



CITY OF BRYANT, ARKANSAS

Annual Financial Report

for the Year Ended December 31, 2017
with Independent Auditor's Report

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For the Year Ended December 31, 2017

With Independent Auditor's Report

Prepared by: Finance Department

Joy Black, CPA

Finance Director

City of Bryant, Arkansas
 Annual Financial Report
 For the Fiscal Year Ended December 31, 2017

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INTRODUCTORY SECTION

**City of Bryant
Finance Department**

**City Hall
210 S. W. 3rd Street
Bryant, Arkansas 72022**

November 19, 2018

**To the Members of the Council
and Citizens of the City of Bryant, Arkansas**

State law requires that all cities of the first class publish a complete set of financial statements audited by licensed, certified public accountants. Pursuant to the fulfillment of that requirement, we hereby issue the annual financial report for the City of Bryant, Arkansas, for the year ended December 31, 2017.

This report consists of management's representations relating to the finances of the City of Bryant (city). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report based on a comprehensive internal control framework that is designed for that purpose. Because the cost of internal controls should not outweigh their benefits, the object is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatement.

JWCK, Ltd., certified public accountants, issued an unmodified (clean) opinion on the city of Bryants' financial statements for the year ended December 31, 2017. The independent auditor's report is found at the beginning of the financial section of this report.

The City of Bryant was incorporated in 1892 as a political subdivision of the State of Arkansas. Bryant is in west central Arkansas about 15 miles southwest of the state capitol, Little Rock. The city has a total land area of 9.1 square miles and a population of 16,688 in the 2010 Census. Since 2010, Bryant has experienced substantial growth and current estimates have the population closer to 20,000.

The city has operated under the Mayoral form of government since its inception. Policymaking and legislative authority are vested in a Council consisting of the Mayor and eight other council members. The Council is responsible for, among other things, passing ordinances, adopting the budget, and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the city, for overseeing the day-to-day operations of the city and for appointing the heads of the various departments. The Council is elected on a nonpartisan basis. The Mayor is a voting member of the Council with veto power, and presides over Council meetings. Council members serve two-year terms with all eight members elected every two years. The Mayor is elected by the city at large, and the other Council members are elected by ward. There are two Council members per each of the four Wards.

The city provides a full range of services, including police and fire protection, planning and community development, parks and recreation, construction and maintenance of city streets and traffic signals, water and wastewater services, and stormwater management (MS4, Municipal Separate Stormwater System). A dedicated funding source for Stormwater was added in 2016.

The annual budget serves as the foundation for the city's financial planning and control and is the major policy document of the Council. Budget preparation begins in September, with each department developing a budget to achieve operational goals and objections pursuant to the city's strategic focus areas. Meetings are held with the Mayor, Department Heads and Council and a proposed budget for the entire city is developed. The Mayor presents the proposed budget to the Council. Work sessions are held, and a final budget is presented and adopted by Resolution in a formal Council meeting.

The appropriated budget is adopted by line item detail and consequently this level of detail becomes the legal level of control. Budget transfers between line items require the approval of the Council. Budgets for major governmental funds are in the financial section of this report.

Economic Conditions and Outlook

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment in which the city operates.

The city of Bryant began as a very small town on the outskirts of the state's capital, Little Rock. As the capital and Bryant both grew their borders became closer and closer. Bryant has developed a very strong school system and many people come to the area to participate in that school system. The Bryant School District is now much larger than the borders of the city itself so many people feel an allegiance to the city even if they do not actually live within the city limits.

The City has many municipal activities that draw people out in the community. One of the biggest events is Salt Bowl in September each year. Salt Bowl is where the Bryant School District's football team competes against the neighboring football team of Benton. Over 30,000 annually attend this event. The city in conjunction with the Chamber of Commerce also supports Fall Fest, another largely attended community event.

Although Bryant is consistently growing and maturing as a community it still has no sense of "Place." The city applied and was granted a \$1.2 million dollar grant to begin work on creating that "Place" as the Heart of Bryant, a downtown area for gathering. The Pop Up Event was a successful event to get these plans foremost in everyone's mind.

The city is bordered on all four sides and few places still exist to be annexed. To the north is Springhill, which is contractually served by the city's fire department in exchange for annual money received. This money is tracked separately through its own department.

In 2003, the city settled with the Salem Water Users Association/Public Water Authority. This settlement is for 21 years and terminates on March 14 of 2024 unless first Salem Water Authority ceases to be an operating entity or their debts are extinguished or paid off. Under the current settlement, Bryant shall pay Salem the sum of .25 cents per 1000 gallons billed by Bryant to those retail customers existing as of September 10, 2001, a total of 479 billing entities (441 residential customers, 20 watering meters, 12 commercial establishments and 6 commercial watering meters). For other Salem water users, the city shall pay .20 cents per 1000 gallons until March 14, 2018. These funds are tracked separately in a Special Revenue Fund.

In 2005, the city entered into an agreement (Agreement dated August of 2005, Ordinance 2004-19) with the Saline County Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills). The agreement states that the City of Bryant will facilitate the pass through of a minimum of 1000 gallons and a maximum of 500,000 gallons per day of water to Woodland Hills for the price charged the City of Bryant from the Central Arkansas Water Authority (CAW). This agreement terminates 20 years from the date of the agreement on August 11, 2024.

The city has several major employers (over 100 employees). Two major employers are the city itself and the school district. Others are primarily in the retail and the healthcare industries. For a number of years the city has seen vast growth in rooftops but has struggled to get consistent supporting commercial growth. In 2016, two bond "refinancings" were completed that will allow for the completion of a new set of on and off ramps to I-30 (a major interstate that divides the city in half from east to west) and a major connector road to the Saline County Airport (run by an autonomous commission). These two major projects will allow for more commercial development in the future.

As a state, Arkansas' local economies are commonly supported by sales tax. Arkansas has a state sales tax of 6.5%, collected across the state. In Bryant, another 3% is collected and used by the city/local government. This sales tax makes up approximately 60% of general fund income.

Since 2012, budgets have included financing of the police fleet and fire trucks. Even though this means the city pays interest on these purchases it does guarantee a consistent budgetary placeholder for these ongoing costs against depreciation. In Arkansas, cities are allowed to finance items through Amendment 78 but only for up to five years.

In addition to offering water and wastewater services to city residents, the city also provides those services for a significant part of the surrounding area through reciprocal agreements.

Like most cities, it is a struggle for revenues to keep pace with expenses. While Bryant has faced challenges in 2017, it is fortunate to have a variety of community-minded citizens dedicated to growing the city. It continues to attract new residents and businesses.

Acknowledgments

The Financial Statements are prepared by the City based on financial reporting provisions of Ark. Code Ann. 10-4-412, which is a basis of accounting other than the accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The preparation of the annual financial report is a team effort of the entire city staff, particularly the finance department staff. The city appreciates the commitment to the quality of this project and the many hours spent on the report. Credit must also be given to the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,


Jill Babbs, Mayor


Joy Black, Finance Director

Elected Positions

Bryant has operated under the Mayoral Form of Government since its inception.
 (Shown to the right)
 Mayor Jill Dabbs has been Mayor since 2011.



