City of Cabot, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2018

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF CABOT, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Independent Auditor's Report
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*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	Exhibit
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	Schedule
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

Arkansas

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Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Cabot, Arkansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Cabot, Arkansas, as of December 31, 2018, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Cabot, Arkansas, as of December 31, 2018, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Emphasis of Matter

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

Other Matters

Supplementary and Other Information

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

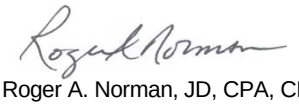
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
September 13, 2019
LOM101618

Arkansas

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

Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Cabot, Arkansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2019. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated September 13, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Marti Steel

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 13, 2019

Arkansas

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

Rep. Richard Womack
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2018:

Mayor: William "Bill" Cypert
Clerk/Treasurer: Tammy Yocom
District Court Clerk: Jennifer Beranek
Police Chief: Jackie Davis

No issues came to our attention that we considered necessary to report to management.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Marti Steel

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 13, 2019

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 1,040,984	$ 525,585	$ 5,279,433
Investments			2,296,098
Accounts receivable	843,997	1,821	596,715
Interfund receivables	1,627		12,183
TOTAL ASSETS	$ 1,886,608	$ 527,406	$ 8,184,429
LIABILITES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 523,632	$ 58,187	$ 143,156
Interfund payables	12,183	1,527	100
Settlements pending			67,237
Total Liabilities	535,815	59,714	210,493
Fund Balances:			
Restricted		467,692	7,471,855
Committed			494,304
Assigned	83,095		7,777
Unassigned	1,267,698		
Total Fund Balances	1,350,793	467,692	7,973,936
TOTAL LIABILITIES AND FUND BALANCES	$ 1,886,608	$ 527,406	$ 8,184,429

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

CITY OF CABOT, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 739,218	$ 1,738,269	$ 20,338
Federal aid			299,511
Property taxes	352,180	335,338	705,245
Franchise fees	203,954		979,608
Sales taxes	7,682,484		4,803,996
Fines, forfeitures, and costs	230,150		81,289
Interest	8,395	850	66,198
Local permits and fees	282,087		132,397
Sanitation fees	1,802,655		
Net increase/(decrease) in fair value of investments			(138,569)
Other	405,715	27,018	6,629
TOTAL REVENUES	11,706,838	2,101,475	6,956,642
EXPENDITURES			
Current:			
General government	1,668,495		66,729
Law enforcement	4,907,120		53,525
Highways and streets	394,244	2,042,821	746,245
Public safety	3,081,257		1,841,818
Sanitation	1,790,752		
Health			28,828
Recreation and culture	555		65,923
Social services	5,225		268,619
Total Current	11,847,648	2,042,821	3,071,687
Debt Service:			
Bond principal			3,470,000
Bond interest and other charges			1,278,601
Note principal	39,852		174,692
Note interest	1,923		9,193
TOTAL EXPENDITURES	11,889,423	2,042,821	8,004,173

CITY OF CABOT, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (182,585)	$ 58,654	$ (1,047,531)
OTHER FINANCING SOURCES (USES)			
Transfers in	638,429	165,494	183,885
Transfers out	(206,392)		(781,416)
Contribution from county		100,000	
Contribution from water department	250,213		
Contribution to library	(52,562)		(236,887)
Contribution to Parks and Rec	(814,803)		
Bond proceeds			2,655,000
TOTAL OTHER FINANCING SOURCES (USES)	(185,115)	265,494	1,820,582
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(367,700)	324,148	773,051
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,767,899	143,544	7,151,479
Restatement adjustment (Note 12)	(49,406)		49,406
FUND BALANCES - JANUARY 1, AS RESTATED	1,718,493	143,544	7,200,885
FUND BALANCES - DECEMBER 31	$ 1,350,793	$ 467,692	$ 7,973,936

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

CITY OF CABOT, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATOR BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 726,326	$ 739,218	$ 12,892	$ 1,687,369	$ 1,738,269	$ 50,900
Federal aid	3,500		(3,500)	459,000		(459,000)
Property taxes	352,532	352,180	(352)	336,633	335,338	(1,295)
Franchise fees	1,040,573	203,954	(836,619)			
Sales taxes	7,142,397	7,682,484	540,087			
Fines, forfeitures, and costs	290,160	230,150	(60,010)			
Interest	1,926	8,395	6,469	240	850	610
Local permits and fees	281,341	282,087	746			
Sanitation fees	1,765,511	1,802,655	37,144			
Other	614,145	405,715	(208,430)	21,022	27,018	5,996
TOTAL REVENUES	12,218,411	11,706,838	(511,573)	2,504,264	2,101,475	(402,789)
EXPENDITURES						
Current:						
General government	1,668,494	1,668,495	(1)			
Law enforcement	4,906,980	4,907,120	(140)			
Highways and streets	394,244	394,244		2,784,028	2,042,821	741,207
Public safety	3,081,258	3,081,257	1			
Sanitation	1,790,752	1,790,752				
Recreation and culture		555	(555)			
Social services		5,225	(5,225)			
Total Current	11,841,728	11,847,648	(5,920)	2,784,028	2,042,821	741,207
Debt Service:						
Note principal	39,081	39,852	(771)			
Note interest	2,693	1,923	770			
TOTAL EXPENDITURES	11,883,502	11,889,423	(5,921)	2,784,028	2,042,821	741,207

