

City of Springdale, Arkansas

Financial Statements and Independent Auditor's Reports

December 31, 2019

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City of Springdale, Arkansas
December 31, 2019

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

Elected Officials:

Mayor	Doug Sprouse
City Clerk/Treasurer	Denise Pearce
City Attorney	Ernest Cate
District Judge	Jeff Harper
Council Member – Ward 1	Jim Reed
Council Member – Ward 1	Colby Fulfer
Council Member – Ward 2	Mike Overton
Council Member – Ward 2	Ricky C. Evans
Council Member – Ward 3	Jeff Watson
Council Member – Ward 3	Rick Culver
Council Member – Ward 4	Kathy Jaycox
Council Member – Ward 4	Mike Lawson

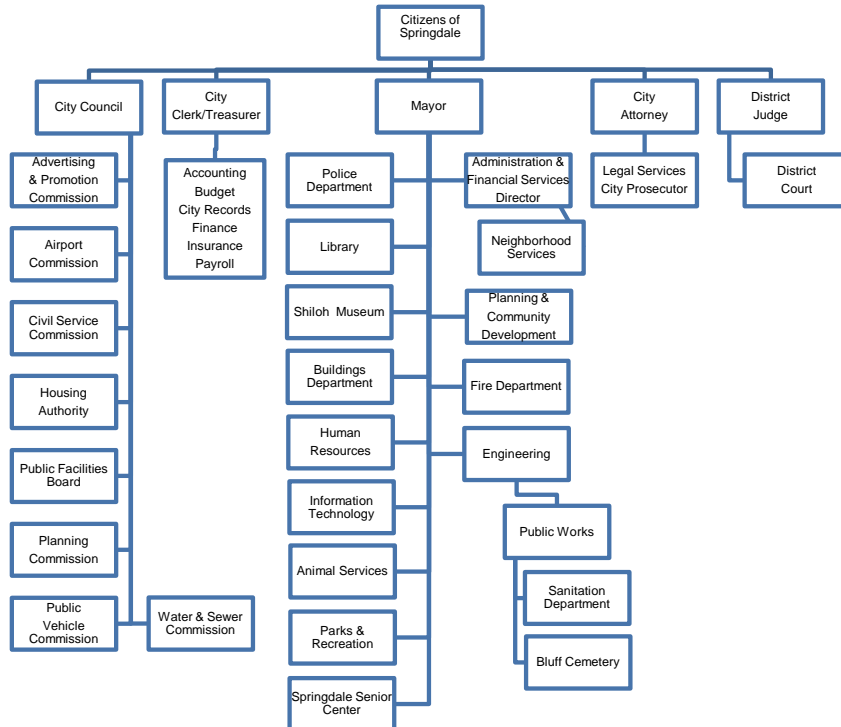
Appointed Officials:

Administrative and Financial Services	Wyman D. Morgan
Animal Services	Courtney Kremer
Chief Building Official	Mike Chamlee
Engineering and Public Works	Brad Baldwin
Finance	Laura Favorite
Fire Chief	Mike Irwin
Human Resources	Gina Lewis
Information Technology	Mark Gutte
Library	Marcia Ransom
Museum	Allyn Lord
Parks and Recreation	Chad Wolf
Planning and Community Development	Patsy Christie
Police Chief	Mike Peters
Water and Wastewater	Heath Ward

City of Springdale, Arkansas

Organizational Chart

December 31, 2019



Independent Auditor's Report

The Honorable Mayor and
City Council
City of Springdale, Arkansas
Springdale, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Springdale, Arkansas as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Springdale, Arkansas as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund statements and schedules, budgetary comparison schedules and schedule of expenditures of state awards as well as the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and
City Council
City of Springdale, Arkansas
Page 3

The combining and individual fund statements and schedules, budgetary comparison schedules, schedule of expenditures of state awards and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual funds statements and schedules, budgetary comparison schedules, schedule of expenditures of state awards and the schedule of expenditure of federal awards information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

BKD, LLP

Rogers, Arkansas
February 12, 2021

City of Springdale, Arkansas

Management's Discussion and Analysis

December 31, 2019

As management of the City of Springdale, we offer this narrative overview and analysis of the financial activities and financial position of the City for the year ended December 31, 2019. Overall, the financial health and well-being of a city lies in the willingness of its citizens and property owners to pay adequate taxes and other fees combined with the leadership and vision of the government's elected and appointed officials to spend those revenues strategically so that the City's service levels, assets and the City's desirability will be maintained not just for the current year but well into the future. We encourage readers of the financial statements to consider the information presented here in conjunction with all other information provided in this report.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2019 by \$260 million (net position). Of this amount, \$244 million is invested in capital assets, and \$25 million is restricted for capital expenditures, debt service, unspendable endowment funds, and other purposes. Unrestricted net position available for meeting the City's emergency and unexpected obligations reported a deficit of \$9.8 million, due primarily to the \$51.5 million balance in net pension liabilities at year-end. The City's business-type activities have an unrestricted net position of \$660 thousand.
- The City's total net position increased by \$9.9 million in 2019. Net position of governmental activities increased by \$9.4 million in 2019, compared to a net increase of \$9.5 million in 2018. The net position of the business-type activities increased by \$451 thousand in 2019 as compared to a net increase of \$2.1 million in 2018.
- At the close of 2019, the City's governmental funds reported combined ending fund balances of \$170 million, which reflects a decrease of \$24.7 million from the prior year, primarily due to an increase in capital expenditures of \$19.6 million, and an increase in debt service expenditures of \$3.8 million. The restricted portion of the fund balances is \$146.6 million; \$4.3 million of which is considered unspendable, and \$142.2 million that is restricted for capital expenditures, debt service, and other purposes. The remaining fund balance is classified as \$9.6 million committed for capital projects and other purposes, assigned of \$11.4 million, and unassigned fund balance of \$2.9 million.
- At the end of 2019, the unassigned fund balance of the General Fund was \$2.9 million, which represents 2% of the total governmental fund balances and is 5% of total general fund expenditures, including transfers. There was a decrease of \$1.2 million in the total general fund balance for 2019, compared to a \$0.9 million decrease in 2018. The unassigned portion is available for use to support operations, funding for special projects and equipment replacement funding.
- The City's total bonded indebtedness decreased by \$11.6 million during 2019 due to principal payments on existing debt.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

- The City's net pension liabilities increased \$5.7 million to \$51.5 million as of December 31, 2019. The net pension liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 7* on pages 59 - 78 of this report. Pension expense increased \$0.8 million to a total of \$8.8 million for 2019.
- The City's OPEB liability increased \$0.4 million to \$5.2 million as of December 31, 2019. The OPEB liability and the related net deferred inflows and outflows of resources are discussed in detail in *Note 9* on pages 79 - 85 of this report. OPEB (income) expense for 2019 was (\$53 thousand).
- The City's business-type component unit reported net position of \$291 million as of September 30, 2019, an increase of \$4.3 million compared to September 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Springdale's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a provide-sector business. The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, capital projects, community development, culture and recreation, economic development, public safety and public works. The business-type activities of the City include the municipal airport, city attorney restitution, and the bulky waste pick up program.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the City of Springdale, Arkansas Water and Sewer Commission, a legally separate *component unit* for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 19 and 20 of this report.

Fund Financial Statements

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

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

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

The City maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Street Fund, Sales and Use Tax Fund, the 2018 Bonds Street Improvement Construction Fund, the 2018 Bonds Criminal Justice and Administration Complex Construction Fund, and the 2018 Bonds Debt Service Fund. Data from the remaining fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

The basic governmental fund financial statements are located on pages 21 through 24 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 25 through 27 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are located on pages 30 through 92 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund budget, the Street Fund budget and an analysis of funding progress for its obligation to provide pensions and other postemployment benefits to its employees. *Required supplementary information* is located on pages 93 through 109 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules are located on pages 110 through 124 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$260 million at the close of the most recent fiscal year, as shown in the table below.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

City of Springdale, Arkansas
Net Position
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 186,819	\$ 206,312	\$ 735	\$ 231	\$ 187,554	\$ 206,543
Capital assets	363,369	337,255	9,084	9,017	372,453	346,272
Total assets	550,188	543,567	9,819	9,248	560,007	552,815
Deferred outflows of resources	18,385	15,139	2	-	18,387	15,139
Current liabilities	19,550	14,157	168	76	19,718	14,233
Other liabilities	294,024	299,579	35	15	294,059	299,594
Total liabilities	313,574	313,736	203	91	313,777	313,827
Deferred inflows of resources	4,721	4,124	10	-	4,731	4,124
Net investment in capital assets	235,497	239,352	8,948	9,017	244,445	248,369
Restricted	25,243	19,844	-	-	25,243	19,844
Unrestricted	(10,462)	(18,350)	660	140	(9,802)	(18,210)
Total net position	\$ 250,278	\$ 240,846	\$ 9,608	\$ 9,157	\$ 259,886	\$ 250,003

By far the largest portion of the City's net position, \$244.4 million (94%) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure and equipment), plus unspent bond proceeds, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, and with the exception of business type assets, do not generate direct revenue for the City. They do represent an obligation on the part of the City to maintain these assets into the future. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the City's net position (\$25.2 million or 10%) represents resources that are subject to restrictions as to how they may be used. Of the total restricted net position, \$10.3 million is restricted for capital projects, \$12.1 million is restricted for debt service, and \$2.9 million is restricted for other purposes. The remaining balance of unrestricted net position is a deficit of \$9.8 million (-4%).

It is important to note that the unrestricted net position of the City's business type activities of \$9.61 million may not be used to fund governmental activities.

Overall the City's net position increased by \$9.9 million during 2019. Total revenues increased by \$1.77 million (2%) between years. Sales tax revenue on a government-wide basis increased by \$2.3 million (5%), and capital grants and contributions decreased by \$6.3 million (49%). Total expenses increased by \$3.5 million (4%) from 2018 to 2019. The changes in net position are shown in the following schedule.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Changes in Net Position
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 7,020	\$ 6,582	\$ 599	\$ 589	\$ 7,619	\$ 7,171
Operating grants and contributions	12,626	12,248	-	-	12,626	12,248
Capital grants and contributions	5,994	10,488	493	2,320	6,487	12,808
Total program revenues	25,640	29,318	1,092	2,909	26,732	32,227
General revenues						
Sales tax	47,496	45,174	29	39	47,525	45,213
Ad valorem tax	6,655	6,523	-	-	6,655	6,523
Franchise tax	4,128	4,239	-	-	4,128	4,239
Hotel/motel tax	521	468	-	-	521	468
Investment earnings (losses)	5,091	2,521	3	2	5,094	2,523
Gain (loss) on sale of assets	2,033	(255)	(11)	(30)	2,022	(285)
Total general revenues	65,924	58,670	21	11	65,945	58,681
Total revenues	91,564	87,988	1,113	2,920	92,677	90,908
Expenses						
General government	5,262	8,308	-	-	5,262	8,308
Community development	2,072	1,823	-	-	2,072	1,823
Culture and recreation	12,996	11,212	-	-	12,996	11,212
Economic development	530	553	-	-	530	553
Public safety	38,398	35,907	-	-	38,398	35,907
Public works	14,238	14,201	-	-	14,238	14,201
Interest on long-term debt	8,319	6,192	-	-	8,319	6,192
Municipal airport	-	-	851	952	851	952
Sanitation	-	-	128	129	128	129
Total expenses	81,815	78,196	979	1,081	82,794	79,277
Increase (decrease) in net position before transfers	9,749	9,792	134	1,839	9,883	11,631
Transfers	(317)	(250)	317	250	-	-
Increase (decrease) in net position	9,432	9,542	451	2,089	9,883	11,631
Net position - January 1,	240,846	234,109	9,157	7,068	250,003	241,177
Prior period adjustment*	-	(2,805)	-	-	-	(2,805)
Net Position - January 1, restated	240,846	231,304	9,157	7,068	250,003	238,372
Net position - December 31	\$ 250,278	\$ 240,846	\$ 9,608	\$ 9,157	\$ 259,886	\$ 250,003

*The cumulative effect of applying GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions* resulted in the beginning net position for 2018 being restated.

Governmental activities – Governmental activities increased the City's net position by \$9.4 million. Key elements of this increase are as follows:

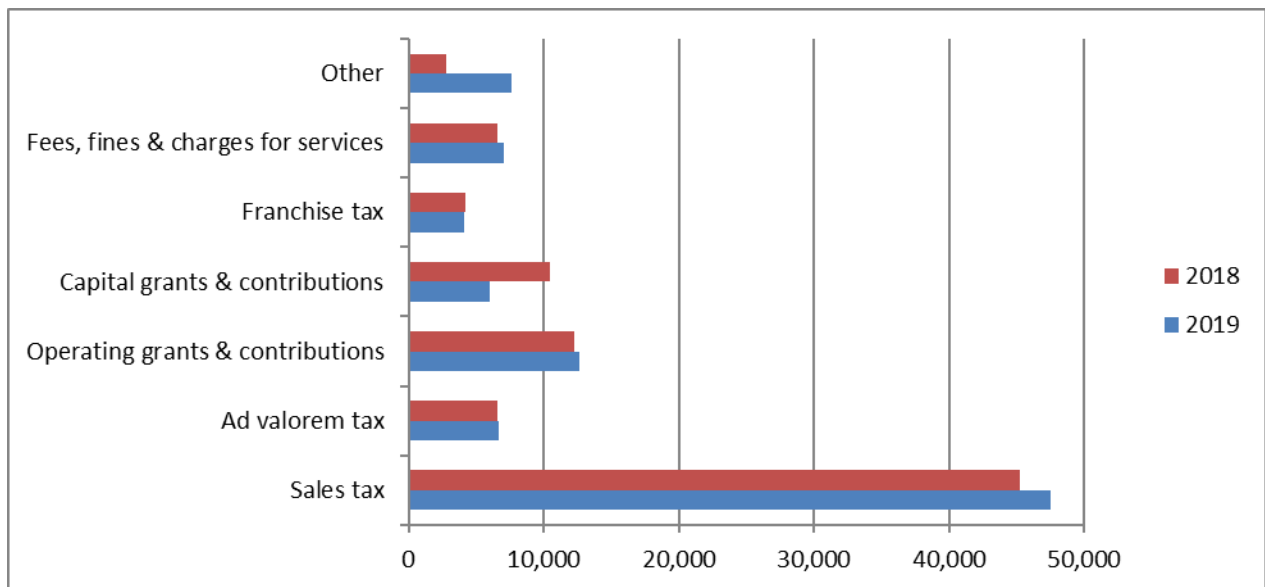
- Total revenues increased by \$3.6 million, due primarily to increases in investment earnings (\$2.6 million or 102%), gain on sale of assets (\$2.0 million or 897%) and sales and use taxes (\$2.3 million or 5%), offset by a decrease in capital grants and contributions of \$4.5 million (-43%).

City of Springdale, Arkansas
Management’s Discussion and Analysis (Continued)
December 31, 2019

- Sales taxes provided \$47.5 million (52%) of the City’s governmental revenue in 2019, while operating grants and contributions provided \$12.6 million (14%), capital grants and contributions provided \$6 million (7%), and ad valorem taxes provided \$6.7 million (7%).
- Capital outlay and donated capital assets exceeded depreciation expense by \$27.3 million.
- The reported 2019 expenses increased by \$3.6 million (5%) from 2018, due primarily to increases in interest on long-term debt (\$2.1 million), public safety expenses (\$2.5 million) and culture and recreation expenses (\$1.8 million) offset by a decrease in general government expenses (\$3 million). General government expenses decreased primarily due to debt issuance costs (\$2.48 million) for the City's 2018 Series bonds. Public safety expenses increased primarily due to annual salary and benefit increases.

A chart of revenues by major source for governmental activities is presented below.

Changes in Net Position
Revenues by Major Source
Government Activities



Business-type activities – Business-type activities increased the City's net position by \$0.45 million,

The Municipal Airport revenues of \$0.94 million provided 84% of total revenues for business-type activities for 2019 while current year expenses of \$0.85 million were 87% of total expenses. Municipal Airport depreciation expense for 2019 was \$0.50 million.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Financial Analysis of the Government's Funds

The City of Springdale uses fund accounting to ensure and demonstrate compliance with finance related requirements.

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

As of December 31, 2019, the City's governmental funds combined fund balances were \$170 million, which reflects a decrease of \$24.7 million from the prior year end. Of this amount, \$4.3 million (3%) is nonspendable, \$142 million (83%) represents fund balances restricted for capital projects, debt service, and other purposes, \$9.5 million (6%) is committed for capital projects, and \$11.39 million (7%) is assigned for specific uses by fund type. The remainder of the balance, \$2.9 million (2%), is unassigned in the General Fund and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. As of December 31, 2019, the total fund balance of the General Fund was \$4.6 million of which \$2.9 million (63%) was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures, including transfers out. Unassigned fund balance represents approximately 5% of the total General Fund expenditures for 2019, including transfers out, while total fund balance represents 9% of that same amount.

During the 2019 fiscal year, the fund balance of the General Fund decreased by \$1.19 million (0.21%). As a comparison, the 2019 final adopted budget anticipated a 25% decrease in the general fund balance by the end of the year. The decrease for 2019 was due to the following:

- Total revenues for 2019, including transfers, increased by \$8.4 million or 19%. The primary reasons for the increase were due to increases in transfers in (\$5.2 million) and proceeds from sale of capital assets (\$3 million), offset by a decrease in other grants and contributions of \$0.95 million.
- The increase in revenues was offset by an increase in total expenditures, including transfers, between years of \$8.7 million or 19%. The primary reasons for the increase were due to increases in capital expenditures (\$6.9 million), public safety (\$1.7 million) and increases in transfers out (\$1.15 million).

The Street Fund is a special revenue fund that is presented as a major fund, and accounts for 3% of the total governmental fund balances. Revenues include property taxes dedicated to streets, bridges and associated drainage, as well as gasoline tax turnback from the state. The fund balance of the Street Fund increased \$1.26 million between years.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

The Sales and Use Tax Fund is a capital projects fund that is presented as a major fund and accounts for 7% of the total governmental fund balances. Revenues include a one percent (1%) local sales tax of which forty-five percent (45%) is dedicated to capital improvement projects and fifty-five percent (55%) to operations and maintenance. Beginning in 2013, the one percent (1%) local sales tax was pledged for debt service for the Sales and Use Tax Bonds, Series 2012. The fund balance increased by \$0.4 million between years.

The 2018 Bonds Street Improvement and Criminal Justice and Administration Complex Construction Funds provided 58% of the total governmental fund balances at December 31, 2019. The net decrease in fund balances during 2019 was \$16.3 million, and was the result of spending bond proceeds on capital improvements.

The 2018 Bonds Debt Service fund provided 6% of the total governmental fund balances at December 31, 2019. Revenues for 2019 for this fund include a one percent (1%) local sales tax pledged to debt service. During 2019, the City used excess tax receipts to call and redeem \$3.4 million in bonds.

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

At December 31, 2019, the net position of the Municipal Airport Fund was \$9.1 million, which accounts for 95% of the total net position of all proprietary funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The final amended General Fund budget had total budgeted revenues of \$53.1 million (total revenues plus other financing sources) compared to the original budget total of \$48 million. Final amended appropriations (total expenditures plus transfers out) were \$54.6 million as compared to the original budget total of \$49.1 million. The net increase in budgeted revenues of \$5.12 million and appropriations of \$5.47 million is summarized briefly as follows:

- \$108,120 increase in appropriations for an increase in Fire Department personnel expenditures.
- \$29,139 increase in appropriations for the Fire Department for Barriare hoods and Rapid Intervention Packs funded with Fire Act 833 funds.
- \$4.1 million increase in revenues and transfers in and appropriations for expenditures for the sale of the Parks Youth Center property and purchase of the Parks Recreation Center property.
- \$1million increase in revenues and appropriations for expenditures and transfers out for the sale of various Spring Street buildings.
- \$212,000 increase in appropriations for one ambulance funded with the Ambulance Equipment Replacement Fund.
- \$21,040 increase in transfers in and appropriations for expenditures for a new Information Technology position.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Total actual revenue received for the General Fund, including other financing sources, was \$53.1 million and was \$64 thousand or 0.12% less than final budget estimates. General Fund actual expenditures, including transfers out, of \$54.3 million were 99% of the final amended budgeted appropriations. The final amended budget projected a \$1.47 million decrease in fund balance, while the actual resulted in a fund balance decrease of \$1.19 million. Specific revenue and expenditure variances are as follows:

- License fees and permits were \$1,084,054, while the final budgeted amount was \$963,800. The excess revenues over budget (\$120,254) were due to an increase in building permit fees collected.
- Franchise tax revenues received were less than the final budget by \$222,003, primarily due to electric and cable utility companies performing worse than expected.
- Federal and state grant revenue exceeded the final budgeted amount by \$115,683 due to grant revenue received but not budgeted in 2019 for the Police Department.
- Other grants and contributions were \$1,522,885, while the final budgeted amount was \$1,044,680. The excess revenues over the budget (\$478,205) were primarily due to the recognition of grant revenue deferred in 2018 related to the new Criminal Justice Complex.
- Charges for goods and services other than ambulance fees exceeded the final budgeted amount (\$1,527,000) by \$156,125. The primary reason for the increase was due to the increase in rent and concessions at Parks Department events.
- Fines and forfeitures revenues were less than the final budget by \$86,726 as Police Department fines and fees collected through the District Court were less than anticipated.
- Transfers in were \$12,762,535, while the final budgeted amount was \$13,504,960. The transfers in were less than budget, as the City chose not to transfer a portion of the additional funds budgeted from the Sales and Use Tax Fund in excess of the 55% city sales and use taxes received for 2019.
- City wide personnel costs had a remaining budgeted balance of \$1,477,768 due to open positions and attrition during the year.
- General government expenditures exceeded the final budgeted amount (\$5,594,070) by \$488,392, or 8.7%. The primary reason was capital expenditures for the new Criminal Justice Complex being higher than anticipated; those costs were reimbursed by grant funds.

The budget and actual comparison schedules are located on pages 104 through 109.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2019 amounted to \$372 million, net of accumulated depreciation. The increase in capital assets related to governmental activities was \$26.1 million (7.7%). The City's investment in capital assets related to business-type activities increased by \$0.7 million (0.7%).

The following table summarizes the City's capital assets.

Capital Assets, Net of Accumulated Depreciation
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and easements	\$ 89,751	\$ 86,945	\$ 3,298	\$ 3,125	\$ 93,049	\$ 90,070
Land improvements	30,649	28,726	3,555	3,649	34,204	32,375
Buildings and improvements	51,545	47,960	1,447	1,537	52,992	49,497
Construction in progress	34,607	16,494	86	88	34,693	16,582
Infrastructure	137,343	141,016	-	-	137,343	141,016
Machinery and equipment	19,273	15,888	698	618	19,971	16,506
Intangibles	201	226	-	-	201	226
Total	\$ 363,369	\$ 337,255	\$ 9,084	\$ 9,017	\$ 372,453	\$ 346,272

Major capital asset events during 2019 included the following:

- Donated land, easements and infrastructure totaled \$5.8 million.
- Constructed infrastructure, land and improvements increased \$4.8 million. The City completed Deans Trail-Phase 1, which totaled \$3.6 million, and the Watkins Ave. widening project, which totaled \$930 thousand.
- New Fire Station No. 7 was completed during 2019 at a total cost of \$3.14 million.
- Construction in progress had a net increase of \$18.1 million. Major projects in progress included the Criminal Justice/Administration Complex (\$9.4 million), Fire Station No. 8 (\$2.1 million), Shaw Family Park (\$2.1 million), Gene George Blvd. North (\$6.76 million) and the new Animal Shelter building (\$1 million).
- Purchase of land and building for a recreation center at a cost of \$4.1 million.
- Sale of the youth center building and various buildings located on Spring St. (book values \$1.6 million) for \$3.1 million.
- Depreciation expense totaled \$17.2 million.

Additional information on the City's capital assets is located in *Note 4* on pages 48 through 51 of this report.

Long-term debt. At December 31, 2019, the City had \$231 million of long-term bonds outstanding, secured solely by City sales and use taxes and revenues and receipts of the City of Springdale Public Facilities Board. The City's total bonded debt decreased by \$11.6 million, and was due to scheduled bond maturities during 2019, as well as the call and redemption of \$3.4 million of Series 2018 bonds with excess tax receipts.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

The following table details the breakdown of this debt.

Long-term Debt
(Amounts in Thousands)

	Governmental Activities	
	2019	2018
Sales and Use Tax Refunding and Improvement Bonds, Series 2018	\$ 179,530	\$ 187,075
Sales and Use Tax Bonds, Series 2012	50,965	53,575
Public Facilities Board Revenue Bond (Real Estate Acquisition Project)	626	700
	<u>\$ 231,121</u>	<u>\$ 241,350</u>

The City's bond rating from Standard and Poor's is AA for the Series 2018 Bonds; the Series 2012 Bonds are not rated.