Josh Farmer

- City Attorney
- Elected



Jill Dabbs

- Mayor
- Elected



Lorne Gladden

- Ward 1
- Position 1
- Elected



Wade Permenter

- Ward 1
- Position 2
- Elected



Allen Scott

- Ward 2
- Position 1
- Elected



B.E. Higginbotham

- Ward 3
- Position 1
- Elected



Rob Roedel

- Ward 3
- Position 2
- Elected



Brenda Miller

- Ward 4
- Position 1
- Elected



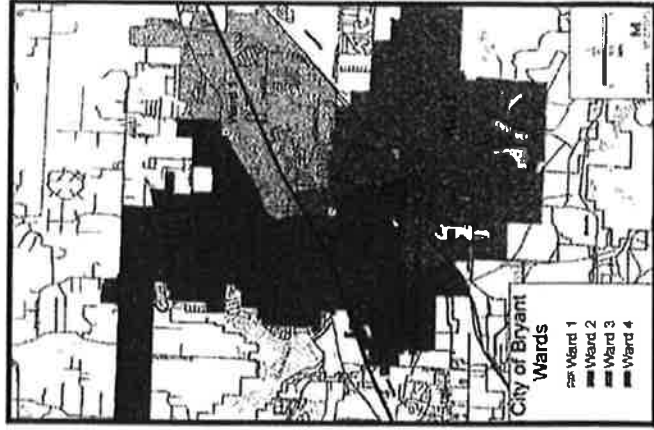
Jerry Henson

- Ward 2
- Position 2
- Elected



Sue Ashcraft

- City Clerk
- Elected



Judge Stephanie Casady

- District Court of Saline County
- Elected

Appointed by the Mayor

Administration Dept - Human Resources, Finance and Legal



Charlotte Rue
• HR Director
• Appointed by the Mayor



Joy Black
• Finance Director
• Appointed by the Mayor



Chris Madison
• Staff Attorney
• Appointed by the Mayor



Truitt Smith
• Director of Planning
• Appointed by the Mayor

Public Safety Depts - Animal, Fire, Police and Code



Tricia Power
• Director of Animal Control
• Appointed by the Mayor



JP Jordan
• Fire Chief
• Appointed by the Mayor



Mark Kizer
• Police Chief
• Appointed by the Mayor



Greg Huggs
• Director of Code
• Appointed by the Mayor

Parks Dept



Chris Treat
• Director of Parks
• Appointed by the Mayor

Public Works Dept



Mark Grimmitt
• Director of Public Works
• Appointed by the Mayor

Additional Funds Directors Oversee

| Account # | Description | Department | Account # | Description | Department |
|-----------|-------------------------------------|----------------|-----------|-------------------------------------------|----------------|
| 002 | Sales Tax Refund | | 030 | Act 1256 of 1995 Admin of Justice | District Court |
| 003 | Franchise Fees | | 031 | Act 1809 of 2001 Court Automation | District Court |
| 005 | Designated Tax Fund | | 080 | Street Fund | Public Works |
| 010 | Electronic Tax and Payroll | | 185 | Street Bond 2016 Debt Service | Public Works |
| 110 | Special Redemp Fund | | 186 | Street Bond 2016 Debt Service Reserve | Public Works |
| 111 | Series 2016B Cost of Issuance | | 187 | Street Construction Fund - Franchise Bond | Public Works |
| 112 | Series 2016A Cost of Issuance | | 188 | Street Bond 2016 Construction | Public Works |
| 113 | Debt Service Reserve | | 500 | Utility Revenues | Public Works |
| 114 | 2016 Sales and Use Bond Fund | | 510 | Utility Operating | Public Works |
| 020 | Animal Donations | Animal Control | 515 | MS4 Stormwater | Public Works |
| 045 | 1/8 Sales Tax | Parks | 520 | Water Depreciation | Public Works |
| 140 | 2006 Park Bonds | Parks | 525 | Wastewater Depreciation | Public Works |
| 147 | Parks Bond 2016 Construction | Parks | 530 | Sub Div Impact Water | Public Works |
| 050 | Fire Donations | Fire | 535 | Sub Div Impact Wastewater | Public Works |
| 051 | Act 833 of 1991 | Fire | 540 | Fair Share | Public Works |
| 055 | Fire 3/8 Sales Tax | Fire | 550 | Impact Water | Public Works |
| 157 | Fire Bond 2016 Construction | Fire | 555 | Impact Wastewater | Public Works |
| 060 | Police Donations | Police | 560 | Salem Royalty | Public Works |
| 061 | Act 918 of 1983 | Police | 600 | Water, Wastewater 2008 A&B Bonds | Public Works |
| 062 | Act 988 of 1991 Emergency Vehicles | Police | 601 | Water, Wastewater 2008 A&B Bonds | Public Works |
| 066 | Federal Drug Control | Police | 602 | WWWW Ref Rev Bds 2017.COI Fd | Public Works |
| 068 | State Drug Control | Police | 604 | WWWW Ref Rev Bds 2017 Bond Fund | Public Works |
| 165 | PD Fleet / Long Term Govt Debt Fund | Admin | 605 | Water, Wastewater 2008 A&B Bonds | Public Works |
| | | | 606 | WWWW Ref Rev Bds 2017 DSR | Public Works |

*DSR - Debt Service Reserve

*COI - Cost of Issuance

FINANCIAL SECTION



Partners
Gary D. Welch, CPA, CVA
Jimmy M. Pate, CPA, CBA, CVA, CRCM
Courtney W. Moore, CPA, CFE, CGMA
Christina B. Ellis, CPA

Principals
Dennis C. Fason, CPA
Phyllis A. Trent, CPA

To the City Council
City of Bryant, Arkansas

Independent Auditors Report

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bryant, Arkansas, (City) as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis accounting described in Note 1. This includes determining that the modified cash basis is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We audited the financial statements of the Water and Wastewater funds of the City of Bryant, Arkansas which represents 46 percent, 88 percent, and 30 percent, respectively of the assets, net position, and revenues of the primary government. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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501.624.5788



www.jwck.com



126 Hobson Ave.
Hot Springs, AR 71901

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, each major fund and the aggregate remaining fund information of the City of Bryant, Arkansas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bryant, Arkansas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2018, on our consideration of the City of Bryant, Arkansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 of Bryant, Arkansas' internal control over financial reporting and compliance.

 Jordan Woodley, CPA & Keaton, LLC.

Hot Springs, Arkansas

November 19, 2018

BASIC FINANCIAL STATEMENTS

City of Bryant, Arkansas
Government Wide Statement of Net Position
December 31, 2017

| | Modified Cash Basis Governmental Activities | GAAP Basis Business-type Activities |
|----------------------------------------------------------|------------------------------------------------|----------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 12,267,454 | 6,862,311 |
| Investments | 24,430,705 | 0 |
| Accounts receivable(net of allowance for uncollectibles) | 98,364 | 387,964 |
| Fixed Assets (Net of Accumulated Depreciation) | 15,025,477 | 36,849,234 |
| Total Assets | 51,822,000 | 44,099,509 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred cost of refunding | 155,742 | |
| Unamortized discount - bonds | 4,853,352 | 402,605 |
| Deferred pension contributions | 5,009,094 | 402,605 |
| Total Deferred Outflows of Resources | | |
| LIABILITIES | | |
| Accounts payable | 528,538 | 735,846 |
| Customer deposits payable | | 587,634 |
| Accrued interest | | 92,760 |
| Lease/Contract payable | | 113,786 |
| Short Term Portion of Long Term Debt | | 995,157 |
| Other liabilities | 28,072 | |
| Total Current Liabilities | 556,610 | 2,525,183 |
| Due in more than one year: | | |
| Bond payable | | 17,387,255 |
| Lease/Contract Payable | | 472,191 |
| Net Pension Liability and OPEB | 13,012,180 | 1,402,903 |
| Total Noncurrent Liabilities | 13,012,180 | 19,262,350 |
| Total Liabilities | 13,568,790 | 21,787,533 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred pension experience gains | 1,481,449 | 74,672 |
| NET POSITION | | |
| Net investment in capital assets | | |
| Restricted for: | | |
| Debt Service | | |
| Public safety | 41,081,152 | |
| Public works | | 22,639,909 |
| Parks | | |
| Unassigned | | |
| Total Net Position | 41,081,152 | 22,639,909 |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
 Government Wide Statement of Activities
 For the Year Ended December 31, 2017