CITY OF CABOT, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATOR BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 334,909	$ (182,585)	$ (517,494)	$ (279,764)	$ 58,654	$ 338,418
OTHER FINANCING SOURCES (USES)						
Transfers in		638,429	638,429	153,032	165,494	12,462
Transfers out	(261,578)	(206,392)	55,186			
Contribution to water department					100,000	100,000
Contribution from water department		250,213	250,213			
Contribution to library		(52,562)	(52,562)			
Contribution to Parks and Rec	(551,995)	(814,803)	(262,808)			
TOTAL OTHER FINANCING SOURCES (USES)	(813,573)	(185,115)	628,458	153,032	265,494	112,462
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(478,664)	(367,700)	110,964	(126,732)	324,148	450,880
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED		1,767,899	1,767,899		143,544	143,544
Restatement adjustment (Note 12)		(49,406)	(49,406)			
FUND BALANCES - JANUARY 1, AS RESTATED		1,718,493	1,718,493		143,544	143,544
FUND BALANCES - DECEMBER 31	$ (478,664)	$ 1,350,793	$ 1,829,457	$ (126,732)	$ 467,692	$ 594,424

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Cabot was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Water and Wastewater Department, Advertising and Promotion Commission, and Parks and Recreation Commission. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

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

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

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

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback and property taxes that are restricted or committed for maintaining and constructing highways and streets.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for the Pension Trust Fund reported with other funds in the aggregate.

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

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, certificates of deposit, treasury bills, and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered fines, forfeitures, and costs that have not been transferred to the appropriate entities.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

4. Unassigned fund balance - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is discussed at a City Council meeting prior to adoption.

c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.

d. Appropriations lapse at the end of each year.

e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 534,584	$ 534,584
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	2,947,074	3,413,870
U.S. government guaranteed accounts	3,360,169	3,360,169
Total Deposits	$ 6,841,827	$ 7,308,623

The above total deposits do not include cash on hand of $4,175.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed $100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2018 Fair Value
Pension Trust	$ 2,296,098

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III –** significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City's investments are composed of the following:

December 31, 2018 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Equities	$ 1,257,837
Mutual funds	935,383
Fixed income	102,878
Totals	$ 2,296,098

The fair value of federated treasury obligations, stocks, and mutual funds are measured on a recurring basis and are based on quoted marked prices obtained from independent pricing sources and are classified as Level I inputs.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			$ 150
Property taxes	$ 1,823	$ 1,735	3,649
Franchise fees			182,449
Sales taxes	637,819		399,515
Fines, forfeitures, and costs	16,447		6,114
Interest	161		4,838
Local permits and fees	2,297		
Sanitation fees	144,857		
Other	40,593	86	
Totals	$ 843,997	$ 1,821	$ 596,715

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	$ 241,283	$ 33,909	$ 143,156
Salaries payable	250,617	22,649	
Payroll taxes payable	31,732	1,629	
Totals	$ 523,632	$ 58,187	$ 143,156

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2018	
	Interfund Receivables	Interfund Payables
General Fund	$ 1,627	$ 12,183
Street Fund		1,527
Other Funds in the Aggregate:		
Special Revenue Funds:		
Community and Economic Development	2,919	
Franchise Fees		100
Trust Fund:		
Firemen's Pension	9,264	
Totals	$ 13,810	$ 13,810

Interfund receivables and payables consist of pending payroll and business license transfers. These balances were paid in January 2019.

NOTE 8: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			$ 26,067
Highways and streets		$ 467,692	
Public safety			230,215
Pension benefits			2,712,052
Capital outlay			907,456
Debt service			3,596,065
Total Restricted		467,692	7,471,855
Committed for:			
General government			62,697
Highways and streets			308,238
Public safety			117,268
Social services			6,101
Total Committed			494,304
Assigned to:			
Law enforcement	$ 67,299		7,777
Highways and streets			
Sanitation	15,796		
Total Assigned	83,095		7,777
Unassigned	1,267,698		
Totals	$ 1,350,793	$ 467,692	$ 7,973,936

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2018, the legal debt limit for the bonded debt was $71,054,071. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2018, the legal debt limit for short-term financing obligations was $18,524,319. The amount of short-term financing obligations was $1,112,927, leaving a legal debt margin of $17,411,392.

