates ranging from 3.0-3.875%, secured by a pledge of tax receipts revenue derived by the City.

The Series 2015 general revenue promissory note had a balance of \$2,000,000 and \$1,170,585 at December 31, 2018 and 2017, respectively. The note is a multiple advance non-revolving note of up to \$5,000,000. The principal is due annually on March 31 through March 31, 2020 in the amount of the lesser of the amount of principal then outstanding or \$1,000,000, with the outstanding balance due on January 12, 2021. The interest, at a rate of 1.79%, is due quarterly. The note is secured by general revenues.

The Series 2017 general revenue promissory note had a balance of \$202,556 and \$300,000 at December 31, 2018 and 2017, respectively. The principal and interest, at a rate of 2.87%, is due annually on June 30 through June 30, 2020 in the amount of \$106,054. The note is secured by general revenues.

The future scheduled maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,996,052	\$ 1,952,464	\$ 4,948,516
2020	3,055,200	1,887,591	4,942,791
2021	2,020,506	1,816,864	3,837,370
2022	1,795,000	1,739,683	3,534,683
2023	1,870,000	1,669,926	3,539,926
2024-2028	7,395,000	7,410,921	14,805,921
2029-2033	7,700,000	5,797,084	13,497,084
2034-2038	9,400,000	4,077,897	13,477,897
2039-2043	11,480,000	1,952,269	13,432,269
2044-2045	2,995,000	96,628	3,091,628
	<u>\$ 50,706,758</u>	<u>\$ 28,401,327</u>	<u>\$ 79,108,085</u>

The following schedule details the changes in the city's long-term debt for the years ending December 31:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 52,119,050	\$ 55,402,499
Additions	1,829,415	1,484,443
Retired	(3,241,707)	(4,767,892)
Ending Balance	<u>\$ 50,706,758</u>	<u>\$ 52,119,050</u>

City of Benton, Arkansas
Notes to the Financial Statements

Note 7: Commitments (cont'd)

Compensated Absences – It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the City's services. It is the City's policy to pay up to a maximum of 90 accumulated sick days to employees who retire from the City. The following is a schedule of compensated absences at December 31, 2018 and 2017:

	General Fund	Street Fund	Other Funds	2018 Total
Unused Vacation	\$ 226,425	\$ 12,713	\$ 24,744	\$ 263,882
Unused Sick Leave	423,030	33,967	19,446	476,443
	<u>\$ 649,455</u>	<u>\$ 46,680</u>	<u>\$ 44,190</u>	<u>\$ 740,325</u>

	General Fund	Street Fund	Other Funds	2017 Total
Unused Vacation	\$ 210,620	\$ 12,397	\$ 23,710	\$ 246,727
Unused Sick Leave	325,428	31,719	7,980	365,127
	<u>\$ 536,048</u>	<u>\$ 44,116</u>	<u>\$ 31,690</u>	<u>\$ 611,854</u>

Benton Police Pension Fund – The City of Benton has a single-employer defined benefit plan which covers all full-time policemen hired prior to January 1, 1983. Plan assets were consolidated with the Arkansas Local Police and Fire Retirement System (LOPFI) in December 2010 and effective January 1, 2011, the plan was administered by LOPFI. The City will pay LOPFI to consolidate the plan for fifteen years. The annual payment for the year ending December 31, 2019 is \$103,764.

Note 8: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements has not exceeded the insurance coverage for the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League program (public entity risk pools) for coverage in the following areas:

Building and Contents Program – This program covers city-owned property as listed on the statement of values. Coverage is limited to \$5,000,000 limit per building /location. Excess limits are provided up to the actual replacement cost limits of the property as per the statement of values, annual aggregate of \$10,000,000 per location for buildings and contents and electronic data processing equipment. The program administrator establishes annually a service charge based on the property covered.

Vehicle Program – This program provides automobile liability and auto physical damage. Automobile liability is limited to \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident and \$25,000 for property damage per accident. Auto physical damage comprehensive/collision coverage is actual cash value of the vehicle. The program administrator establishes annually a service charge based on the vehicles covered.

Workers' Compensation – This program provides statutory benefits for losses incurred by municipal officials and employees while performing work for the municipality. Rates for municipalities participating in this program are revised annually based on the cost experience of the particular municipality or group as determined by the Workers' Compensation Commission.

City of Benton, Arkansas
Notes to the Financial Statements

Note 8: Risk Management (cont'd)

Municipal Legal Defense Program – The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages - not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials and employees because of judgment in any one lawsuit for more than 25 percent of the program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$2,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City participates in the self-insured fidelity bond program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the state risk manager and approved by the board. These premiums are paid by the state treasurer from funds withheld from the municipal aid fund. There is a \$1,000 deductible per occurrence.

Note 9: Interfund Balances

There were no interfund balances at December 31, 2018 and 2017.

Note 10: Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) reimburse a capital project or improvement fund for capital expenditures, (4) reimburse employee costs charged to the utilities fund and reimbursed through transfers from the various funds and (5) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following is a schedule of interfund transfers for the year ending December 31, 2018:

	<u>Transfers in from Other Funds</u>				Transfers Out to Other Funds
	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>	<u>Utilities Fund</u>	
General Fund	\$	\$	\$ 613,054	\$	\$ 613,054
Street Fund	200,000		1,000,000		1,200,000
Other Funds in the Aggregate	10,340,070	1,812,759	10,363,061		22,515,890
Utilities Fund	2,214,231				2,214,231
	<u>\$ 12,754,301</u>	<u>\$ 1,812,759</u>	<u>\$ 11,976,115</u>	<u>\$</u>	<u>\$ 26,543,175</u>

City of Benton, Arkansas
Notes to the Financial Statements

Note 10: Interfund Transfers (cont'd)

The following is a schedule of interfund transfers for the year ending December 31, 2017:

	Transfers in from Other Funds				Transfers Out to Other Funds
	General Fund	Street Fund	Other Funds in the Aggregate	Utilities Fund	
General Fund	\$ 150,000	\$	\$ 475,750	\$	\$ 475,750
Street Fund			1,000,000		1,150,000
Other Funds in the Aggregate	12,026,839	1,723,917	11,648,010		25,398,766
Utilities Fund	1,847,464				1,847,464
	\$ 14,024,303	\$ 1,723,917	\$ 13,123,760	\$	\$ 28,849,230

Note 11: Retirement Plans

Certain financial disclosures are required for a defined benefit pension plan. This information provides clarification in assessing the present and future ability of the pension plan to pay benefits as they become due; however, the information will not change the value or presentation of the financial statements. These disclosures are determined by an actuary and presented in addition to the financial statements.