| | Program Revenues | | Capital | | Net (Expenses) Revenues and Changes in Net Position | | |
|-------------------------------------------------------|----------------------|--------------------------|--------------------------|--------------------------|-----------------------------------------------------|---------------------------------------|---------------------|
| | Operating | | Grants and Contributions | | Activities (Modified Cash Basis) | Business-type Activities (GAAP Basis) | Total |
| | Charges for Services | Grants and Contributions | Grants and Contributions | Grants and Contributions | | | |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Governmental Activities (Modified Cash Basis): | | | | | | | |
| General government | 1,806,520 | 1,338,891 | | | (467,629) | | (467,629) |
| Community development | 227,075 | 6,000 | | | (221,075) | | (221,075) |
| Parks and recreation | 2,613,246 | 954,994 | 13,180 | | (1,645,072) | | (1,645,072) |
| Public safety | 9,555,592 | 1,660,610 | 26,418 | | (7,868,564) | | (7,868,564) |
| Public works (Street) | 3,282,145 | 179,690 | | | (3,102,455) | | (3,102,455) |
| Total Governmental Activities | 17,484,577 | 4,140,185 | 39,598 | | (13,304,795) | | (13,304,795) |
| Business-Type Activities (GAAP Basis): | | | | | | | |
| Water | 2,907,065 | 3,656,244 | | | | 749,179 | 749,179 |
| Wastewater | 3,897,379 | 4,458,360 | | | | 560,981 | 560,981 |
| Non-operating Water | (19,440) | | | | | 19,440 | 19,440 |
| Non-operating Wastewater | 832,023 | | | | | (832,023) | (832,023) |
| Total Business-Type Activities | 7,617,027 | 8,114,604 | | | | 497,577 | 497,577 |
| Total Primary Government | 25,101,604 | 12,254,789 | 39,598 | - | (13,304,795) | 497,577 | (12,807,218) |
| Sales taxes | | | | | 13,324,849 | | 13,324,849 |
| Property tax | | | | | 1,316,045 | | 1,316,045 |
| State turnback proceeds | | | | | 1,077,234 | | 1,077,234 |
| Investment earnings | | | | | 195,141 | 5,722 | 200,863 |
| Transfers | | | | | - | - | - |
| Total general revenues and transfers | | | | | 15,913,270 | 5,722 | 15,918,992 |
| Change in net position | | | | | 2,608,475 | 503,299 | 3,111,774 |
| Net position - beginning after restatement | | | | | 38,472,677 | 22,136,609 | 60,609,286 |
| Net position - ending | | | | | 41,081,152 | 22,639,909 | 63,721,061 |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
 Balance Sheet - Modified Cash Basis
 Governmental Funds
 December 31, 2017

| | Special Revenue | | | |
|--------------------------------------------|---------------------|---------------------|--------------------------|--------------------------|
| | General Fund | Street Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,120,548 | \$ 1,809,048 | \$ 2,337,858 | \$ 12,267,454 |
| Accounts receivable | 97,991 | 373 | | 98,364 |
| Other Assets | | | | |
| Total Assets | 8,218,539 | 1,809,421 | 2,337,858 | 12,365,818 |
| LIABILITIES | | | | |
| Accounts payable | 170,837 | 98,676 | 3,110 | 272,623 |
| Accrued expenditures | | | | 0 |
| Unearned revenue | | | 28,072 | 28,072 |
| Long Term Debt | | | | 0 |
| Total Liabilities | 170,837 | 98,676 | 31,182 | 300,695 |
| FUND BALANCES | | | | |
| Unrestricted | 7,250,323 | | | 7,250,323 |
| Prepays and Inventories | | | | |
| Restricted | | | | |
| LOPFI | | | | |
| Capital projects | | | | |
| Public works | | 1,710,745 | 892,285 | 2,603,030 |
| Public safety | | | 1,235,948 | 1,235,948 |
| Parks and Recreation | | | 178,443 | 178,443 |
| Committed | | | | |
| Assigned | | | | |
| Unassigned | | | | |
| Total Fund Balances | 7,250,323 | 1,710,745 | 2,306,676 | 11,267,744 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 7,421,160 | \$ 1,809,421 | \$ 2,337,858 | \$ 11,568,439 |

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position December 31, 2017

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

| | |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|
| Total fund balances - governmental funds (page 16) | 11,267,744 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 15,025,477 |
| Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 24,428,208 |
| Net pension liabilities are not reported in the funds. | (13,012,180) |
| Deferred outflows related to pension contribution and investment losses are not reported in the funds. | 4,853,352 |
| Deferred inflows related to differences in pension experience are not reported in the funds. | (1,481,449) |
| Net position of governmental activities (page 14) | 41,081,152 |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances Modified Cash Basis
Governmental Funds
For the Year Ending December 31, 2017

| | General Fund | Street Fund | Other Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------------|-------------------|------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 5,316,067 | \$ 1,616,897 | \$ 6,525,498 | \$ 13,458,462 |
| Fees and permits | 381,065 | | | 381,065 |
| Membership and Rental Fees, Park Programming | 721,901 | | | 721,901 |
| Grant Revenues | 39,598 | | | 39,598 |
| Reimbursements | 452,143 | 144,438 | | 596,581 |
| Sale of services | 1,481,151 | | | 1,481,151 |
| Fines and forfeitures | 605,394 | | 85,537 | 690,931 |
| Investment earnings | 3,200 | 745 | 1,120 | 5,065 |
| Misc. * | 401,232 | 35,252 | | 436,484 |
| Total Revenues | 9,401,751 | 1,797,332 | 6,612,155 | 17,811,238 |
| EXPENDITURES | | | | |
| General Government | 982,104 | | | 982,104 |
| Planning | 227,075 | | | 227,075 |
| Parks and recreation | 2,350,242 | | | 2,350,242 |
| Public safety | 8,602,375 | 1,856,144 | 48,085 | 8,650,460 |
| Public works | | | | 1,856,144 |
| Debt service: | | | | |
| Interest and other charges | 514,502 | | 2,946 | 517,447 |
| Capital Outlay | 1,124,400 | 1,275,665 | | 2,400,065 |
| Total Expenditures | 13,800,697 | 3,131,809 | 51,031 | 16,983,537 |
| Excess (deficiency) of revenues over (under) expenditures | (4,398,946) | (1,334,477) | 6,561,124 | 827,701 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 9,211,583 | 1,250,000 | | 10,461,583 |
| Transfers out | (4,958,873) | - | (6,143,833) | (11,102,706) |
| Total other financing sources (uses) | 4,252,710 | 1,250,000 | (6,143,833) | (641,123) |
| Changes in fund balances | (146,236) | (84,477) | 417,291 | 186,578 |
| Fund balance - beginning after restatement | 7,396,559 | 1,795,222 | 1,889,385 | 11,081,166 |
| Fund balance - ending | 7,250,323 | 1,710,745 | 2,306,676 | 11,267,744 |
| *Sale of Equip, Donations and Sponsorships | | | | |

The notes to the financial statements are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds (page 18)

186,578

Governmental Funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(1,300,785)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.

(3,500)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, it has no effect on the net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(1,880,931)

Pension expense is reported as the amount paid in the fund, but incorporates deferred outflows and deferred inflows in the Statement of Activities.