Under Arkansas statutes, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation of real and person property within the city limits. The City is also allowed to issue short-term debt (maturities of less than five years) up to 5% of the total assessed valuation. The City's current debt limit for both is \$298 million. The City had no general obligation long-term debt or any short-term debt at year end.

The City's business type component unit, Springdale Water and Sewer Commission, had outstanding long-term debt of \$1.9 million at September 30, 2019. The Commission retired \$225 thousand of these bonds during the year ended September 30, 2019.

Additional information on the City's long-term debt can be found in *Note 5* located on pages 51 through 58 of this report.

Economic Factors and the Next Year's Budget

The current unemployment rate for the Fayetteville-Springdale-Rogers MSA decreased from 2.7% at the end of 2018 to 2.3% at the end of 2019. This compares favorably to the state's average unemployment rate of 3.5% and the national average unemployment rate of 3.5%.

The City's population, according to the revised 2010 census, was 70,747, and showed the City grew by 8,288 or 13% during the period between 2005 and 2010. The U.S. Census Bureau estimates the City's population in 2019 to be 81,125 or a 15% increase since 2010.

City wide revenue was up \$1.77 million, or 2% compared to last year. Increases were experienced in sales taxes, property taxes, investment earnings, operating grants and contributions and gain on sales of capital assets.

City of Springdale, Arkansas
Management's Discussion and Analysis (Continued)
December 31, 2019

Total revenues for the General Fund, including transfers, increased by 19% compared to the prior year. Sales and use taxes received in 2019, including city sales and use taxes transferred in, increased 17% as compared to 2018. These taxes are a primary source of revenue for the General Fund, comprising 49% of the total revenue. The assessed values for property taxes, (for taxes to be collected in 2019) increased by 2% as compared to the prior year.

Building permits and inspection fees increased \$8,844 or 1.1% from 2018 to 2019, and the number of building permits issued increased by 110 or 18%. Total construction values for 2019 were \$203 million, compared to \$197 million for 2018. Commercial construction values decreased \$9.2 million or 7% in 2019 compared to 2018. Residential single family housing construction values were up \$15.6 million or 24% compared to 2018.

The City Council adopted the 2020 budget on December 10, 2019 with General Fund projected revenues and transfers of \$46.7 million and projected expenditures and transfers of \$49.9 million. Budgeted revenues decreased \$6.4 million, or 12% compared to the final amended 2019 budget, primarily due to the decreases in miscellaneous grants, proceeds from sales of capital assets, and transfers from other funds. Budgeted expenditures decreased by \$4.67 million, or 9% as compared to the 2019 budget, primarily due to decreases in capital asset expenditures, offset by increases in personnel costs. The overall City 2020 projected operating revenues and transfers were \$60.5 million, which reflects an increase of 3% from the original 2019 budget, and an 8% decrease from the amended 2019 budget. The overall City 2020 projected operating expenditures and transfers for all funds were \$67 million, which reflects an increase of 9% from the original 2019 budget, and a 0.2% increase from the final amended budget.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration and Financial Services Director, 201 Spring Street, Springdale, Arkansas 72764.

General information relating to the City of Springdale, Arkansas can be found on the City's website, <http://www.springdalear.gov>.

City of Springdale, Arkansas
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit Water and Sewer Commission
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 11,714,547	\$ 344,702	\$ 12,059,249	\$ 7,741,183
Investments	10,505,110	50,002	10,555,112	35,997,954
Receivables, net of allowance for uncollectibles	1,126,188	432,188	1,558,376	4,732,063
Intergovernmental receivables	12,523,802	-	12,523,802	-
Internal balances	100,984	(91,805)	9,179	-
Due from fiduciary funds	119,028	-	119,028	-
Inventories	-	-	-	516,210
Prepaid assets	29,143	-	29,143	50,512
Assets held for resale	2,616,445	-	2,616,445	-
Restricted assets:				
Cash and cash equivalents	20,885,629	-	20,885,629	192,794
Investments	122,962,505	-	122,962,505	2,487,538
Interest receivable	649,591	-	649,591	-
Intergovernmental receivables	3,586,424	-	3,586,424	-
Capital assets:				
Nondepreciable	124,512,176	3,383,752	127,895,928	29,870,933
Depreciable, net of accumulated depreciation	238,856,331	5,699,925	244,556,256	217,858,236
Total Assets	550,187,903	9,818,764	560,006,667	299,447,423
Deferred Outflows of Resources				
Pensions	17,988,102	-	17,988,102	-
Other postemployment benefits	396,840	1,985	398,825	68,570
Total Deferred Outflows of Resources	18,384,942	1,985	18,386,927	68,570
Total Assets and Deferred Outflows of Resources	\$ 568,572,845	\$ 9,820,749	\$ 578,393,594	\$ 299,515,993
Liabilities				
Accounts payable and accrued expenses	7,737,075	158,221	7,895,296	2,693,897
Due to fiduciary funds	6,573	-	6,573	-
Accrued interest payable	2,213,756	-	2,213,756	7,917
Customer deposits	463,239	-	463,239	2,487,538
Unearned revenue	1,927,152	9,695	1,936,847	-
Noncurrent liabilities:				
Due within one year	96,820	480	97,300	546,125
Current portion of long-term debt	7,105,000	-	7,105,000	235,000
Due in more than one year	294,024,036	34,161	294,058,197	2,531,337
Total Liabilities	313,573,651	202,557	313,776,208	8,501,814
Deferred Inflows of Resources				
Pensions	2,431,498	-	2,431,498	-
Other postemployment benefits	2,019,403	10,103	2,029,506	41,760
Loss on bond refunding	270,053	-	270,053	-
Total Deferred Inflows of Resources	4,720,954	10,103	4,731,057	41,760
Net Position				
Net investment in capital assets	235,496,901	8,948,131	244,445,032	245,829,169
Restricted for:				
Capital projects	10,264,578	-	10,264,578	-
Debt service	12,092,963	-	12,092,963	192,794
Other	2,885,230	-	2,885,230	-
Unrestricted	(10,461,432)	659,958	(9,801,474)	44,950,456
Total Net Position	\$ 250,278,240	\$ 9,608,089	\$ 259,886,329	\$ 290,972,419

City of Springdale, Arkansas
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Water and Sewer Commission
Primary government:								
Governmental activities								
General government								
Administration	\$ 2,447,791	\$ 322,151	\$ 1,201,646	\$ 1,059,915	\$ 135,921	\$ -	\$ 135,921	\$ -
City attorney	942,616	20,918	-	-	(921,698)	-	(921,698)	-
Information technology	1,329,136	10,980	-	-	(1,318,156)	-	(1,318,156)	-
District court	502,453	268,823	37,590	-	(196,040)	-	(196,040)	-
Bluff Cemetery	40,356	40,925	-	-	569	-	569	-
Community development								
Planning	444,753	27,746	-	-	(417,007)	-	(417,007)	-
Engineering	753,399	13,250	-	-	(740,149)	-	(740,149)	-
Community development and housing	873,867	47,683	777,547	-	(48,637)	-	(48,637)	-
Culture and recreation								
Parks and recreation	8,238,565	1,691,330	28,119	14,000	(6,505,116)	-	(6,505,116)	-
Senior centers	856,956	5,094	353,215	-	(498,647)	-	(498,647)	-
Public library	2,737,452	60,670	1,352,341	-	(1,324,441)	-	(1,324,441)	-
Shiloh Museum	1,163,343	51,403	34,601	7,861	(1,069,478)	-	(1,069,478)	-
Economic development	529,867	150,850	-	-	(379,017)	-	(379,017)	-
Public safety								
Animal services	965,275	47,234	25,164	-	(892,877)	-	(892,877)	-
Building inspection	761,943	802,376	-	-	40,433	-	40,433	-
Community engagement	481,313	138,688	-	-	(342,625)	-	(342,625)	-
Fire	14,019,471	1,629,775	869,074	-	(11,520,622)	-	(11,520,622)	-
Police	22,169,731	1,531,728	2,595,249	206,555	(17,836,199)	-	(17,836,199)	-
Public works	14,238,362	158,586	5,352,004	4,705,495	(4,022,277)	-	(4,022,277)	-
Debt service								
Interest on long-term debt	8,318,603	-	-	-	(8,318,603)	-	(8,318,603)	-
Total government activities	81,815,252	7,020,210	12,626,550	5,993,826	(56,174,666)	-	(56,174,666)	-

City of Springdale, Arkansas
Statement of Activities (Continued)
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Water and Sewer Commission
Business type activities								
Municipal airport	\$ 851,073	\$ 427,880	\$ -	\$ 493,246	\$ -	\$ 70,053	\$ 70,053	\$ -
Sanitation	128,450	164,069	-	-	-	35,619	35,619	-
City attorney restitution	260	7,005	-	-	-	6,745	6,745	-
Total business-type activities	<u>979,783</u>	<u>598,954</u>	<u>-</u>	<u>493,246</u>	<u>-</u>	<u>112,417</u>	<u>112,417</u>	<u>-</u>
Total primary government	<u>\$ 82,795,035</u>	<u>\$ 7,619,164</u>	<u>\$ 12,626,550</u>	<u>\$ 6,487,072</u>	<u>(56,174,666)</u>	<u>112,417</u>	<u>(56,062,249)</u>	<u>-</u>
Component unit:								
Springdale Water and Sewer Commission	<u>\$ 30,470,506</u>	<u>\$ 30,586,963</u>	<u>\$ -</u>	<u>\$ 3,168,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,284,585</u>
General revenues (expenses):								
Sales tax					47,496,465	28,550	47,525,015	-
Ad valorem tax					6,655,175	-	6,655,175	-
Franchise tax					4,127,997	-	4,127,997	-
Hotel/motel tax					520,886	-	520,886	-
Unrestricted investment earnings					5,090,718	3,533	5,094,251	981,737
Gain (loss) on sale/disposal of assets					2,032,746	(10,536)	2,022,210	1,219
Transfers					(316,852)	316,852	-	-
Total general revenues and transfers					<u>65,607,135</u>	<u>338,399</u>	<u>65,945,534</u>	<u>982,956</u>
Change in net position					<u>9,432,469</u>	<u>450,816</u>	<u>9,883,285</u>	<u>4,267,541</u>
Net position beginning of year					<u>240,845,771</u>	<u>9,157,273</u>	<u>250,003,044</u>	<u>286,704,878</u>
Net position end of year					<u>\$ 250,278,240</u>	<u>\$ 9,608,089</u>	<u>\$ 259,886,329</u>	<u>\$ 290,972,419</u>

City of Springdale, Arkansas
Balance Sheet – Governmental Funds
December 31, 2019

Assets	General Fund	Street Fund	Sales and Use Tax Fund	2018 Bonds Street Impr Construction Fund
Cash and cash equivalents	\$ 2,596,016	\$ 5,082,745	\$ 2,606,549	\$ -
Investments	1,693,381	602,123	5,267,659	-
Accounts receivable, net	1,026,475	20,847	-	-
Interest receivable	8,274	1,933	19,600	-
Intergovernmental receivables, net	8,913,402	1,568,223	2,022,771	-
Due from other funds	1,800,143	892	4,145,148	-
Assets held for resale	-	-	-	-
Other assets	28,343	-	-	-
Restricted assets:				
Cash and cash equivalents	581,333	-	-	3,145,185
Investments	-	-	-	66,242,700
Interest receivable	-	-	-	391,726
Intergovernmental receivables	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 16,647,367</u>	<u>\$ 7,276,763</u>	<u>\$ 14,061,727</u>	<u>\$ 69,779,611</u>
Liabilities				
Accounts payable	\$ 702,567	\$ 257,098	\$ 84,395	\$ -
Salaries payable	845,029	56,673	-	-
Payable from restricted assets:				
Accounts payable	-	-	-	1,584,442
Due to other funds	-	-	-	-
Due to other funds	4,216,860	460	1,543,921	-
Developer bonds payable	463,239	-	-	-
Unearned revenue	542,494	1,175,270	-	-
Total Liabilities	<u>6,770,189</u>	<u>1,489,501</u>	<u>1,628,316</u>	<u>1,584,442</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,251,839	993,868	-	-
Total Deferred Inflows or Resources	<u>5,251,839</u>	<u>993,868</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable				
Assets held for resale	-	-	-	-
Cemetery perpetual care	-	-	-	-
Endowments	-	-	-	-
Other	28,343	-	-	-
Restricted				
Court automation	-	-	-	-
Debt service	-	-	-	-
Public safety expenditures	581,333	-	-	-
Recreation and culture	112,200	-	-	-
Capital projects	-	-	1,237,359	68,195,169
Other	-	-	-	-
Committed	376,140	-	9,180,639	-
Assigned				
General fund	604,564	-	-	-
Special revenue funds	-	4,793,394	-	-
Capital project funds	-	-	2,015,413	-
Permanent fund	-	-	-	-
Unassigned	2,922,759	-	-	-
Total Fund Balances	<u>4,625,339</u>	<u>4,793,394</u>	<u>12,433,411</u>	<u>68,195,169</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,647,367</u>	<u>\$ 7,276,763</u>	<u>\$ 14,061,727</u>	<u>\$ 69,779,611</u>

The accompanying notes are an integral part of these financial statements

2018 Bonds			
Crim Justice & Admin Complex Construction	2018 Bonds Debt Service	Nonmajor Governmental	Total Governmental
Fund	Fund	Funds	Funds
\$ -	\$ -	\$ 1,429,237	\$ 11,714,547
-	-	2,941,947	10,505,110
-	-	38,021	1,085,343
-	-	11,038	40,845
-	-	19,406	12,523,802
-	-	33,074	5,979,257
-	-	2,616,445	2,616,445
-	-	800	29,143
3,824,515	6,999,714	6,334,882	20,885,629
29,173,353	-	27,546,452	122,962,505
143,903	6,781	107,181	649,591
-	2,804,598	781,826	3,586,424
52,454	-	13,226	65,680
<u>\$ 33,194,225</u>	<u>\$ 9,811,093</u>	<u>\$ 41,873,535</u>	<u>\$ 192,644,321</u>
\$ -	\$ -	\$ 127,683	\$ 1,171,743
-	-	54,967	956,669
1,845,517	-	2,178,704	5,608,663
141	-	-	141
-	-	70,116	5,831,357
-	-	-	463,239
-	-	209,388	1,927,152
<u>1,845,658</u>	<u>-</u>	<u>2,640,858</u>	<u>15,958,964</u>
-	-	-	6,245,707
-	-	-	<u>6,245,707</u>
-	-	2,616,445	2,616,445
-	-	32,720	32,720
-	-	1,671,740	1,671,740
-	-	-	28,343
-	-	201,957	201,957
-	9,811,093	4,495,626	14,306,719
-	-	-	581,333
-	-	-	112,200
31,348,567	-	25,979,944	126,761,039
-	-	256,938	256,938
-	-	-	9,556,779
-	-	-	604,564
-	-	2,647,920	7,441,314
-	-	820,892	2,836,305
-	-	508,495	508,495
-	-	-	2,922,759
<u>31,348,567</u>	<u>9,811,093</u>	<u>39,232,677</u>	<u>170,439,650</u>
<u>\$ 33,194,225</u>	<u>\$ 9,811,093</u>	<u>\$ 41,873,535</u>	<u>\$ 192,644,321</u>

City of Springdale, Arkansas
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
December 31, 2019

Total fund balances – governmental funds \$ 170,439,650

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 54,768,123	
Easements	34,982,984	
Land improvements and infrastructure	289,392,847	
Buildings and improvements	81,381,092	
Machinery and equipment	52,001,361	
Intangibles	1,270,342	
Less accumulated depreciation	<u>(185,035,110)</u>	
	328,761,639	
Construction in progress	<u>34,606,868</u>	363,368,507

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end and are not considered available. On the accrual basis, those revenues are recognized regardless of when they are collected. 6,245,707

Some long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. Those liabilities consist of:

Revenue bonds payable, net	241,646,452	
Accrued interest payable	2,213,756	
Compensated absences	2,846,354	
OPEB liabilities	5,203,617	
Net pension liabilities	<u>51,529,433</u>	(303,439,612)

Deferred inflows and outflows of resources related to pensions , OPEB and gain (loss) on bond refunding are not reported in the governmental funds but will be recognized in pension expense on a long term basis and therefore are reported in the statement of net position.

Deferred inflows of resources related to pensions	(21,752,403)	
Deferred outflows of resources related to pensions	6,195,799	
Deferred outflows of resources related to OPEB	1,622,563	
Deferred outflows of resources related to bond refunding	<u>270,053</u>	<u>13,663,988</u>

Net position of governmental funds \$ 250,278,240

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City of Springdale, Arkansas
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2019

	General Fund	Street Fund	Sales and Use Tax Fund	2018 Bonds Street Impr Construction Fund
Revenues				
Taxes	\$ 25,058,475	\$ 999,099	\$ 11,375,110	\$ -
Fees and permits	1,084,054	53,321	-	-
Intergovernmental	4,649,205	5,147,274	-	-
Other grants and contributions	1,522,885	204,730	-	-
Charges for goods and services	3,301,161	33,603	-	-
Fines and forfeitures	824,774	-	-	-
Investment earnings (losses)	79,109	53,362	416,736	2,101,983
Miscellaneous	516,679	3,227	-	8,155
Total Revenues	<u>37,036,342</u>	<u>6,494,616</u>	<u>11,791,846</u>	<u>2,110,138</u>
Expenditures				
Current				
General government	5,018,128	-	-	-
Community development	1,080,330	-	-	-
Culture and recreation	5,537,832	-	-	-
Economic development	-	-	-	-
Public safety	32,850,870	-	-	-
Public works	-	4,305,799	-	-
Capital expenditures	6,920,745	1,408,835	1,250,007	10,873,016
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	-	-	-	-
Agent fees	-	-	-	-
Total Expenditures	<u>51,407,905</u>	<u>5,714,634</u>	<u>1,250,007</u>	<u>10,873,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,371,563)</u>	<u>779,982</u>	<u>10,541,839</u>	<u>(8,762,878)</u>
Other Financing Sources (Uses)				
Transfers in	12,762,535	408,247	996,880	-
Transfers out	(2,866,522)	-	(11,133,813)	-
Contributed capital	-	-	12,416	-
Proceeds from sale of capital assets	3,152,268	14,410	-	-
Insurance recoveries	128,877	60,280	-	-
Total Other Financing Sources (Uses)	<u>13,177,158</u>	<u>482,937</u>	<u>(10,124,517)</u>	<u>-</u>
Net Changes in Fund Balances	<u>(1,194,405)</u>	<u>1,262,919</u>	<u>417,322</u>	<u>(8,762,878)</u>
Fund Balances - Beginning of Year	<u>5,819,744</u>	<u>3,530,475</u>	<u>12,016,089</u>	<u>76,958,047</u>
Fund Balances - End of Year	<u>\$ 4,625,339</u>	<u>\$ 4,793,394</u>	<u>\$ 12,433,411</u>	<u>\$ 68,195,169</u>

The accompanying notes are an integral part of these financial statements

2018 Bonds Crim Justice & Admin Complex Construction Fund	2018 Bonds Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 16,016,806	\$ 5,214,911	\$ 58,664,401
-	-	288,874	1,426,249
-	-	2,137,266	11,933,745
-	-	72,204	1,799,819
-	-	594,531	3,929,295
-	-	27,148	851,922
991,913	90,939	1,356,676	5,090,718
-	-	95,093	623,154
<u>991,913</u>	<u>16,107,745</u>	<u>9,786,703</u>	<u>84,319,303</u>
-	-	965,366	5,983,494
-	-	863,676	1,944,006
-	-	2,760,029	8,297,861
-	-	529,867	529,867
-	-	-	32,850,870
-	-	-	4,305,799
8,569,852	-	9,149,731	38,172,186
-	7,545,000	2,684,425	10,229,425
-	7,806,632	2,009,380	9,816,012
-	7,000	3,000	10,000
-	8,250	6,000	14,250
<u>8,569,852</u>	<u>15,366,882</u>	<u>18,971,474</u>	<u>112,153,770</u>
<u>(7,577,939)</u>	<u>740,863</u>	<u>(9,184,771)</u>	<u>(27,834,467)</u>
-	-	1,570,005	15,737,667
-	-	(2,054,184)	(16,054,519)
-	-	433	12,849
-	-	33,125	3,199,803
-	-	-	189,157
-	-	(450,621)	3,084,957
<u>(7,577,939)</u>	<u>740,863</u>	<u>(9,635,392)</u>	<u>(24,749,510)</u>
<u>38,926,506</u>	<u>9,070,230</u>	<u>48,868,069</u>	<u>195,189,160</u>
<u>\$ 31,348,567</u>	<u>\$ 9,811,093</u>	<u>\$ 39,232,677</u>	<u>\$ 170,439,650</u>

City of Springdale, Arkansas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2019

Net change in fund balances – total governmental funds \$ (24,749,510)

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

Governmental funds report capital outlays as expenditures. However, for government-wide statements the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which depreciation exceeds capital outlay in the current period are as follows:

Capital outlay	\$ 37,946,777	
Donated capital	6,041,696	
Depreciation expense	<u>(16,708,152)</u>	27,280,321

The net effect of various miscellaneous transactions involving capital assets (*i.e.* sales and trade-ins) is to decrease net position. (1,167,057)

Revenues that do not provide current financial resources, such as ad valorem taxes and an unconditional remainder interest in trust, are not reported as revenues for the funds, but are reported as revenues in the statement of activities. This is the change in the amount of deferred ad valorem taxes reported in the governmental fund statements. 126,798

Deferred inflows/outflows of resource related to the net pension and OPEB liabilities, and other deferred inflows/outflows of resources are not due and payable in the current period and, therefore are not reported in the funds statements. This is the amount by which the deferred inflows/outflows of resources changed during the current year. 1,618,119

Expenses that do not require current financial resources, such as compensated absences, other post-employment benefits ("OPEB") liabilities, net pension liabilities, and accrued interest payable, are not reported as expenditures in the funds, but are reported as expenses in the statement of activities. (5,318,287)

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Below are the details of the differences in the treatment of long-term debt and related items.