NOTE 10: Commitments

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

	December 31, 2018
Long-term liabilities	$ 40,581,055
Noncancellable leases	22,333
Construction contracts	540,295
Total Commitments	$ 41,143,683

NOTE 10: Commitments (Continued)

Long-term liabilities

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

	December 31, 2018
2018 Franchise Fee Revenue Bonds; principal due on February 1; maturing February 1, 2043; interest rate 2%-3.875%. Payments are to be made from the 2018 Debt Service Bond Fund.	$ 2,655,000
2013 Sales and Use Tax Refunding and Improvement Bonds; principal due June 1; maturing June 1, 2040; interest rate 1%-5%. Payments are to be made from the 2013 Debt Service Bond Fund.	28,750,000
2016 Sales and Use Tax Improvement Bonds; principal due June 1; maturing June 1, 2042; interest rate 2%-3.25%. Payments are to be made from the 2016 Debt Service Bond Fund.	7,090,000
Promissory note dated November 16, 2015; interest rate 1.64%; monthly payments begin December 16, 2015; maturing November 16, 2020. Total promissory note of $431,669. Payments are to be made from the Fire Apparatus Fund.	169,862
Promissory note dated March 3, 2016; interest rate 1.72%; monthly payments begin April 1, 2016; maturing March 1, 2021. Total promissory note of $200,000. Payments are to be made from the General Fund.	88,872
Promissory note dated April 21, 2016; interest rate 1.82%; monthly payments begin May 21, 2016; maturing April 21, 2021. Total promissory note of $200,000. Payments are to be made by the Parks and Recreation Commission.	95,784
Promissory note dated November 30, 2016; interest rate 1.82%; monthly payments begin December 30, 2016; maturing November 30, 2021. Total promissory note of $200,000. Payments are to be made by the Parks and Recreation Commission.	118,944
Promissory note dated December 29, 2016; interest rate 1.72%; monthly payments begin January 19, 2017; maturing December 19, 2021. Total promissory note of $449,577. Payments are to be made from the Fire Apparatus Fund.	274,510
Promissory note dated January 25, 2017; interest rate 2.02%; monthly payments begin February 25, 2017; maturing January 25, 2022. Total promissory note of $230,000. Payments are to be made by the Parks and Recreation Commission.	144,526
Promissory note dated February 1, 2018; interest rate 2.13%; monthly payments begin February 2018; maturing February 1, 2023. Total promissory note of $267,264. Payments are to be made by the Parks and Recreation Commission.	220,429
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	973,128
Total Long-term liabilities	$ 40,581,055

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

NOTE 10: Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds	Notes	Total
2019	$ 2,552,494	$ 414,262	$ 2,966,756
2020	2,543,919	406,664	2,950,583
2021	2,545,694	258,160	2,803,854
2022	2,539,284	60,384	2,599,668
2023	2,537,047	4,751	2,541,798
2024 through 2028	12,676,058		12,676,058
2029 through 2033	12,661,756		12,661,756
2034 through 2038	12,649,550		12,649,550
2039 through 2043	2,896,667		2,896,667
Total Obligations	53,602,469	1,144,221	54,746,690
Less Interest	15,107,469	31,294	15,138,763
Total Principal	$ 38,495,000	$ 1,112,927	$ 39,607,927

Noncancellable Leases

The City entered into seven noncancellable lease agreements for a total of 11 copiers from January 2013 through March 2021. Terms of the leases are monthly rental payments of ranging from $97 to $557. At the end of the lease terms the City will return the copiers. The City is obligated for the following amounts for the next five years:

Year	December 31, 2018
2019	$ 12,655
2020	8,006
2021	1,672
Total	$ 22,333

Rental expense for 2018 was $15,521.

NOTE 10: Commitments (Continued)

Construction Contracts

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

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2018
Hwy 89 Streetscape Phase II	December 31, 2019	$ 13,000
Central Fire Station	May 15, 2019	527,295
Total Construction Contracts		$ 540,295

NOTE 11: Interfund Transfers

The General Fund transferred $153,032 and $53,360, respectively, to the Street Fund and Other Funds in the Aggregate to supplement expenses. Other Funds in the Aggregate transferred $638,429 in excess franchise fees to the General Fund and $12,462 to the Street Fund to supplement expenses. Within Other Funds in the Aggregate, franchise fees of $130,525 were transferred for debt service payments.

NOTE 12: Prior Year Restatement

The beginning fund balances of the General Fund and Other Funds in the Aggregate were decreased and increased, respectively, by $49,406 to reflect the reclassification of the Community and Economic Development Fund from a General Fund to a Special Revenue Fund as authorized by Cabot Ordinance no. 22 of 2018.

NOTE 13: Pledged Revenues

Sales and Use Tax (2013)

The City pledged future 1% sales and use taxes to repay $42,625,000 in bonds that were issued in 2013 to refund bonds issued in 2005 and for capital improvements. Total principal and interest remaining on the bonds are $28,750,000 and $11,202,877, respectively, payable through June 1, 2040. For 2018, principal and interest paid were $2,905,000 and $1,047,731, respectively.

The 2013 Debt Service Bond/Reserve Fund received $3,863,335 in sales taxes in 2018. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to retire the bonds.

Sales and Use Tax (2016)

The City pledged future 1% sales and use taxes to repay $8,290,000 in bonds that were issued in 2016 to provide funding for capital improvements. Total principal and interest remaining on the bonds are $7,090,000 and $2,517,083, respectively, payable through June 1, 2042. For 2018, principal and interest paid were $565,000 and $200,237, respectively.