390,163

Change in the net position of governmental activities (page 15)

(2,608,475)

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

| | Budgeted | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------------------|-------------------|-------------------|-------------------|------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Sales Tax | \$ 4,721,700 | \$ 4,746,200 | \$ 5,316,067 | \$ 569,867 |
| License, Permits, and Fees | 282,045 | 316,695 | 381,065 | 64,370 |
| Other (Membership Fees, Rental Fees, Park Program Fees) | 847,589 | 906,529 | 721,901 | (184,628) |
| Grant Revenue | 31,200 | 45,530 | 39,598 | (5,932) |
| Reimbursements (SRO, Court, Code) | 394,500 | 394,500 | 452,143 | 57,643 |
| Sale of services | 1,529,929 | 1,529,829 | 1,481,151 | (48,678) |
| Fines and forfeitures | 539,700 | 564,700 | 605,394 | 40,694 |
| Investment earnings | 1,550 | 1,550 | 3,200 | 1,650 |
| Miscellaneous (Sale of equip, Donations, Sponsorships) | 380,500 | 434,750 | 401,232 | (33,518) |
| Total Revenues | 8,728,713 | 8,940,283 | 9,401,751 | 461,469 |
| EXPENDITURES | | | | |
| Admin (Mayor, City Clerk, Finance, Attorney, HR, IT) | 1,053,143 | 1,103,159 | 982,104 | 121,056 |
| Planning | 395,403 | 362,143 | 227,075 | 135,068 |
| Parks and Recreation | 2,459,471 | 2,595,511 | 2,613,246 | (17,735) |
| Public Safety: | | | | |
| Police | 4,430,065 | 4,482,992 | 4,366,059 | 116,933 |
| Fire | 3,801,032 | 3,839,081 | 4,468,239 | (629,157) |
| Court | 428,985 | 429,285 | 384,645 | 44,640 |
| Code | 335,100 | 346,250 | 335,279 | 10,971 |
| Animal | 456,692 | 469,152 | 424,049 | 45,103 |
| Total Public Safety | 9,451,874 | 9,566,760 | 9,978,271 | (411,511) |
| Total Expenditures | 13,359,891 | 13,627,573 | 13,800,695 | (173,123) |
| Excess (deficiency) of revenues over expenditures | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 9,314,750 | 9,314,750 | 9,211,583 | (103,167) |
| Transfers out | (5,652,000) | (4,959,500) | (4,958,873) | 627 |
| Total Other Financing Sources and Uses | 3,662,750 | 4,355,250 | 4,252,710 | (102,540) |
| Net change in fund balance | (968,428) | (332,040) | (146,234) | 185,806 |
| Fund balances - beginning after restatement | | | 7,825,724 | |
| Fund balances - ending | | | <u>7,679,490</u> | |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Street Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

| | Original | Final | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------------|--------------------|--------------------|--------------------|------------------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 1,410,800 | \$ 1,410,800 | \$ 1,616,897 | \$ 206,097 |
| Investment earnings | 750 | 750 | 745 | (5) |
| Miscellaneous | 25,000 | 175,168 | 179,690 | 4,522 |
| Total Revenues | 1,436,550 | 1,586,718 | 1,797,332 | 210,614 |
| EXPENDITURES | | | | |
| Public works: | | | | |
| Street | | | | |
| Personnel | 975,865 | 971,621 | 863,250 | 108,371 |
| Services (Building, Grounds, Veh, and Operations) | 532,100 | 549,414 | 431,569 | 117,846 |
| Supplies | 116,000 | 151,730 | 121,100 | 30,630 |
| Professional Services | 266,370 | 268,370 | 216,921 | 51,449 |
| Misc (including Construction not Capital) | 354,521 | 354,521 | 223,305 | 131,216 |
| Capital Outlay | 2,748,113 | 2,765,713 | 1,275,665 | 1,490,048 |
| Total Expenditures | 4,992,968 | 5,061,368 | 3,131,810 | 1,929,559 |
| Excess (deficiency) of revenues over (under) | (3,556,418) | (3,474,650) | (1,334,478) | (1,718,945) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,250,000 | 1,250,000 | 1,250,000 | - |
| Transfers out | | | | |
| Total Other Financing Sources (uses) | 1,250,000 | 1,250,000 | 1,250,000 | - |
| Net change in fund balance | (2,306,418) | (2,224,650) | (84,478) | 2,140,173 |
| Fund balance - beginning after restatement | | | 1,795,222 | |
| Fund balance - ending | | | \$ 1,710,744 | |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Water and Wastewater Revenue and Operating Funds
For the Year Ending December 31, 2017

| | Original Budget | Final Budget | Water Actuals | Wastewater Actuals | Variance with Final Budget Positive (Negative) |
|------------------------------------------|------------------|------------------|------------------|--------------------|------------------------------------------------|
| OPERATING REVENUES | | | | | |
| Water | 3,423,209 | 3,545,209 | 3,656,244 | | 111,035 |
| Wastewater | 4,188,330 | 4,188,330 | | 4,136,221 | (52,109) |
| Stormwater | | 296,000 | | 322,140 | 26,140 |
| Total Operating Revenues | 7,611,539 | 8,029,539 | 3,656,244 | 4,458,360 | 85,065 |
| OPERATING EXPENSES | | | | | |
| Personnel Costs | 1,705,412 | 1,705,412 | 804,801 | 1,073,509 | (172,898) |
| Building & Grounds | 418,200 | 418,356 | 80,224 | 328,777 | 9,355 |
| Vehicles related expenses | 108,900 | 143,344 | 52,122 | 77,812 | 13,410 |
| Supplies/water purchases | 1,568,200 | 1,766,800 | 1,245,138 | 384,920 | 136,743 |
| Operational expenses | 770,500 | 726,600 | 385,937 | 307,501 | 33,162 |
| Professional Services | 129,500 | 148,220 | 47,310 | 45,273 | 55,637 |
| Miscellaneous Operational Expenses | 182,895 | 182,895 | 114,913 | 97,029 | (29,047) |
| Depreciation | 0 | 0 | 746,636 | 1,012,543 | (1,759,179) |
| Transfers | 1,015,000 | 1,438,050 | (570,015) | 570,015 | 1,438,050 |
| Total Operating Expenses | 4,193,195 | 6,529,677 | 2,907,065 | 3,897,379 | (274,767) |
| Non-operating Revenues (Expenses) | | | | | |
| Interest Income | | | 5,722 | | 5,722 |
| Interest Expense | (350,000) | (535,478) | (327,228) | (516,315) | (308,065) |
| Bond Fees | 0 | 0 | 244,251 | (389,387) | (145,136) |
| Miscellaneous | 105,500 | 130,500 | 102,417 | 73,679 | 45,596 |
| Changes in net position | (244,500) | (404,978) | 25,162 | (832,023) | (401,883) |
| | 3,173,844 | 1,094,884 | 774,341 | (271,042) | (591,585) |

The notes to the financial statements are an integral part of this statement.

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Statement of Cash Flows - GAAP Basis
Proprietary Funds
For the Year Ended December 31, 2017
Business Type Activities - Enterprise Funds

| | |
|-----------------------------------------------------------------|---------------------|
| Cash flows from operating activities | |
| Receipts from customers | 7,948,866 |
| Payments to employees | (1,870,174) |
| Payments to suppliers | (3,347,593) |
| Other Receipts (payments) | - |
| Net cash provided by operating activities | <u>2,731,099</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of capital assets | (4,546,358) |
| Proceeds from capital debt | 1,030,157 |
| Interest paid on capital debt | (843,543) |
| Principal paid on capital debt | (1,075,157) |
| Other Receipts (payments) | (89,566) |
| Revenue from debt-service surcharge/impact fees | 125,986 |
| Proceeds from assets sold | 15,924 |
| Net cash used in capital and Related Financing Activities | <u>(5,382,557)</u> |
| Cash flows from Investing Activities | |
| Interest | 5,722 |
| Investment loss | - |
| Net cash used in capital and related financing activities | <u>5,722</u> |
| Increase in cash and cash equivalents | |
| Cash and cash equivalents – January 1 | (2,645,736) |
| Cash and cash equivalents – December 31 | 9,508,047 |
| | <u>\$ 6,862,311</u> |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
 Agency Funds
 Statement of Fiduciary Net Position Modified Cash Basis
 December 31, 2017

| | | |
|----------------------------|--|---------------------|
| ASSETS | | Agency Funds |
| Cash and cash equivalents | | <u>1</u> |
| Investments | | |
| Other Assets | | |
| Accounts receivable | | |
| Inventory | | |
| Prepaid Items | | |
| Total Assets | | <u>1</u> |
| LIABILITIES | | |
| Accounts payable | | 67 |
| Intergovernmental payables | | |
| Due to other funds | | |
| Compensated absences | | |
| Unearned revenue | | |
| Total Liabilities | | <u>67</u> |

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Agency Funds

Statement of Changes in Fiduciary Net Position Modified Cash Basis
For the Year Ended December 31, 2017

| | |
|-----------------------|----------------|
| REVENUES | |
| Fines and Forfeitures | |
| Investments | |
| Reimbursement | |
| Interest Revenue | |
| Inventory | |
| Prepaid Items | |
| Total Revenues | <u>378,596</u> |
| EXPENSES | |
| Personnel Expense | 4,738 |
| Operations Expense | 373,858 |
| Interest Expense | |
| Compensated absences | |
| Unearned revenue | |
| Total Expenses | <u>378,596</u> |

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

Reporting Equity: The City of Bryant, Arkansas (city), is organized as a political subdivision of the State of Arkansas and is a city of the first class, which is organized and exists under the laws of the State. The city operates under the Mayorial form of government. The City has no component units, which are legally separate organizations fiscally dependent on the City or for which the City is financially accountable.