Principal payments	10,229,425	
Amortization of deferred inflow on bond refunding	48,856	
Amortization of premium on long-term debt	<u>1,363,804</u>	<u>11,642,085</u>

Changes in net position of governmental activities \$ 9,432,469

City of Springdale, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2019

	Enterprise Funds		
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 142,236	\$ 202,466	\$ 344,702
Investments	-	50,002	50,002
Accounts receivable, net	393,096	38,763	431,859
Accrued interest	-	329	329
Due from other funds	-	207	207
Total current assets	535,332	291,767	827,099
Noncurrent assets			
Capital assets			
Land	3,297,658	-	3,297,658
Improvements other than buildings	8,985,226	-	8,985,226
Buildings and system	3,541,110	-	3,541,110
Machinery and equipment	984,470	395,673	1,380,143
Construction in progress	86,094	-	86,094
Less accumulated depreciation	(7,995,450)	(211,104)	(8,206,554)
Total capital assets, net of accumulated depreciation	8,899,108	184,569	9,083,677
Total noncurrent assets	8,899,108	184,569	9,083,677
Total assets	9,434,440	476,336	9,910,776
Deferred Outflows of Resources			
Other postemployment benefits	1,013	972	1,985
Total Deferred Of Resources	1,013	972	1,985
Liabilities			
Current liabilities			
Accounts payable	152,052	2,083	154,135
Salaries payable	1,837	2,249	4,086
Due to other funds	92,000	12	92,012
Unearned revenue	9,695	-	9,695
Total current liabilities	255,584	4,344	259,928
Noncurrent liabilities:			
Due within one year	245	235	480
Due in more than one year	18,101	16,060	34,161
Total noncurrent liabilities	18,346	16,295	34,641
Total liabilities	273,930	20,639	294,569
Deferred Inflows of Resources			
Other postemployment benefits	5,156	4,947	10,103
Total Deferred Inflows of Resources	5,156	4,947	10,103
Net Position			
Net investment in capital assets	8,899,108	184,569	9,083,677
Unrestricted	257,259	267,153	524,412
Total net position	\$ 9,156,367	\$ 451,722	\$ 9,608,089

City of Springdale, Arkansas
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended December 31, 2019

	Enterprise Funds		
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Charges for services			
Fuel flowage fees	\$ 44,821	\$ -	\$ 44,821
Other service fees	17,170	171,074	188,244
Rental fees	353,637	-	353,637
Other revenue	5,101	-	5,101
Total operating revenues	<u>420,729</u>	<u>171,074</u>	<u>591,803</u>
Operating Expenses			
Personnel	99,118	90,633	189,751
Maintenance	65,453	5,578	71,031
Supplies	45,886	7,348	53,234
Other	139,418	3,803	143,221
Depreciation	501,198	21,348	522,546
Total operating expenses	<u>851,073</u>	<u>128,710</u>	<u>979,783</u>
Operating Income (Loss)	<u>(430,344)</u>	<u>42,364</u>	<u>(387,980)</u>
Nonoperating Revenues (Expenses)			
Sales taxes	28,550	-	28,550
Gain (loss) on sale/disposal of assets	(10,536)	-	(10,536)
Investment earnings	906	2,627	3,533
Insurance recoveries	7,151	-	7,151
Total nonoperating expense	<u>26,071</u>	<u>2,627</u>	<u>28,698</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(404,273)</u>	<u>44,991</u>	<u>(359,282)</u>
Capital grants and contributions	493,246	-	493,246
Capital transfers in	<u>154,451</u>	<u>162,401</u>	<u>316,852</u>
Change in Net Position	243,424	207,392	450,816
Net Position - Beginning of Year	<u>8,912,943</u>	<u>244,330</u>	<u>9,157,273</u>
Net Position - End of Year	<u>\$ 9,156,367</u>	<u>\$ 451,722</u>	<u>\$ 9,608,089</u>

City of Springdale, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2019

	Enterprise Funds		
	Municipal Airport Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 405,503	\$ 168,876	\$ 574,379
Payments to suppliers	(152,594)	(16,582)	(169,176)
Payments to employees	(89,371)	(72,518)	(161,889)
Net cash provided by operating activities	<u>163,538</u>	<u>79,776</u>	<u>243,314</u>
Cash Flows From Noncapital Financing Activities			
Sales taxes	29,857	-	29,857
Receipt (payment) of interfund balances	(300,000)	(40)	(300,040)
Net cash provided by (used in) noncapital financing activities	<u>(270,143)</u>	<u>(40)</u>	<u>(270,183)</u>
Cash Flows From Capital and Related Financing Activities			
Insurance recoveries	7,151	-	7,151
Capital transfers from other funds	11,501	-	11,501
Capital grant receipts	522,590	-	522,590
Purchases of capital assets	(294,998)	-	(294,998)
Net cash used in capital and related financing activities	<u>246,244</u>	<u>-</u>	<u>246,244</u>
Cash Flows From Investing Activities			
Interest received	906	1,962	2,868
Net cash provided by investing activities	<u>906</u>	<u>1,962</u>	<u>2,868</u>
Net Increase (Decrease) in Cash and Cash Equivalents	140,545	81,698	222,243
Cash and Cash Equivalents, January 1	<u>1,691</u>	<u>120,768</u>	<u>122,459</u>
Cash and Cash Equivalents, December 31	<u>\$ 142,236</u>	<u>\$ 202,466</u>	<u>\$ 344,702</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) Operating Activities			
Operating income (loss)	<u>\$ (430,344)</u>	<u>\$ 42,364</u>	<u>\$ (387,980)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	501,198	21,348	522,546
(Increase) decrease in accounts receivable	(9,028)	(2,198)	(11,226)
Increase in deferred outflows of resources	(1,013)	(972)	(1,985)
Increase (decrease) in accounts payable	96,115	147	96,262
Increase (decrease) in salaries payable	(491)	370	(121)
Increase (decrease) in compensated absences	(5,145)	1,024	(4,121)
Increase in deferred inflows of resources	5,156	4,947	10,103
Increase in OPEB liability	13,288	12,746	26,034
Decrease in deferred revenue	(6,198)	-	(6,198)
	<u>593,882</u>	<u>37,412</u>	<u>631,294</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 163,538</u>	<u>\$ 79,776</u>	<u>\$ 243,314</u>
Noncash Activities			
Transfer of capital assets from other fund	\$ 142,950	\$ 162,401	\$ 305,351
Change in fair value of investments	-	412	412

City of Springdale, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2019

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,753,601	\$ 1,174,682
Investments	15,694,312	-
Accounts receivable, net	1,166,568	-
Due from other funds	9,187	72,806
Total Assets	18,623,668	\$ 1,247,488
 Liabilities		
Accounts payable	-	\$ 909,930
Accrued liabilities	6,923	142,903
Due to other funds	-	194,655
Total Liabilities	6,923	\$ 1,247,488
 Net Position		
Net position restricted for pensions	\$ 18,616,745	

City of Springdale, Arkansas
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended December 31, 2019

	Pension Trust Funds
Additions	
Employer contributions	
Taxes	\$ 1,141,350
State insurance turnback	153,145
Fines and court costs	106,472
Total employer contributions	1,400,967
Investment income	
Investment income	937,743
Net increase in fair value of investments	2,494,981
Total investment income (loss)	3,432,724
Less investment expenses	(147,963)
Net investment income (loss)	3,284,761
Total Additions	4,685,728
Deductions	
Benefits payments	2,433,467
Miscellaneous	250
Total Deductions	2,433,717
Change in Fiduciary Net Position	2,252,011
Net Position Restricted for Pensions, Beginning of Year	16,364,734
Net Position Restricted for Pensions, End of Year	\$ 18,616,745

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2019

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

The City of Springdale, Arkansas (City) was incorporated April 1, 1878, and is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police, fire, animal control, code enforcement, and building inspection), streets, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services, bulky waste disposal, and water and waste water services. Citizens elect the Mayor and eight City Council members at large; however, the City Council members must reside in the ward they represent. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

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

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

Blended Component Units – Governmental

The Springdale Public Library Board Foundation (Foundation) is a tax-exempt organization whose purpose is to support the Springdale Public Library (Library) and to support the Library's effort to serve the residents of the City and surrounding area in providing access to materials and information. The members of the Board of Directors are those persons who are Trustees of the Springdale Public Library. The trustees are appointed by the Mayor, and approved by the City Council. Separate financial statements are not prepared for the Foundation.

The City of Springdale Public Facilities Board (PFB) is governed by a five member board whose members are nominated by a majority of the board, appointed by the Mayor, and confirmed by the City Council. The PFB is responsible for managing the City's minor league baseball park, as well as other duties that benefit the City. Separate financial statements are not prepared for the PFB.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Discretely Presented Component Unit – Business-Type

City of Springdale, Arkansas Water and Sewer Commission (Commission) is governed by a five member Board of Commissioners, appointed by the remainder of the Water and Sewer Commissioners, and approved by the City Council. The Commission receives no financial benefit from the City; however, the City has the power to impose its will on the Commission. Rate changes and debt issuance must be approved by the City Council. The Commission provides commercial and residential water services, as well as waste water treatment services, that primarily benefit the residents of Springdale. The fiscal year-end of the Commission is September 30; therefore, all amounts reported in the financial statements are as of and for the year ended September 30, 2019. Financial statements of the Commission can be obtained from the Commission’s administrative office located at 526 Oak Avenue, Springdale Arkansas 72764.

Related Organizations

The City’s Mayor and Council are also responsible for appointing members of the boards or commissions of other organizations, but the City’s accountability for those organizations does not extend beyond making the appointments. These related organizations are as follows: the Housing Authority of the City of Springdale and the Shiloh Historic District Planning Commission.

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City’s own programs.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements. These statements distinguish between governmental activities, which are generally financed through taxes, intergovernmental revenues and other nonexchange transactions, and business-type activities, which are financed in whole or part by fees charged to external parties.

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2019

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The *Sales and Use Tax Fund* is a capital projects fund which accounts for resources from one-half of the City's two percent (2%) local sales and use tax not required for debt service on the 2012 Series Sales and Use Tax Bonds (see also *Note 5*). Revenues are expended for major capital projects, including City buildings, equipment, street expansion and reconstruction, bridges and related drainage projects. Fifty-five percent (55%) of the tax revenue is transferred to the General Fund to be used for operations and maintenance.

The *2018 Bonds Street Improvements Construction Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Refunding and Improvements Bonds, Series 2018, utilized for major construction, renovation, expansion and improvement of the City's streets (see also *Note 5*).

The *2018 Bonds Criminal Justice and Administration Complex Construction Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Refunding and Improvements Bonds, Series 2018, utilized for the extension and renovation of the City Administration Building to house the City's Police Department, Police and Fire Dispatch Center, Office of the City Attorney, the State District Court, and other City Administration departments (see also *Note 5*).

The *2018 Series Bonds Debt Service Fund* accounts for resources from one-half of the City's two percent (2%) local sales and use tax and payments made for long-term debt principal, interest and related costs of governmental funds debt (see also *Note 5*).

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

The City reports the following major proprietary fund:

The *Municipal Airport Fund* is an enterprise fund which accounts for the operations and maintenance of the City's municipal airport.

Additionally, the City reports the following fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes. The City's nonmajor special revenue funds are the Springdale Public Library, Shiloh Museum Board Fund, Advertising and Promotion Fund, District Court Costs Fund, Arvest Ball Park Fund, the Springdale Public Library Foundation (Foundation) and the Community Development Block Grant (CDBG) Fund.

Capital Projects Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment, other than those financed by enterprise funds. The City's nonmajor capital projects funds are the 2012 Bonds Parks Improvement Construction Fund, the Public Facilities Board Fund, the 2018 Bonds Parks and Recreation Improvements Construction Fund, the 2018 Bonds Fire Department Improvements Construction Fund and the 2018 Bonds Animal Shelter Improvements Construction Fund.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The City's nonmajor debt service funds are the 2012 Bonds Debt Service Fund and the Public Facilities Board Debt Service Fund (*see also Note 5*).

Enterprise Funds – Accounts for the Sanitation Fund and the City Attorney Restitution Fund whose operations are financed primarily through user charges.

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

Permanent Trust Fund – Accounts for assets held in trust for the operation and maintenance of Bluff Cemetery (Cemetery). The City must act in accordance with the terms of specific bequests made to the Cemetery.

Agency Funds – Accounts for activities associated with collecting and disbursing fines, court costs, and monies seized as evidence for the District Court and Police Department, and for the collection and payment of the City's payroll liabilities.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

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

Nonexchange transactions, in which the City receives or gives value without directly giving or receiving equal value in exchange, include taxes, fines and forfeitures; grants, entitlements, and similar items; and contributions. Recognition standards are based upon the characteristics and classes of nonexchange transactions.

Property taxes are recognized as revenues in the year for which they are levied. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and contributions are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Government Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City generally considers revenues reported in the governmental funds to be available if they are collected within sixty (60) days after year-end.

City of Springdale, Arkansas

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Principal revenue sources considered susceptible to accrual include property (ad valorem) taxes, sales taxes, utility franchise fees, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the related fund liability is incurred as under the accrual basis of accounting, except for principal and interest on long-term debt, claims and judgments, pension and OPEB expenditures, and compensated absences, which are recognized as expenditures only when payment is due.

Budgets and Budgetary Accounting

Annual budgets are prepared on a basis consistent with generally accepted accounting principles, except for the City's proprietary funds. Proprietary fund budgets differ from GAAP in that capital acquisitions are recorded as expenditures as opposed to assets, and depreciation expense is not budgeted. The budgets are used as a management control device during the year for the following funds: General Fund, Street Fund, Springdale Public Library, Shiloh Museum Board Fund, District Court Costs Fund, the Sales and Use Tax Capital Projects Fund, the City's proprietary funds, except for the City Attorney Hot Check Fund, and the Bluff Cemetery Fund. Budgets are also adopted by the City Council for specific capital projects, which are carried forward until completed. All annual appropriations lapse at year end.

All budget amounts included in these financial statements and the accompanying supplementary information reflect the original budgets and the final amended budgets (which have been adjusted for legally authorized revisions during the year). During the year ended December 31, 2019, the City Council adopted several supplemental appropriations.

Cash and Cash Equivalents

Cash includes demand deposits, savings accounts, and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account. For reporting purposes both the City and the Commission consider all investments with original maturities of ninety (90) days or less at the date of purchase as cash equivalents.

Investments and Investment Income

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

City of Springdale, Arkansas
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The Shiloh Museum Board Fund has invested funds with the Arkansas Community Foundation, Inc. (ARCF) which pools funds from many nonprofit organizations together in order to maximize the returns on investments. ARCF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, which consists of the three input levels noted above. The current fair value of the pooled investments, along with investment income and realized losses, are allocated to the participants in the pool based on their ownership interest.

The Commission's investments consist of liquid money market funds and certificates of deposit with original maturities greater than 90 days. Certificates of deposit are recorded at amortized cost.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made.

Inventories

Inventories consist of various fittings, couplings, pipe, etc., used in the customary operations of the Commission. All inventories are stated at cost, which is determined on the historical average basis.

General government fund inventories are accounted for on the purchase method.

Prepays

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid expenditures in governmental funds and prepaid expenses in proprietary funds.

Accounts Receivable

For the primary government, ambulance fees, property tax receivables and airport hangar rent are shown net of an allowance for doubtful accounts. The Commission estimates most accounts receivable balances at September 30, 2019 to be materially collectible; therefore, no allowance has been recorded for doubtful accounts.

Restricted Assets

Certain assets are classified as restricted on the statement of net position because their use is subject to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

City of Springdale, Arkansas
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The balance of the restricted assets accounts in the Primary Government as of December 31, 2019, is as follows:

Cash and cash equivalents	\$ 20,885,629
Investments	122,962,505
Interest receivable	649,591
Intergovernmental receivables	<u>3,586,424</u>
Total restricted assets - governmental activities	<u><u>\$148,084,149</u></u>

The Commission has funds maintained in separate bank accounts to comply with debt instrument requirements, which are restricted for use for maintenance activities and payments of principal and interest. Also, the Commission has designated certain funds to be maintained for construction activity and water meter deposits.

The balance of the Commission’s restricted assets as of September 30, 2019, is as follows:

Investments - certificates of deposit - meter deposits	\$ 2,487,538
Cash - Lowell sewer expansion fund	54,526
Cash - Lowell sewer bond fund	<u>138,268</u>
Total restricted assets - component unit	<u><u>\$ 2,680,332</u></u>

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets acquired or constructed since 1980, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of acquisition. Infrastructure capital assets contributed to the City by developers are recorded at acquisition values based upon the cost to construct by the developers (Level 3 input). Land donated to the City is recorded at acquisition values based upon the county assessor values (Level 2 input).

Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of five years. Exceptions are for infrastructure assets, which are defined as having a constructed cost of greater than \$25,000. Major outlays for capital assets and improvements are capitalized when completed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. For the Commission, assets with a cost greater than \$1,000 are capitalized.

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

City of Springdale, Arkansas
Notes to Financial Statements
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Capital assets are depreciated using the straight-line method over their estimated useful lives. Ranges of estimated useful lives are as follows:

Capital Assets	Years
Land improvements	10 - 30
Buildings	20 - 40
Building improvements	7 - 30
Infrastructure	
Streets and bridges	15 - 50
Drainage	50
Water system	40
Meters and meter equipment	17
Sewer system and plant	20 - 50
Vehicles	5 - 20
Machinery and equipment	5 - 12

Collections

Collections of historical artifacts and treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement of capitalization is waived for collections that meet certain criteria. The City’s Shiloh Museum of Ozark History has collections of historical artifacts and photographs that are not capitalized as they meet all of the waiver requirements, which are: (1) the collections are held solely for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) the collections are protected, kept unencumbered, cared for, and preserved; and (3) should any collection items be sold, the proceeds are to be used only to acquire other items for collections. The Museum has six buildings of historical significance which have been capitalized, but are not being depreciated, as these buildings are part of the Museum’s exhibits, and are therefore being cared for and preserved. The Museum also has one building of historical significance, the Shiloh Meeting Hall, which is being depreciated as it is available for rent by the public.

Compensated Absences

The City allows employees to accumulate earned, but unused vacation and sick leave. Upon termination, any accumulated unused vacation will be paid to the employees. Accumulated, but unused sick leave is paid to employees upon retirement, up to a maximum of 60 days, provided that the payment does not exceed three months’ salary.

For the Primary Government, compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund. The Commission accrues a liability for compensated absences as incurred which is then liquidated by the Commission as amounts are used.

City of Springdale, Arkansas

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Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. In governmental funds, long-term liabilities are only recorded to the extent that they are due and payable. Bond premiums and discounts are deferred and amortized over the life of the related debt using the effective interest method. For the City's component unit, the straight-line method is used. Long-term debt is reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources

Primary Government

In addition to assets, the statement of net position and statement of fund net position include separate sections for deferred outflows of resources, which represent a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The City has deferred outflows related to pension and OPEB plans, consisting of the amount of contributions made to the pension plans after the measurement date, and the difference in investment experience between actual earnings and projected earnings on pension plan investments, changes in assumptions and changes in proportion allocated to funds for pension and OPEB plans. Deferred outflows related to contributions made to the pension plan after the measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense and OPEB expense over future periods (*see Note 7 and 9*).

In addition to liabilities, the statement of net position and the balance sheet – governmental funds report a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred inflow for the loss on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or new debt. In addition, the City has two types of items reported as deferred inflows of resources, unavailable revenues and deferred inflows related to pensions and OPEB. Deferred inflows for pensions and OPEB consists of the difference between the expected and actual experience related to the pension and OPEB plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension and OPEB expense (*see Note 7 and 9*). Unavailable revenue, which also qualifies for reporting in this category, arises under the modified accrual basis of accounting. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Springdale, Arkansas

Notes to Financial Statements

December 31, 2019

Component Unit

The Commission has one item that qualifies for reporting as a deferred outflow of resources. The item is related to the OPEB Plan and is comprised of the differences between expected and actual experience of the total OPEB liability and changes of assumptions. These amounts will be amortized to OPEB expense over future periods. The Commission has one item that qualifies for reporting as a deferred inflow of resources. The item is related to the OPEB Plan and is comprised of changes of assumptions. These amounts will be amortized to OPEB expense over future periods.

Net Position/Fund Balance

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the government-wide and proprietary fund statements. Net position is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of these assets. Restricted net position is the amount that is restricted for a particular purpose by creditors, grantors, or contributors external to the City, or by laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Included in this category are assets restricted for capital expenditures, net of related debt, and amounts deposited with bond trustees as required by bond indentures. At December 31, 2019, restricted net position of \$781,331 was restricted by enabling legislation. Unrestricted net position is the net position that does not meet the above definitions of “net investment in capital assets” or “restricted net position”.

Governmental fund balances are classified in five components. Nonspendable fund balances are not in a spendable form, or are required to remain intact. Restricted fund balances may be spent only for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, which is the City Council. The City Council can commit fund balance by adoption of a resolution or ordinance. Once adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Mayor or his designee may assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

City of Springdale, Arkansas

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In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications.

Net Position/Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The City will also sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The City depletes committed amounts first, followed by assigned amounts, then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Impairment of Capital Assets

The City is required to evaluate prominent events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility is large in magnitude and (b) the event is outside the normal life cycle of the capital asset. Based upon management's assessment, no triggering events or changes in circumstances occurred during 2019.

Pensions

The City provides retirement benefits to substantially all of its employees through four separate defined benefit pension plans (the Plans) and one defined contribution pension plan (*Note 7*).

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

Basis of Accounting

The City's financial statements for its defined benefit pension plans reported as pension trust funds (FRPF and PPRF) are prepared using the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices (Level 1 input). The fair value of investments in mutual funds is determined using the fund's current per share price.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB plan. For this purpose, the City recognizes benefit payments when due and payable with the benefit terms.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from these estimates.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City and its component unit's (except as noted below) deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral agreements. The Foundation is not required to follow state law regarding collateralization of deposits, and does not have a deposit policy for custodial credit risk.

At December 31, 2019, the City had bank balances of \$35,952,801, of which \$1,437 were exposed to custodial credit risk. The carrying value of these deposits as of December 31, 2019, was \$35,547,425. Also, at September 30, 2019, the Commission had deposits with a carrying value of \$46,417,869, none of which were exposed to custodial credit risk.

State statutes authorize the City's funds to be deposited in demand deposits, savings, and certificates of deposit in banks located in the State of Arkansas. Certificates of deposit may also be invested in eligible banks located in the United States.

City of Springdale, Arkansas
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Investments

The City’s investment policy states that the City may invest operating and capital improvement funds in instruments and securities authorized by Arkansas state statutes. Permissible investments include U.S. Treasury and agency obligations, or other obligations secured by the U.S. Government; obligations issued by the Arkansas State Board of Education; prerefunded municipal bonds; federal funds maturing in less than one year; demand, savings or time deposits of any depository institution chartered in the United States; warrants of political subdivisions of the state of Arkansas; repurchase agreements; money market funds; corporate debt obligations; and revenue bonds of any state, municipality or political subdivision of the United States.

Funds held by the City’s Trustee for the credit of the Construction Funds, Bond Funds, and the Debt Service Reserves are authorized to be invested in U. S. Government securities, time deposits or certificates of deposit which are insured by the FDIC, or collateralized by securities held by a third party in which the City has a perfected first security interest, and money market funds registered under the Federal Investment Company Act of 1940 and having a rating by Standard and Poor’s of AAA-mG, AAA-m, or AA-m, and if rated by Moody’s Investors Service rated AAA, AA1, or AA2.

The City’s local pension funds are managed by professional investment managers, and are authorized to invest in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, commercial paper, international and corporate stocks, bonds and mutual funds. Plan asset investments must adhere to Arkansas laws, specifically Arkansas Code 24-11-410, and be made in accordance with the prudent investor rule. Investment objectives are to earn the highest possible rate of return, consistent with prudent levels of risk, and to protect fund assets while insuring systematic and adequate funding of plan distributions and benefits to participants and their beneficiaries.

The City’s other trust funds and endowment funds are governed by the prudent investor rule; investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and in general, avoid speculative investments.

At December 31, 2019, the Primary Government had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury notes and bonds	\$ 61,142,369	\$ 43,666,742	\$ 17,274,706	\$ 151,770	\$ 49,151
U.S. agencies obligations	66,522,707	53,213,164	9,720,783	3,036,731	552,029
State/municipal bonds	665,234	-	502,810	86,223	76,201
Corporate bonds	1,164,433	171,609	63,391	702,290	227,143
Certificates of deposit	4,672,770	3,296,011	1,376,759	-	-
Money market funds	4,995,390	4,995,390	-	-	-
	139,162,903	<u>\$ 105,342,916</u>	<u>\$ 28,938,449</u>	<u>\$ 3,977,014</u>	<u>\$ 904,524</u>
Corporate stock	12,710,139				
Investment pools	1,918,802				
Other	415,475				
Total Investments	<u>\$ 154,207,319</u>				

City of Springdale, Arkansas
Notes to Financial Statements
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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 inputs are unobservable inputs. The City's investments are categorized below.

City Investments	Fair Value	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. Treasury notes	\$ 60,517,294	\$ -	\$ 60,517,294	\$ -
U.S. agencies obligations	65,457,539	52,606	65,404,933	-
Municipal bonds	502,810	-	502,810	-
Corporate bonds	171,609	171,609	-	-
Total Debt Securities	\$ 126,649,252	\$ 224,215	\$ 126,425,037	\$ -
Equity securities	\$ 259,327	\$ 254,581	\$ 4,746	\$ -
Alternative investments	17,466	13,215	4,251	-
Beneficial interest in ARCF	\$ 1,918,802	\$ -	\$ -	\$ 1,918,802
Pension Investments	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury notes and bonds	\$ 625,075	\$ 625,075	\$ -	\$ -
U.S. agencies obligations	1,065,168	1,065,168	-	-
State and municipal bonds	162,424	162,424	-	-
Corporate bonds	992,824	992,824	-	-
Total Debt Securities	\$ 2,845,491	\$ 2,845,491	\$ -	\$ -
Equity securities	\$ 12,450,812	\$ 12,450,812	\$ -	\$ -
Alternative investments	398,009	85,181	312,828	-

City of Springdale, Arkansas

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Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policy is to hold all investments to maturity.

The pension funds investment policies address interest rate risk by managing asset allocation. The Firemen's Fund policy allows for a maximum investment in equities of 50% and the balance in fixed income (including cash equivalents) and other investments. Within the above allocation, the cash and cash equivalents range is from 5% - 25%, fixed income investments range 15% - 75%, equities 25% - 60%, and other investments 0% - 10%. The Policemen's Fund allocation policy is for equities to range from 40% - 65% of total assets, fixed income investments range from 30% - 50%, and cash and cash equivalents range from 0% - 5%.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As described earlier in this section, the City's investment policy follows Arkansas law which limits the types of investments that can be made by the City. The City's investment policy does not allow for investment in derivative products, common stocks, or long-term bonds used for speculation.

The Firemen's Fund policy is that common stock must carry an investment grade of medium or A or better; and fixed income securities must be investment grade or better. Investments in government agencies were ranked AAA by Moody's at December 31, 2019. The Firemen's Fund held \$16 in Government agencies at year end.