- A. Arkansas District Judges Retirement System – Act 1374 of 2004 created the Arkansas District Judges Retirement System (ADJRS). ADJRS is a cost-sharing multiple-employer defined benefit plan. Information regarding this plan is provided in the act. ADJRS will issue a publicly available financial report that includes financial statements and required supplementary information of the plan, which may be obtained by contacting the following:

Arkansas District Judges Retirement System
124 West Capitol, Suite 400
Little Rock, Arkansas 72201

- B. The Arkansas Local Police And Fire Retirement System – Act 364 of 1981 created the Arkansas Local Police And Fire Retirement System (LOPFI) for all new hires of policemen or firemen since January 1, 1983. LOPFI is a statewide agent multiple-employer retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the Arkansas. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the plan, which may be obtained by contacting the following:

Arkansas Local Police and Fire Retirement System
P.O. Drawer 34164
Little Rock, Arkansas 72203
(501) 682-1745

Employees are entitled to a monthly pension based on a formula determined by average pay during the sixty consecutive months prior to retirement and longevity of service. Covered firemen are required to contribute six percent of their salary. Covered policemen are not required to contribute to the plan. The system is supported on the local level by a portion of the state insurance turnback subsidy. Should the state insurance turnback and employee withholdings be of an insufficient amount to fund the state requirements, the general fund of the City of Benton is to provide the additional required support.

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

C. Benton Firefighters Pension Fund – The City has a single-employer defined benefit plan which covers all full-time firemen hired prior to January 1, 1983. The plan was established in accordance with Act 491 of Arkansas Code Annotated of 1987. The plan is administered by a seven-member board of trustees comprised of the mayor, city clerk, fire chief and four members of the fire department. The plan's assets are held by the City in a pension trust fund. The financial statements and disclosures for the plan are also available in a stand-alone financial report provided by the actuary. Membership in the plan as of December 31, 2017, is as follows:

Retirees and Beneficiaries Currently	
Receiving Benefits	28
Current Employees	<u>1</u>
Total	<u>29</u>

Employees who have been duly appointed and enrolled and have served for a period of 20 years or more shall be entitled to retirement benefits. They are entitled to a monthly pension equal to one half of the salary attached to the rank that they may have held preceding retirement. Further, any employee who voluntarily retires with more than 20 years of continuous service shall receive the sum of \$20.00 per month for each year of additional service up to \$100.00 per month.

Covered employees are required to contribute six percent of their salary. The City matches the employee's contributions up to 6% of their salary. Any remaining amount necessary to pay benefits is received from a millage tax on real estate and personal property, state insurance turnback funds, and general revenues, if necessary. The following is a schedule of changes in the employers' net pension liability and related ratios for the years ending December 31:

	2017	2016	2015
Total Pension Liability			
Interest	\$ 316,521	\$ 322,146	\$ 349,832
Differences Between Actual and Expected Experience	(16,863)	45,943	(438,256)
Benefit Payments	<u>(487,806)</u>	<u>(473,362)</u>	<u>(457,259)</u>
Net Change in Pension Liability	\$ (188,148)	\$ (105,273)	\$ (545,683)
Pension Liability – Beginning	\$ 6,574,322	\$ 6,679,595	\$ 7,225,278
Pension Liability – Ending	<u>\$ 6,386,174</u>	<u>\$ 6,574,322</u>	<u>\$ 6,679,595</u>
Plan Fiduciary Net Position			
Contributions – Employee	\$ 597,740	\$ 553,720	\$ 7,885
Contributions – Employer	143,986	120,665	343,006
Net Investment Income	(487,806)	(473,362)	(91,556)
Benefits Payments	(487,806)	(473,362)	(457,259)
Administrative Expense			(229)
Other/Reconciliation	<u>1,540</u>	<u>5,600</u>	<u>5,600</u>
Net Change in Plan Net Position	\$ 255,460	\$ 201,023	\$ (192,553)
Net Position – Beginning	\$ 1,917,692	\$ 1,716,669	\$ 1,909,222
Net Position – Ending	<u>\$ 2,173,152</u>	<u>\$ 1,917,692</u>	<u>\$ 1,716,669</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	34.03%	29.17%	25.70%

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

The actuarially determined contribution for 2018 was determined as part of the December 31, 2017, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 5.0% investment rate of return and (b) projected salary increases ranging from 4.2% to 8.0% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was based on the fair market value. The covered payroll is zero. The schedule of contributions is shown below:

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
12/31/15	\$ 1,198,640	\$ 343,006	\$ 855,634
12/31/16	\$ 1,119,018	\$ 553,720	\$ 565,298
12/31/17	\$ 1,049,956	\$ 597,740	\$ 452,215

The long-term expected rate of return on pension plan investments was determined using a building block method of best-estimate ranges of expected future real rates of return. The target allocation of the plan is shown below:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Cash	10%	0.25%

The 1983 Group Annuity Mortality Table was used for life expectancy. For females, the male table was used with a five-year setback. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. A single discount rate of 5.0% 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 5.0%. Regarding the sensitivity of the net pension liability to changes in the single discount rate the following presents the plan's net pension liability, calculated using a single discount rate of 5.0% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease to 4.0%	Current Single Rate Assumed	1% Increase to 6.0%
Total Pension Liability	\$ 7,024,371	\$ 6,386,174	\$ 5,846,897
Net Pension Liability	\$ 4,851,219	\$ 4,213,022	\$ 3,673,745

- D. **Benton Police Pension Fund** – The City of Benton had a single-employer defined benefit plan which covered all full-time policemen hired prior to January 1, 1983. The plan was established in accordance with Act 250 of Arkansas Code Annotated of 1987. The plan was administered by a seven-member board of trustees comprised of the mayor, city clerk and three members of the police department elected by participating members. These five members then elected the other members, one which was a reputable physician and the other a police department retiree. The plan's assets were held by the City in a pension trust fund. Plan assets were consolidated with the Arkansas Local Police and Fire Retirement System (LOPFI) in December 2010 and effective January 1, 2011, the plan was administered by LOPFI. See Note 7: Commitments for estimated costs.

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

- E. City of Benton Employees' Pension Plan – The employees of the City of Benton are covered by a single-employer defined benefit plan which covers all full-time employees who have six months of service.