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statements of net position and changes in net position) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are presented on the modified cash basis of accounting. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long term liabilities such as debt and compensated absences are also not reported.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus and the cash basis of accounting. Agency funds do not have a measurement focus and are reported on the cash basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under the accrual method.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered susceptible to accrual and are recognized as current period revenues. All other revenue items are considered to be measurable and available only when the city receives cash.

The city reports the following major governmental funds:

General Fund is the city's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. For the purposes of this report this holds also the Sales Tax Fund, Police Donation Fund, Fire Donation Fund, and the Franchise Fee Fund.

Street Fund is a special revenue fund to account for all activities associated with maintaining and constructing streets. Arkansas statutes that provide funding for street and drainage projects require that these activities be accounted for separately. The Street Fund is financed by state turnback funds, and a portion of a state-wide 1/2 cent sales tax approved by the voters in July 2013.

The city reports the following major proprietary funds:

Water Fund is used to account for activities associated with collecting, treating and distributing drinkable water to customers.

Wastewater Fund is used to account for activities associated with collecting, treating and disposing sewage from customers.

Stormwater Fund is used to account for activities associated with collecting stormwater fees and completing stormwater projects.

Agency Funds account for activities in the following areas:

- a. Administration of Justice Fund - ACA 16-10-308 Fund 30 Act 1256 of 1995, established that city's would receive a share of the uniform court costs and filing fees levied by the state law. These may be used to defray a part of the expenses of the administration of justice in the City. These funds are kept and spent from this fund.
- b. Electronic Tax Fund fund 010 was established by the City to receive electronic transfers from federal and state agencies as well as administer payroll.

The nonmajor funds of the city are special revenue funds, and debt service capital projects funds used to account for activities associated with revenue sources restricted for specified purposes as follows:

Special revenue funds include:

- a. District Court Automation Fund 031 (Act 1809) ACA 16-13-704 established that 1/2 of \$5 per month on each person in the court could only be used for court-related technology. These funds are kept and spent from this fund.
- b. Fire Equipment and Training Fund 051 (Act 833) is used to account for specific revenues per ACA 14-284-403, 404 which requires insurance premium tax funds to be distributed by the County to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings and utilities costs.
- c. Special Sales Tax Fire 3/8 Fund 055 - Bryant City Code 2.36.07 (2013) levied a .375 % sales and use tax to be used to operate and maintain; acquire apparatus and equipment; acquire, construct, improve, and expand facilities; to pay and secure repayment of fire department bonds.

- d. Special Sales Tax Parks 1/8 Fund 045 - Bryant City Code 12.32.01 (2013) levied a .125 % sales and use tax to be used to acquire, construct, improve, expand, equip, furnish, operate and maintain new or existing park and recreational facilities, including parking, landscaping, signage, lighting, concession, road and utility improvements, and to pay and secure the repayment of park and recreational bonds.
- e. Animal Donations Fund 020 Bryant City Code 6.12.01 (2013) established fund to receive donations for the animal control department to be used for any purpose reasonably related to the care, custody, and control of animals secured by the department including training, education, and assistance.
- f. Designated Tax Fund 005 - Bryant Ordinance no. 1996-08 (March 25, 1996) provided for the levy of a one cent sales and use tax for the purpose of street improvements (30%), fire department (25%), police department (25%), city parks (10%), and animal control (10%).
- g. Police Equipment Fund 061 (Act 918) ACA 12-41-701 established the ability of cities to receive a portion of fines and penalties from the Courts to be used for law enforcement purposes. These funds are kept and spent from this fund.
- h. Police Equipment Fund 062 (Act 988) ACA 27-22-103 established the ability of cities to receive the fine for citizens who fail to insure their motor vehicles and use those fines for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life saving medical apparatus, and law enforcement apparatus. These funds are kept and spent from this fund.
- i. Drug Controls Funds State 066 and Federal 068 ACA 5-64-505 established that asset forfeitures resulting from drug offense cases should go to the arresting agency. These revenues shall only be used for law enforcement purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges among the city's wastewater and water functions and various other functions of the city. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position or Equity

Deposits and Investments: The city's cash and cash equivalents are considered as cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the city to invest in obligations of the United States government, commercial paper and certain corporate bonds. Investments for the city are reported at fair value.

Restricted Assets: The proprietary fund types restrict assets on the balance sheet in accordance with the requirements of bond obligation agreements, donor and membership restrictions and support obligations made by the city. The Bond Depreciation Fund is used to restrict resources and set aside funds to finance capital asset renewals and replacements. The assets consist primarily of cash and short-term investment funds.

Receivables: Receivables consist primarily of uncollected utility charges to users of the system. A provision totaling \$100,135 has been made for delinquent accounts receivable that may be uncollectible at year end.

Capital Assets: Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities. The city defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair-market value at the date of donation. Infrastructures are long-lived assets that are stationary in nature such as streets, bridges, street lighting and sidewalks. Costs of normal maintenance and repairs that do not add to the value or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets being constructed.

Property, plant and equipment of the city are depreciated using the straight-line method over the following, estimated useful lives:

| <u>Asset</u> | <u>Primary Government Years</u> |
|------------------------------------------|---------------------------------|
| Buildings | 40 |
| Building | 20 |
| Public domain and system infrastructures | 50 and 30 respectively |
| Vehicles | 5-10 |
| Other items \$2500 to \$20,000 | 2 |

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt-service expenditures in the year of issuance in accordance with GASB 65.

Fund Equity: Beginning with fiscal year 2011, GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was enacted by GFOA. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable: Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted: Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and other levels of government), through constitutional provisions or by enabling legislation.

Committed: Amounts constrained to a specific purpose by the city itself, using its highest level of decision making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the city takes the same highest level action to remove or change the constraint (i.e. Resolution).

Assigned: Amounts the city intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned: Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The city's goal is to use restricted, committed, or assigned amounts first, before unrestricted, when an expenditure is incurred for purposes for which multiple classifications are available. The city's current fund balance policy states, "The unreserved fund balance shall be maintained at an amount which represents the approximate equivalent of 16.5% of annual operating expenses." This new policy is in line with the guidelines from GFOA but it will be challenging to adhere to the policy. Currently the city does not have a plan that allows for much needed capital replacements without more short term financing.

Property Taxes - A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas.

NOTE 2: Deposits and Investments -

Deposits and Investments: The city's deposits and investments are governed by state law. At December 31, 2017, the deposits and investments held by the city were as follows:

| | <u>Government</u> | <u>Enterprise</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------|-------------------|
| Carrying value on the books | 36,697,259 | 6,861,701 | 43,558,960 |
| Cash on hand | 900 | 610 | 1510 |
| | <u>Total</u> | <u>6,862,311</u> | <u>43,560,470</u> |
| Balance at the bank | <u>37,301,795</u> | <u>6,855,506</u> | <u>44,157,301</u> |

Custodial Credit Risk. 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 does not have a policy for custodial credit risk. It's investments are handled by the bond trustees in accordance with Arkansas State statutes for Municipal funds. The carrying amount of the entire city's deposits was \$43,560,470, with a corresponding bank balance of \$44,157,301 (including cash on hand). Of this amount \$43,657,301 (\$500,000 FDIC protected) was subject to custodial credit risk. The City has, however, collateralized pledged securities held by and in the name of Regions Bank and the First Security Bank in excess of amounts not covered by FDIC insurance.