The Policemen's Fund policy is for plan assets to be invested in investment grade bonds rated BBB or better; no less than 85% of corporate bonds and commercial paper investments be A rated or higher; and no more than 15% of securities may be invested in corporate bonds with a rating of BAA or less. Fixed income securities totaled \$2,845,475 at year end. Ratings for corporate bonds held ranged from AAA to BAA, and government treasuries and agencies were ranked AAA by Moody's and Standard & Poor's. The Policemen's Fund held \$992,824 in corporate bonds at year end, with \$504,515 ranked A2 to AAA, or 51% of total corporate bonds. The Policemen's Fund held \$488,309, or 49% ranked BAA. State bonds held totaled \$162,424, with \$86,223 ranked AAA, and \$76,201 ranked AA. U.S government treasuries and agencies held at year end totaled \$1,690,227.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investment or collateral securities that are the possession of an outside party. While the City's investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City are in the City's name. Investment managers for the pension trust funds must be a registered investment advisor with the Arkansas Securities Department and/or the Securities and Exchange Commission (SEC).

City of Springdale, Arkansas
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December 31, 2019

Concentration of Credit Risk

The City’s policy places no limit on the amount that may be invested in any one issuer. The Firemen’s Fund’s policy limits investment in equities in any one company or affiliated group of companies to no more than 5% of the fund’s total assets. No more than 3% may be invested in any one debt issue, excluding U.S. Treasury or U.S. government agency debt securities. The Policemen’s Fund’s policy is that securities of any one company or government agency should not exceed 15% of the total fund, and no more than 30% of the total fund should be invested in any one industry.

The following schedule reconciles the carrying amount of deposits and investments to the government-wide statement of net position and statement of fiduciary net position:

	Primary Government	Component Unit Water and Sewer Commission
Reported amount of deposits	\$ 35,547,425	\$ 46,417,869
Cash on hand	3,116	1,600
Investments classified as cash equivalents	4,995,390	-
Deposits classified as investments	(4,672,770)	(38,485,492)
	\$ 35,873,161	\$ 7,933,977
As reported on the government-wide statement of net position		
Cash and cash equivalents	\$ 12,059,249	\$ 7,741,183
Restricted cash and cash equivalents	20,885,629	192,794
	32,944,878	7,933,977
Cash and cash equivalents reported on the statement of fiduciary net position	2,928,283	-
	\$ 35,873,161	\$ 7,933,977
Carrying amount of investments	\$ 149,534,549	\$ -
Deposits classified as investments	4,672,770	38,485,492
Reported amount of investments	154,207,319	38,485,492
Investments classified as cash equivalents	(4,995,390)	-
	\$ 149,211,929	\$ 38,485,492
As reported on the government-wide statement of net position		
Investments	\$ 10,555,112	\$ 35,997,954
Restricted investments	122,962,505	2,487,538
	133,517,617	38,485,492
Investments reported on the statement of fiduciary net position	15,694,312	-
	\$ 149,211,929	\$ 38,485,492

City of Springdale, Arkansas
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Note 3: Receivables

Receivables as of December 31, 2019 for the City's General Fund, Street Fund, Capital Projects Funds, 2018 Bonds Debt Service Fund, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General Fund	Street Fund	Capital Projects Funds	2018 Bonds Debt Service Fund	Nonmajor Governmental Funds	Total
Receivables						
Accounts	\$ 648,824	\$ 20,847	\$ -	\$ -	\$ 38,021	\$ 707,692
Property taxes	6,032,822	1,141,299	-	-	1,795	7,175,916
Sales taxes	2,794,486	-	2,022,771	-	-	4,817,257
Franchise taxes	831,651	-	-	-	-	831,651
Grants	119,239	1,092	-	-	6,791	127,122
Intergovernmental	327,540	495,518	-	-	10,820	833,878
Interest	8,274	1,933	19,600	-	11,038	40,845
Restricted receivables						
Sales taxes	-	-	-	2,804,598	781,826	3,586,424
Interest	-	-	535,629	6,781	107,181	649,591
Gross receivables	<u>10,762,836</u>	<u>1,660,689</u>	<u>2,578,000</u>	<u>2,811,379</u>	<u>957,472</u>	<u>18,770,376</u>
Less: Allowance for uncollectibles	<u>(814,685)</u>	<u>(69,686)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(884,371)</u>
Net total receivables	<u>\$ 9,948,151</u>	<u>\$ 1,591,003</u>	<u>\$ 2,578,000</u>	<u>\$ 2,811,379</u>	<u>\$ 957,472</u>	<u>\$ 17,886,005</u>

Receivables as of December 31, 2019 for the City's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

Proprietary Funds	Municipal Airport Fund	Other Enterprise Funds	Total
Receivables			
Accounts	\$ 28,715	\$ 38,763	\$ 67,478
Sales taxes	4,302	-	4,302
Grants	371,419	-	371,419
Interest	-	329	329
Gross receivables	<u>404,436</u>	<u>39,092</u>	<u>443,528</u>
Less: Allowance for uncollectibles	<u>(11,340)</u>	<u>-</u>	<u>(11,340)</u>
Net total receivables	<u>\$ 393,096</u>	<u>\$ 39,092</u>	<u>\$ 432,188</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Receivables as of December 31, 2019 for the City's fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

Fiduciary Funds	Fire Pension Fund	Police Pension Fund	Total Pension Trust Funds
Receivables			
Property taxes	\$ 616,235	\$ 616,235	\$ 1,232,470
Interest	-	16,598	16,598
Gross receivables	<u>616,235</u>	<u>632,833</u>	<u>1,249,068</u>
Less: Allowance for uncollectibles	(41,250)	(41,250)	(82,500)
Net total receivables	<u><u>\$ 574,985</u></u>	<u><u>\$ 591,583</u></u>	<u><u>\$ 1,166,568</u></u>

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019 (September 30, 2019 for the Commission), is presented below:

	Balance December 31, 2018	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2019
Governmental Activities				
Capital assets, non-depreciable				
Land	\$ 53,162,047	\$ 1,995,094	\$ 389,018	\$ 54,768,123
Easements	33,783,449	972,395	(227,140)	34,982,984
Museum buildings	154,201	-	-	154,201
Construction in progress	16,494,064	31,384,500	13,271,696	34,606,868
Total capital assets, non-depreciable	<u>103,593,761</u>	<u>34,351,989</u>	<u>13,433,574</u>	<u>124,512,176</u>
Capital assets, depreciable				
Land improvements	38,080,133	3,396,822	145,888	41,331,067
Infrastructure	242,216,551	5,845,229	-	248,061,780
Buildings and improvements	76,539,518	7,140,984	2,453,611	81,226,891
Machinery and equipment	46,757,798	6,483,895	1,240,332	52,001,361
Intangibles	1,236,477	41,250	7,385	1,270,342
Total capital assets, depreciable	<u>404,830,477</u>	<u>22,908,180</u>	<u>3,847,216</u>	<u>423,891,441</u>
Less accumulated depreciation				
Land improvements	9,354,308	1,457,280	129,668	10,681,920
Infrastructure	101,200,284	9,518,967	-	110,719,251
Buildings and improvements	28,733,813	2,638,166	1,536,021	29,835,958
Machinery and equipment	30,870,281	3,029,130	1,170,440	32,728,971
Intangibles	1,010,309	64,609	5,908	1,069,010
Total accumulated depreciation	<u>171,168,995</u>	<u>16,708,152</u>	<u>2,842,037</u>	<u>185,035,110</u>
Total governmental activities, net	<u><u>\$ 337,255,243</u></u>	<u><u>\$ 40,552,017</u></u>	<u><u>\$ 14,438,753</u></u>	<u><u>\$ 363,368,507</u></u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

	Balance December 31, 2018	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2019
<u>Business-type Activities</u>				
Capital assets, non-depreciable				
Land	\$ 3,124,745	\$ 172,913	\$ -	\$ 3,297,658
Construction in progress	88,364	2,721	4,991	86,094
Total capital assets, non-depreciable	<u>3,213,109</u>	<u>175,634</u>	<u>4,991</u>	<u>3,383,752</u>
Capital assets, depreciable				
Land improvements	8,794,488	190,738	-	8,985,226
Buildings and improvements	3,494,173	57,917	10,980	3,541,110
Machinery and equipment	1,213,743	180,448	14,048	1,380,143
Total capital assets, depreciable	<u>13,502,404</u>	<u>429,103</u>	<u>25,028</u>	<u>13,906,479</u>
Less accumulated depreciation				
Land improvements	5,145,689	284,077	-	5,429,766
Buildings and improvements	1,957,222	148,091	10,980	2,094,333
Machinery and equipment	595,589	90,378	3,512	682,455
Total accumulated depreciation	<u>7,698,500</u>	<u>522,546</u>	<u>14,492</u>	<u>8,206,554</u>
Total business-type activities, net	<u>\$ 9,017,013</u>	<u>\$ 82,191</u>	<u>\$ 15,527</u>	<u>\$ 9,083,677</u>
	Balance September 30, 2018	Additions and Transfers, Net	Retirements and Transfers, Net	Balance September 30, 2019
<u>Business-type Activities</u>				
<u>Component Unit</u>				
Capital assets, non-depreciable				
Land	\$ 3,273,889	\$ -	\$ -	\$ 3,273,889
Easements	4,341,928	946,544	-	5,288,472
Construction in progress	23,910,458	14,186,908	16,788,794	21,308,572
Total capital assets, non-depreciable	<u>31,526,275</u>	<u>15,133,452</u>	<u>16,788,794</u>	<u>29,870,933</u>
Capital assets, depreciable				
Buildings and improvements	5,774,766	18,480	-	5,793,246
Water and sewer systems	338,814,574	19,301,219	-	358,115,793
Machinery and equipment	6,186,598	277,142	4,564	6,459,176
Total capital assets, depreciable	<u>350,775,938</u>	<u>19,596,841</u>	<u>4,564</u>	<u>370,368,215</u>
Less accumulated depreciation				
Buildings and improvements	4,018,463	184,523	-	4,202,986
Water and sewer systems	134,871,569	8,446,270	-	143,317,839
Machinery and equipment	4,532,965	460,753	4,564	4,989,154
Total accumulated depreciation	<u>143,422,997</u>	<u>9,091,546</u>	<u>4,564</u>	<u>152,509,979</u>
Total component unit activities, net	<u>\$ 238,879,216</u>	<u>\$ 25,638,747</u>	<u>\$ 16,788,794</u>	<u>\$ 247,729,169</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Depreciation expense was charged to functions/programs of the primary government and its component unit as follows:

Governmental Activities

General government	
Administration	\$ 300,958
Information technology	20,856
District Court	11,055
Bluff Cemetery	788
Community Development	
Planning	1,555
Community development and housing	2,302
Culture and recreation	
Parks and recreation	3,575,856
Senior centers	55,995
Public Library	171,752
Shiloh Museum	93,468
Public Safety	
Animal services	32,883
Building inspection	21,216
Community engagement	18,336
Fire	1,108,628
Police	675,454
Public Works	10,617,050
Total governmental activities	<u>16,708,152</u>

Business-type Activities

Municipal airport	501,198
Sanitation	21,348
Total business-type activities	<u>522,546</u>

Total depreciation expenses - primary government	<u>\$ 17,230,698</u>
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Component Unit

City of Springdale, Arkansas Water and Sewer Commission	<u>\$ 9,091,546</u>
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City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

The City has active construction projects as of December 31, 2019. Total outstanding commitments under authorized contracts for capital projects of governmental funds are as follows:

	Expenditures Incurred to December 31, 2019	Remaining Commitments at December 31, 2019
<u>Primary Government</u>		
Governmental activities		
Capital Projects		
Streets and drainage projects	\$ 7,919,540	\$ 11,715,867
Parks and recreation	2,472,165	8,023,066
Fire stations	1,986,610	1,202,180
Animal shelter building	1,056,861	4,130,595
Criminal justice and administration	5,990,983	29,864,305
Total commitments - primary government	<u>\$ 19,426,159</u>	<u>\$ 54,936,013</u>

These commitments will be funded through City sales and use taxes, proceeds from the sales of the 2018 Series Bonds, and intergovernmental participations.

Business-type Component Unit

At September 30, 2019, the Commission had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$2,732,000 remained open on the construction and improvement contracts still in progress at September 30, 2019.

Note 5: Long-term Liabilities

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

	Balance December 31, 2018	Increases	Decreases	Balance December 31, 2019	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable:					
Revenue bonds	\$ 241,350,000	\$ -	\$ 10,229,425	\$ 231,120,575	\$ 7,105,000
Add issuance premium	11,889,681	-	1,363,804	10,525,877	-
Bonds payable, net	<u>253,239,681</u>	<u>-</u>	<u>11,593,229</u>	<u>241,646,452</u>	<u>7,105,000</u>
Compensated absences	2,478,338	520,987	152,971	2,846,354	-
OPEB liabilities	4,865,750	810,879	473,012	5,203,617	96,820
Net pension liabilities	45,870,312	10,500,582	4,841,461	51,529,433	-
Total other long-term liabilities	<u>53,214,400</u>	<u>11,832,448</u>	<u>5,467,444</u>	<u>59,579,404</u>	<u>96,820</u>
Total	<u>\$ 306,454,081</u>	<u>\$ 11,832,448</u>	<u>\$ 17,060,673</u>	<u>\$ 301,225,856</u>	<u>\$ 7,201,820</u>

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Business-type Activities	Balance December 31, 2018	Increases	Decreases	Balance December 31, 2019	Due Within One Year
Compensated absences	\$ 14,776	\$ 11	\$ 6,180	\$ 8,607	\$ -
OPEB liabilities	-	26,034	-	26,034	480
Total other long-term liabilities	<u>\$ 14,776</u>	<u>\$ 26,045</u>	<u>\$ 6,180</u>	<u>\$ 34,641</u>	<u>\$ 480</u>

Changes in long-term liabilities for the year ended September 30, 2019 for the City's discretely presented component unit were as follows:

Component Unit	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019	Due Within One Year
Water and Sewer Commission					
Bonds payable					
Revenue bonds, Series 2006	\$ 2,125,000	-	\$ 225,000	\$ 1,900,000	\$ 235,000
Compensated absences	1,027,661	773,992	684,398	1,117,255	546,125
OPEB liabilities	290,185	40,407	35,385	295,207	-
Customer deposits	2,390,073	97,465	-	2,487,538	-
Total other long-term liabilities	<u>3,707,919</u>	<u>911,864</u>	<u>719,783</u>	<u>3,900,000</u>	<u>546,125</u>
Total	<u>\$ 5,832,919</u>	<u>\$ 911,864</u>	<u>\$ 944,783</u>	<u>\$ 5,800,000</u>	<u>\$ 781,125</u>

Sales and Use Tax Bonds – Governmental Activities

On May 17, 2018, the City issued \$188,075,000 in City of Springdale, Arkansas, Sales and Use Tax Refunding and Improvement Bonds, Series 2018, dated May 17, 2018. The interest rates on the bonds range from 3.0% to 5.0%, payable semiannually, and maturity dates range from April 1, 2019 to April 1, 2043. The Series 2018 Bonds are not general obligations of the City, but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City. The issuance of the Series 2018 Bonds and the pledging of the tax was approved by the City Council under City Ordinance No. 5223 adopted on November 28, 2017. Voters approved the issuance of the bonds and the pledging of the tax at a special election held February 13, 2018. The tax will expire after the bonds have been paid or provision is made therefore, in accordance with Arkansas statutes.

The 2018 Series Bonds were issued for the purpose of financing the following projects.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Bonds in the amount of \$76,175,000 were for the purpose of financing the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. Bonds in the amount of \$18,385,000 were issued to fund park and recreational facilities and improvements, including land acquisition, equipment and parking, drainage, lighting and utility improvements. Bonds in the amount of \$15,480,000 were for the purpose of acquiring fire equipment, apparatus and new, or improvements to existing facilities for the City’s fire department, including land acquisition and parking improvements. Bonds in the amount of \$37,180,000 were issued to finance the costs of the extension and renovation of the City Administration Building to house the City's Police, Police and Fire Dispatch, City Attorney, State District Court and other City Administration departments, including necessary radio equipment, furniture, fixtures, land acquisition and parking improvements. Bonds in the amount of \$4,935,000 were issued to finance the costs of a new animal shelter, including necessary furniture, fixtures, land acquisition and parking improvements. Expenses incurred to issue the bonds were paid from the bond proceeds of the above projects.

Bonds in the amount of \$35,950,000 were issued to current refund the outstanding Series 2013 Bonds, to pay a premium for a municipal bond debt service reserve insurance policy, and to pay expenses of issuing the bonds. The net carrying amount of the 2013 Series Bonds exceeded the reacquisition price by \$434,181. This amount is recorded as a deferred inflow of resources and is being amortized over the remaining life of the refunded debt. Amortization expense for 2019 is \$48,856.

The Bonds are subject to extraordinary redemption from proceeds of the Series 2018 Bonds not needed the purposes intended and surplus tax receipts, at least annually, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Bonds may be redeemed at the option of the City, from funds from any source, on and after April 1, 2024, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2018 Bonds maturing on April 1 in the years 2037, 2041 and 2043 are subject to mandatory sinking fund redemption on April 1 in the years and the amounts listed below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

Series 2018 Bonds maturing April 1, 2037:

<u>Years</u>	<u>Principal Amount</u>
2035	\$8,535,000
2036	8,965,000
2037 (Maturity)	9,410,000

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Series 2018 Bonds maturing April 1, 2041:

<u>Years</u>	<u>Principal Amount</u>
2038	\$9,885,000
2039	10,240,000
2040	10,605,000
2041 (Maturity)	10,990,000

Series 2018 Bonds maturing April 1, 2043:

<u>Years</u>	<u>Principal Amount</u>
2042	\$11,385,000
2043 (Maturity)	7,325,000

The Series 2018 Bonds were issued at a premium of \$8,810,646. This premium is being amortized over the life of the bonds using the effective interest method. Bond premium amortization for 2019 was \$1,022,948.

The City is required to maintain a debt service reserve equal to one-half of the maximum annual debt service requirements on the Series 2018 Bonds as originally issued. The debt service reserve was funded solely with a municipal bond debt service reserve insurance policy.

During 2019, the City used surplus tax receipts to call and redeem \$3,400,000 in Series 2018 Bonds.

On November 29, 2012, the City issued \$66,275,000 in City of Springdale, Arkansas, Sales and Use Tax Bonds, Series 2012, dated November 1, 2012. The interest rates on the bonds range from 1.1% to 5%, payable semiannually, and maturity dates range from November 1, 2012 to November 1, 2032. The Series 2012 Bonds are not general obligations of the City, but are special obligations, secured by a first and prior pledge of collections of a 1% sales and use tax levied by the City under City Ordinance No. 2082 adopted by the City on March 13, 1992. The issuance of the Series 2012 Bonds and the pledging of the tax revenues were approved by the citizens at a special election held August 14, 2012. The percentage portion of pledged revenues for the Series 2012 bonds of 28.98% results from pledged revenues from the 1% sales and use tax levied by the City totaling \$16,016,806 and the portion of pledged revenue stream for the bonds totaling \$4,641,697 for the year ended December 31, 2019.

The 2012 Series Bonds were issued for the purpose of financing the following projects.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Bonds in the amount of \$42,006,000 were for the purpose of financing all or a portion of the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. Bonds in the amount of \$15,869,000 were issued to fund park and recreational facilities and improvements, including land acquisition, equipment and parking, drainage, lighting and utility improvements. Bonds in the amount of \$8,400,000 were for the purpose of acquiring fire equipment, apparatus and new, or improvements to existing facilities for the City's fire department, including land acquisition and parking improvements.

The Bonds are subject to extraordinary redemption from proceeds of the Series 2012 Bonds not needed the purposes intended on any interest payment date, at least annually, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Bonds may be redeemed at the option of the City, from funds from any source, on and after November 1, 2019, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

The Series 2012 Bonds were issued at a premium of \$4,721,820. This premium is being amortized over the life of the bonds using the effective interest method. Bond premium amortization for 2019 was \$340,856.

The City is required to maintain a debt service reserve equal to one-half of the maximum annual debt service requirements on the Series 2012 Bonds as originally issued. At December 31, 2019, the City held investments equal to \$2,911,617 in the 2012 Series Bonds Debt Service Reserve Fund.

Public Facilities Board Bond – Governmental Activities

On December 30, 2015, the City of Springdale Public Facilities Board issued \$1,160,000 in City of Springdale, Arkansas, Public Facilities Board (PFB) Revenue Bond, dated December 30, 2015. The interest rate on the bond is 3.75% through December 30, 2020, and thereafter adjusted to the prevailing Wall Street Journal Prime Rate until December 30, 2025, the maturity date. After the maturity date, the interest rate on the bonds is equal to the default rate, which is set at 10.00%. Interest is payable semiannually.

The PFB Revenue Bond is not a general obligation of the City, but is a special obligation, secured by all "Pledged Revenues," which are defined to mean all revenues, income, receipts and money received during the period received with respect to the land and improvements owned by the City of Springdale Public Facilities Board. The issuance of the PFB Revenue Bond and the pledging of the PFB revenues were approved by the City Council under Resolution No. 132-15.

The PFB Revenue Bond was issued to finance the acquisition of three separate tracts of land for the purpose of securing and developing industry within the City.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

The PFB is required to maintain an average deposit relationship of \$250,000 in an account with the purchaser of the bond, which was met during 2019. At December 31, 2019, the PFB held cash equal to \$251,322 in accounts held with the purchaser of the bond. The PFB is also required to maintain "Global Liquid Assets" of no less than \$400,000, which was met at December 31, 2019.

Bonds payable at December 31, 2019, were as follows:

Primary Government	Issue Year	Final Maturity	Interest Rates	Bond Rating	Original Issue	Total Outstanding
Sales and Use Tax Bonds	2012	2032	1.1% - 5.0%	AA-	\$ 66,275,000	\$ 50,965,000
Revenue Bond	2015	2025	3.0%		1,160,000	625,575
Sales and Use Tax Refunding & Impr Bonds	2018	2043	3.0% - 5.0%	AA	188,075,000	179,530,000
						<u>\$ 231,120,575</u>

Debt service requirements for bonds outstanding at December 31, 2019 were as follows:

Primary Government	Principal	Interest	Total
2020	\$ 7,105,000	\$ 9,454,273	\$ 16,559,273
2021	7,500,000	9,148,850	16,648,850
2022	7,920,000	8,826,899	16,746,899
2023	8,355,000	8,488,517	16,843,517
2024	8,805,000	8,131,016	16,936,016
2025 - 2029	53,315,575	33,358,147	86,673,722
2030 - 2034	50,780,000	22,093,294	72,873,294
2035 - 2039	47,035,000	11,659,990	58,694,990
2040 - 2043	40,305,000	2,407,350	42,712,350
	<u>\$ 231,120,575</u>	<u>\$ 113,568,336</u>	<u>\$ 344,688,911</u>

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

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
Primary Government						
Sales and Use Tax Bonds, Series 2018	Sales and Use Tax	\$ 16,016,806	\$ 16,016,806	100.00%	\$ 278,496,384	Until 2043
Sales and Use Tax Bonds, Series 2012	Sales and Use Tax	16,016,806	4,641,697	28.98%	65,426,198	Until 2032
Revenue Bond, Series 2015	Revenues and receipts with respect to the land and improvements owned by the Fund	147,628	147,628	100.00%	766,329	Until 2025

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Water and Sewer Revenue Bonds – Business-Type Component Unit

Series 2006

The City of Springdale, Arkansas Water and Sewer Revenue Bonds, Series 2006, were issued August 10, 2006, in the amount of \$3,600,000. The purpose of the bonds was to finance a portion of the costs of improvements to the sewer facilities of the City. The interest rate on the bonds is 5%; interest and principal are payable semi-annually, and maturity dates range from March 1, 2007 to September 1, 2026. The Commission has pledged future water and sewer system revenues to pay the debt.

As of September 30, 2019, the outstanding principal was \$1,900,000.

Maturities of revenue bonds payable for the City’s component unit for subsequent fiscal years are as follows:

Component Unit	Principal	Interest	Total
Water and Sewer Commission			
2019	\$ 235,000	\$ 91,875	\$ 326,875
2020	250,000	80,000	330,000
2021	260,000	67,500	327,500
2022	275,000	54,250	329,250
2023	285,000	40,250	325,250
2025 - 2026	595,000	36,250	631,250
	<u>\$ 1,900,000</u>	<u>\$ 370,125</u>	<u>\$ 2,270,125</u>

Applicability of Federal Arbitrage Regulations

Debt issuances of the City issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. These regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of issue. City management believes the City is in compliance with these rules and regulations.

Based upon interim calculations, the City has no arbitrage liability as of December 31, 2019.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Conduit Debt Obligations

From time to time, the City has issued various bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, health care and other facilities deemed to be in the public interest. Industrial and commercial bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Health care facilities bonds are secured by a pledge of the gross receipts of the corporation and are payable solely from the pledged revenues. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

The City's current conduit debt consists of the City of Springdale, Arkansas Public Facilities Board bonds in the amount of \$75,465,000 issued in 2016. The outstanding principle payable at December 31, 2019 is \$71,225,000.