The 2016 Debt Service Bond/Reserve Fund received $940,661 in sales taxes in 2018. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to retire the bonds.

NOTE 13: Pledged Revenues (Continued)

Franchise Fees (2018)

The City pledged future franchise fees collected from private entities for the privilege of using the streets, alleys, easements, and other City-owned property to repay $2,655,000 in bonds that were issued in 2018 to finance the costs of constructing and equipping a new central fire station. Total principal and interest remaining on the bonds are $2,655,000 and $1,387,509, respectively, payable through February 1, 2043. For 2018, interest paid was $29,633.

The Franchise Fee Fund received $979,608 of the pledged revenues and transferred $638,429 in excess franchise fees to the General Fund in 2018. Any surplus in the Franchise Fee Fund may be utilized for any valid governmental purpose under state law.

NOTE 14: Related Party Transactions

The City paid $10,502 to Summit Truck Group for truck repairs in 2018. City Councilman Rick Prentice is employed by Summit Truck Group. City of Cabot Ordinance no. 24 of 2016 (November 21, 2016) allows the City to conduct business with this related party.

NOTE 15: Jointly Governed Organization

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Central Arkansas Regional Solid Waste Management District and Board were organized to protect the public health and environmental quality for its service area by establishing a regional solid waste management system in the Arkansas Counties of Lonoke, Prairie, and Monroe. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the Counties in the District and representatives of all first class cities, of all cities with a population over 2,000, and of the largest city of each county in the District. The City made no contributions to or disbursements on behalf of the Central Arkansas Regional Solid Waste Management District are available at 902 N. Center, Lonoke, Arkansas, 72086

NOTE 16: Risk Management

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

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

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

NOTE 16: Risk Management (Continued)

Municipal Vehicle Program

A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: $25,000 because of bodily injury to or death of one person in any one accident; $50,000 because of bodily injury to or death of two or more persons in any one accident; and $25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.

B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of $1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of $5,000, or in the case of flood or earthquake, $100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment becomes final, or $1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first $3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of $300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a $2,500 deductible per occurrence.

NOTE 17: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

NOTE 17: Firemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of $12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was $11 for the year ended December 31, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's net pension liability. Based on the December 31, 2018 actuarial valuation, the plan has no net pension liability.

NOTE 18: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

A. Paid service not covered by Social Security: 8.5% of gross pay

B. Paid service also covered by Social Security: 2.5% of gross pay

C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was $777,824 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $367,914 for the year ended December 31, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2018 (actuarial valuation date and measurement date) was $10,661,704.

NOTE 19: Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was $626,725 for the year ended June 30, 2018.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was $5,003,994.

NOTE 20: Subsequent Events

On September 10, 2019, the Parks and Recreation Department issued a promissory note for $652,000 to install artificial turf on four ball fields.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Act 833 Fire Protection	District Court Automation	District Court Cost	Boundary Street Improvement	Senior Citizen/Health/ Library	District Court Retirement	Drug Control	Street Bond Refund
ASSETS								
Cash and cash equivalents	$ 19,133	$ 8,241	$ 6,904	$ 80,461	$ 24,922	$ 37,769	$ 16,771	$ 3,003
Investments								
Accounts receivable	150	2,138	2,044		2,190	810		
Interfund receivables								
TOTAL ASSETS	$ 19,283	$ 10,379	$ 8,948	$ 80,461	$ 27,112	$ 38,579	$ 16,771	$ 3,003
LIABILITES AND FUND BALANCES								
Liabilities:								
Accounts payable		$ 1,083	$ 1,171		$ 21,011			$ 3,000
Interfund payables								
Settlements pending								
Total Liabilities		1,083	1,171		21,011			3,000
Fund Balances:								
Restricted	$ 19,283	9,296				$ 38,579	$ 16,771	
Committed				$ 80,461	6,101			3
Assigned			7,777					
Total Fund Balances	19,283	9,296	7,777	80,461	6,101	38,579	16,771	3
TOTAL LIABILITIES AND FUND BALANCES	$ 19,283	$ 10,379	$ 8,948	$ 80,461	$ 27,112	$ 38,579	$ 16,771	$ 3,003

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

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		
	Public Safety and Equipment	Sidewalk	Fire Apparatus	Community and Economic Development	Franchise Fees	2013 Capital Projects	2016 Capital Projects	2018 Capital Projects
ASSETS								
Cash and cash equivalents	$ 37,863	$ 232,370	$ 77,558	$ 59,778	$ 28,583	$ 255	$ 340	$ 1,018,427
Investments								
Accounts receivable	1,122	729	725		182,449			
Interfund receivables				2,919				
TOTAL ASSETS	$ 38,985	$ 233,099	$ 78,283	$ 62,697	$ 211,032	$ 255	$ 340	$ 1,018,427
LIABILITES AND FUND BALANCES								
Liabilities:								
Accounts payable		$ 5,325						$ 111,566
Interfund payables					$ 100			
Settlements pending								
Total Liabilities		5,325			100			111,566
Fund Balances:								
Restricted					210,932	$ 255	$ 340	906,861
Committed	$ 38,985	227,774	$ 78,283	$ 62,697				
Assigned								
Total Fund Balances	38,985	227,774	78,283	62,697	210,932	255	340	906,861
TOTAL LIABILITIES AND FUND BALANCES	$ 38,985	$ 233,099	$ 78,283	$ 62,697	$ 211,032	$ 255	$ 340	$ 1,018,427