NOTE 3: Capital Assets. Capital asset activity for the year ended December 31, 2017, was as follows:

| Street Fund | Balance January 1 | Additions | Disposals | Balance December 31 |
|---------------------------------------------------|----------------------|------------------|--------------------|------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | 31,935 | | | 31,935 |
| Construction in Progress | 1,413,069 | | | 1,413,069 |
| Total Capital Assets Not Being Depreciated | 1,445,004 | | | 1,445,004 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 145,922 | | | 145,922 |
| Vehicles | 1,318,945 | 36,689 | (39,003) | 1,316,631 |
| Heavy Machinery | 1,251,289 | 226,922 | | 1,478,211 |
| Roads & Bridges | 1,377,657 | | | 1,377,657 |
| Infrastructure | | 1,012,053 | | 1,012,053 |
| Total Capital Assets Being Depreciated | 4,093,813 | 1,275,665 | (39,003) | 5,408,481 |
| Less Accumulated Depreciation | (3,061,743) | 39,003 | (232,176) | (3,254,916) |
| Net Street Fund Capital Assets | 2,477,074 | 1,314,668 | (271,179) | 3,520,563 |
| General Fund | | | | |
| Land | 1,891,449 | 806,541 | | 2,697,990 |
| Total Capital Assets Not Being Depreciated | 1,891,449 | 806,541 | | 2,697,990 |
| Park Facilities | 2,498,320 | 97,872 | | 2,596,192 |
| Buildings | 7,127,543 | 106,876 | | 7,234,419 |
| Vehicles | 6,535,448 | 38,505 | (31,595) | 6,542,358 |
| Equipment | 2,798,190 | 78,107 | | 2,876,297 |
| Total Capital Assets Being Depreciated | 18,959,501 | 321,360 | (31,595) | 19,312,456 |
| Less Accumulated Depreciation | (9,598,981) | 27,245 | (870,604) | (10,442,340) |
| Net General Fund Capital Assets | 11,251,969 | 1,155,146 | (902,199) | 11,504,916 |
| Total Governmental Fund Assets | 13,729,043 | 2,469,814 | (1,173,377) | 15,025,479 |

City of Bryant, Arkansas
Notes to Financial Statements
(continued)
December 31, 2017

| Business Type Activities | Balance January 1 | Additions | Disposals | Balance December 31 |
|---------------------------------------------------|------------------------------|------------------|--------------------|--------------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | 43,338 | | | 43,338 |
| Construction in Progress | 4,457,002 | - | (2,138,042) | 2,318,960 |
| Total Capital Assets Not Being Depreciated | 4,500,340 | - | (2,138,042) | 2,362,298 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 732,724 | 2,609,607 | | 3,342,331 |
| Infrastructure | - | 3,426,341 | - | 3,426,341 |
| Improvements, machinery, and equipment | 42,122,117 | 679,277 | (30,824) | 42,770,570 |
| Water Storage Agreement | 1,358,213 | - | | 1,358,213 |
| Total Capital Assets Being Depreciated | 44,213,054 | 6,715,224 | (30,824) | 50,897,454 |
| Less Accumulated Depreciation | (14,682,163) | 30,824 | (1,759,179) | (16,410,518) |
| Net Business Assets Being Depreciated | 29,530,891 | 6,746,048 | (3,928,045) | 32,348,894 |
| Net Business Capital Assets | <u>34,031,231</u> | <u>6,746,048</u> | <u>(6,066,087)</u> | <u>34,711,192</u> |

At December 31, 2017 the Enterprise, Street and Stormwater Funds (Public Works) had the following active construction projects:

| | Expenses Through December 31, 2017 | Remaining Contract Commitments |
|---------------------------------------------|-----------------------------------------------|-------------------------------------------|
| Highway 5 Water | 134,995 | 841,356 |
| Highway 5 Wastewater | 134,995 | 841,356 |
| Alcoa Rd. | 272,178 | 321,396 |
| Stormwater Richland, August Cove, Cambridge | 381,095 | 6,404 |
| Hwy 5 to Hilldale Road | 288,275 | 168,870 |
| Heart of Bryant | 240,579 | |
| Reynolds Road | 31,365 | |
| On/Off Ramp Light | | 29,890 |
| Hwy 5 Utility Relocation | | 61,160 |
| Sidewalks | 17,470 | |
| Sludge Dewatering | 2,609,607 | |
| Total | <u>\$4,110,558</u> | <u>\$2,270,431</u> |

NOTE 4: Debt

Legal Debt Limits for Property Tax Secured Bonded Debt equals 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. The City has no property tax secured bond issues. Short-Term Financing Obligations are subject to a constitutional limitation of equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. The City is well below their limitation.

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, providing a method for cities and counties to obtain short-term financing. The law requires permissible items to have an expected useful life of over one year and requires that the financing not exceed five years and that interest and principal repayments be made from general revenues. The City of Bryant has several notes that have been issued pursuant to this authority, see those with payments during 2017 listed below.

2016 Police Cars Financing Note - The \$1.3 million promissory note was issued by First Security Bank, August 3, 2016, to finance the cost of acquiring a new Police Car Fleet. Principal and interest payments of \$28,476.83 (2.48%) are paid monthly for four years from the General Fund.

2014 Fire Truck Financing Note - The \$813,981 promissory note from Kansas State Bank was issued to finance on January 30, 2013 (1st payment April 1st), the cost of acquiring three E-One Typhoon Pumper Trucks. Principal and interest payments of approx. \$14,568 are paid monthly for 59 months at 4.15%.

| Note Payable 5 year payment schedule | | |
|--------------------------------------|------------------|---------------|
| | Principal | Interest |
| 2018 | 349,494 | 21,544 |
| 2019 | 328,412 | 13,310 |
| 2020 | 336,473 | 4,977 |
| 2021 | 0 | 0 |
| 2022 | 0 | 0 |
| Total | 1,014,378 | 39,831 |

Business-Type Activities

Water and Sewer Revenue Bonds, Series 2017 were issued for the purpose of refunding the Series 2008A&B. The interest rates range from 2% to 3.625%. Original face value of the bonds was \$3,800,000 for the Series A bonds and \$4,885,000 for the Series B Bonds. Principal payments are due annually on December 1, and interest payments are due semi-annually on June 1, and December 1. These bonds were issued on December 1, 2017, with a face value of \$5,245,000.

Bond Payable-Loan Advances-Arkansas Natural Resource Commission (ANRC)

Series 2011 Bond payable water and wastewater revenue bond original face value of the bonds was \$6,500,000. The interest rate is 1.95% with a 1% service fee. Principal and interest payments began April 15, 2014.

Series 2012 Bond payable water and wastewater revenue bond original face value of the bonds \$8,500,000. The interest rate is 1.95% with a 1% service fee. Principal and interest payments began April 15, 2015.

Government-Type Activities

City of Bryant, Arkansas Capital Improvement Refunding and Construction Revenue Bonds, Series 2016 These bonds were issued on March 31, 2016, with a face value of \$10,625,000 for the purpose of refunding and financing a portion of the costs of 130 Improvements (on and off ramp). These bonds are secured by a pledge of all of the franchise fees charged to public utilities for the privilege of using the streets, highways, and other public places in the City. The interest rates range from 2% to 3.625%. Principal payments are due annually on February 1, and interest payments are due semiannually on February 1 and August 1.