Note 6: Individual Fund Disclosures

Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are mainly as a result of the time lag between the dates that interfund revenues are collected, goods and services are provided or reimbursable expenditures occur, and payments are made between funds.

The General Fund and Sales and Use Tax Fund have interfund receivables and payables primarily related to city sales taxes collected which are transferred to the General Fund for operations and maintenance.

Interfund receivables and payables as of December 31, 2019 are as follows:

	Interfund Receivables	Interfund Payables
<u>Primary Government</u>		
Governmental Funds		
General	\$ 1,800,143	\$ 4,216,860
Street	892	460
Sales and Use Tax	4,145,148	1,543,921
2018 Bonds Crim Justice & Admin Complex Impr Constr	52,454	141
Nonmajor governmental funds	46,300	70,116
Total governmental funds	6,044,937	5,831,498
Enterprise Funds		
Municipal Airport	-	92,000
Nonmajor enterprise funds	207	12
Total enterprise funds	207	92,012
Fiduciary Funds		
	81,993	194,655
Total Primary Government	\$ 6,127,137	\$ 6,118,165

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

The difference in the interfund receivables/payables of \$8,972 for the primary government is due to the different year end of the Springdale Water and Sewer Commission (Component Unit).

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers in (out) for the year ended December 31, 2019 are as follows:

<u>Primary Government</u>	Transfers In	Transfers Out
Governmental Funds		
General	\$ 12,762,535	\$ 2,866,522
Street	408,247	-
Sales and Use Tax	996,880	11,133,813
Nonmajor governmental	1,570,005	2,054,184
Total governmental funds	<u>15,737,667</u>	<u>16,054,519</u>
Proprietary Funds		
Municipal Airport	154,451	-
Nonmajor proprietary funds	162,401	-
Total proprietary funds	<u>316,852</u>	<u>-</u>
Total Primary Government	<u>\$ 16,054,519</u>	<u>\$ 16,054,519</u>

Note 7: Pension Plans

Substantially all of the City's employees receive retirement benefits. The City sponsors two single-employer defined benefit plans (Firemen's Relief and Pension Fund or FRPF and Policemen's Pension and Relief Fund or PPRF) and one defined contribution plan (the money purchase pension plan), which do not issue separate financial reports for each plan. The City also contributes to the Local Police and Fire Retirement System (LOPFI), and the Arkansas Public Employees' Retirement System (APERS), which are statewide cost-sharing multiple-employer defined benefit pension plans.

City of Springdale, Arkansas
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Membership Information

Membership of the single-employer pension plans and the defined contribution plan consisted of the following at December 31, 2019:

	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund	Money Purchase Pension Plan
Retirees and beneficiaries receiving benefits	41	33	-
Active plan members	-	-	270
Total	41	33	270

Financial Information

Separate financial reports are not issued on each of the single-employer pension plans. The following is the condensed financial information of the plans included as pension trust funds:

	Statement of Fiduciary Net Position	
	December 31, 2019	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Assets		
Cash and equivalents	\$ 1,476,521	\$ 277,080
Investments	7,917,788	7,776,524
Accounts receivable	574,985	591,583
Due from other funds	-	9,187
Total Assets	9,969,294	8,654,374
Liabilities		
Accrued liabilities	3,412	3,511
Total Liabilities	3,412	3,511
Net Position		
Net position restricted for pensions	\$ 9,965,882	\$ 8,650,863

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

	Statement of Changes in Fiduciary Net Position	
	Firemen's Relief and Pension Fund	Policemen's Pension and Relief Fund
Additions		
Employer contributions	\$ 570,675	\$ 681,412
State insurance turnback - supplements	60,840	88,040
Net investment income	1,993,174	1,291,587
Total Additions	2,624,689	2,061,039
Deductions		
Benefit payments	1,153,689	1,133,538
Benefit payments - supplements	60,840	85,400
Miscellaneous	250	-
Total Deductions	1,214,779	1,218,938
Change in Fiduciary Net Position	1,409,910	842,101
Net Position Restricted for Pensions, Beginning of Year	8,555,972	7,808,762
Net Position Restricted for Pensions, End of Year	\$ 9,965,882	\$ 8,650,863

Plan Descriptions and Funding Information

The City of Springdale, Arkansas participates in four defined benefit pension plans; which are comprised of two single-employer defined benefit pension plans and two cost-sharing defined benefit pension plans, each of which are described and illustrated in detail below. Aggregate amounts for the four defined benefit pension plans are as follows:

	FRPF	PPRF	LOPFI	APERS	Total
Net pension liability	\$ 3,073,401	\$ 5,349,815	\$ 43,024,581	\$ 81,636	\$ 51,529,433
Deferred outflows of resources	-	-	14,038,566	12,607	14,051,173
Deferred outflows of resources - contributions	-	-	3,931,587	5,342	3,936,929
Deferred inflows of resources	1,289,967	404,221	668,862	68,448	2,431,498
Pension expense (reduction of expense)	(15,444)	56,548	8,744,516	(14,040)	8,771,580

Single-Employer Defined Benefit Plans

Firemen's Relief and Pension Fund

The Firemen's Relief and Pension Fund (Firemen's Fund or FRPF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer, and four retired firemen.

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

Contributions to the Firemen's Fund are set forth in Arkansas Code. The City's contribution to the Firemen's Fund consists of a one-half mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes six percent (6%) of the firemen's salaries. Participants also contribute six percent (6%) of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than six percent (6%). Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2019 were \$631,515. The City's share of contributions was \$631,515, and included \$570,675 in property taxes and \$60,840 in state insurance premium taxes.

The asset concentrations of over 5% are as follows:

JPMorgan U.S. Government Money Market Fund	\$1,054,841
Microsoft Corp.	666,440

There were no active employees which were covered by the Plan for the year ended 2019.

Policemen's Pension and Relief Fund

The Policemen's Pension and Relief Fund (Policemen's Fund or PPRF) is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Plan assets are administered by a Board of Trustees consisting of the Mayor, City Clerk/Treasurer and four retired policemen.

The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. The Fund also provides benefits for surviving spouses and dependent children of deceased policemen.

No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to five years. All policemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Policemen's Fund is effectively closed to new members.

City of Springdale, Arkansas
Notes to Financial Statements
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Contributions to the Policemen’s Fund are set forth in Arkansas Code. The City’s contribution to the Policemen’s Fund consists of a one-half mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, a \$3 assessment against each court case plus 10 percent (10%) of fines and forfeitures collected, and proceeds derived from the sale of confiscated goods. Participant contributions are returned without interest if the participant terminates covered employment. Accounting and administrative services are performed by personnel of the City at no charge to the Fund.

Total contributions to the Fund in 2019 were \$769,452. The City’s share of contributions was \$769,452, and included \$570,675 in property taxes, \$92,305 in state insurance premium taxes, and \$106,472 in fines and court costs.

The asset concentrations of over 5% are as follows:

Ishares MSCI EAFE Index Fund	\$ 826,892
Ishares Russell 2000 Growth Index Fund	473,982
SPDR S&P MidCap 400 UTSER1	970,733

There were no active employees which were covered by the Plan for the year ended 2019.

Actuarial Methods and Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on both plans. Actuarial valuations are performed annually and the last valuation was as of December 31, 2019. Actuarial assumptions used in evaluating the Plans include entry age normal cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases and the 1983 group annuity mortality table. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2019 was 5 years.

Net Pension Liability

The components of the net pension liability of the City were as follows:

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
Firemen's Relief and Pension Fund	12/31/2019	\$ 13,039,283	\$ 9,965,882	\$ 3,073,401	76.4%
Policemen's Relief and Pension Fund	12/31/2019	14,000,678	8,650,863	5,349,815	61.8%

City of Springdale, Arkansas
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Long-term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	80%	2.25%
Domestic Equity	10%	4.75%
Foreign Equity	0%	6.25%
Cash & Equivalents	10%	0.25%

Investment Policies

Firemen's Relief and Pension Fund

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2019.

Target Allocation of Investments	
Asset Class	Firemen's Pension
Domestic Fixed Income	15% - 75%
Domestic Equity	25% - 75%
Cash	5% - 25%
Alternative Investments	0% - 10%

City of Springdale, Arkansas
Notes to Financial Statements
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Policemen's Pension and Relief Fund

The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The investment strategy of the plan is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in investment management is to emphasize long-term growth of principal while avoiding excess risk. The secondary objective is the preservation of capital – the emphasis is placed on minimizing return volatility rather than maximizing total return. The following was the Board's adopted asset allocation policy as of December 31, 2019.

<u>Target Allocation of Investments</u>	
<u>Asset Class</u>	<u>Policemen's Pension</u>
Domestic Fixed Income	30% - 50%
Domestic Equity	40% - 65%
Cash	0% - 20%

Discount Rate

In the December 31, 2019 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the weighted average expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Changes in the Net Pension Liability

Firemen's Relief and Pension Fund (FRPF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 13,467,169	\$ 8,555,972	\$ 4,911,197
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	644,516	-	644,516
Difference between Expected and Actual Experience	81,287	-	81,287
Employer Contributions	-	570,675	(570,675)
Net Investment Income	-	1,993,174	(1,993,174)
Benefits and Refunds	(1,153,689)	(1,153,689)	-
Administrative Expenses	-	(250)	250
Other / Reconciliation	-	-	-
Net Changes	(427,886)	1,409,910	(1,837,796)
Balances at December 31, 2019	\$ 13,039,283	\$ 9,965,882	\$ 3,073,401

Policemen's Pension and Relief Fund (PPRF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 14,704,371	\$ 7,808,762	\$ 6,895,609
Changes for the Year			
Service Cost	-	-	-
Interest on Net Pension Liability	706,880	-	706,880
Difference between Expected and Actual Experience	(277,035)	-	(277,035)
Employer Contributions	-	681,412	(681,412)
Net Investment Income (Loss)	-	1,291,587	(1,291,587)
Benefits and Refunds	(1,133,538)	(1,133,538)	-
Other/Reconciliation	-	2,640	(2,640)
Administrative Expenses	-	-	-
Net Changes	(703,693)	842,101	(1,545,794)
Balances at December 31, 2019	\$ 14,000,678	\$ 8,650,863	\$ 5,349,815

City of Springdale, Arkansas
Notes to Financial Statements
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability for each plan of the City using the current rate as compared to what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage higher than the current rate:

		Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
		Current Single		
		1% Decrease	Rate Assumption	1% Increase
		4.00%	5.00%	6.00%
Firemen's Pension	City's Net Pension Liability	\$ 4,262,872	\$ 3,073,401	\$ 2,079,111
		Current Single		
		1% Decrease	Rate Assumption	1% Increase
		4.00%	5.00%	6.00%
Policemen's Pension	City's Net Pension Liability	\$ 6,726,449	\$ 5,349,815	\$ 4,204,005

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

Plan	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2019	24.16%
	2018	-2.82%
	2017	18.36%
Policemen's Pension and Relief Fund	2019	17.07%
	2018	-5.69%
	2017	10.90%

City of Springdale, Arkansas
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The net pension liability for the Firemen's and Policemen's Plans have been recognized in the City's statement of net position to comply with GASB standards. However, based on an interpretation of state law by the City's legal counsel, management of the City believes that if these Plans were to become insolvent, whereby remaining Plan assets were not adequate to pay current benefits, the City may not be legally obligated to fund any deficiency. Arkansas Code §24-11-416 and §24-11-807 state that if at any time there is insufficient money in the fund to pay full benefits, then beneficiaries will be paid a prorated amount.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2019, the City recognized an increase in pension expense from its single-employer defined benefit plans of \$41,104. At December 31, 2019, the City reported net deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Firemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,289,967
Policemen's Pension		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 404,221

There were no amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability for the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Firemen's Pension	Policemen's Pension
2020	\$ (407,682)	\$ (124,808)
2021	(392,096)	(96,063)
2022	(174,092)	(702)
2023	(316,097)	(182,648)
Total	\$ (1,289,967)	\$ (404,221)

City of Springdale, Arkansas
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Money Purchase Pension Plan

Plan Description

The Money Purchase Pension Plan (Money Purchase Plan) is a defined contribution plan, established on October 1, 1999, by City Ordinance No. 2933. The Money Purchase Plan is qualified under Section 401(a) of the Internal Revenue Code. Plan assets are held in trust and administered by Voya Financial, Inc. (VOYA). Each participant has a plan account to which the contributions are made, and each participant manages their account by selecting various investment options offered by VOYA. Plan benefits are based upon the total amount of money in an individual's account at retirement.

Contributions

The plan covers all non-uniformed City employees 18 years of age or older and who have 30 days service with the City. Employees contribute three percent (3%) of their salaries to the Plan, and the City contributes six percent (6%). There are no voluntary contributions. For the year ended December 31, 2019 employer and employee contributions to the plan were \$682,720 and \$341,364, respectively.

Benefits Provided

An employee who meets the eligibility requirements may become a plan participant as of the first day of the pay period following thirty (30) days of employment. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after one year of participation, and additional 20% each year thereafter until the participant is vested 100% after five years of service. Notwithstanding the vesting schedule, a participant's right to his retained benefit is nonforfeitable and fully vested upon the attainment of his normal retirement age.

Participant's normal retirement age shall be 65, but no later than age 70. The plan also provides for disability and survivor benefits. Benefits are paid by the Trustee upon the direction of the Administrator under one or more options such as a single lump sum payment or an annuity.

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Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide cost-sharing multiple-employer retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly and is administered by the LOPFI Board of Trustees. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes, and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the internet at www.lopfi-prb.com, or by contacting the Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

Benefits Provided

LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age of retirement, retirement multiplier, amount of the credit services (years and months), and final average pay (FAP). Each option available to the member provides for a different calculation based on these factors.

Contributions

Contributions to LOPFI are made by both the Member and the employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. Contribution requirements are set forth in Arkansas state statute.

Participating firemen are required to contribute eight and one-half percent (8.5%) of annual covered salary. Participating policemen are required to contribute two and one-half percent (2.5%) of annual covered salary. The City is required to contribute at an actuarially determined rate of compensation, which for 2019 was 23.50% for both paid firemen and for paid policemen. City contributions for 2019 were \$1,894,087 for paid firemen, and \$2,037,501 for paid policemen, and were equal to 100% of the required contributions. Employee contributions for 2019 were \$685,096 for paid firemen and \$216,756 for paid policemen. At December 31, 2019, there were 124 active paid firemen and 146 active paid policemen. Covered payroll was \$8,059,943 and \$8,670,211 for paid firemen and for paid policemen, respectively.

City of Springdale, Arkansas
Notes to Financial Statements
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Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$43,024,581 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2019, the City's proportion was 4.76790%, which was a 0.01613% decrease from the City proportion of 4.78403% at December 31, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$8,744,516. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,285,764	\$ -
Changes of assumptions	5,504,800	-
Net difference between projected and actual earnings on pension plan investments	5,888,926	-
Changes in proportion	359,076	668,862
Contributions subsequent to the measurement date	<u>3,931,587</u>	<u>-</u>
Total	<u>\$ 17,970,153</u>	<u>\$ 668,862</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$3,931,587 will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2020	\$ 16,227,796
2021	5,426,866
2022	2,918,237
2023	<u>(11,203,195)</u>
Total	<u>\$ 13,369,704</u>

City of Springdale, Arkansas
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Actuarial Assumptions

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

Actuarial cost method	Entry Age Normal
Price inflation	2.50 percent (2.75 percent in prior year)
Wage inflation	3.25 percent (3.75 percent in prior year)
Salary increases	4.25 to 18.75 percent, including inflation (4.25 to 18.75 percent, including inflation, in prior year)
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation (7.75 percent in prior year, net of pension plan investment expense, including inflation)

Mortality rates were based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

Long-Term Expected Return on Plan Assets

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

Long-term Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
Fixed Income	28%	0.9%	0.25%
Domestic Equity	42%	5.3%	2.23%
Foreign Equity	20%	7.0%	1.40%
Alternative Investments	10%	6.2%	0.62%
Total	<u>100%</u>		<u>4.50%</u>
Expected Inflation			<u>2.50%</u>
Total Return			<u>7.00%</u>

City of Springdale, Arkansas
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Discount Rate

In the December 31, 2018 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on assumptions made, found that the pension plan's net position was available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	\$ 63,498,852	\$ 43,024,581	\$ 26,526,273

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report.

District Judges and Court Clerk's Retirement System

Plan Description

On January 1, 2005, the district judge became a member of the Arkansas District Judges Retirement System (ADJRS), a state administered defined benefit plan. Effective July 1, 2007, all powers, duties and plan liabilities of ADJRS were transferred to the Arkansas Public Employees Retirement System (APERS) by Act 177 of 2007. ADJRS at that time became a closed system. District judges entering the system after July 1, 2007 are treated as APERS employees. There is one retired judge and one retired clerk receiving benefits from ADJRS. The district court judge became a state employee effective January 1, 2017. Therefore, the court clerk is the only employee who is a member of the Arkansas Public Employees' Retirement System (APERS), a state administered defined benefit plan.

City of Springdale, Arkansas
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December 31, 2019

Benefits Provided

Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005, while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes the normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the member's final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional .5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

Under both the non-contributory and contributory plan, the member's final average salary is the highest 36 calendar months of covered compensation. In addition, a cost-of-living adjustment of 3% annually is included in the current benefits.

Covered payroll for the district court clerk covered under this plan totaled \$69,507 for the fiscal year ended December 31, 2019.

Contributions

The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly, certain municipal and county elected officials, and certain agencies employing individuals in public safety positions must also remit additional contributions.

Employer contribution rates during the Plan year ended June 30, 2019, as a percentage of active member payroll, are as follows:

State, County, Municipal, and Non-State Divisions:	15.32%
Wildlife and Military Department Civilian	
Firefighters Subdivisions	27.32%
District Judge Division	38.99%
School Division	4.00%

City of Springdale, Arkansas
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Contributions to APERS are made by both the Member (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City's contribution rate for 2019 was 15.32% of covered employee's salaries from January 1, 2019 to June 30, 2019, and 14.75% from July 1, 2019 to December 31, 2019. Contributions made to the plan by employees and the City for the year ended December 31, 2019 amounted to \$3,475 and \$10,648, respectively.

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

At December 31, 2019, the City reported a liability of \$81,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to total employer contributions to the Plan for the measurement period. At June 30, 2019, the City's proportion was 0.003383853%, which is an increase of 0.00028643% from its proportion as of June 30, 2018 of 0.003097423%.

For the year ended December 31, 2019, the City recognized a reduction of pension expense of \$14,040. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,222	\$ 121
Changes of assumptions	4,431	3,138
Net difference between projected and actual earnings on pension plan investments	-	620
Change in proportions	5,954	64,569
Contributions subsequent to the measurement date	<u>5,342</u>	<u>-</u>
Total	<u>\$ 17,949</u>	<u>\$ 68,448</u>

City of Springdale, Arkansas
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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,342 will be recognized as a reduction of the net pension liability for the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows)</u>
2020	\$ (79,253)
2021	44,221
2022	1,965
2023	(22,774)
Total	<u>\$ (55,841)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Price inflation	2.50 percent
Wage inflation	3.25 percent
Discount rate	7.15 percent
Salary increases	3.25 to 9.85 percent, including inflation
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report.

City of Springdale, Arkansas
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Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class are considered. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.20%
International Equity	24%	6.33%
Real Estate Related Assets	16%	3.32%
Absolute Return	5%	3.56%
Domestic Fund	18%	1.54%
Total	<u>100%</u>	

Discount Rate

In the June 30, 2019 actuarial valuation, a single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	Current Single		
	1% Decrease 6.15%	Rate Assumption 7.15%	1% Increase 8.15%
City's proportionate share of the net pension liability	\$ 130,843	\$ 81,636	\$ 41,039

City of Springdale, Arkansas
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Pension Plan – Component Unit

Springdale Water and Sewer Commission (Commission) adopted a defined contribution money purchase pension plan effective February 1, 1996. The plan is administered under a written Plan and Trust Agreement entered into by the trustee and the Commission. The trustee and plan administrator, Arvest Trust Company, N.A., is responsible for the investment of the plan assets and administration of the plan.

To participate in the plan, an employee must be age 20 ½, have completed six months of service, be a full time employee (at least 1,000 hours per year), and agree to contribute the mandatory 3.0% employee contribution. An employee who meets the above eligibility requirements may become a plan participant as of the first day of the plan year following completion of the eligibility requirements. Participants are vested 100% in their employee contributions and interest earned thereon. Participant's vested interest in the employer contributions and interest thereon is determined as follows: 20% vested after two years of participation, and additional 10% each year thereafter until the participant is vested 100% after 10 years of service.

Participants' normal retirement age shall be the later of age 65 or 10 years of participation. Participants may elect qualified early retirement at age 60 with 10 years of service. The plan also provides for disability and survivor benefits. Benefits are paid by the trustee upon the direction of the administrator under one or more options, such as a single lump sum payment or in equal installments over not more than a fifteen (15) year period.

Employee's contributions are three percent (3%) of base monthly compensation. Employees may voluntarily contribute additional amounts up to ten percent (10%) of base monthly compensation. The employer contributes six percent (6%) of the employee's base monthly compensation for each plan participant. The Commission contributions for the year ended September 30, 2019, the year-end for the Commission, were \$304,433.

Note 8: Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is administered by Voya Financial, Inc. (VOYA), the other plan by Nationwide Retirement Solutions, Inc. All assets and income of the trusts are for the exclusive benefit of eligible employees and their beneficiaries. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plans other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the plans in these basic financial statements. Deferred compensation investments are held by outside trustees. Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments, or a combination of these.

The Plans, available to all full time City employees, permit them to defer until future years up to 25% of annual gross earnings not to exceed \$19,000 for 2019. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

City of Springdale, Arkansas
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Deferred Compensation Plan – Component Unit

Employees of the *Springdale Water and Sewer Commission* are eligible to participate in a deferred compensation plan adopted in January 1976 and amended from time to time in compliance with IRC regulations. The assets are held by Jackson National Life and remain the property of the Trust until paid to the employees.

Note 9: Other Postemployment Benefits (OPEB)

Plan Description

Plan Description: The City of Springdale sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal city official or employee vested in any of the City’s retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City’s healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of the statute. The City does not issue separate financial statements for the plan, but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

Funding Policy: The contribution requirements of plan members are established by the City Council and may be amended as needed. Plan members pay 100% of the cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City’s health insurance plans. The City is not required to make contributions to the Plan on behalf of retirees and funds the Plan on a pay-as-you-go basis. Expenses are recorded in the applicable fund as liabilities are incurred. As of December 31, 2019, the date of the actuarial valuation, the plan has 19 retirees who pay monthly premiums between \$363 for single coverage to \$998 for family coverage. Retirees contributed \$111,287 of the total current year cost, which equaled the total benefits paid by the City for 2019.

Employees covered by benefit terms – at December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not receiving benefit payments	-
Active members	538
Total	555

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Total OPEB Liability – The City's total OPEB liability of \$5,229,651 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions:

Discount rate	3.26% (4.11% in prior year) based upon the 20 year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Salary increases	General - 2.0%-5.0%; Police - 5.0%-6.0%; Fire - 3.5%-5.5%
Inflation rate	3.0 % per year
Healthcare cost trend rates	7.50% for 2020 decreasing annually to ultimate rate of 4.5% for 2026
Cost method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary Method where: <ul style="list-style-type: none"> • Service Cost of each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Mortality	Healthy Retirees: SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 mortality tables with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

Changes in Total OPEB Liability

Service cost	\$ 153,853
Interest	204,470
Differences between expected and actual experience	(382,765)
Changes in assumptions	478,590
Benefit payments	<u>(90,247)</u>
Net change in total OPEB liability	363,901
 Total OPEB liability - beginning of year	 <u>4,865,750</u>
Total OPEB liability - end of year	<u><u>\$ 5,229,651</u></u>

City of Springdale, Arkansas
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Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.11%) or 1-percentage-point higher (5.11%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Other Postemployment Benefits Liability	\$ 5,868,926	\$ 5,229,651	\$ 4,672,265

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost			
	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Other Postemployment Benefits Liability	\$ 4,559,332	\$ 5,229,651	\$ 6,027,006

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the City reported OPEB income of \$53,340. At December 31, 2019, the City reported deferred outflow of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 424,981
Changes in assumptions	398,825	1,604,525
Total	\$ 398,825	\$ 2,029,506

City of Springdale, Arkansas
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The balances as of December 31, 2019 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

<u>Year Ending December 31,</u>	
2019	\$ (411,663)
2020	(411,663)
2021	(411,663)
2022	(411,662)
2023	15,970
Total	<u><u>\$ (1,630,681)</u></u>

Component Unit – Water and Sewer Commission

General Information about the OPEB Plan

Plan Description: The Commission sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are entitled to purchase continued health benefits coverage for the retiree and the retiree’s dependents until Medicare eligibility. The Commission has the authority to establish and amend the requirements of this plan. The Commission does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report.