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

Schedule 1

	DEBT SERVICE FUNDS			TRUST FUND	AGENCY FUNDS			
	2013 Debt Service Bond/Reserve	2016 Debt Service Bond/Reserve	2018 Debt Service Bond/Reserve	Firemen's Pension	District Court	District Court Small Claims	Administration of Justice	Totals
ASSETS								
Cash and cash equivalents	$ 2,605,214	$ 402,389	$ 184,109	$ 368,106	$ 65,869	$ 1,338	$ 30	$ 5,279,433
Investments				2,296,098				2,296,098
Accounts receivable	403,557	667	129	5				596,715
Interfund receivables				9,264				12,183
TOTAL ASSETS	$ 3,008,771	$ 403,056	$ 184,238	$ 2,673,473	$ 65,869	$ 1,338	$ 30	$ 8,184,429
LIABILITES AND FUND BALANCES								
Liabilities:								
Accounts payable								$ 143,156
Interfund payables								100
Settlements pending					$ 65,869	$ 1,338	$ 30	67,237
Total Liabilities					65,869	1,338	30	210,493
Fund Balances:								
Restricted	$ 3,008,771	$ 403,056	$ 184,238	$ 2,673,473				7,471,855
Committed								494,304
Assigned								7,777
Total Fund Balances	3,008,771	403,056	184,238	2,673,473				7,973,936
TOTAL LIABILITIES AND FUND BALANCES	$ 3,008,771	$ 403,056	$ 184,238	$ 2,673,473	$ 65,869	$ 1,338	$ 30	$ 8,184,429

CITY OF CABOT, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2

	SPECIAL REVENUE FUNDS							
	Act 833 Fire Protection	District Court Automation	District Court Cost	Boundary Street Improvement	Senior Citizen/Health/Library	District Court Retirement	Drug Control	Street Bond Refund
REVENUES								
State aid	$ 16,194							
Federal aid								
Property taxes					$ 423,103			
Franchise fees								
Sales taxes								
Fines, forfeitures, and costs		$ 24,247	$ 24,524			$ 10,527	$ 1,684	
Interest	15	11	6	$ 66	294	16	16	$ 10
Local permits and fees				52,415				
Net increase/(decrease) in fair value of investments								
Other								
TOTAL REVENUES	16,209	24,258	24,530	52,481	423,397	10,543	1,700	10
EXPENDITURES								
Current:								
General government								
Law enforcement		19,994	33,531					
Highways and streets								
Public safety	12,138							
Health					28,828			
Recreation and culture					65,923			
Social services					268,619			
Total Current	12,138	19,994	33,531		363,370			
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								
Note interest								
TOTAL EXPENDITURES	12,138	19,994	33,531		363,370			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,071	4,264	(9,001)	52,481	60,027	10,543	1,700	10
OTHER FINANCING SOURCES (USES)								
Transfers in			14,460		38,900			
Transfers out								(12,462)
Contribution to library					(236,887)			
Bond proceeds								
TOTAL OTHER FINANCING SOURCES (USES)			14,460		(197,987)			(12,462)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,071	4,264	5,459	52,481	(137,960)	10,543	1,700	(12,452)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	15,212	5,032	2,318	27,980	144,061	28,036	15,071	12,455
Restatement adjustment (Note 12)								
FUND BALANCES - JANUARY 1, AS RESTATED	15,212	5,032	2,318	27,980	144,061	28,036	15,071	12,455
FUND BALANCES - DECEMBER 31	$ 19,283	$ 9,296	$ 7,777	$ 80,461	$ 6,101	$ 38,579	$ 16,771	$ 3