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. Membership in the plan as of January 1, 2018, is as follows:

Retirees and Beneficiaries	
Currently Receiving Benefits	37
Vested Terminated Employees	23
Disabled	1
Current Employees	<u>91</u>
Total	<u>152</u>

The plan provides retirement benefits as well as disability benefits. Participants begin vesting at five years of service and are 100 percent vested at fifteen years of service. All employees are entitled to a retirement benefit based on period of service. For services prior to October 31, 1968, benefits are based on .5 percent of monthly compensation and .5 percent of average monthly compensation in excess of \$400 multiplied by years of service from date of hire to October 31, 1968. For service between October 31, 1968, and December 31, 1989, benefits are based on 2 percent of average monthly compensation and .75 percent of average monthly compensation in excess of \$400 multiplied by years of service from the later of October 31, 1969, to December 31, 1989. For services after December 31, 1989, benefits are based on 2.75% of average monthly compensation multiplied by years of service (maximum 30 years) to normal retirement date.

Employees may take early retirement between 55 and 65. The employee must complete ten years of service and be at least 55 years of age to be eligible for benefits. The early retirement pension is the actuarial equivalent of the accrued benefits at normal retirement age.

Employees hired after December 31, 2011, contribute two percent of their salary until January 1 following the date of hire and four percent thereafter. No employee contributes after thirty years of service. The City of Benton's contribution is actuarially determined. The following is a schedule of changes in the employers' net pension liability and related ratios for the years ending December 31:

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 297,326	\$ 279,202	\$ 163,185
Service Transfer	(4,256)		884,253
Interest	522,288	498,297	398,461
Difference Between Actual and Expected Experience	59,655	(117,021)	183,754
Benefit Payments	<u>(343,070)</u>	<u>(320,157)</u>	<u>(318,742)</u>
Net Change in Pension Liability	\$ 531,943	\$ 340,321	\$ 1,310,911
Pension Liability – Beginning	<u>\$ 7,339,721</u>	<u>\$ 6,999,400</u>	<u>\$ 5,688,489</u>
Pension Liability – Ending	<u>\$ 7,871,664</u>	<u>\$ 7,339,721</u>	<u>\$ 6,999,400</u>
Plan Fiduciary Net Position			
Contributions – Employee	\$ 77,461	\$ 52,367	\$ 38,058
Contributions – Employer	540,000	352,060	260,014
Other Income – Service Transfer	(4,256)		884,253
Net Investment Income	565,938	392,281	(228,530)
Benefits Payments	<u>(343,070)</u>	<u>(320,157)</u>	<u>(318,742)</u>
Net Change in Plan Net Position	\$ 836,073	\$ 476,551	\$ 635,053
Net Position – Beginning	<u>\$ 6,232,820</u>	<u>\$ 5,756,269</u>	<u>\$ 5,121,216</u>
Net Position – Ending	<u>\$ 7,068,893</u>	<u>\$ 6,232,820</u>	<u>\$ 5,756,269</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.80%	84.92%	82.24%

The actuarially determined contribution for 2018 was determined as part of the January 1, 2018, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 7% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefit increases. The actuarial value of assets was based on the fair market value.

<u>Actuarial Valuation Date</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as % of Payroll</u>
12/31/15	\$ 211,645	\$ 260,014	\$ (48,369)	\$ 1,483,023	17.5%
12/31/16	\$ 409,471	\$ 352,060	\$ 57,411	\$ 2,551,336	13.8%
12/31/17	\$ 402,586	\$ 540,000	\$ (137,414)	\$ 3,345,057	16.1%

The long-term expected rate of return on pension plan investments was determined using a building block method of best-estimate ranges of expected future real rates of return. The target allocation of the plan is shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Fixed Income	30%	2.25%
Domestic Equity	50%	4.75%
Foreign Equity	5%	6.25%
Alternatives	8%	4.50%
Cash	7%	0.25%

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

The 1983 Group Annuity Mortality Table was used for life expectancy. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2018, was ten years. The single discount rate of 7.0% 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 7.0%. Regarding the sensitivity of the net pension liability to changes in the single discount rate the following presents the plan's net pension liability, calculated using a single discount rate of 7.0% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease to 6.0%	Current Single Rate Assumed	1% Increase to 8.0%
Total Pension Liability	\$ 8,819,923	\$ 7,871,664	\$ 7,072,615
Net Pension Liability	\$ 1,751,030	\$ 802,771	\$ 3,722

- F. Benton Utilities Employees' Pension Plan – The employees of the City utilities are covered by a single-employer defined benefit plan which covers all full-time employees who have six months of service.

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. Membership in the plan as of January 1, 2018, is as follows:

Retirees and Beneficiaries	
Currently Receiving Benefits	61
Vested Terminated Employees	24
Current Employees	<u>83</u>
Total	<u>168</u>

The plan provides retirement benefits as well as disability benefits. Benefits begin vesting at five years of service and are 100 percent vested at fifteen years of service. All employees are entitled to a retirement benefit based on period of service.

For services prior to October 31, 1968, benefits are based on .5 percent of monthly compensation and .5 percent of average monthly compensation in excess of \$400 multiplied by years of service from date of hire to October 31, 1968. For service between October 31, 1968, and December 31, 1989, benefits are based on 2 percent of average monthly compensation and .75 percent of average monthly compensation in excess of \$400 multiplied by years of service from the later of October 31, 1969, to December 31, 1989. For services after December 31, 1989, benefits are based on 2.75 percent of average monthly compensation multiplied by years of service (maximum 30 years) to normal retirement date.

Employees may take early retirement between 55 and 65. The employee must complete ten years of service and be at least 55 years of age to be eligible for benefits.

The early retirement pension is the actuarial equivalent of the accrued benefits at normal retirement age.

Employees hired after December 31, 2011, contribute two percent of their salary until January 1 following the date of hire and four percent thereafter. No employee contributes after thirty years of service. The following is a schedule of changes in the employers' net pension liability and related ratios for the years ending December 31:

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 382,204	\$ 390,180	\$ 340,980
Service Transfer		4,256	(884,253)
Interest	1,136,662	1,114,521	1,144,187
Differences Between Actual and Expected Experiences	71,899	(363,881)	(327,057)
Benefit Payments	<u>(871,006)</u>	<u>(770,590)</u>	<u>(723,117)</u>
Net Change in Pension Liability	\$ 719,759	\$ 374,486	\$ (449,260)
Pension Liability – Beginning	<u>\$ 16,291,333</u>	<u>\$ 15,916,847</u>	<u>\$ 16,366,107</u>
Pension Liability – Ending	<u>\$ 17,011,092</u>	<u>\$ 16,291,333</u>	<u>\$ 15,916,847</u>
Plan Fiduciary Net Position			
Contributions – Employee	\$ 64,199	\$ 49,641	\$ 38,301
Contributions – Employer	913,740	685,000	700,012
Other – Service Transfer		4,256	(884,253)
Net Investment Income	1,431,792	939,583	(493,083)
Benefits Payments	<u>(871,006)</u>	<u>(770,590)</u>	<u>(723,117)</u>
Net Change in Plan Net Position	\$ 1,538,725	\$ 907,890	\$ (1,362,140)
Net Position – Beginning	<u>\$ 13,009,834</u>	<u>\$ 12,101,944</u>	<u>\$ 13,464,084</u>
Net Position – Ending	<u>\$ 14,548,559</u>	<u>\$ 13,009,834</u>	<u>\$ 12,101,944</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.52%	79.86%	76.03%

The actuarially determined contribution for 2018 was determined as part of the January 1, 2018, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 7% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefit increases. The actuarial value of assets was based on the fair market value.