Benefits Provided: There are no direct benefits provided to the retirees under the Plan. The only benefits provided are derived from the retiree receiving a lower premium for health insurance by being allowed to stay within the group coverage under the Commission until Medicare eligibility. Retirees are responsible for 100% of the premiums once included within the Plan.

Funding Policy: The contribution requirements of plan members are established by the Commission and may be amended as needed. Retiree coverage is the same as the coverage provided to active Commission employees. Retirees pay premiums ranging from \$473 per month to \$1,095 per month depending on the coverage elected. The Commission’s policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense as liabilities are incurred.

Employees covered by benefit terms: At September 30, 2019, the following employees were covered by the benefit terms:

Total active participants	119
Total retiree participants	<u>-</u>
	<u><u>119</u></u>

City of Springdale, Arkansas
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Total OPEB Liability

The Commission’s total OPEB liability as of September 30, 2019 of \$295,207 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	September 30, 2019 and 2018
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - open group
Amortization period	30 years
Inflation	3.25%
Healthcare cost trend rates	Initially 8.00% and 8.50% decreasing in .50% increments over 8 years to 4.50% and 5.00% for 2019 and 2018, respectively.
Salary increases	3.25% for wage inflation plus merit/productivity growth ranging from .42% to 6.60% (.70 to 6.6% in 2018) depending on age of the employee. The payroll growth assumption is based on the non-state rates shown in the Arkansas Public Employee Retirement System (APERS) actuarial valuation as of June 30, 2018 (June 30, 2016 in 2018).
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2018 for retirees and Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2018 for surviving spouses (RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 for 2018).

Discount Rate: The discount rate used to measure the total OPEB liability was 3.58 percent. As an unfunded plan, this rate was determined based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The indexes used in determining this rate include the Bond Buyer G.O. 20-Year Bond Municipal Bond Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year G.O. Municipal Bond Index.

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Changes in the Total OPEB Liability

Service cost	\$ 20,215
Interest	12,975
Changes in assumptions	7,217
Differences between expected and actual experience	<u>(35,385)</u>
Net change in total OPEB liability	5,022
Total OPEB liability - beginning of year	<u>290,185</u>
Total OPEB liability - end of year	<u><u>\$ 295,207</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.18% in 2018 to 3.58% in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability for the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB liability	<u>\$ 317,671</u>	<u>\$ 295,207</u>	<u>\$ 274,029</u>

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

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 263,517</u>	<u>\$ 295,207</u>	<u>\$ 332,590</u>

City of Springdale, Arkansas
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OPEB Expenses and Deferred Outflows of Resources related to OPEB

For the year ended September 30, 2019, the Commission recognized OPEB expense of \$39,433. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,607	\$ (30,962)
Change in assumptions	<u>12,963</u>	<u>(10,798)</u>
Total	<u>\$ 68,570</u>	<u>\$ (41,760)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2019, related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Net Deferred Outflows (Inflows)</u>
2020	\$ 6,243
2021	6,243
2022	6,243
2023	6,243
2024	6,247
Thereafter	<u>(4,409)</u>
	<u>\$ 26,810</u>

Note 10: Risk Management

The City and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which they carry insurance. The City, however, under Arkansas State Statute, has tort immunity. The type of coverage and the liability limits vary with each entity.

Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile, legal defense and workers' compensation. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks related to vehicle accidents covered by AML, the City pays a \$1,000 deductible per incident. For legal risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses.

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There have been no significant reductions in insurance coverage from 2018 to 2019, nor have settlement amounts exceeded insurance coverage for each of the past three years.

Component Unit – Water and Sewer Commission

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The Commission purchases commercial insurance for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The self-insurance liability related to health benefits at September 30, 2019 was \$135,353.

Note 11: Property Taxes

City property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes which remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property remains delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Washington and Benton Counties are the collecting agents for the City, and remit collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2019, property taxes receivable and related deferred inflows (unavailable revenue) of \$6,245,707 have been recorded in the governmental funds. In the government-wide statement of net position, delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20 percent to arrive at assessed value.

The City is permitted by Arkansas State Law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds, and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2019 to finance the above operations was \$0.57 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.63 per \$100 of assessed valuation on real and personal property. Approximately \$7,511,000 of additional taxes could be raised per year based on the current year's assessed value of \$872,455,892 for real property and \$319,728,176 for personal property before the limit is reached.

City of Springdale, Arkansas
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Note 12: Sales Taxes

In October 1981, Washington County began assessing a 1% sales and use tax on retail sales in the county. Effective December 1, 2004, the tax rate increased to 1.25%. Each city in Washington County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 25.29% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$13,826,610 for 2019 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 1992, the City began assessing a 1% sales and use tax on retail sales in the City, upon approval of the tax by the City's voters. Previously, revenues were used to fund capital improvement projects (50%) and general municipal operations and maintenance (50%). On November 29, 2012, the City issued the City of Springdale, Arkansas Sales and Use Tax Bonds, Series 2012 (see also *Note 5*). These bonds are secured by a first and prior pledge of revenues collected from the 1% sales and use tax levied by the City. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Beginning in December 2012, the tax is remitted to the bond trustee. Taxes not needed to fund debt service are then remitted to the City. Taxes for this purpose remitted to the City and bond trustee totaled \$16,016,807 for 2019, and are included in the Sales and Use Tax Fund's (\$11,375,110) and 2012 Bonds Debt Service Fund's (\$4,641,697) tax revenues in the accompanying financial statements.

In August 1998, Benton County began assessing a 1% sales and use tax on retail sales in the county. Each city in Benton County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 2.96% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$1,636,240 for 2019 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 2006, City voters approved a 1% sales and use tax on retail sales in the City. Revenues from the tax are pledged for payment of the principal and interest on the City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Series 2013 (see also *Note 5*). This tax replaced the additional 1% sales and use tax which was pledged for payment of the principal and interest on the Series 2006 Bonds. The City began assessing the original tax in October 2003. The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$16,016,806 for 2019 and are included in the 2018 Bonds Debt Service Fund's tax revenues in the accompanying financial statements. This tax will sunset upon retirement of all related debt.

In April 2009, the Arkansas General Assembly passed Act 840 of 2009 regarding the disposition of city and county sales taxes on aviation fuel. The Act stated that money collected that is derived from a tax on aviation fuel that is not dedicated to a specific purpose shall be transmitted to the publicly owned airport where the aviation fuel was sold. Therefore, beginning in July 2009, taxes collected on aviation fuel by the state are remitted to the City's Municipal Airport, net of a 3% collection fee. Taxes for this purpose remitted to the Airport for City and Washington County totaled \$17,571 and \$10,979, respectively, for 2019 and are included as non-operating revenue for the Municipal Airport Fund in the accompanying financial statements.

City of Springdale, Arkansas
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Note 13: Contingencies

Litigation

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. It is the opinion of the City's management and legal counsel that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

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

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

Contingencies

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

Component Unit – Water and Sewer Commission

At various times, the Commission may be involved in litigation incidental to its operations. At September 30, 2019, the only outstanding legal proceedings pertain to the valuation of easements acquired by the Commission. Based upon management's assessment, any impact to the Commission's financial statements is not expected to be material.

Note 14: Endowment

The City's endowment consists of funds established to provide current income and long-term protection for the operations of the City's Shiloh Museum. The endowment is a part of the Shiloh Museum Board Fund, and represents donor-restricted endowment funds and funds designated by the Board of Directors of the Museum to function as endowments. As required by GAAP, net position associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

City of Springdale, Arkansas
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The management of the City has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Arkansas in 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the City classifies as nonexpendable restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonexpendable restricted net position is classified as unrestricted net position until those amounts are appropriated for expenditure by the City in a manner consistent with the standard of prudence prescribed by the UPMIFA.

In accordance with the UPMIFA, the City considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the City and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the City
- (7) The investment policies of the City

Endowment fund balance and activity for 2019 is as follows:

	Assigned	Nonspendable
Endowment fund balance - beginning of year	\$ 181,277	\$ 1,449,782
Contributions	-	-
Available for distribution	65,785	(65,785)
Investment income (loss), net	-	287,743
Endowment fund balance - end of year	\$ 247,062	\$ 1,671,740

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the City to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net position. There were no such deficiencies as of December 31, 2019.

City of Springdale, Arkansas
Notes to Financial Statements
December 31, 2019

Return Objectives and Risk Parameters

The City's endowment is held by Arkansas Community Foundation, Inc. (ARCF) who has been granted variance power. These endowment funds are subject to the investment policies of ARCF. ARCF's investment strategy seeks to preserve the value of funds under management and to provide growth and income to support the charitable purposes for which endowment funds were created. Endowment assets are invested in a manner intended to produce a long-term average return, after inflation and net of investment and administrative costs, that exceeds charitable spending.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ARCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Through a strategic assets allocation intended to achieve return objectives while minimizing risk, assets are invested in a diversified mix of equities, fixed-income instruments, cash and alternative classes such as hedge funds and private equity investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the City's agreement with ARCF, the City is subject to the spending policy of ARCF. ARCF's spending policy provides an annual distribution of 4% of the grant making dollar's average ending market value of the previous 20 trailing quarters (if available), as calculated on the first day of ARCF's fiscal year. The averaging method is designed to smooth charitable spending over time and protect the fund from the effect of inflation and investment return fluctuations.

Note 15: New GASB Standards

Other financial and accounting reporting standards which have been issued by GASB, but are not yet required to be implemented by the City are as follows:

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The statement addresses issues in accounting and financial reporting for certain asset retirement obligations (AROs), including establishing criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement is effective for periods beginning after June 15, 2019, with earlier application encouraged.

GASB Statement No. 84 – *Fiduciary Activities*. This statement provides for greater consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. This statement is effective for periods beginning after December 15, 2019, with earlier application encouraged.

City of Springdale, Arkansas
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December 31, 2019

GASB Statement No. 87 – *Leases*. This statement addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizing inflows or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for periods beginning after June 15, 2021, with earlier application encouraged.

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information related to debt that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. This statement is effective for periods beginning after June 15, 2019, with earlier application encouraged.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement is effective for periods beginning after December 15, 2020, with earlier application encouraged.

GASB Statement No. 90 – *Majority Equity Interests*. The objective of this statement is to provide consistency in the reporting of majority equity interests and improve the relevance of information related to certain component units. This statement is effective for periods beginning after December 15, 2019, with earlier application encouraged.

GASB Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for periods beginning after December 15, 2021, with earlier application encouraged.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This statement is effective for periods beginning after June 15, 2020, with earlier application encouraged.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership agreements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangement (APAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

City of Springdale, Arkansas
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December 31, 2019

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of certain fiduciary component units, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. This statement is effective for various reporting periods.

The City has not yet determined the potential impact of implementing the above statements.

Note 16: Subsequent Events

Subsequent to year-end, the City issued \$50,730,000 in City of Springdale, Arkansas Sales and Use Tax Refunding Bonds, Taxable Series 2020, to refund the City's Sales and Use Tax Bonds, Series 2012.

On August 11, 2020, the City of Springdale held a special election on the consolidation of the City of Bethel Heights, Arkansas, into the City of Springdale, Arkansas, where the majority of votes cast were in favor. The results of the election were certified on Friday, August 21, 2020 declaring and consummating the consolidation of the City of Bethel Heights into the City of Springdale, Arkansas.

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

Required Supplementary Information

City of Springdale, Arkansas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Other Postemployment Benefit Healthcare Plan

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 153,853	\$ 489,156
Interest	204,470	249,144
Differences between expected and actual experience	(382,765)	(159,014)
Changes of assumptions or other inputs	478,590	(2,406,789)
Benefit payments	<u>(90,247)</u>	<u>(119,300)</u>
Net change in total OPEB liability	363,901	(1,946,803)
Total OPEB liability - beginning	<u>4,865,750</u>	<u>6,812,553</u>
Total OPEB liability - ending	<u>\$ 5,229,651</u>	<u>\$ 4,865,750</u>
Covered-employee payroll	\$ 23,317,709	\$ 23,941,017
Total OPEB liability as a percentage of covered-employee payroll	22.4%	20.3%

Notes to Schedule:

Changes in assumptions:

- 1) Discount rate - 4.11 percent as of January 1, 2019 to 3.26% as of December 31, 2019
- 2) Mortality table for healthy retirees has been updated from RPH-2015 Total Dataset Mortality Table fully generational using MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.
- 3) The turnover rate assumption for general, police, and fire employees has been updated based on the City's April 2019 experience study.
- 4) The retirement rate assumption for general, police, and fire employees has been updated based on the City's April 1029 experience study.
- 5) The PPO and HDHP election rate assumption has been updated based on the City's April 2019 experience study.
- 6) The spousal coverage assumption for active employees has been updated based on the City's April 2019 experience study.
- 7) Health care trend rates have been updated to an initial rate of 7.5 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

City of Springdale, Arkansas
Schedule of Changes in the Commission's Total OPEB Liability
and Related Ratios
Other Postemployment Benefit Healthcare Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 20,215	\$ 18,933	\$ 11,311
Interest	12,975	9,100	5,325
Differences between expected and actual experience	(35,385)	35,469	43,992
Changes of assumptions	7,217	(14,398)	10,082
Benefit payments	-	-	(2,804)
Net Change in Total OPEB Liability	<u>5,022</u>	<u>49,104</u>	<u>67,906</u>
Total OPEB Liability - Beginning	<u>290,185</u>	<u>241,081</u>	<u>173,175</u>
Total OPEB Liability - Ending	<u>\$ 295,207</u>	<u>\$ 290,185</u>	<u>\$ 241,081</u>
Covered-Employee Payroll	\$ 6,362,331	\$ 5,386,565	\$ 5,217,012
Commission's Net OPEB Liability as a Percentage of Covered-Employee Payroll	4.64%	5.39%	4.62%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the Commission will only present available information.

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Changes in the City’s Net Pension Liability and Related Ratios –
Firemen’s Pension and Relief Fund

Fiscal Year Ended December 31,	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	644,516	670,414	694,232	737,430	818,743	832,851	853,931
Benefit changes	-	-	-	-	-	-	-
Difference between actual & expected experience *	81,287	(29,079)	(1,191)	(420,129)	(1,250,687)	95,678	241,918
Assumption changes	-	-	-	-	-	-	-
Benefit payments	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Refunds	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(427,886)	(523,546)	(480,878)	(871,321)	(1,631,930)	(292,885)	(717,615)
Total Pension Liability - Beginning	13,467,169	13,990,715	14,471,593	15,342,914	16,974,844	17,267,729	17,985,344
Total Pension Liability - Ending (a)	<u>\$ 13,039,283</u>	<u>\$ 13,467,169</u>	<u>\$ 13,990,715</u>	<u>\$ 14,471,593</u>	<u>\$ 15,342,914</u>	<u>\$ 16,974,844</u>	<u>\$ 17,267,729</u>
Plan Fiduciary Net Position							
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,712
Contributions - employer	570,675	593,753	597,239	593,335	595,428	564,558	606,540
Net investment income (loss)	1,993,174	(255,686)	1,497,844	489,275	45,094	539,443	1,532,421
Benefit payments	(1,153,689)	(1,164,881)	(1,173,919)	(1,188,622)	(1,199,986)	(1,221,414)	(1,813,464)
Administrative expense	(250)	(300)	(296)	-	-	(25)	(292)
Other / reconciliation	-	1,295	1,540	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,409,910	(825,819)	922,408	(106,012)	(559,464)	(117,438)	327,917
Plan Fiduciary Net Position - Beginning	8,555,972	9,381,791	8,459,383	8,565,395	9,124,859	9,242,297	8,914,380
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,965,882</u>	<u>\$ 8,555,972</u>	<u>\$ 9,381,791</u>	<u>\$ 8,459,383</u>	<u>\$ 8,565,395</u>	<u>\$ 9,124,859</u>	<u>\$ 9,242,297</u>
Net Pension Liability (a) - (b)	<u>\$ 3,073,401</u>	<u>\$ 4,911,197</u>	<u>\$ 4,608,924</u>	<u>\$ 6,012,210</u>	<u>\$ 6,777,519</u>	<u>\$ 7,849,985</u>	<u>\$ 8,025,432</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.43%	63.53%	67.06%	58.46%	55.83%	53.76%	53.52%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Firemen’s Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 2,141,240	\$ 595,100	\$ 1,546,140	\$ -	N/A
2013	2,045,279	606,540	1,438,739	-	N/A
2014	1,809,537	564,311	1,245,226	-	N/A
2015	1,769,978	595,428	1,174,550	-	N/A
2016	1,531,255	593,335	937,920	-	N/A
2017	1,358,714	597,239	761,475	-	N/A
2018	1,042,598	593,753	448,845	-	N/A
2019	1,110,846	570,675	540,171	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	1983 Group Annuity Mortality

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Changes in the City’s Net Pension Liability and Related Ratios –
Policemen’s Pension and Relief Fund

Fiscal year ended December 31,	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	706,880	725,816	741,399	758,914	809,001	822,232	834,870
Benefit changes	-	-	-	-	-	-	-
Difference between actual & expected experience *	(277,035)	34,465	91,404	35,255	(666,271)	57,613	56,839
Assumption changes	-	-	-	-	-	-	-
Benefit payments	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Refunds	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(703,693)	(384,185)	(311,663)	(350,297)	(1,001,736)	(264,621)	(252,757)
Total Pension Liability - Beginning	14,704,371	15,088,556	15,400,219	15,750,516	16,752,252	17,016,873	17,269,630
Total Pension Liability - Ending (a)	\$ 14,000,678	\$ 14,704,371	\$ 15,088,556	\$ 15,400,219	\$ 15,750,516	\$ 16,752,252	\$ 17,016,873
Plan Fiduciary Net Position							
Contributions - employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employer	684,052	690,283	696,132	665,893	679,786	633,760	684,637
Net investment income (loss)	1,291,587	(484,326)	880,932	543,877	(176,004)	563,969	935,424
Benefit payments	(1,133,538)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)	(1,144,466)
Funeral benefit	-	(6,500)	-	-	(6,500)	-	-
Administrative expense	-	-	-	(258)	-	-	-
Net Change in Plan Fiduciary Net Position	842,101	(945,009)	432,598	65,046	(647,184)	53,263	475,595
Plan Fiduciary Net Position - Beginning	7,808,762	8,753,771	8,321,173	8,256,127	8,903,311	8,850,048	8,374,453
Plan Fiduciary Net Position - Ending (b)	\$ 8,650,863	\$ 7,808,762	\$ 8,753,771	\$ 8,321,173	\$ 8,256,127	\$ 8,903,311	\$ 8,850,048
Net Pension Liability (a) - (b)	\$ 5,349,815	\$ 6,895,609	\$ 6,334,785	\$ 7,079,046	\$ 7,494,389	\$ 7,848,941	\$ 8,166,825
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	61.79%	53.11%	58.02%	54.03%	52.42%	53.15%	52.01%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Note: The 2015 experience includes the effects of a one-time adjustment to the spousal mortality in the cash flow valuation.

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Policemen’s Pension and Relief Fund

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 2,152,920	\$ 681,684	\$ 1,471,236	\$ -	N/A
2013	2,005,643	684,637	1,321,006	-	N/A
2014	1,841,418	633,760	1,207,658	-	N/A
2015	1,761,283	679,786	1,081,497	-	N/A
2016	1,692,892	665,893	1,026,999	-	N/A
2017	1,599,260	696,132	903,128	-	N/A
2018	1,431,737	690,283	741,454	-	N/A
2019	1,558,282	684,052	874,230	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	1983 Group Annuity Mortality

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Investment Returns

Plan	Fiscal Year Ended December 31,	Annual Money- weighted Rate of Return
Firemen's Relief and Pension Fund	2019	24.16%
	2018	-2.82%
	2017	18.36%
	2016	5.94%
	2015	0.53%
	2014	6.05%
Policemen's Pension and Relief Fund	2019	17.07%
	2018	-5.69%
	2017	10.90%
	2016	6.80%
	2015	-2.61%
	2014	7.09%

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of the City’s Proportionate Share of the Net
Pension Liability – Arkansas Local Police and Fire Retirement System

<u>City fiscal year ended December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	4.76790%	4.78403%	4.7949%	5.0422%	4.6714%
City's proportionate share of the net pension liability	\$ 43,024,581	\$ 33,995,179	\$ 27,356,562	\$ 26,459,702	\$ 16,910,936
City's covered-employee payroll	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134	\$ 12,487,950
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	271.76%	228.47%	189.97%	185.36%	135.42%
Plan fiduciary net position as a percentage of the total pension liability	71.17%	72.49%	72.49%	72.92%	79.14%

Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City’s net pension liability.

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

Assumption changes for 2016 include a decrease in price inflation from 3.00 to 2.75 percent; a decrease in wage inflation from 4.00 to 3.75 percent; a decrease in salary increases from 4.50 to 19.00 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Arkansas Local Police and Fire Retirement System

<u>City fiscal year ended December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially required contribution	\$ 3,931,588	\$ 3,719,909	\$ 3,422,270	\$ 3,167,945 (1)	\$ 3,131,048
Contributions in relation to the actuarially determined contribution	<u>3,931,588</u>	<u>3,719,909</u>	<u>3,422,270</u>	<u>3,167,945</u>	<u>3,131,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 16,730,154	\$ 15,831,777	\$ 14,879,433	\$ 14,400,195	\$ 14,275,134
Contributions as a percentage of covered employee payroll	23.50%	23.50%	23.00%	22.00%	21.93%

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of the City’s Proportionate Share of the Net
Pension Liability – Arkansas Public Employees Retirement System

<u>City fiscal year ended December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.3384%	0.0031%	0.0073%	0.0107%	0.0099%
City's proportionate share of the net pension liability	\$ 82,636	\$ 68,327	\$ 189,320	\$ 254,984	\$ 182,965
City's covered-employee payroll	\$ 65,913	\$ 58,017	\$ 148,688	\$ 180,014	\$ 176,262
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	125.37%	117.77%	127.33%	141.65%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	79.59%	75.65%	75.50%	80.39%

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

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

City of Springdale, Arkansas
Defined Benefit Pension Plans –
Schedule of Contributions –
Arkansas Public Employees Retirement System

<u>City fiscal year ended December 31,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 10,648	\$ 9,043	\$ 8,456	\$ 26,064	\$ 27,053
Contributions in relation to the actuarially determined contribution	<u>10,648</u>	<u>9,043</u>	<u>8,456</u>	<u>26,064</u>	<u>27,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 69,507	\$ 60,144	\$ 57,835	\$ 179,754	\$ 184,976
Contributions as a percentage of covered employee payroll	15.32%	15.04%	14.62%	14.50%	14.63%