City of Bryant, Arkansas Sales and Use Tax Series 2016 These bonds were issued December 1 of 2016, with an original par value of \$28,755,000 for the purpose of funding a portion of the costs of acquiring, constructing, equipping, and furnishing park and recreational improvements, building two new Fire Station, and constructing the Bryant Parkway South from I-30 to the Airport. These bonds are secured by a pledge of the sales and use tax of the city. The interest rates range from 2% to 4%. Principal payments are due annually on December 1, and interest payments are due semiannually on June 1 and December 1.

| | Balance at 12/31/16 | Increases | Decreases | Balance at 12/31/2017 | Amount Due in 1 year |
|-------------------------------------------|------------------------|------------|-----------|--------------------------|----------------------------|
| Government-Type Activities Long Term Debt | | | | | |
| Bonds Payable | 0 | 37,800,000 | 0 | 37,800,000 | 975,000 |
| Leases Payable | 1,300,000 | 0 | 285,622 | 1,014,378 | 349,494 |
| Net Pension and OPEB Liabilities | 11,506,995 | 1,505,185 | 0 | 13,012,180 | 0 |
| Business-Type Activities Long Term Debt | | | | | |
| Bonds Payable | 19,444,815 | 0 | 1,062,403 | 18,382,412 | 995,157 |
| Leases/Contract Payable | 682,716 | 0 | 96,739 | 585,977 | 113,786 |
| Net Pension and OPEB Liabilities | 939,675 | 463,228 | 0 | 1,402,903 | 0 |

2016 Sales and Use Tax Bonds

| | Principal | Interest |
|---------------------|-------------------|-------------------|
| 2018 | 1,336,932 | 146,406 |
| 2019 | 1,346,932 | 133,406 |
| 2020 | 1,361,932 | 120,206 |
| 2021 | 1,376,932 | 106,706 |
| 2022 | 687,631 | 92,044 |
| 2023 and thereafter | 24,745,000 | 10,607,805 |
| Total | 30,855,359 | 11,206,573 |

2016 Franchise Fee Revenue Bonds

| | Principal | Interest |
|---------------------|-------------------|------------------|
| 2018 | 325,000 | 313,194 |
| 2019 | 335,000 | 304,919 |
| 2020 | 345,000 | 294,719 |
| 2021 | 350,000 | 286,044 |
| 2022 | 360,000 | 278,494 |
| 2023 and thereafter | 8,590,000 | 2,872,616 |
| Total | 10,305,000 | 4,349,985 |

2011 Water ANRC Bonds

| | Principal | Interest |
|---------------------|------------------|------------------|
| 2018 | 268,783 | 163,789 |
| 2019 | 276,769 | 155,803 |
| 2020 | 284,995 | 147,577 |
| 2021 | 293,465 | 139,107 |
| 2022 | 302,186 | 130,386 |
| 2023 and thereafter | 4,192,698 | 781,872 |
| Total | 5,618,896 | 1,518,534 |

* does not include the 1% service fee

2012 Wastewater ANRC Bonds

| | Principal | Interest |
|---------------------|------------------|------------------|
| 2018 | 346,374 | 219,296 |
| 2019 | 356,667 | 209,003 |
| 2020 | 367,267 | 198,403 |
| 2021 | 378,181 | 187,489 |
| 2022 | 389,420 | 176,250 |
| 2023 and thereafter | 5,694,435 | 1,093,632 |
| Total | 7,532,344 | 2,084,073 |

* does not include the 1% service fee

2017 Water and Sewer Refunding Bonds

| | Principal | Interest |
|---------------------|------------------|------------------|
| 2018 | 380,000 | 138,500 |
| 2019 | 480,000 | 130,516 |
| 2020 | 490,000 | 120,916 |
| 2021 | 500,000 | 111,116 |
| 2022 | 515,000 | 101,116 |
| 2023 and thereafter | 2,880,000 | 881,364 |
| Total | 5,245,000 | 1,483,528 |

NOTE 5: Other Information Including Risk Management

During the course of daily operations, the city is exposed to various risks of loss relating to theft of, damage to or destruction of assets, errors and omissions, injuries to employees and natural disasters. The city has tort immunity except in the case of civil-rights issues. The city manages these risks by following coverage procedures:

The city participates in the Arkansas Municipal League insurance program (Program) for the coverage in the following areas:

Municipal League Defense Program: This insurance program 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 is a participant in a funded trust with pooled risk involving cities in Arkansas. The coverage of each case is at the sole discretion of the program's administrator. The maximum coverage of any one loss cannot exceed 25% of the programs fund reserve; therefore, the city could be at risk if any suit against the city exceeds 25% of the program's reserve. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

Municipal Property Program: This insurance program provides coverage for insurable property and equipment exclusive of motor vehicles and water vessels that belong to the participating municipality and for which coverage has been applied and approved. The limit of the program's liability is 1) actual cash value, or 2) the cost to repair or replace the property of like kind and quality, or 3) the applicable limit of liability stated in the enumeration schedule, or 4) 25% of the program's available funds at the time of settlement. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000.

Municipal Vehicle Program:

- A. Liability - The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - The City shall pay into the program each year a charge established annually by the program administrator for covered property.

Workers' Compensation: This insurance program provides compensation to employees in the event of injury suffered while conducting city business. The program covers all statutory requirements and the city's risk of loss is effectively transferred. Rates are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Contingent Liabilities: Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, mainly the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time. The city expects disallowed claims, if any, to be immaterial. The city is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the city's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the city.

Self-Insured Fidelity Bond Program: The City also participates in this program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. There is a \$2,500 deductible per occurrence.

Post-Employment Benefits: Other post-employment benefits for city employees are limited to health insurance continuation coverage under federal law (COBRA) providing all costs associated with the benefits are borne by the electing participant.

NOTE 6: Employee retirement systems and pension plans-

Pension Plans - Primary Government: The city participates in retirement plans that cover all full-time employees. The city's municipal judges and clerks participate in a pension and retirement plan maintained by the state. The city's uniformed police and fire personnel participate in the Local Police and Fire Retirement System (LOPFI). All other city employees are covered under the Arkansas Public Employees Retirement System (APERS).

Arkansas District Judge Retirement System

Plan Description: Acts 1374 and 1375 of 2003 established the Arkansas District Judge Retirement System (ADJRS), a cost sharing multiple employee plan. This retirement system became effective January 1, 2005. The legislation merged the city's administered pension plan with the new pension system. The city funds retirement through retirement matching of judges' and clerks' salaries through the Court's Operating Fund. ADJRS provides for the retirement of all district court judges who are not covered under the Arkansas Public Employees Retirement System (APERS). District court judges first hired after January 1, 2005 are covered by ADJRS. The system provides retirement benefits for district judges and court clerks, who retired from the local retirement plans, and their survivors. A deferred benefit was established for all district judges and court clerks in the local plans that were active on December 31, 2004. These deferred annuities will be eligible for a benefit when they meet the eligibility requirements for their previous, local plans. The statutes providing for and covering the ADJRS are in chapters two and eight of Title 24 of the Arkansas Code Annotated. The administration and control of the system is vested in the board of trustees. The Arkansas District Judge Council and the governor appoint the board. The city's financial information is in the annual report of ADJRS. A copy of the report can be obtained by writing to ADJRS, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201.

Summary of Significant Accounting Policies: Basis of Accounting and Valuation of Investments. The Arkansas District Judge Retirement System is accounted for using the accrual basis of accounting. Revenues are recognized when earned, without regard to date of collection; and expenses are recognized when a liability is incurred, regardless of when payment is made. Investments are reported at market value determined by the custodial agent. The agent's determination of market value includes, among other factors, using pricing services or process quoted at current exchange rates by independent brokers.

At implementation, an actuarial valuation was performed. As of June 30, 2017 the City's unfunded liability was \$62,417. The city will pay this deficit over a 30 year amortization, with payments being due to ADJRS by December 31 of each year. The valuation changes as the city changes judges, therefore changing the annual payment. The 2017 payment was \$6,058.