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Contribution Covered Payroll	Contribution as % of Payroll
12/31/15	716,658	700,012	16,646	3,758,978	18.6%
12/31/16	881,587	685,000	196,587	3,712,310	18.5%
12/31/17	790,479	913,740	(123,261)	3,790,429	24.1%

The long-term expected rate of return on pension plan investments was determined using a building block method of best-estimate ranges of expected future real rates of return. The target allocation of the plan is shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Fixed Income	30%	2.25%
Domestic Equity	50%	4.75%
Foreign Equity	5%	6.25%
Alternatives	8%	4.50%
Cash	7%	0.25%

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

The 1983 Group Annuity Mortality Table was used for life expectancy. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2018, was ten years. The single discount rate of 7.0% 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 7.0%. Regarding the sensitivity of the net pension liability to changes in the single discount rate of 7.0% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease to 6.0%	Current Single Rate Assumed	1% Increase to 8.0%
Total Pension Liability	\$ 19,563,637	\$ 17,011,092	\$ 15,455,292
Net Pension Liability	\$ 5,015,078	\$ 2,462,533	\$ 906,733

G. Other Postemployment Benefits – The City has a collective bargaining agreement with the AFSCME union for post-employment health benefits for employees who retire under certain conditions that can continue their medical coverage. The financial statements and disclosures for the post-employment health benefits are also available in a stand-alone financial report provided by the actuary. Covered employees in the post-employment health benefits as of December 31, 2010, are as follows:

Retirees and Beneficiaries	
Currently Receiving Benefits	39
Current Employees	<u>241</u>
Total	<u>280</u>

Retired covered employees of the AFSCME union who have been employed for a period of 20 years or more and at least 55 years of age shall be entitled to the health benefits. They are entitled to continue medical coverage, but must pay the same premium as an active employee.

The following is a reconciliation of the net other post-employment benefits obligation (NOPEB) for the year ending December 31, 2010:

	2010
Annual Required Contribution (ARC)	\$ 277,528
Annual OPEB Cost (AOC)	277,528
Actual Contribution Made	(256,750)
Increase (Decrease) in NOPEB	20,778
NOPEB - Beginning of Year	
NOPEB – End of Year	\$ 20,778

The annual required contribution for 2010 was determined as part of the December 31, 2010, actuarial valuation using the projected unit credit method. The actuarial assumption included a medical inflation for the following year of 10% gradually decreasing to 5% in the ninth following year.

City of Benton, Arkansas
Notes to the Financial Statements

Note 11: Retirement Plans (cont'd)

The following represents the schedule of funding:

		<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>		
	2010	\$ 277,528	92.5%	\$ 20,778		
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (B)</u>	<u>Unfunded Accrued Liability (UAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAL as a % of Covered Payroll ((B-A)/C)</u>
12/31/09	\$	\$ 3,386,637	\$ 3,386,637	0%	\$ 0	N/A

Note 12: Subsequent Event

Subsequent events were evaluated through June 17, 2019, which is the date the financial statements were available to be issued.

City of Benton, Arkansas
Schedule of General Fund Expenditures by
Department - Modified Accrual Basis
For the Year Ended December 31, 2018

	<u>Elected Staff</u>	<u>Administrative Services</u>	<u>Legal</u>	<u>Central Communications</u>	<u>Information Technology</u>
Salaries	\$ 284,220	\$ 503,927	\$ 68,654	\$ 563,910	\$
Retirement	7,729	70,687	24,710	85,488	
Fringe Benefits	30,669	103,889	14,935	146,587	
Vehicle	1,077				
Repairs and Maintenance	498	1,939		1,024	
Supplies	7,673	14,877		1,167	
Other	14,025	(35)			
Electricity Generation					
Utilities	5,091	3,880		5,240	
Outside Services	132,004	17,782	418,011	84,505	168,410
Educational/Professional	96,168	5,302	100	10,817	
Capital Outlay	5,638	3,738		22,231	
	<u>\$ 584,792</u>	<u>\$ 725,986</u>	<u>\$ 526,410</u>	<u>\$ 920,969</u>	<u>\$ 168,410</u>

<u>Police</u>	<u>Fire</u>	<u>Community Development</u>	<u>Economic Development</u>	<u>Professional Technical</u>	<u>Total</u>
\$ 3,697,384	\$ 3,601,488	\$ 370,284	\$ 63,156	\$ 66,922	\$ 9,219,945
542,588	516,424	57,100	8,946		1,313,672
942,188	807,523	93,394	14,584	979	2,154,748
240,891	62,820	10,297	2,319		317,404
17,076	23,653	216,959			261,149
81,486	70,973	16,806	267	76	193,325
29,018	5,443	2,013			50,464
	4,539				4,539
43,427	27,669	21,944	6,763		114,014
241,501	96,788	67,009	98,109		1,324,119
66,200	13,160	4,430	699	1,158	198,034
191,614	501,513		211,756		936,490
<u>\$ 6,093,373</u>	<u>\$ 5,731,993</u>	<u>\$ 860,236</u>	<u>\$ 406,599</u>	<u>\$ 69,135</u>	<u>\$ 16,087,903</u>

City of Benton, Arkansas
 Schedule of General Fund Expenditures by
 Department - Modified Accrual Basis
 For the Year Ended December 31, 2017

	<u>Elected Staff</u>	<u>Administrative Services</u>	<u>Legal</u>	<u>Central Communications</u>	<u>Information Technology</u>
Salaries	\$ 256,883	\$ 397,337	\$ 70,000	\$ 537,873	\$
Retirement	7,582	60,215	24,745	87,069	
Fringe Benefits	20,861	87,188	14,036	141,537	
Vehicle	2,770				
Repairs and Maintenance	258,817	1,205		114	
Supplies	12,155	14,568		1,044	
Other	20,639	33		257	
Electricity Generation					
Utilities	11,052	4,383		5,505	
Outside Services	199,707	11,394	373,216	88,408	85,584
Educational/Professional	90,538	3,104	100	11,520	
Capital Outlay	457	2,405		16,847	12,771
	<u>\$ 881,461</u>	<u>\$ 581,832</u>	<u>\$ 482,097</u>	<u>\$ 890,174</u>	<u>\$ 98,355</u>