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

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

City of Springdale, Arkansas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Sales	\$ 15,560,000	\$ 15,560,000	\$ 15,462,852	\$ (97,148)
Ad valorem	5,605,000	5,605,000	5,467,626	(137,374)
Franchise	4,350,000	4,350,000	4,127,997	(222,003)
Fees and permits:				
Building permits	600,000	600,000	726,234	126,234
Occupation permits	176,400	176,400	172,179	(4,221)
Other	187,400	187,400	185,641	(1,759)
Intergovernmental:				
Federal and state grants	303,000	303,000	418,683	115,683
State turnback	1,642,500	1,642,500	1,648,243	5,743
State turnback-insurance	1,405,000	1,405,000	1,513,364	108,364
City and county	17,470	17,470	18,165	695
Other	1,080,200	1,080,200	1,050,750	(29,450)
Other grants and contributions	1,044,680	1,044,680	1,522,885	478,205
Charges for goods and services:				
Ambulance fees	1,700,000	1,700,000	1,618,036	(81,964)
Other revenues	1,527,000	1,527,000	1,683,125	156,125
Fines and forfeitures	911,500	911,500	824,774	(86,726)
Miscellaneous	329,100	329,100	595,788	266,688
Total Revenues	<u>36,439,250</u>	<u>36,439,250</u>	<u>37,036,342</u>	<u>597,092</u>
Expenditures				
General Government				
Administration				
Personnel	1,802,640	1,802,640	1,773,965	28,675
Buildings and equipment	126,000	126,000	132,767	(6,767)
Supplies	154,500	154,500	139,666	14,834
Other	1,269,260	1,269,430	653,207	616,223
Economic development	323,140	323,140	319,724	3,416
Capital	-	-	1,059,915	(1,059,915)
Total Administration Expenditures	<u>3,675,540</u>	<u>3,675,710</u>	<u>4,079,244</u>	<u>(403,534)</u>
City Attorney				
Personnel	766,150	766,150	769,817	(3,667)
Buildings and equipment	14,600	14,600	13,239	1,361
Supplies	10,000	10,000	7,006	2,994
Other	23,450	23,450	14,081	9,369
Total City Attorney Expenditures	<u>814,200</u>	<u>814,200</u>	<u>804,143</u>	<u>10,057</u>
Information Technology				
Personnel	518,440	539,480	545,183	(5,703)
Buildings and equipment	430,200	430,200	505,362	(75,162)
Supplies	10,000	10,000	11,158	(1,158)
Other	124,300	124,480	132,953	(8,473)
Capital	-	-	4,419	(4,419)
Total Information Technology Expenditures	<u>1,082,940</u>	<u>1,104,160</u>	<u>1,199,075</u>	<u>(94,915)</u>
Total General Government Expenditures	<u>5,572,680</u>	<u>5,594,070</u>	<u>6,082,462</u>	<u>(488,392)</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Shiloh Museum				
Personnel	\$ 687,350	\$ 687,350	\$ 688,363	\$ (1,013)
Buildings and equipment	39,500	39,500	49,220	(9,720)
Supplies	77,500	77,500	61,786	15,714
Other	21,000	21,000	25,297	(4,297)
Capital	5,000	5,000	6,490	(1,490)
Total Shiloh Museum Expenditures	830,350	830,350	831,156	(806)
Springdale Senior Centers				
Personnel	362,400	362,400	372,010	(9,610)
Buildings and equipment	25,400	25,400	44,867	(19,467)
Supplies	234,800	234,800	268,617	(33,817)
Other	54,650	54,650	55,306	(656)
Capital	-	-	2,524	(2,524)
Total Springdale Senior Centers Expenditures	677,250	677,250	743,324	(66,074)
Parks and Recreation				
Personnel	2,464,500	2,464,500	2,438,484	26,016
Buildings and equipment	608,900	608,900	580,135	28,765
Supplies	668,400	668,400	804,700	(136,300)
Other	141,130	141,720	149,047	(7,327)
Capital	282,500	4,382,500	4,316,345	66,155
Total Parks and Recreation Expenditures	4,165,430	8,266,020	8,288,711	(22,691)
Total Culture and Recreation Expenditures	5,673,030	9,773,620	9,863,191	(89,571)
Community Development:				
Planning and Community Development				
Personnel	391,550	391,550	373,183	18,367
Buildings and equipment	6,750	6,750	2,946	3,804
Supplies	9,500	9,500	3,954	5,546
Other	48,300	48,300	31,119	17,181
Total Planning and Community Development Expenditures	456,100	456,100	411,202	44,898

City of Springdale, Arkansas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering				
Personnel	\$ 585,370	\$ 585,370	\$ 552,665	\$ 32,705
Buildings and equipment	6,000	6,000	3,873	2,127
Supplies	11,000	11,000	8,518	2,482
Other	106,710	106,710	104,072	2,638
Total Engineering Expenditures	<u>709,080</u>	<u>709,080</u>	<u>669,128</u>	<u>39,952</u>
Total Community Development Expenditures	<u>1,165,180</u>	<u>1,165,180</u>	<u>1,080,330</u>	<u>84,850</u>
Public Safety:				
Animal Services				
Personnel	627,550	627,550	545,909	81,641
Buildings and equipment	48,500	48,500	43,316	5,184
Supplies	125,000	125,000	155,993	(30,993)
Other	93,400	93,400	100,162	(6,762)
Total Animal Services Expenditures	<u>894,450</u>	<u>894,450</u>	<u>845,380</u>	<u>49,070</u>
Building Inspection				
Personnel	598,640	598,640	562,415	36,225
Buildings and equipment	10,000	10,000	5,083	4,917
Supplies	34,750	34,750	23,990	10,760
Other	53,100	53,240	40,535	12,705
Total Building Inspection Expenditures	<u>696,490</u>	<u>696,630</u>	<u>632,023</u>	<u>64,607</u>
Community Engagement / Code Enforcement				
Personnel	345,460	345,460	338,210	7,250
Buildings and equipment	14,100	14,100	5,923	8,177
Supplies	28,200	28,200	18,221	9,979
Other	26,500	26,500	10,268	16,232
Total Community Engagement Expenditures	<u>414,260</u>	<u>414,260</u>	<u>372,622</u>	<u>41,638</u>
Police				
Personnel	16,702,150	16,702,150	15,477,161	1,224,989
Buildings and equipment	401,300	401,300	413,580	(12,280)
Supplies	631,500	631,500	570,762	60,738
Other	750,000	752,040	982,352	(230,312)
Capital	246,000	246,000	919,168	(673,168)
Total Police Expenditures	<u>18,730,950</u>	<u>18,732,990</u>	<u>18,363,023</u>	<u>369,967</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire				
Personnel	\$ 11,692,370	\$ 11,800,490	\$ 11,758,597	\$ 41,893
Buildings and equipment	482,500	482,500	535,108	(52,608)
Supplies	899,000	899,000	690,804	208,196
Other	454,680	454,680	572,481	(117,801)
Capital	280,000	521,139	611,884	(90,745)
Total Fire Expenditures	<u>13,808,550</u>	<u>14,157,809</u>	<u>14,168,874</u>	<u>(11,065)</u>
Total Public Safety Expenditures	<u>34,544,700</u>	<u>34,896,139</u>	<u>34,381,922</u>	<u>514,217</u>
Total Expenditures	<u>46,955,590</u>	<u>51,429,009</u>	<u>51,407,905</u>	<u>21,104</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,516,340)</u>	<u>(14,989,759)</u>	<u>(14,371,563)</u>	<u>618,196</u>
Other Financing Sources (Uses)				
Transfers in	11,583,920	13,504,960	12,762,535	(742,425)
Transfers out	(2,194,070)	(3,190,950)	(2,866,522)	324,428
Proceeds from sale of capital assets	-	3,200,000	3,152,268	(47,732)
Insurance recoveries	-	-	128,877	128,877
Total Other Financing Sources (Uses)	<u>9,389,850</u>	<u>13,514,010</u>	<u>13,177,158</u>	<u>(336,852)</u>
Net Change in Fund Balance	(1,126,490)	(1,475,749)	(1,194,405)	281,344
Fund Balance - Beginning of Year	<u>5,819,744</u>	<u>5,819,744</u>	<u>5,819,744</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,693,254</u>	<u>\$ 4,343,995</u>	<u>\$ 4,625,339</u>	<u>\$ 281,344</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Street Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 1,004,000	\$ 1,004,000	\$ 999,099	\$ (4,901)
Fees and permits	11,000	11,000	53,321	42,321
Intergovernmental				
Federal and state grants	-	-	8,736	8,736
State turnback-street	4,906,000	4,906,000	5,138,538	232,538
Other grants and contributions	-	-	204,730	204,730
Charges for goods and services				
Street signs	2,000	2,000	16,855	14,855
Street and curb cut repairs	5,000	5,000	15,971	10,971
Other	-	-	777	777
Investment earnings (losses)	20,000	20,000	53,362	33,362
Miscellaneous	5,000	5,000	3,227	(1,773)
Total Revenues	<u>5,953,000</u>	<u>5,953,000</u>	<u>6,494,616</u>	<u>541,616</u>
Expenditures				
Public Works				
Street Fund				
Personnel	2,659,250	2,648,620	2,433,496	215,124
Buildings and equipment	184,700	184,700	166,278	18,422
Supplies	1,229,800	1,236,800	958,283	278,517
Regional support	280,000	280,000	280,000	-
Other	816,450	816,450	467,742	348,708
Capital	2,860,000	2,934,600	1,408,835	1,525,765
Total Public Works Expenditures	<u>8,030,200</u>	<u>8,101,170</u>	<u>5,714,634</u>	<u>2,386,536</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,077,200)	(2,148,170)	779,982	2,928,152
Other Financing Sources (Uses)				
Transfers in	428,420	428,420	408,247	(20,173)
Proceeds from sale of capital assets	-	-	14,410	14,410
Insurance recoveries	-	41,600	60,280	18,680
Total Other Financing Sources (Uses)	<u>428,420</u>	<u>470,020</u>	<u>482,937</u>	<u>12,917</u>
Net Change in Fund Balance	<u>(1,648,780)</u>	<u>(1,678,150)</u>	<u>1,262,919</u>	<u>2,941,069</u>
Fund Balances - Beginning of Year	<u>3,530,475</u>	<u>3,530,475</u>	<u>3,530,475</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,881,695</u>	<u>\$ 1,852,325</u>	<u>\$ 4,793,394</u>	<u>\$ 2,941,069</u>

City of Springdale, Arkansas
Notes to Required Supplementary Information
Year Ended December 31, 2019

Stewardship, Compliance and Accountability

Budgetary Information

The City follows these procedures as set out by City Ordinance in establishing the budgetary data reflected in the financial statements:

- During July, public hearings are conducted which allow for taxpayer comments.
- On or before August 1, staff projects revenue available for the following year.
- On or before September 1, the Mayor projects funds available for each division/department.
- On or before September 15, division /department heads deliver proposed detailed budget to the Mayor for review. City Council sets the dates for work sessions in October and November to review and make budget changes.
- On or before October 15, the Mayor delivers the proposed budget to the City Council.
- During October and November, the City Council conducts special work sessions to review the budget with each division/department head.
- On or before December 10, the City Council legally enacts a budget through passage of a resolution. State law requires the adoption of the annual budget on or before February 1 of each year.

The original budgets of the General and Street Funds were amended during 2019. The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual* for these two funds present the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

**Combining and Individual Fund Financial Statements and
Schedules and Budgetary Comparison Schedules**

City of Springdale, Arkansas
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2019

	Special Revenue Funds						
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ballpark Fund	Public Library Board Foundation Fund	Community Development Block Grant Fund
Assets							
Cash and cash equivalents	\$ 87,581	\$ 350,794	\$ 237,467	\$ 4,100	\$ 2,196	\$ 220,441	\$ 2,103
Investments	-	247,062	282,825	-	1,134,474	455,301	-
Accounts receivable	219	-	25,792	-	-	-	-
Interest receivable	-	-	362	-	6,970	-	-
Intergovernmental receivables	1,795	19	-	10,392	409	-	6,791
Due from other funds	7,357	-	-	23,317	-	2,400	-
Assets held for resale	-	-	-	-	-	-	-
Other assets	-	800	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	43,978	-	4,275	-
Investments	-	1,671,740	-	156,020	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Interest receivable	-	-	-	1,959	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	\$ 96,952	\$ 2,270,415	\$ 546,446	\$ 239,766	\$ 1,144,049	\$ 682,417	\$ 8,894
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 47,027	\$ 3,806	\$ 51,375	\$ 6,123	\$ 12,123	\$ -	\$ 6,781
Salaries payable	35,680	-	-	16,740	-	-	2,547
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to other funds	2,400	-	-	-	53,000	7,357	7,359
Unearned revenue	-	65,376	-	-	62,530	81,482	-
Total Liabilities	85,107	69,182	51,375	22,863	127,653	88,839	16,687
Fund Balances							
Nonspendable	-	1,671,740	-	-	-	-	-
Restricted for:							
Court automation	-	-	-	201,957	-	-	-
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	5,616	-
Committed	-	-	-	-	-	-	-
Assigned	11,845	529,493	495,071	14,946	1,016,396	587,962	(7,793)
Total Fund Balances	11,845	2,201,233	495,071	216,903	1,016,396	593,578	(7,793)
Total Liabilities and Fund Balances	\$ 96,952	\$ 2,270,415	\$ 546,446	\$ 239,766	\$ 1,144,049	\$ 682,417	\$ 8,894

Capital Projects Funds					Debt Service Funds		Permanent Fund	Total Nonmajor Governmental Funds
2012 Bonds Street Impr Construction Fund	Public Facilities Board Fund	2018 Bonds Parks & Rec Impr Construction Fund	2018 Bonds Fire Dept Impr Construction Fund	2018 Bonds Animal Shelter Construction Fund	2012 Bonds Debt Service Fund	Public Facilities Board Debt Service Fund	Bluff Cemetery Fund	
\$ 1	\$ 414,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,470	\$ 1,429,237
-	404,912	-	-	-	-	-	417,373	2,941,947
-	-	-	-	-	-	-	12,010	38,021
-	1,896	-	-	-	-	-	1,810	11,038
-	-	-	-	-	-	-	-	19,406
-	-	-	-	-	-	-	-	33,074
-	2,616,445	-	-	-	-	-	-	2,616,445
-	-	-	-	-	-	-	-	800
-	251,321	1,453,932	1,782,566	1,540,181	1,255,558	3,071	-	6,334,882
-	-	13,540,483	6,774,627	2,953,086	2,450,496	-	-	27,546,452
-	-	-	-	-	781,826	-	-	781,826
-	-	67,643	27,359	5,545	4,675	-	-	107,181
-	-	1,039	12,106	81	-	-	-	13,226
<u>\$ 1</u>	<u>\$ 3,688,658</u>	<u>\$ 15,063,097</u>	<u>\$ 8,596,658</u>	<u>\$ 4,498,893</u>	<u>\$ 4,492,555</u>	<u>\$ 3,071</u>	<u>\$ 541,663</u>	<u>\$ 41,873,535</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448	\$ 127,683
-	-	-	-	-	-	-	-	54,967
-	-	967,272	589,583	621,849	-	-	-	2,178,704
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	70,116
-	-	-	-	-	-	-	-	209,388
-	-	967,272	589,583	621,849	-	-	448	2,640,858
-	2,616,445	-	-	-	-	-	32,720	4,320,905
-	-	-	-	-	-	-	-	201,957
-	-	14,095,825	8,007,075	3,877,044	-	-	-	25,979,944
-	-	-	-	-	4,492,555	3,071	-	4,495,626
1	251,321	-	-	-	-	-	-	256,938
-	-	-	-	-	-	-	-	-
-	820,892	-	-	-	-	-	508,495	3,977,307
<u>1</u>	<u>3,688,658</u>	<u>14,095,825</u>	<u>8,007,075</u>	<u>3,877,044</u>	<u>4,492,555</u>	<u>3,071</u>	<u>541,215</u>	<u>39,232,677</u>
<u>\$ 1</u>	<u>\$ 3,688,658</u>	<u>\$ 15,063,097</u>	<u>\$ 8,596,658</u>	<u>\$ 4,498,893</u>	<u>\$ 4,492,555</u>	<u>\$ 3,071</u>	<u>\$ 541,663</u>	<u>\$ 41,873,535</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended December 31, 2019

	Special Revenue Funds						
	Public Library Fund	Shiloh Museum Board Fund	Advertising and Promotion Fund	District Court Costs Fund	Arvest Ball Park Fund	Public Library Board Foundation Fund	Community Development Block Grant Fund
Revenues							
Taxes	\$ 52,328	\$ -	\$ 520,886	\$ -	\$ -	\$ -	\$ -
Fees and permits	-	20,198	-	268,676	-	-	-
Intergovernmental	1,305,758	19,435	-	37,590	-	160	774,323
Other grants and contributions	-	22,557	-	-	-	46,423	3,224
Charges for goods and services	-	19,031	-	-	385,725	-	-
Fines and forfeitures	27,148	-	-	-	-	-	-
Investment earnings (losses)	392	302,578	8,744	13,220	74,356	73,211	-
Miscellaneous	33,089	12,174	-	147	-	-	47,683
Total Revenues	<u>1,418,715</u>	<u>395,973</u>	<u>529,630</u>	<u>319,633</u>	<u>460,081</u>	<u>119,794</u>	<u>825,230</u>
Expenditures							
Current							
General government	-	-	-	925,796	-	-	-
Community development	-	-	-	-	-	-	863,676
Culture and recreation	2,316,180	112,706	-	-	278,527	52,616	-
Economic development	-	-	427,496	-	-	-	-
Capital expenditures	12,143	10,517	-	-	392,794	77,503	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other fees	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-
Agent fees	-	-	-	-	-	-	-
Total Expenditures	<u>2,328,323</u>	<u>123,223</u>	<u>427,496</u>	<u>925,796</u>	<u>671,321</u>	<u>130,119</u>	<u>863,676</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(909,608)</u>	<u>272,750</u>	<u>102,134</u>	<u>(606,163)</u>	<u>(211,240)</u>	<u>(10,325)</u>	<u>(38,446)</u>
Other Financing Sources (Uses)							
Transfers in	909,415	9,718	-	551,980	-	-	-
Transfers out	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Insurance recoveries	433	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>909,848</u>	<u>9,718</u>	<u>-</u>	<u>551,980</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	240	282,468	102,134	(54,183)	(211,240)	(10,325)	(38,446)
Fund Balances - Beginning of Year	<u>11,605</u>	<u>1,918,765</u>	<u>392,937</u>	<u>271,086</u>	<u>1,227,636</u>	<u>603,903</u>	<u>30,653</u>
Fund Balances - End of Year	<u>\$ 11,845</u>	<u>\$ 2,201,233</u>	<u>\$ 495,071</u>	<u>\$ 216,903</u>	<u>\$ 1,016,396</u>	<u>\$ 593,578</u>	<u>\$ (7,793)</u>

2012 Bonds Street Impr Construction Fund	Capital Projects Funds				Debt Service Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Public Facilities Board Fund	2018 Bonds Parks & Rec Imp Construction Fund	2018 Bonds Fire Dept Imp Construction Fund	2018 Bonds Animal Shelter Construction Fund	2012 Bonds Debt Service Fund	Public Facilities Board Debt Service Fund	Bluff Cemetery Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,641,697	\$ -	\$ -	\$ 5,214,911
-	-	-	-	-	-	-	-	288,874
-	-	-	-	-	-	-	-	2,137,266
-	-	-	-	-	-	-	-	72,204
-	148,850	-	-	-	-	-	40,925	594,531
-	-	-	-	-	-	-	-	27,148
18	14,934	386,684	263,437	97,115	105,815	-	16,172	1,356,676
-	2,000	-	-	-	-	-	-	95,093
<u>18</u>	<u>165,784</u>	<u>386,684</u>	<u>263,437</u>	<u>97,115</u>	<u>4,747,512</u>	<u>-</u>	<u>57,097</u>	<u>9,786,703</u>
-	-	-	-	-	-	-	39,570	965,366
-	-	-	-	-	-	-	-	863,676
-	-	-	-	-	-	-	-	2,760,029
-	102,371	-	-	-	-	-	-	529,867
33,142	-	2,811,979	4,803,849	1,007,804	-	-	-	9,149,731
-	-	-	-	-	2,610,000	74,425	-	2,684,425
-	-	-	-	-	1,984,913	24,467	-	2,009,380
-	-	-	-	-	3,000	-	-	3,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	6,000	-	-	6,000
<u>33,142</u>	<u>102,371</u>	<u>2,811,979</u>	<u>4,803,849</u>	<u>1,007,804</u>	<u>4,603,913</u>	<u>98,892</u>	<u>39,570</u>	<u>18,971,474</u>
<u>(33,124)</u>	<u>63,413</u>	<u>(2,425,295)</u>	<u>(4,540,412)</u>	<u>(910,689)</u>	<u>143,599</u>	<u>(98,892)</u>	<u>17,527</u>	<u>(9,184,771)</u>
-	-	-	-	-	-	98,892	-	1,570,005
-	(98,892)	(1,955,292)	-	-	-	-	-	(2,054,184)
33,125	-	-	-	-	-	-	-	33,125
-	-	-	-	-	-	-	-	433
<u>33,125</u>	<u>(98,892)</u>	<u>(1,955,292)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,892</u>	<u>-</u>	<u>(450,621)</u>
1	(35,479)	(4,380,587)	(4,540,412)	(910,689)	143,599	-	17,527	(9,635,392)
-	3,724,137	18,476,412	12,547,487	4,787,733	4,348,956	3,071	523,688	48,868,069
<u>\$ 1</u>	<u>\$ 3,688,658</u>	<u>\$ 14,095,825</u>	<u>\$ 8,007,075</u>	<u>\$ 3,877,044</u>	<u>\$ 4,492,555</u>	<u>\$ 3,071</u>	<u>\$ 541,215</u>	<u>\$ 39,232,677</u>

City of Springdale, Arkansas
Combining Statement of Net Position –
Nonmajor Enterprise Funds
December 31, 2019

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 17,037	\$ 185,429	\$ 202,466
Investments	-	50,002	50,002
Accounts receivable	-	38,763	38,763
Accrued interest	-	329	329
Due from other funds	207	-	207
Total current assets	<u>17,244</u>	<u>274,523</u>	<u>291,767</u>
Capital assets			
Machinery and equipment	-	395,673	395,673
Less accumulated depreciation	-	<u>(211,104)</u>	<u>(211,104)</u>
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>184,569</u>	<u>184,569</u>
Total assets	<u>17,244</u>	<u>459,092</u>	<u>476,336</u>
Deferred Outflows of Resources			
Other postemployment benefits	-	972	972
Total Deferred Outflows of Resources	<u>-</u>	<u>972</u>	<u>972</u>
Liabilities			
Current liabilities			
Accounts payable	-	2,083	2,083
Salaries payable	-	2,249	2,249
Due to other funds	12	-	12
Total current liabilities	<u>12</u>	<u>4,332</u>	<u>4,344</u>
Noncurrent liabilities			
Due within one year	-	235	235
Due in more than one year	-	16,060	16,060
Total noncurrent liabilities	<u>-</u>	<u>16,295</u>	<u>16,295</u>
Total liabilities	<u>12</u>	<u>20,627</u>	<u>20,639</u>
Deferred Inflows of Resources			
Other postemployment benefits	-	4,947	4,947
Total Deferred Inflows of Resources	<u>-</u>	<u>4,947</u>	<u>4,947</u>
Net Position			
Net investment in capital assets	-	184,569	184,569
Unrestricted	<u>17,232</u>	<u>249,921</u>	<u>267,153</u>
Total net position	<u>\$ 17,232</u>	<u>\$ 434,490</u>	<u>\$ 451,722</u>

City of Springdale, Arkansas
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Nonmajor Enterprise Funds
Year Ended December 31, 2019

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services			
Other service fees	\$ 7,005	\$ 164,069	\$ 171,074
Total operating revenues	<u>7,005</u>	<u>164,069</u>	<u>171,074</u>
Operating Expenses			
Personnel	-	90,633	90,633
Maintenance	-	5,578	5,578
Supplies	260	7,088	7,348
Other	-	3,803	3,803
Depreciation	-	21,348	21,348
Total operating expenses	<u>260</u>	<u>128,450</u>	<u>128,710</u>
Operating Income	<u>6,745</u>	<u>35,619</u>	<u>42,364</u>
Nonoperating Revenues			
Investment earnings	-	2,627	2,627
Total Nonoperating Revenues	<u>-</u>	<u>2,627</u>	<u>2,627</u>
Income Before Transfers	6,745	38,246	44,991
Capital Transfers In	<u>-</u>	<u>162,401</u>	<u>162,401</u>
Change in Net Position	6,745	200,647	207,392
Net Position - Beginning of Year	<u>10,487</u>	<u>233,843</u>	<u>244,330</u>
Net Position - End of Year	<u>\$ 17,232</u>	<u>\$ 434,490</u>	<u>\$ 451,722</u>

City of Springdale, Arkansas
Combining Statement of Cash Flows –
Nonmajor Enterprise Funds
Year Ended December 31, 2019

	Enterprise Funds		
	City Attorney Restitution Fund	Sanitation Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 7,005	\$ 161,871	\$ 168,876
Payments to suppliers	(260)	(16,322)	(16,582)
Payments to employees	-	(72,518)	(72,518)
Net cash provided by (used in) operating activities	<u>6,745</u>	<u>73,031</u>	<u>79,776</u>
Cash Flows From Noncapital Financing Activities			
Receipt (payment) of interfund balances	(40)	-	(40)
Net cash provided by (used in) noncapital financing activities	<u>(40)</u>	<u>-</u>	<u>(40)</u>
Cash Flows From Investing Activities			
Interest received	-	1,962	1,962
Net cash provided by investing activities	<u>-</u>	<u>1,962</u>	<u>1,962</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,705	74,993	81,698
Cash and Cash Equivalents, January 1	<u>10,332</u>	<u>110,436</u>	<u>120,768</u>
Cash and Cash Equivalents, December 31	<u>\$ 17,037</u>	<u>\$ 185,429</u>	<u>\$ 202,466</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities			
Operating income	<u>\$ 6,745</u>	<u>\$ 35,619</u>	<u>\$ 42,364</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	21,348	21,348
(Increase) decrease in accounts receivable	-	(2,198)	(2,198)
(Increase) in deferred outflows of resources	-	(972)	(972)
Increase (decrease) in accounts payable	-	147	147
Increase (decrease) in salaries payable	-	370	370
Increase (decrease) in compensated absences	-	1,024	1,024
Increase in deferred inflows of resources	-	4,947	4,947
Increase in OPEB liabilities	-	12,746	12,746
Total adjustments	<u>-</u>	<u>37,412</u>	<u>37,412</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 6,745</u>	<u>\$ 73,031</u>	<u>\$ 79,776</u>
Noncash activities:			
Transfer of capital assets to other funds	\$ -	\$ 162,401	\$ 162,401
Change in fair value of investments	-	412	412