CITY OF CABOT, ARKANSAS

Schedule 2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		
	Public Safety and Equipment	Sidewalk	Fire Apparatus	Community and Economic Development	Franchise Fees	2013 Capital Projects	2016 Capital Projects	2018 Capital Projects
REVENUES								
State aid								
Federal aid		$ 299,511						
Property taxes		141,140	$ 140,986					
Franchise fees					$ 979,608			
Sales taxes								
Fines, forfeitures, and costs	$ 20,307							
Interest	27	199	87	$ 38	278	$ 182	$ 660	$ 14,391
Local permits and fees				79,982				
Net increase/(decrease) in fair value of investments								
Other	1,000	4,993						636
TOTAL REVENUES	21,334	445,843	141,073	80,020	979,886	182	660	15,027
EXPENDITURES								
Current:								
General government				66,729				
Law enforcement								
Highways and streets		484,736				55,727	205,782	
Public safety								1,608,166
Health								
Recreation and culture								
Social services								
Total Current		484,736		66,729		55,727	205,782	1,608,166
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal			174,692					
Note interest			9,193					
TOTAL EXPENDITURES		484,736	183,885	66,729		55,727	205,782	1,608,166
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,334	(38,893)	(42,812)	13,291	979,886	(55,545)	(205,122)	(1,593,139)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out					(768,954)			
Contribution to library								
Bond proceeds								2,500,000
TOTAL OTHER FINANCING SOURCES (USES)					(768,954)			2,500,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	21,334	(38,893)	(42,812)	13,291	210,932	(55,545)	(205,122)	906,861
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	17,651	266,667	121,095			55,800	205,462	
Restatement adjustment (Note 12)				49,406				
FUND BALANCES - JANUARY 1, AS RESTATED	17,651	266,667	121,095	49,406		55,800	205,462	
FUND BALANCES - DECEMBER 31	$ 38,985	$ 227,774	$ 78,283	$ 62,697	$ 210,932	$ 255	$ 340	$ 906,861

CITY OF CABOT, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2

	DEBT SERVICE FUNDS			TRUST FUND	
	2013 Debt Service Bond/Reserve	2016 Debt Service Bond/Reserve	2018 Debt Service Bond/Reserve	Firemen's Pension	Totals
REVENUES					
State aid				$ 4,144	$ 20,338
Federal aid					299,511
Property taxes				16	705,245
Franchise fees					979,608
Sales taxes	$ 3,863,335	$ 940,661			4,803,996
Fines, forfeitures, and costs					81,289
Interest	44,480	4,639	$ 627	156	66,198
Local permits and fees					132,397
Net increase/(decrease) in fair value of investments				(138,569)	(138,569)
Other					6,629
TOTAL REVENUES	3,907,815	945,300	627	(134,253)	6,956,642
EXPENDITURES					
Current:					
General government					66,729
Law enforcement					53,525
Highways and streets					746,245
Public safety			71,281	150,233	1,841,818
Health					28,828
Recreation and culture					65,923
Social services					268,619
Total Current			71,281	150,233	3,071,687
Debt Service:					
Bond principal	2,905,000	565,000			3,470,000
Bond interest and other charges	1,047,731	200,237	30,633		1,278,601
Note principal					174,692
Note interest					9,193
TOTAL EXPENDITURES	3,952,731	765,237	101,914	150,233	8,004,173
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,916)	180,063	(101,287)	(284,486)	(1,047,531)
OTHER FINANCING SOURCES (USES)					
Transfers in			130,525		183,885
Transfers out					(781,416)
Contribution to library					(236,887)
Bond proceeds			155,000		2,655,000
TOTAL OTHER FINANCING SOURCES (USES)			285,525		1,820,582
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(44,916)	180,063	184,238	(284,486)	773,051
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	3,053,687	222,993		2,957,959	7,151,479
Restatement adjustment (Note 12)					49,406
FUND BALANCES - JANUARY 1, AS RESTATED	3,053,687	222,993		2,957,959	7,200,885
FUND BALANCES - DECEMBER 31	$ 3,008,771	$ 403,056	$ 184,238	$ 2,673,473	$ 7,973,936

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

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

Fund Name	Fund Description
Act 833 Fire Protection	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of $5 per month on each person to be used for court-related technology.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Boundary Street Improvement	Established to account for bonds collected for street improvements in new subdivisions as authorized by Cabot Ordinance no. 25 (June 13, 1994).
Senior Citizen/Health/Library	Cabot Ordinance no. 3 (January 8, 1996) established fund to account for the receipts and disbursements of the property tax millage.
District Court Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Street Bond Refund	Established to account for refunding of bonds from Boundary Street Improvement.
Public Safety and Equipment	Cabot Ordinance no. 18 (November 15, 2010) established fund to receive 10% of court fines.
Sidewalk	Cabot Ordinance no. 17 (November 15, 2010) established fund to receive property taxes for sidewalk projects.
Fire Apparatus	Cabot Ordinance no. 8 (May 18, 2015) established fund to receive property taxes for fire apparatus.
Community and Economic Development	Cabot Ordinance no. 22 (May 21, 2018) established fund to account for the business license fees collected in accordance with Cabot Ordinance no. 6 of 2017 (April 17, 2017).