<u>Police</u>	<u>Fire</u>	<u>Community Development</u>	<u>Economic Development</u>	<u>Professional Technical</u>	<u>Total</u>
\$ 3,562,971	\$ 3,460,143	\$ 365,889	\$ 58,817	\$ 118,724	\$ 8,828,637
515,997	513,807	58,649	8,664	8,044	1,284,772
834,673	749,915	86,840	13,153	10,652	1,958,855
218,883	64,290	9,305	1,947	1,266	298,461
203,592	32,071	7,016			502,815
86,807	113,447	5,464	460	2,867	236,812
34,288	12,644	25,850			93,711
	3,277				3,277
50,439	24,804	10,019	1,628	1,511	109,341
229,055	42,600	38,197	117,930	20,706	1,206,797
64,713	17,117	2,772	888	767	191,519
209,233	2,404,163	167	366,381	330	3,012,754
<u>\$ 6,010,651</u>	<u>\$ 7,438,278</u>	<u>\$ 610,168</u>	<u>\$ 569,868</u>	<u>\$ 164,867</u>	<u>\$ 17,727,751</u>

City of Benton, Arkansas
 Combined Balance Sheet - Street Fund
 Modified Accrual Basis
 December 31, 2018

Assets	<u>Street Operating Fund</u>	<u>Street Improvement Fund</u>	<u>Stormwater Projects Fund</u>	<u>Special Projects Fund</u>	<u>Total Street Fund</u>
Assets					
Cash and Equivalents:					
Unassigned	\$ 4,012,630	\$	\$	\$	\$ 4,012,630
Council Committed			133,144		133,144
Restricted		2,650,829		854,394	3,505,223
Other Receivables				1,222,233	1,222,233
Prepaid Expenses	15,580				15,580
Total Assets	<u>\$ 4,028,210</u>	<u>\$ 2,650,829</u>	<u>\$ 133,144</u>	<u>\$ 2,076,627</u>	<u>\$ 8,888,810</u>
 Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 113,730	\$ 518	\$ 19,638	\$ 463,617	\$ 597,503
Accrued Compensation	11,245				11,245
Total Liabilities	<u>124,975</u>	<u>518</u>	<u>19,638</u>	<u>463,617</u>	<u>608,748</u>
 Fund Balances					
Restricted for Capital Outlay		2,650,311		1,613,010	4,263,321
Unrestricted:					
Committed			113,506		113,506
Unassigned	3,903,235				3,903,235
Total Fund Balances	<u>3,903,235</u>	<u>2,650,311</u>	<u>113,506</u>	<u>1,613,010</u>	<u>8,280,062</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,028,210</u>	 <u>\$ 2,650,829</u>	 <u>\$ 133,144</u>	 <u>\$ 2,076,627</u>	 <u>\$ 8,888,810</u>

City of Benton, Arkansas
 Combined Balance Sheet - Street Fund
 Modified Accrual Basis
 December 31, 2017

Assets	Street Operating Fund	Street Improvement Fund	Stormwater Projects Fund	Special Projects Fund	Total Street Fund
Assets					
Cash and Equivalents:					
Unassigned	\$ 3,037,004	\$	\$	\$	\$ 3,037,004
Council Committed			279,739		279,739
Restricted		2,202,473		217,012	2,419,485
Other Receivables				1,159,724	1,159,724
Prepaid Expenses	14,510				14,510
Total Assets	<u>\$ 3,051,514</u>	<u>\$ 2,202,473</u>	<u>\$ 279,739</u>	<u>\$ 1,376,736</u>	<u>\$ 6,910,462</u>
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 23,067	\$ 1,613	\$ 30,161	\$ 1,248,436	\$ 1,303,277
Accrued Compensation	9,927				9,927
Total Liabilities	<u>32,994</u>	<u>1,613</u>	<u>30,161</u>	<u>1,248,436</u>	<u>1,313,204</u>
Fund Balances					
Restricted for Capital Outlay		2,200,860		128,300	2,329,160
Unrestricted:					
Committed			249,578		249,578
Unassigned	3,018,520				3,018,520
Total Fund Balances	<u>3,018,520</u>	<u>2,200,860</u>	<u>249,578</u>	<u>128,300</u>	<u>5,597,258</u>
Total Liabilities and Fund Balances	<u>\$ 3,051,514</u>	<u>\$ 2,202,473</u>	<u>\$ 279,739</u>	<u>\$ 1,376,736</u>	<u>\$ 6,910,462</u>

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances - Street Fund - Modified Accrual Basis
 For the Year Ended December 31, 2018

	Street Operating Fund	Street Improvement Fund	Stormwater Projects Fund	Special Projects Fund	Total Street Fund
Revenues					
Tax Revenues	\$ 2,921,127	\$	\$	\$	\$ 2,921,127
Permits and Licenses			112,271		112,271
Federal and State Grants			3,125	4,993,741	4,996,866
Investment Income	34,546	22,693	2,389	2,437	62,065
Other	78,035			387,508	465,543
Total Revenues	<u>3,033,708</u>	<u>22,693</u>	<u>117,785</u>	<u>5,383,686</u>	<u>8,557,872</u>
Expenditures					
Human Resources	726,401				726,401
Operations and Maintenance	599,904		200		600,104
Utilities	11,455				11,455
Outside Services	82,792				82,792
Educational/Professional	4,404				4,404
Capital Outlay	524,037	386,001	253,657	5,728,391	6,892,086
Total Expenditures	<u>1,948,993</u>	<u>386,001</u>	<u>253,857</u>	<u>5,728,391</u>	<u>8,317,242</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,084,715</u>	<u>(363,308)</u>	<u>(136,072)</u>	<u>(344,705)</u>	<u>240,630</u>
Other Financing Sources and (Uses)					
Proceeds from Debt				1,829,415	1,829,415
Transfers In		1,812,759			1,812,759
Transfers Out	(200,000)	(1,000,000)			(1,200,000)
Total Other Financing Sources and (Uses)	<u>(200,000)</u>	<u>812,759</u>		<u>1,829,415</u>	<u>2,442,174</u>
Changes in Fund Balances	884,715	449,451	(136,072)	1,484,710	2,682,804
Fund Balances at Beginning of Year	<u>3,018,520</u>	<u>2,200,860</u>	<u>249,578</u>	<u>128,300</u>	<u>5,597,258</u>
Fund Balances at End of Year	<u>\$ 3,903,235</u>	<u>\$ 2,650,311</u>	<u>\$ 113,506</u>	<u>\$ 1,613,010</u>	<u>\$ 8,280,062</u>

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances - Street Fund - Modified Accrual Basis
 For the Year Ended December 31, 2017