City of Springdale, Arkansas
Combining Statement of Changes in Assets and Liabilities –
Agency Funds
Year Ended December 31, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
POLICE BOND AND FINE FUND				
Assets				
Cash	\$ 19,568	\$ 19	\$ 1,632	\$ 17,955
Liabilities				
Due to other funds	12,846	19	1,632	11,233
Due to others	6,722	-	-	6,722
Total Liabilities	<u>\$ 19,568</u>	<u>\$ 19</u>	<u>\$ 1,632</u>	<u>\$ 17,955</u>
DISTRICT COURT FUND				
Assets				
Cash	\$ 488,321	\$ 2,592,933	\$ 2,552,073	\$ 529,181
Due from other funds	11,414	-	200	11,214
Total Assets	<u>499,735</u>	<u>2,592,933</u>	<u>2,552,273</u>	<u>540,395</u>
Liabilities				
Due to other funds	136,088	1,877,579	1,859,574	154,093
Due to others	363,647	715,153	692,498	386,302
Total Liabilities	<u>\$ 499,735</u>	<u>\$ 2,592,732</u>	<u>\$ 2,552,072</u>	<u>\$ 540,395</u>
PAYROLL FUND				
Assets				
Cash	\$ 563,882	\$ 19,683,152	\$ 19,687,842	\$ 559,192
Accounts receivable	-	-	-	-
Total Assets	<u>563,882</u>	<u>19,683,152</u>	<u>19,687,842</u>	<u>559,192</u>
Liabilities				
Due to other funds	14,375	-	-	14,375
Accounts payable	420,268	6,891,090	6,909,444	401,914
Accrued liabilities	129,239	19,371,942	19,358,278	142,903
Total Liabilities	<u>\$ 563,882</u>	<u>\$ 26,263,032</u>	<u>\$ 26,267,722</u>	<u>\$ 559,192</u>

City of Springdale, Arkansas
Combining Statement of Changes in Assets and Liabilities –
Agency Funds (Continued)
Year Ended December 31, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
POLICE EVIDENCE FUND				
Assets				
Cash	\$ 12,875	\$ 84,079	\$ 28,600	\$ 68,354
Total Assets	<u>12,875</u>	<u>84,079</u>	<u>28,600</u>	<u>68,354</u>
Liabilities				
Due to other funds	29	41	29	41
Accounts payable	12,846	84,038	28,571	68,313
Total Liabilities	<u>\$ 12,875</u>	<u>\$ 84,079</u>	<u>\$ 28,600</u>	<u>\$ 68,354</u>
 ADMINISTRATION OF JUSTICE FUND				
Assets				
Cash	\$ -	\$ 745,204	\$ 745,204	\$ -
Due from other funds	60,096	61,592	60,096	61,592
Total Assets	<u>60,096</u>	<u>806,796</u>	<u>805,300</u>	<u>61,592</u>
Liabilities				
Due to other funds	14,914	14,913	14,914	14,913
Accounts payable	45,182	599,149	597,652	46,679
Total Liabilities	<u>\$ 60,096</u>	<u>\$ 614,062</u>	<u>\$ 612,566</u>	<u>\$ 61,592</u>
 ALL AGENCY FUNDS				
Assets				
Cash	\$ 1,084,646	\$ 23,105,387	\$ 23,015,351	\$ 1,174,682
Due from other funds	71,510	61,592	60,296	72,806
Accounts receivable	-	-	-	-
Total Assets	<u>1,156,156</u>	<u>23,166,979</u>	<u>23,075,647</u>	<u>1,247,488</u>
Liabilities				
Due to other funds	178,252	1,892,552	1,876,149	194,655
Accounts payable	848,665	8,289,430	8,228,165	909,930
Accrued liabilities	129,239	19,371,942	19,358,278	142,903
Total Liabilities	<u>\$ 1,156,156</u>	<u>\$ 29,553,924</u>	<u>\$ 29,462,592</u>	<u>\$ 1,247,488</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Sales and Use Tax Fund
Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variances Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Sales	\$ 11,337,800	\$ 11,337,800	\$ 11,375,110	\$ 37,310
Intergovernmental	-	-	-	-
Other grants and contributions	-	-	-	-
Investment earnings	175,000	175,000	416,736	241,736
Miscellaneous	-	-	-	-
Total Revenues	<u>11,512,800</u>	<u>11,512,800</u>	<u>11,791,846</u>	<u>279,046</u>
Expenditures				
Capital Projects:				
Capital	3,000,000	3,000,000	1,250,007	1,749,993
Total Capital Projects Expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,250,007</u>	<u>1,749,993</u>
Excess of Revenues Over Expenditures	<u>8,512,800</u>	<u>8,512,800</u>	<u>10,541,839</u>	<u>2,029,039</u>
Other Financing Sources (Uses)				
Transfers in	-	996,880	996,880	-
Transfers out	(11,583,920)	(11,583,920)	(11,133,813)	450,107
Refund of contributed capital	-	-	12,416	12,416
Total Other Financing Sources (Uses)	<u>(11,583,920)</u>	<u>(10,587,040)</u>	<u>(10,124,517)</u>	<u>462,523</u>
Net Change in Fund Balance	(3,071,120)	(2,074,240)	417,322	2,491,562
Fund Balances - Beginning of Year	<u>12,016,089</u>	<u>12,016,089</u>	<u>12,016,089</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 8,944,969</u>	<u>\$ 9,941,849</u>	<u>\$ 12,433,411</u>	<u>\$ 2,491,562</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Public Library Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 55,000	\$ 55,000	\$ 52,328	\$ (2,672)
Intergovernmental				
State grants	5,400	5,400	15,050	9,650
County aid	1,281,030	1,281,030	1,290,708	9,678
Fines	46,500	46,500	27,148	(19,352)
Investment earnings	670	670	392	(278)
Miscellaneous	47,800	47,800	33,089	(14,711)
Total revenues	<u>1,436,400</u>	<u>1,436,400</u>	<u>1,418,715</u>	<u>(17,685)</u>
Expenditures				
Culture and recreation				
Public Library				
Personnel	1,480,080	1,480,080	1,452,541	27,539
Maintenance	222,400	222,400	207,122	15,278
Supplies	549,600	549,600	517,123	32,477
Other	133,600	133,600	139,394	(5,794)
Capital	-	-	12,143	(12,143)
Total Public Library expenditures	<u>2,385,680</u>	<u>2,385,680</u>	<u>2,328,323</u>	<u>57,357</u>
Excess (Deficiency) of Revenues Over Expenditures	(949,280)	(949,280)	(909,608)	39,672
Other Financing Sources				
Transfers in	945,660	945,660	909,415	(36,245)
Insurance recoveries	-	-	433	433
Total Other Financing Sources (Uses)	<u>945,660</u>	<u>945,660</u>	<u>909,848</u>	<u>(35,812)</u>
Net Change in Fund Balance	(3,620)	(3,620)	240	3,860
Fund Balance - Beginning of Year	<u>11,605</u>	<u>11,605</u>	<u>11,605</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 7,985</u>	<u>\$ 7,985</u>	<u>\$ 11,845</u>	<u>\$ 3,860</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Shiloh Museum Board Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental:				
Federal and state grants	\$ -	\$ -	\$ 19,435	\$ 19,435
Fees and permits:				
Fees and memberships	20,000	20,000	20,198	198
Other grants and contributions	5,500	5,500	22,557	17,057
Charges for goods and services	15,000	15,000	19,031	4,031
Investment earnings (losses)	1,500	1,500	302,578	301,078
Miscellaneous	2,000	2,000	12,174	10,174
Total revenues	<u>44,000</u>	<u>44,000</u>	<u>395,973</u>	<u>351,973</u>
Expenditures				
Culture and recreation				
Shiloh Museum				
Personnel	28,340	28,340	23,444	4,896
Maintenance	2,000	2,000	11,243	(9,243)
Supplies	2,750	2,750	2,295	455
Other	25,100	25,100	75,724	(50,624)
Capital	-	-	10,517	(10,517)
Total Shiloh Museum expenditures	<u>58,190</u>	<u>58,190</u>	<u>123,223</u>	<u>(65,033)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,190)</u>	<u>(14,190)</u>	<u>272,750</u>	<u>286,940</u>
Other Financing Sources [Uses]				
Transfers in	<u>-</u>	<u>-</u>	<u>9,718</u>	<u>9,718</u>
Net Change in Fund Balance	(14,190)	(14,190)	282,468	296,658
Fund Balance - Beginning of Year	<u>1,918,765</u>	<u>1,918,765</u>	<u>1,918,765</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,904,575</u>	<u>\$ 1,904,575</u>	<u>\$ 2,201,233</u>	<u>\$ 296,658</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – District Court Costs Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees and permits				
Filing fees	\$ 150,000	\$ 150,000	\$ 163,034	\$ 13,034
Installment plan fees	110,000	110,000	105,642	(4,358)
Intergovernmental				
City/county aid	37,590	37,590	37,590	-
Investment earnings	2,450	2,450	13,220	10,770
Miscellaneous	-	-	147	147
Total revenues	300,040	300,040	319,633	19,593
Expenditures				
General government				
Court Costs				
Personnel	903,680	903,680	803,147	100,533
Maintenance	68,500	68,500	41,795	26,705
Supplies	50,250	50,250	27,738	22,512
Other	137,600	137,600	53,116	84,484
Total Court Costs expenditures	1,160,030	1,160,030	925,796	234,234
Excess (Deficiency) of Revenues Over Expenditures	(859,990)	(859,990)	(606,163)	253,827
Other Financing Sources				
Transfers in	819,990	819,990	551,980	(268,010)
Net Change in Fund Balance	(40,000)	(40,000)	(54,183)	(14,183)
Fund Balance - Beginning of Year	271,086	271,086	271,086	-
Fund Balance - End of Year	\$ 231,086	\$ 231,086	\$ 216,903	\$ (14,183)

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Arvest Ball Park Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rent	\$ 388,000	\$ 388,000	\$ 385,725	\$ (2,275)
Investment earnings	24,130	24,130	74,356	50,226
Total revenues	412,130	412,130	460,081	47,951
Expenditures				
Culture and recreation:				
Maintenance	171,500	171,500	223,038	(51,538)
Other	50,000	50,000	55,489	(5,489)
Capital	-	-	392,794	(392,794)
Total Arvest Ball Park expenditures	221,500	221,500	671,321	(449,821)
Excess (Deficiency) of Revenues Over Expenditures and Net Change in Fund Balance	190,630	190,630	(211,240)	(401,870)
Fund Balance - Beginning of Year	1,227,636	1,227,636	1,227,636	-
Fund Balance - End of Year	\$ 1,418,266	\$ 1,418,266	\$ 1,016,396	\$ (401,870)

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Net Position –
Budget and Actual – Municipal Airport Fund
Year Ended December 31, 2019

	Budgeted Amounts	
	Original	Final
Operating Revenues		
Rental fees	\$ 349,170	\$ 349,170
Fuel flowage fees	57,000	57,000
Other service fees	17,170	17,170
Miscellaneous	-	-
Total operating revenues	<u>423,340</u>	<u>423,340</u>
Operating Expenses		
Personnel	81,400	81,400
Maintenance	73,500	73,500
Supplies	56,000	56,000
Other	145,320	145,320
Depreciation expense	-	-
Total operating expenses	<u>356,220</u>	<u>356,220</u>
Operating Income (Loss)	<u>67,120</u>	<u>67,120</u>
Nonoperating Revenues (Expenditures)		
Sales taxes	40,000	40,000
Investment earnings	1,000	1,000
Loss on disposal of assets	-	-
Insurance recoveries	-	-
Capital expenditures	-	-
Net Nonoperating Revenues (Expenditures)	<u>41,000</u>	<u>41,000</u>
Income (Loss) Before Capital Contributions and Transfers	108,120	108,120
Capital grants and contributions	-	-
Capital transfers in	-	-
Change in Net Position	108,120	108,120
Net Position - Beginning of Year	<u>8,912,943</u>	<u>8,912,943</u>
Net Position - End of Year	<u><u>\$9,021,063</u></u>	<u><u>\$9,021,063</u></u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variances Final Budget Positive (Negative)
\$ 353,637	\$ -	\$ 353,637	\$ 4,467
44,821	-	44,821	(12,179)
17,170	-	17,170	-
5,101	-	5,101	5,101
<u>420,729</u>	<u>-</u>	<u>420,729</u>	<u>(2,611)</u>
99,118	-	99,118	(17,718)
65,453	-	65,453	8,047
45,886	-	45,886	10,114
139,418	-	139,418	5,902
501,198	(501,198)	-	-
<u>851,073</u>	<u>(501,198)</u>	<u>349,875</u>	<u>6,345</u>
<u>(430,344)</u>	<u>501,198</u>	<u>70,854</u>	<u>3,734</u>
28,550	-	28,550	(11,450)
906	-	906	(94)
(10,536)	-	(10,536)	(10,536)
7,151	-	7,151	7,151
-	(294,999)	(294,999)	(294,999)
<u>26,071</u>	<u>(294,999)</u>	<u>(268,928)</u>	<u>(309,928)</u>
(404,273)	206,199	(198,074)	(306,194)
493,246	-	493,246	493,246
<u>154,451</u>	<u>-</u>	<u>154,451</u>	<u>154,451</u>
243,424	206,199	449,623	341,503
<u>8,912,943</u>	<u>-</u>	<u>8,912,943</u>	<u>-</u>
<u>\$ 9,156,367</u>	<u>\$ 206,199</u>	<u>\$ 9,362,566</u>	<u>\$ 341,503</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Net Position –
Budget and Actual – Sanitation Fund
Year Ended December 31, 2019

	Budgeted Amounts	
	Original	Final
Operating Revenues		
Charges for services		
Bulky waste fees	\$ 160,200	\$ 160,200
Total operating revenues	<u>160,200</u>	<u>160,200</u>
Operating Expenses		
Personnel	97,780	97,780
Maintenance	6,000	6,000
Supplies	16,700	16,700
Other	4,600	4,600
Depreciation	-	-
Total operating expenses	<u>125,080</u>	<u>125,080</u>
Operating Income	<u>35,120</u>	<u>35,120</u>
Nonoperating Revenues (Expenditures)		
Investment earnings	<u>1,500</u>	<u>1,500</u>
Net Nonoperating Revenues (Expenditures)	<u>1,500</u>	<u>1,500</u>
Income (Loss) Before Transfers	<u>36,620</u>	<u>36,620</u>
Capital transfers in	<u>-</u>	<u>-</u>
Change in Net Position	36,620	36,620
Net Position - Beginning of Year	<u>233,843</u>	<u>233,843</u>
Net Position - End of Year	<u>\$ 270,463</u>	<u>\$ 270,463</u>

Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variances Final Budget Positive (Negative)
<u>\$ 164,069</u>	<u>\$ -</u>	<u>\$ 164,069</u>	<u>\$ 3,869</u>
<u>164,069</u>	<u>-</u>	<u>164,069</u>	<u>3,869</u>
90,633	-	90,633	7,147
5,578	-	5,578	422
7,088	-	7,088	9,612
3,803	-	3,803	797
<u>21,348</u>	<u>(21,348)</u>	<u>-</u>	<u>-</u>
<u>128,450</u>	<u>(21,348)</u>	<u>107,102</u>	<u>17,978</u>
<u>35,619</u>	<u>21,348</u>	<u>56,967</u>	<u>21,847</u>
<u>2,627</u>	<u>-</u>	<u>2,627</u>	<u>1,127</u>
<u>2,627</u>	<u>-</u>	<u>2,627</u>	<u>1,127</u>
<u>38,246</u>	<u>21,348</u>	<u>59,594</u>	<u>22,974</u>
<u>162,401</u>	<u>-</u>	<u>162,401</u>	<u>162,401</u>
200,647	21,348	221,995	185,375
<u>233,843</u>	<u>-</u>	<u>233,843</u>	<u>-</u>
<u>\$ 434,490</u>	<u>\$ 21,348</u>	<u>\$ 455,838</u>	<u>\$ 185,375</u>

City of Springdale, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Bluff Cemetery Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variances Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for goods				
Cemetery lots	\$ 30,000	\$ 30,000	\$ 40,925	\$ 10,925
Investment earnings	7,150	7,150	16,172	9,022
Total revenues	37,150	37,150	57,097	19,947
Expenditures				
General government				
Cemetery				
Personnel	48,040	48,040	21,101	26,939
Maintenance	7,500	7,500	15,577	(8,077)
Supplies	-	-	406	(406)
Other	3,750	3,750	2,486	1,264
Total Bluff Cemetery expenditures	59,290	59,290	39,570	19,720
Net Change in Fund Balance	(22,140)	(22,140)	17,527	39,667
Fund Balance - Beginning of Year	523,688	523,688	523,688	-
Fund Balance - End of Year	\$ 501,548	\$ 501,548	\$ 541,215	\$ 39,667

Independent Accountant's Report on Compliance With Certain State Acts

The Honorable Mayor and Members of the City Council
City of Springdale, Arkansas
Springdale, Arkansas

We have examined management's assertions that the City of Springdale, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2019.

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

Management is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the requirements mentioned above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Springdale, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2019.

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

BKD, LLP

Rogers, Arkansas
February 12, 2021

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

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Springdale, Arkansas
Springdale, Arkansas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Springdale, Arkansas, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 12, 2021.

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) as a basis for designing 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 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

City's Response to Finding

The City of Springdale, Arkansas' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 City'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.

BKD, LLP

Rogers, Arkansas
February 12, 2021

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Springdale, Arkansas
Springdale, Arkansas

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Rogers, Arkansas
February 12, 2021

City of Springdale, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>					
<i>CDBG - Entitlement Grants Cluster</i>					
Community Development Block Grant/ Entitlement Grants	14.218		B-19-MC-05-0002	\$ 28,055	\$ 131,841
Community Development Block Grant/ Entitlement Grants	14.218		B-18-MC-05-0002	7,359	607,068
<i>Total CDBG - Entitlement Grants Cluster</i>				<u>35,414</u>	<u>738,909</u>
Total U.S. Department of Housing and Urban Development				<u>35,414</u>	<u>738,909</u>
<u>U.S. Department of Transportation</u>					
Federal Aviation Administration Airport Pavement and Lighting Rehabilitation	20.106		3-05-0059-019-2018	-	48,371
				<u>-</u>	<u>48,371</u>
<i>Highway Safety Cluster</i>					
<i>Passed through Arkansas State Police</i>					
Selective Traffic Enforcement Project					
State & Community Highway Safety	20.600	OP-2019-02-02-27	None	-	23,426
State & Community Highway Safety	20.600	SE-2019-01-01-27	None	-	7,733
State & Community Highway Safety	20.600	DD-2019-02-02-27	None	-	2,104
State & Community Highway Safety	20.600	OP-2020-02-02-26	None	-	3,646
State & Community Highway Safety	20.600	SE-2020-02-02-26	None	-	2,274
State & Community Highway Safety	20.600	DD-2020-02-02-26	None	-	559
				<u>-</u>	<u>39,742</u>
<i>Passed through Arkansas State Police</i>					
National Priority Safety Program	20.616	M5X-2019-06-06-27	None	-	13,388
National Priority Safety Program	20.616	M5X-2020-06-06-26	None	-	7,840
				<u>-</u>	<u>21,228</u>
<i>Total Highway Safety Cluster</i>				<u>-</u>	<u>60,970</u>
Total U.S. Department of Transportation				<u>-</u>	<u>109,341</u>
<u>U.S. Department of Justice</u>					
Office of Community Oriented Policing Services COPS Hiring Program	16.710		2016UMWX0116	-	\$ 44,923
<i>Office of Juvenile Justice and Delinquency Prevention</i>					
<i>Passed Through Arkansas State Police</i>					
Internet Crimes Against Children Task Force	16.543	ICAC16-10	None	-	187
<i>Office of Justice Programs</i>					
Bulletproof Vest Partnership Program	16.607		2017BUBX17085305	-	494
Bulletproof Vest Partnership Program	16.607		2018BUBX18091699	-	13,200
Bulletproof Vest Partnership Program	16.607		2019BUBX1996557	-	10,454
				<u>-</u>	<u>24,148</u>
<i>Office of Justice Programs' Bureau of Justice Assistance</i>					
<i>Passed Through City of Fayetteville, AR</i>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-BC-BX-0457	None	-	28,398
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0329	None	-	26,343
				<u>-</u>	<u>54,741</u>
Drug Enforcement Administration Task Force	16.U00		None	-	18,980
Total U.S. Department of Justice				<u>-</u>	<u>142,979</u>

The accompanying notes are an integral part of this schedule.

City of Springdale, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Executive Office of the President</u>					
Office of National Drug Control Policy					
<i>Passed Through Washington County, AR</i>					
Gulf Coast High-Intensity Drug Trafficking Area	95.001	G19GC0004A	None	\$ -	\$ 4,200
Gulf Coast High-Intensity Drug Trafficking Area	95.001	G18GC0004A	None	-	<u>24,602</u>
				-	28,802
Total Executive Office of the President				-	<u>28,802</u>
Total Expenditures of Federal Awards				<u>\$ 35,414</u>	<u>\$ 1,020,031</u>

City of Springdale, Arkansas
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Springdale, Arkansas (“the City”) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Springdale, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2019

State Awards	Grantor Number	State Expenditures
Arkansas Department of Aeronautics		
State Airport Aid Grant - Runway Pavement & Lighting Rehabilitation	3849-20	\$ 227,491
State Airport Aid Grant - Terminal Building Roof Rehabilitation	3770-19	43,830
State Airport Aid Grant - ASG Terminal Apron	3767-19	143,928
Arkansas Department of Health - Trauma Section		
Trauma EMS Sustaining Grant	4600043192	5,436
Arkansas Historic Preservation		
Fitzgerald Station and Farmstead	19-HPRG-26	19,435
Arkansas State Library		
State Aid to Public Library		
Scholarships for Qualified Education Expenses		14,850
Boston Mountain Solid Waste District		
2015 Recycling Grant Award	SD16-05	8,736
Department of Arkansas Heritage		
Arkansas Arts Council		
Arts on Tour - Institute of Juggleology		200
Arts on Tour - MomandPop		160
Washington County Department of Emergency Management		
Master Breacher course - Reimbursement	HSGP-EMW-2018-SS-00014	10,589
Arkansas State Police		
<i>Passed through City of Fayetteville</i>		
State Crime Drug Enforcement and Prosecution Fund		
Drug Law Enforcement Program	FY2019-20	26,893
Drug Law Enforcement Program	FY2018-19	13,046
		<u>\$ 514,594</u>
Other Assistance		Other Expenditures
Passed through Area Agency on Aging		
Elderly Taxi Program - Cigarette Tax		<u>\$ 4,185</u>

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified Modified Adverse Disclaimer

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

Significant deficiency(ies)? Yes None Reported
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program described:

Significant deficiency(ies)? Yes None Reported
Material weakness(es)? Yes No

5. The opinion(s) expressed in the independent auditor's report on compliance for the major federal award program was:

Unmodified Modified Adverse Disclaimer

6. The audit disclosed findings required to be reported with 2 CFR 200.516(a)?

Yes No

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

7. The City's major program was:

<u>Cluster/Program</u>	<u>CFDA Number</u>
CDBG Entitlement Grants Cluster	14.218

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

9. The City qualified as a low-risk auditee? Yes No

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

Section II – Financial Statement Findings

Reference Number	Finding
2019-001	<p>Criteria or Specific Requirement - Management is responsible for establishing and maintaining effective internal controls over financial reporting as it relates to the recording of capital assets and related accumulated depreciation.</p> <p>Condition – The City identified approximately \$3.7 million in assets that were donated and accepted by the City Council in prior years that were not capitalized and depreciated timely. The City chose to record the adjustment through the current year additions to capital assets of the governmental activities rather than record a prior period adjustment.</p> <p>Cause – The controls currently in place to record donated assets are not adequate or are not functioning effectively.</p> <p>Effect – Material misstatements in the financial statements could result from errors that occur and are not detected and/or corrected in a timely manner.</p> <p>Recommendation – We recommend that the City re-evaluate its procedures to identify and record donated assets timely.</p> <p>View of Responsible Officials and Planned Corrective Actions – The City is evaluating its processes and procedures directly related to the recording of donated capital assets, including the identification and timely valuation and recording of the donated assets as capital assets of the City.</p>

City of Springdale, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

Section III – Federal Audit Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Springdale, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

Reference Number	Summary of Finding	Status
	No matters are reportable.	

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