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

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

Fund Name	Fund Description
Franchise Fees	Cabot Ordinance no. 8 (February 22, 2018) established to account for franchise fees collected to repay the Franchise Fee Revenue Bonds, Series 2018.
2013 Capital Projects	Cabot Ordinance no. 11 (May 16, 2013) established a capital projects fund to pay the construction costs of betterments and improvements for the City's park and recreation system, North interchange, community center, Highland area drainage, library, and wastewater collection system.
2016 Capital Projects	Cabot Ordinance no. 4 (February 15, 2016) established a capital projects fund to complete the financing of the North Terminal Interchange improvements.
2018 Capital Projects	Cabot Ordinance no. 8 (February 22, 2018) established a capital projects fund to finance the cost of constructing and equipping a new central fire station.
2013 Debt Service Bond/Reserve	Cabot Ordinance no. 11 (May 16, 2013) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund in an amount equal to one-half of the maximum annual debt service requirements on the bonds.
2016 Debt Service Bond/Reserve	Cabot Ordinance no. 4 (February 15, 2016) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund equal to one-half of the maximum annual debt service requirements on the bonds.
2018 Debt Service Bond/Reserve	Cabot Ordinance no. 8 (February 22, 2018) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund equal to one-half of the maximum annual debt service requirements on the bonds.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court Small Claims	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

Schedule 3

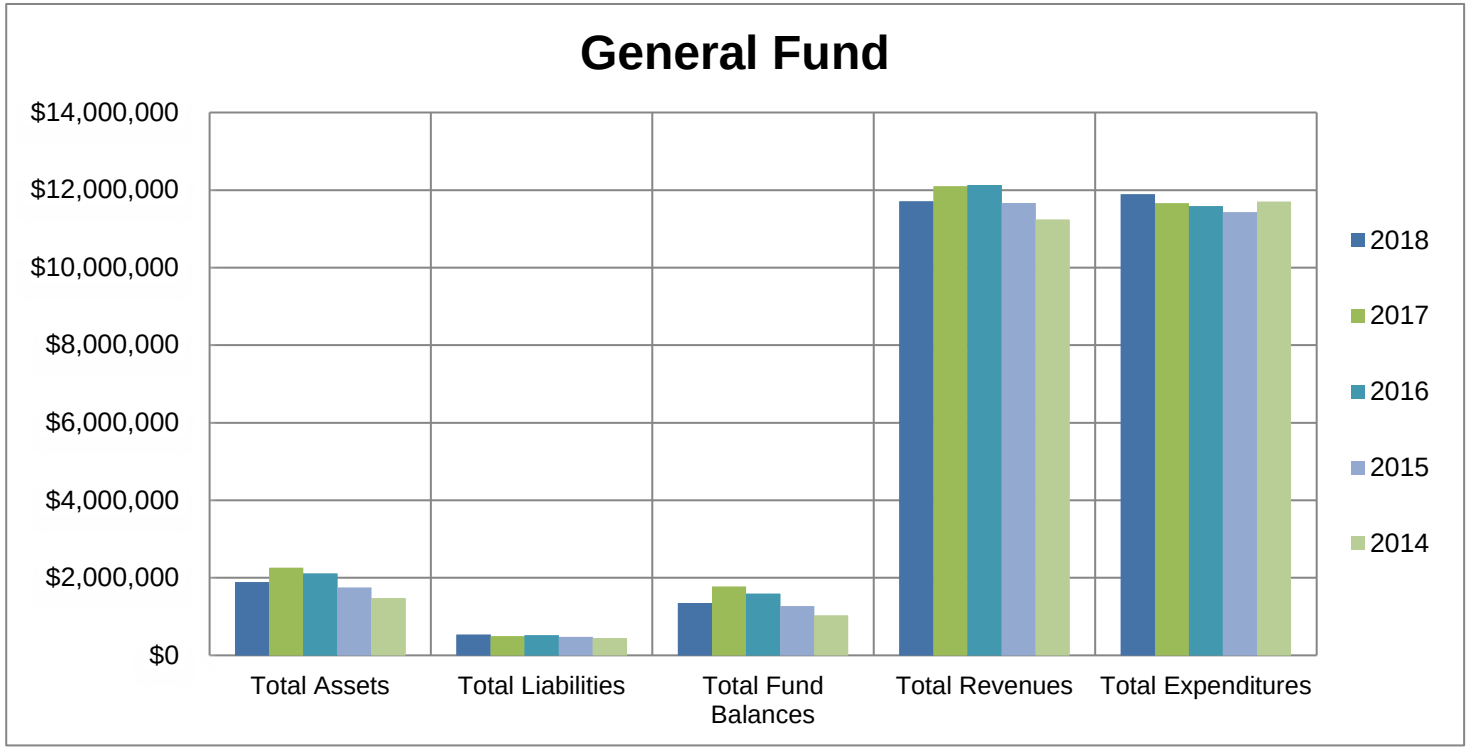
CITY OF CABOT, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2018
(Unaudited)

	December 31, 2018
Land	$ 1,723,426
Buildings	11,213,936
Equipment	6,406,412
Construction in progress	1,434,181
Total	$ 20,777,955