	Street Operating Fund	Street Improvement Fund	Stormwater Projects Fund	Special Projects Fund	Total Street Fund
Revenues					
Tax Revenues	\$ 2,835,199	\$	\$	\$	\$ 2,835,199
Permits and Licenses			112,622		112,622
Federal and State Grants	10,145			6,260,469	6,270,614
Investment Income	2,632	1,764	297	2,255	6,948
Other	64,951	21,978		502,314	589,243
Total Revenues	<u>2,912,927</u>	<u>23,742</u>	<u>112,919</u>	<u>6,765,038</u>	<u>9,814,626</u>
Expenditures					
Human Resources	725,059				725,059
Operations and Maintenance	655,487		12,836		668,323
Utilities	12,800				12,800
Outside Services	50,169				50,169
Educational/Professional	1,787				1,787
Capital Outlay	377,144	129,414	145,013	8,249,804	8,901,375
Total Expenditures	<u>1,822,446</u>	<u>129,414</u>	<u>157,849</u>	<u>8,249,804</u>	<u>10,359,513</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,090,481</u>	<u>(105,672)</u>	<u>(44,930)</u>	<u>(1,484,766)</u>	<u>(544,887)</u>
Other Financing Sources and (Uses)					
Gain on Sale of Assets	4,100				4,100
Proceeds From Debt				1,184,443	1,184,443
Transfers In		1,723,917			1,723,917
Transfers Out	(150,000)	(1,000,000)			(1,150,000)
Total Other Financing Sources and (Uses)	<u>(145,900)</u>	<u>723,917</u>		<u>1,184,443</u>	<u>1,762,460</u>
Changes in Fund Balances	944,581	618,245	(44,930)	(300,323)	1,217,573
Fund Balances at Beginning of Year	<u>2,073,939</u>	<u>1,582,615</u>	<u>294,508</u>	<u>428,623</u>	<u>4,379,685</u>
Fund Balances at End of Year	<u>\$ 3,018,520</u>	<u>\$ 2,200,860</u>	<u>\$ 249,578</u>	<u>\$ 128,300</u>	<u>\$ 5,597,258</u>

City of Benton, Arkansas
 Combined Balance Sheet - Other Funds in
 the Aggregate - Modified Accrual Basis
 December 31, 2018

Assets	<u>Capital Project Fund</u>		
	<u>Economic Development Grant</u>	<u>Debt Service Fund</u>	<u>Agency and Pension Trust Funds</u>
Assets			
Cash and Equivalents:			
Unassigned	\$	\$	\$
Council Committed			
Restricted	2,643	3,345,208	1,562,450
Investments-Restricted			21,294,807
Other Receivables		123,323	
Prepaid Expenses			
Total Assets	<u>\$ 2,643</u>	<u>\$ 3,468,531</u>	<u>\$ 22,857,257</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$	\$	\$
Accrued Compensation			
Assets Held in Trust			22,857,257
Total Liabilities			<u>22,857,257</u>
Fund Balances			
Restricted for Debt Service		3,468,531	
Restricted for Capital Outlay	2,643		
Restricted for Other Activities			
Unrestricted:			
Committed			
Unassigned			
Total Fund Balances	<u>2,643</u>	<u>3,468,531</u>	
Total Liabilities and Fund Balances	<u>\$ 2,643</u>	<u>\$ 3,468,531</u>	<u>\$ 22,857,257</u>

Special Revenue Funds							Total Other Funds in the Aggregate
Public Safety	Animal Control	Parks and Recreation	Event Center	A&P Commission	Police Drug Control	911	
\$	\$53,624	\$ 46,651	\$504,039	\$	\$	\$	\$ 604,314
1,290							1,290
1,276,745		2,357,391		486,545	172,709	14	9,203,705
							21,294,807
							123,323
	2,100	56,160					58,260
<u>\$1,278,035</u>	<u>\$55,724</u>	<u>\$2,460,202</u>	<u>\$504,039</u>	<u>\$ 486,545</u>	<u>\$ 172,709</u>	<u>\$ 14</u>	<u>\$31,285,699</u>
\$	\$ 4,891	\$ 22,150	\$ 599	\$	\$	\$	\$ 27,640
	6,795	23,548					30,343
							22,857,257
	<u>11,686</u>	<u>45,698</u>	<u>599</u>				<u>22,915,240</u>
				486,545			3,955,076
1,276,745		2,357,391			172,709	14	2,643
							3,806,859
1,290							1,290
	44,038	57,113	503,440				604,591
<u>1,278,035</u>	<u>44,038</u>	<u>2,414,504</u>	<u>503,440</u>	<u>486,545</u>	<u>172,709</u>	<u>14</u>	<u>8,370,459</u>
<u>\$1,278,035</u>	<u>\$55,724</u>	<u>\$2,460,202</u>	<u>\$504,039</u>	<u>\$ 486,545</u>	<u>\$ 172,709</u>	<u>\$ 14</u>	<u>\$31,285,699</u>

City of Benton, Arkansas
 Combined Balance Sheet - Other Funds in
 the Aggregate - Modified Accrual Basis
 December 31, 2017

	<u>Capital Project Fund</u>		
Assets	<u>Economic Development Grant</u>	<u>Debt Service Fund</u>	<u>Agency and Pension Trust Funds</u>
Assets			
Cash and Equivalents:			
Unassigned	\$	\$	\$
Council Committed			
Restricted	2,620	3,268,677	2,560,033
Investments-Restricted			21,527,640
Prepaid Expenses			
Total Assets	<u><u>\$ 2,620</u></u>	<u><u>\$ 3,268,677</u></u>	<u><u>\$ 24,087,673</u></u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$	\$	\$
Accrued Compensation			
Assets Held in Trust			24,087,673
Total Liabilities			<u><u>24,087,673</u></u>
Fund Balances			
Restricted for Debt Service		3,268,677	
Restricted for Capital Outlay	2,620		
Restricted for Other Activities			
Unrestricted:			
Committed			
Unassigned			
Total Fund Balances	<u><u>2,620</u></u>	<u><u>3,268,677</u></u>	
Total Liabilities and Fund Balances	<u><u>\$ 2,620</u></u>	<u><u>\$ 3,268,677</u></u>	<u><u>\$ 24,087,673</u></u>