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

Schedule 4-1

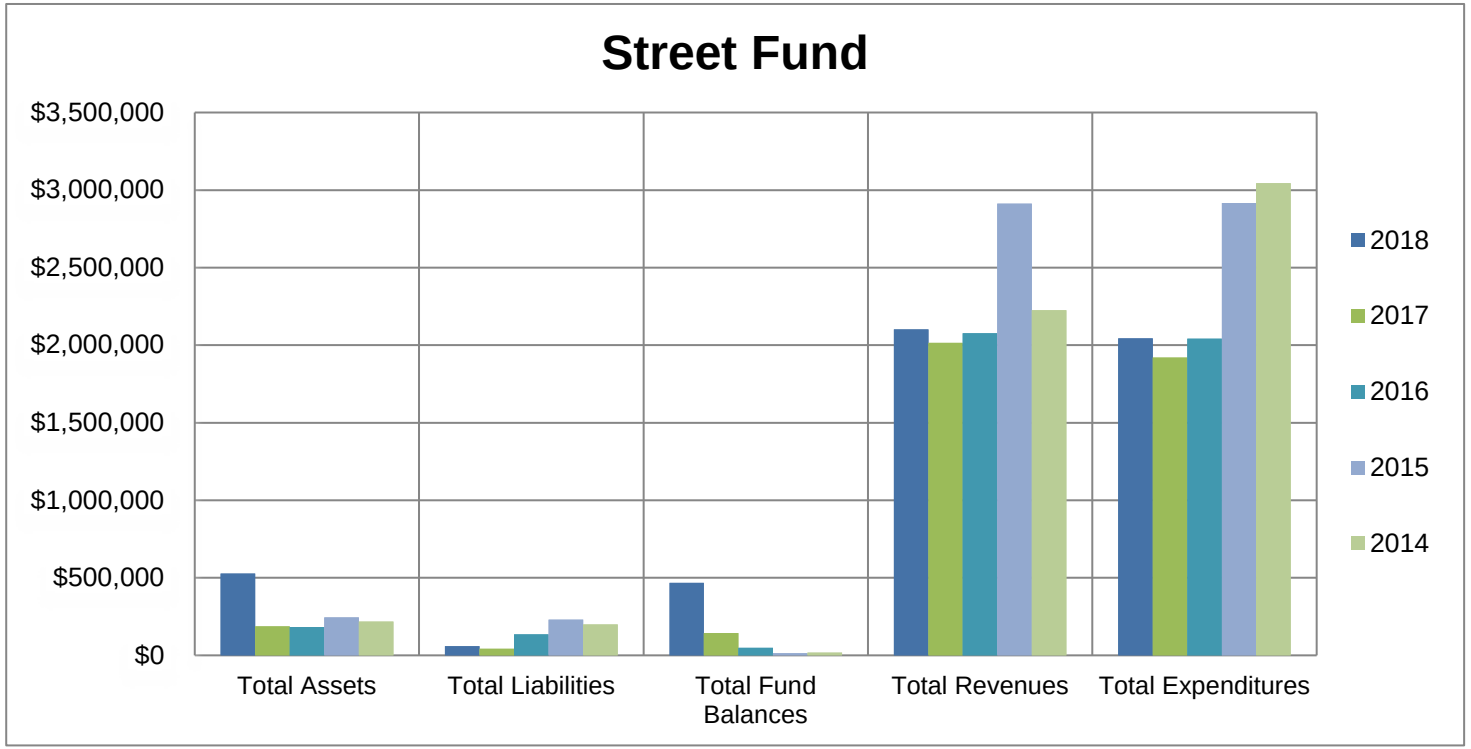
General	2018	2017	2016	2015	2014
Total Assets	$ 1,886,608	$ 2,260,373	$ 2,105,229	$ 1,743,550	$ 1,471,792
Total Liabilities	535,815	492,474	517,127	474,951	440,023
Total Fund Balances	1,350,793	1,767,899	1,588,102	1,268,599	1,031,769
Total Revenues	11,706,838	12,099,008	12,129,352	11,668,758	11,234,464
Total Expenditures	11,889,423	11,654,211	11,580,112	11,425,533	11,695,754
Total Other Financing Sources/Uses	(185,115)	(265,000)	(229,737)	(6,395)	104,175



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

Schedule 4-2

Street	2018	2017	2016	2015	2014
Total Assets	$ 527,406	$ 186,955	$ 183,628	$ 243,703	$ 217,497
Total Liabilities	59,714	43,411	134,636	230,952	199,884
Total Fund Balances	467,692	143,544	48,992	12,751	17,613
Total Revenues	2,101,475	2,014,911	2,077,163	2,912,401	2,224,554
Total Expenditures	2,042,821	1,920,359	2,040,922	2,917,263	3,045,210
Total Other Financing Sources/Uses	265,494				(312,134)



CITY OF CABOT, ARKANSAS

Schedule 4-3

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

DECEMBER 31, 2018

(Unaudited)

Other Funds in the Aggregate	2018	2017	2016	2015	2014
Total Assets	$ 8,184,429	$ 7,259,039	$ 8,399,473	$ 16,294,554	$ 29,026,128
Total Liabilities	210,493	107,560	431,054	868,892	471,112
Total Fund Balances	7,973,936	7,151,479	7,968,419	15,425,662	28,555,016
Total Revenues	6,956,642	5,883,292	5,237,824	5,331,778	5,183,327
Total Expenditures	8,004,173	5,945,748	15,387,912	11,123,907	12,282,438
Total Other Financing Sources/Uses	1,820,582	(754,484)	2,462,190	(7,337,225)	(1,628,273)