Special Revenue Funds								Total Other Funds in the Aggregate
Public Safety	Animal Control	Parks and Recreation	Contingency	Event Center	A&P Commission	Police Drug Control	911	
\$	\$44,227	\$1,330,600	\$	\$432,163	\$ 721	\$	\$	\$ 1,807,711
75			2,870					2,945
12,150		28,476			239,032	70,603	4	6,181,595
	2,130	55,650						21,527,640
<u>\$12,225</u>	<u>\$46,357</u>	<u>\$1,414,726</u>	<u>\$ 2,870</u>	<u>\$432,163</u>	<u>\$ 239,753</u>	<u>\$ 70,603</u>	<u>\$ 4</u>	<u>\$29,577,671</u>
\$	\$ 5,762	\$ 38,603	\$	\$ 92	\$	\$	\$	\$ 44,457
	5,676	19,488						25,164
	<u>11,438</u>	<u>58,091</u>		<u>92</u>				<u>24,087,673</u>
								<u>24,157,294</u>
					239,032			3,507,709
12,150		28,476				70,603	4	2,620
75			2,870					111,233
	34,919	1,328,159		432,071	721			2,945
<u>12,225</u>	<u>34,919</u>	<u>1,356,635</u>	<u>2,870</u>	<u>432,071</u>	<u>239,753</u>	<u>70,603</u>	<u>4</u>	<u>1,795,870</u>
<u>\$12,225</u>	<u>\$46,357</u>	<u>\$1,414,726</u>	<u>\$ 2,870</u>	<u>\$432,163</u>	<u>\$ 239,753</u>	<u>\$ 70,603</u>	<u>\$ 4</u>	<u>\$29,577,671</u>

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in Fund
 Balances - Other Funds in the Aggregate - Modified Accrual Basis
 For the Year Ended December 31, 2018

	Capital Project Fund		Special Revenue Funds	
	Economic Development Grant	Debt Service Fund	Public Safety	Animal Control
Revenues				
Tax Revenues	\$	\$	\$	\$ 130
Bonds, Fines and Fees		1,081,740		
Federal and State Grants				
Investment Income	23	58,267	5,322	425
Other				52,601
Total Revenues	<u>23</u>	<u>1,140,007</u>	<u>5,322</u>	<u>53,156</u>
Expenditures				
Human Resources				379,621
Operations and Maintenance		7,498		73,530
Utilities				10,407
Outside Services				40,587
Educational/Professional				14,974
Capital Outlay				4,918
Principal Payments		3,241,707		
Interest Payments		2,032,529		
Total Expenditures		<u>5,281,734</u>		<u>524,037</u>
Excess (Deficit) of Revenues over Expenditures	<u>23</u>	<u>(4,141,727)</u>	<u>5,322</u>	<u>(470,881)</u>
Other Financing Sources and (Uses)				
Gain on Sale of Assets				
Transfers In		4,661,581	3,625,517	480,000
Transfers Out		(320,000)	(2,365,029)	
Total Other Financing Sources and (Uses)		<u>4,341,581</u>	<u>1,260,488</u>	<u>480,000</u>
Changes in Fund Balances	23	199,854	1,265,810	9,119
Fund Balance at Beginning of Year	<u>2,620</u>	<u>3,268,677</u>	<u>12,225</u>	<u>34,919</u>
Fund Balance at End of Year	<u>\$ 2,643</u>	<u>\$ 3,468,531</u>	<u>\$ 1,278,035</u>	<u>\$ 44,038</u>

<u>Parks and Recreation</u>	<u>Contingency</u>	<u>Sales Tax</u>	<u>Event Center</u>	<u>A&P Commission</u>	<u>Police Drug Control</u>	<u>911</u>	<u>Total Other Funds in the Aggregate</u>
\$	\$	\$18,127,588	\$	\$ 1,356,477	\$	\$221,110	\$19,705,305
650							1,081,740
18,458	26		4,235	2,500	899	10	650
1,682,158			385,062		165,539		90,165
<u>1,701,266</u>	<u>26</u>	<u>18,127,588</u>	<u>389,297</u>	<u>1,358,977</u>	<u>166,438</u>	<u>221,120</u>	<u>2,285,360</u>
							<u>23,163,220</u>
1,610,351			6,828				1,996,800
707,335			47,019	28,913	11,796		876,091
297,309			83,919				391,635
339,039			206,067	150,895	41,845		778,433
15,351			325	210	1,000		31,860
354,285					16,592		375,795
							3,241,707
<u>3,323,670</u>			<u>344,158</u>	<u>180,018</u>	<u>71,233</u>		<u>2,032,529</u>
							<u>9,724,850</u>
(1,622,404)	26	18,127,588	45,139	1,178,959	95,205	221,120	13,438,370
44,586					6,901		51,487
3,117,787			91,230				11,976,115
(482,100)	(2,896)	(18,127,588)	(65,000)	(932,167)		(221,110)	(22,515,890)
<u>2,680,273</u>	<u>(2,896)</u>	<u>(18,127,588)</u>	<u>26,230</u>	<u>(932,167)</u>	<u>6,901</u>	<u>(221,110)</u>	<u>(10,488,288)</u>
1,057,869	(2,870)		71,369	246,792	102,106	10	2,950,082
1,356,635	2,870		432,071	239,753	70,603	4	5,420,377
<u>\$2,414,504</u>	<u>\$</u>	<u>\$</u>	<u>\$503,440</u>	<u>\$ 486,545</u>	<u>\$ 172,709</u>	<u>\$ 14</u>	<u>\$ 8,370,459</u>

City of Benton, Arkansas
 Combined Statement of Revenues, Expenditures and Changes in Fund
 Balances - Other Funds in the Aggregate - Modified Accrual Basis
 For the Year Ended December 31, 2017

	Capital Project Funds			Special Revenue Funds	
	Economic	Park	Debt	Public	Animal
	Development				
	Grant	Improvements	Fund		
Revenues					
Tax Revenues	\$	\$	\$	\$	\$ 115
Bonds, Fines and Fees			917,283		
Federal and State Grants					7,000
Investment Income	1	10,488	21,866	518	90
Other					48,195
Total Revenues	<u>1</u>	<u>10,488</u>	<u>939,149</u>	<u>518</u>	<u>55,400</u>
Expenditures					
Human Resources					332,624
Operations and Maintenance		264	7,172		71,233
Utilities					8,912
Outside Services			950		22,544
Educational/Professional					13,737
Capital Outlay		4,217,852			112,775
Principal Payments			4,767,892		
Interest Payments			2,190,973		
Total Expenditures		<u>4,218,116</u>	<u>6,966,987</u>		<u>561,825</u>
Excess (Deficit) of Revenues over Expenditures	<u>1</u>	<u>(4,207,628)</u>	<u>(6,027,838)</u>	<u>518</u>	<u>(506,425)</u>
Other Financing Sources and (Uses)					
Transfers In			6,320,401	3,447,834	420,000
Transfers Out			(317,063)	(4,548,503)	
Total Other Financing Sources and (Uses)			<u>6,003,338</u>	<u>(1,100,669)</u>	<u>420,000</u>
Changes in Fund Balances	1	(4,207,628)	(24,500)	(1,100,151)	(86,425)
Fund Balance at Beginning of Year	<u>2,619</u>	<u>4,207,628</u>	<u>3,293,177</u>	<u>1,112,376</u>	<u>121,344</u>
Fund Balance at End of Year	<u>\$ 2,620</u>	<u>\$</u>	<u>\$ 3,268,677</u>	<u>\$ 12,225</u>	<u>\$ 34,919</u>

<u>Parks and Recreation</u>	<u>Contingency</u>	<u>Sales Tax</u>	<u>Event Center</u>	<u>A&P Commission</u>	<u>Police Drug Control</u>	<u>911</u>	<u>Total Other Funds in the Aggregate</u>
\$	\$	\$17,239,170	\$	\$1,263,599	\$	\$177,668	\$18,680,552
151,680							917,283
6,516	2		211	1,416	30		158,680
1,262,212			375,447		138,556		41,138
<u>1,420,408</u>	<u>2</u>	<u>17,239,170</u>	<u>375,658</u>	<u>1,265,015</u>	<u>138,586</u>	<u>177,668</u>	<u>1,824,410</u>
							<u>21,622,063</u>
1,353,752			6,639				1,693,015
533,734			30,888	72,548	55,802		771,641
107,587			65,714				182,213
317,827			195,985	119,625	3,450		660,381
13,063			325	210	11,227		38,562
1,069,992					20,254		5,420,873
							4,767,892
							2,190,973
<u>3,395,955</u>			<u>299,551</u>	<u>192,383</u>	<u>90,733</u>		<u>15,725,550</u>
(1,975,547)	2	17,239,170	76,107	1,072,632	47,853	177,668	5,896,513
2,854,797			57,978		22,750		13,123,760
(638,246)		(17,239,170)	(130,683)	(2,347,433)		(177,668)	(25,398,766)
<u>2,216,551</u>		<u>(17,239,170)</u>	<u>(72,705)</u>	<u>(2,347,433)</u>	<u>22,750</u>	<u>(177,668)</u>	<u>(12,275,006)</u>
241,004	2		3,402	(1,274,801)	70,603		(6,378,493)
1,115,631	2,868		428,669	1,514,554		4	11,798,870
<u>\$1,356,635</u>	<u>\$ 2,870</u>	<u>\$</u>	<u>\$432,071</u>	<u>\$ 239,753</u>	<u>\$ 70,603</u>	<u>\$ 4</u>	<u>\$ 5,420,377</u>

City of Benton, Arkansas
 Other Supplementary Information
 Schedule of Capital Assets
 December 31, 2018 and 2017

	2018	2017
Land and Improvements	\$ 7,806,786	\$ 7,806,786
Buildings and Improvements	70,041,225	69,137,381
Service Facilities and Equipment	12,277,949	11,732,571
Infrastructure	73,475,577	54,977,515
Construction in Progress	1,451,655	13,633,270
Total Capital Assets	\$ 165,053,192	\$ 157,287,523

Note 1: Under the modified accrual basis of accounting, all capital assets are recorded as expenditures in the year in which they were purchased. The schedule above summarizes those assets that qualify as capital assets. Capital assets are valued at cost on the date of purchase, unless donated. Donated capital assets are valued at their estimated fair value on the date donated. Assets are capitalized in accordance with Ordinance 38 of 2004. Any asset with an estimated useful life greater than one year and a value that exceeds the following threshold will be recognized as a capital asset by the City:

Land	All Assets
Land Improvements	\$25,000
Building	\$50,000
Building Improvements	\$50,000
Machinery and Equipment	\$5,000
Vehicle	\$5,000
Infrastructure	\$250,000

Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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*

Honorable Mayor and City Council
City of Benton, 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 accompanying regulatory basis financial statements of the general fund, street fund and other funds in the aggregate of the City of Benton, Arkansas, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the City of Benton, Arkansas's basic financial statements, and have issued our report thereon dated June 17, 2019. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1(B) and 1(C) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1(B) and 1(C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the utilities fund, which is material to other funds in the aggregate.

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 opinion 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from

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

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 results 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yoakum, Lovella Co., P.C.
Certified Public Accountants

Benton, Arkansas
June 17, 2019

Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with Certain State Acts

Honorable Mayor and City Council
City of Benton, Arkansas

We have examined management's assertions that the City of Benton, Arkansas, complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the years ended December 31, 2018 and 2017.

- A. Municipal Accounting Law, Act 159 of 1973, Act 616 of 1979 and Act 308 of 1998 (Arkansas Statutes 19-5301 – 19-5317);
- B. Municipal Courts, Police Courts, City Courts and Justice of the Peace Courts Accounting Law of 1977, Act 332 of 1977, Acts 677 and 776 of 1985, Act 904 of 1991 and Act 1256 of 1996 (Arkansas Statutes 22-1101 - 22-1108);
- C. Municipal Court and Police Department Uniform Filing Fees and Court Cost, Act 1256 of 1996;
- D. Bonding of Municipal Officers and Employees, Act 338 of 1955 and Act 677 of 1975 (Arkansas Statutes 13-412 – 13-412.3) (Replaced by Act 5 of 1985);
- E. Improvement Contracts Over \$10,000, Act 159 of 1949, Act 183 of 1957, Act 477 of 1961, Act 370 of 1977, Act 266 of 1981, Act 871 of 1983, Acts 758 and 759 of 1987, Act 936 of 1989, Act 728 of 1991, Act 645 of 1993 and Act 1319 of 1995 (Arkansas Statutes 14-611 – 14-614);
- F. Budgets, Purchases Over \$2,000; Payments of Claims, Etc., Act 28 of 1959, Act 154 of 1979, Acts 344 and 926 of 1981, Act 745 of 1985 and Act 812 of 1995 (Arkansas Statutes 19-4421 – 19-4430);
- G. Investment of Public Funds, Act 273 of 1943; Act 106 of 1973, Act 402 of 1995 and Act 1341 of 2000 (Arkansas Statutes 13-901 – 13-904); and
- H. Deposit of Public Funds, Act 21 of 1935, Acts 57 And 62 of 1945, Act 122 of 1947, Act 18 of 1964, Acts 89 and 107 of 1973, Act 250 of 1987, Act 459 of 1991 and Acts 232 and 700 of 1995 (Arkansas Statutes 13-801 – 13-805).

Management 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 made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Benton, Arkansas, complied, in all material respects, with the aforementioned requirements for the years ended December 31, 2018 and 2017.

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.

Goekum, Lovell & Co., P.C.
Certified Public Accountants

Benton, Arkansas
June 17, 2019