Arkansas Local Police and Fire Retirement System (LOPFI)

Plan Description: LOPFI is a statewide cost sharing multiple-employer defined-benefit pension plan administered in accordance with Act 364 of the 1981 Arkansas General Assembly for units of local governments covering police officers and firefighters. The plan provides retirement, disability and death benefits to plan members and their beneficiaries. 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. The city's financial information is in the annual report of LOPFI. A copy of the report can be obtained by writing to LOPFI, 620 West 3rd Street, Suite 200, Little Rock, Arkansas 72201 or on their website at www.lopfi-prb.com or calling 866-859-1745.

Contributions requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 23.00% for participating policemen and 22.37% for participating firemen. City contributions for 2017 to the Plan were \$923,736.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2017, the LOPFI Police and LOPFI Fire reported a liability of \$4,424,479 and \$4,751,462, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The City's proportionate share was .6226% and .6686% respectively, for LOPFI Police and LOPFI Fire. The allocation percentages are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended December 31, 2017. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

LOPFI Police

Differences between expected and actual experience
Differences between expected and actual investment
earnings on pension plan investments
Contributions subsequent to the measurement date

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------|-----------------------------------|----------------------------------|
| | 221,507 | 383 |
| | 382,903 | 486,222 |
| | 1,237,152 | 165,008 |
| Total | 1,841,562 | 651,613 |

LOPFI Fire

Differences between expected and actual experience
Differences between expected and actual investment
earnings on pension plan investments
Contributions subsequent to the measurement date

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------|-----------------------------------|----------------------------------|
| | 237,877 | 411 |
| | 411,201 | 522,155 |
| | 1,274,189 | 105,379 |
| Total | 1,923,267 | 627,945 |

Local Police and Fire Retirement System (LOPFI)

At December 31, 2017, LOPFI Police and LOPFI Fire reported \$1,841,562 and \$1,923,267 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2017, related to pensions will be recognized in pension expense as follows:

Schedule of Deferred Inflows and Outflows

| <u>Year ended December 31:</u> | LOPFI Police | LOPFI Fire |
|--------------------------------|--------------------|--------------------|
| 2018 | \$456,797 | \$526,226 |
| 2019 | 439,112 | 499,303 |
| 2020 | 267,845 | 256,962 |
| 2021 | 26,195 | 12,831 |
| | <u>\$1,189,949</u> | <u>\$1,295,322</u> |

Actuarial Assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--------------------------------|--------------------------------------|
| LOPFI - Police and Fire | |
| Inflation (Wage, Price) | 3.75%, 2.75% |
| Salary increases | 4.25-18.75% including inflation |
| Investment rate of return | 7.75% as adopted by the board |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 5 year smoothed market, 20% corridor |

Mortality rates were based on the RP-2000 Combined Mortality Table

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2011. As a result of the 2011 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2017 actuarial evaluation to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2017, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | Allocation-Weighted Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|----------------------------------------|------------------------------------------------------------|
| Fixed income | 27% | 0.78% | 0.21% |
| Domestic equity | 42% | 5.58% | 2.34% |
| Foreign equity | 18% | 7.38% | 1.33% |
| Alternative Investments | 10% | 6.23% | 0.62% |
| Cash | 3% | 0.00% | 0.00% |
| Total | 100% | 4.50% | 4.50% |
| Expected Inflation | | 2.50% | 2.50% |
| Total Return | | 7.00% | 7.00% |

Discount Rate: A single discount rate of 7 percent 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 8 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the single discount rate. The following presents the City's net pension liability, calculated using a single discount rate of 7 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

| | 1% Decrease 6% | Current Discount Rate 7% | 1% Increase 8% |
|----------------|-----------------------------------|-----------------------------------|-----------------------------------|
| LOPFI - Police | Net pension liability \$6,968,820 | Net pension liability \$4,424,479 | Net pension liability \$2,373,948 |
| LOPFI - Fire | Net pension liability \$7,483,837 | Net pension liability \$4,751,462 | Net pension liability \$2,549,391 |

Arkansas Public Employee Retirement System (APERS)

Plan description: APERS is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this plan, college and university employees, and certain non-teaching school employees. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. Benefits and contribution provisions are established by Arkansas law and can be amended only by the Arkansas General Assembly.

Benefits provided: Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

| | |
|------------------------------------|-------|
| Contributory, prior to 7/1/2005 | 2.07% |
| Contributory, on or after 7/1/2007 | 2.00% |
| Non-Contributory | 1.72% |

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service. Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of living adjustment of 3% of the current benefit is added each year.

Contributions: Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 14.50% for municipal employees and 25.55% for district judges of compensation from January 1, to June 30, 2017, and 14.75% for municipal employees and 25.55% for district judges from July 1, to December 31, 2017. In some cases, an additional 2.5% of member and employer contributions are required for elected officials. Contributions to the APERS from the City were \$546,709 for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2017, the City reported a liability of \$5,195,937 for its proportionate share of the APERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2017, the City's proportion was 0.020%.

For the year ended December 31, 2017, the City recognized APERS pension expense of \$932,485. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | 100,726 | (102,193) |
| Changes of assumptions | 836,018 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 217,725 | |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 336,659 | (174,369) |
| Total | \$1,491,128 | (\$276,562) |

\$ (276,562) reported as deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

December 31, 2017

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

| <u>Year ended December 31:</u> | |
|--------------------------------|------------------------|
| 2018 | 309,910 |
| 2019 | 528,299 |
| 2020 | 384,534 |
| 2021 | (8,177) |
| 2022 | 0 |
| Thereafter | 0 |
| | <u>Total 1,214,566</u> |

Actuarial assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------------------|---------------------------------------------|
| Inflation | 3.25% |
| Salary increases | 3.25% – 9.85% |
| Post-Retirement cost-of-living increases | 3% annual compounded increase |
| Investment rate of return | 7.15%, net of investment and admin expenses |
| Average service lives of all members | 4.3774 |

Mortality rates were based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in APERS's target asset allocation as of June 30, 2017 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|----------------------------------------------|
| Broad Domestic Equity | 37% | 5.97% |
| International Equity | 24% | 6.54% |
| Real Assets | 16% | 4.59% |
| Absolute Return | 5% | 3.15% |
| Domestic Fixed | 18% | 0.83% |
| | 100% | |

Discount rate: The discount rate used to measure the total pension liability was 7.15% for the year ended June 30, 2017. The single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | Current Discount Rate | |
|---------------------------------------------------------|-----------------------|-------------------|
| | 7.15% | 1% Increase 8.15% |
| City's proportionate share of the net pension liability | \$7,912,743 | \$2,940,651 |
| | 1% Decrease 6.15% | |
| | \$5,195,937 | |

APERS fiduciary net position: Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Payable to the pension plan: At December 31, 2017, the City did not have an outstanding amount of contributions due to the pension plan for the year ended December 31, 2017.

NOTE 7: Other Post-employment Benefits -

Plan Description: The City of Bryant uses the Health Insurance provided by the Arkansas Municipal League through the Municipal Benefit Health Fund. 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. In addition, members employed at least 5 years with age plus service exceeding 70 at retirement are eligible for benefits. The State of Arkansas has the authority to establish and amend the requirements of this statute. The city does not issue stand-alone financial statements of its health care plan but all required information is presented in this report.

Funding Policy: The contribution requirements of OPEB plan members are established by the city and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit of the blended premium rate from all of the employees participating in the city's health insurance plan. The plan has no retired participants paying premiums as of December 31, 2017.

Annual OPEB Cost and Net OPEB Obligation: The city's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost of each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation.

| | |
|------------------------------------------------|-----------|
| 1 Annual Required Contribution (ARC) | \$55,432 |
| 2 Interest on Net OPEB Obligation | 4,873 |
| 3 Adjustment to 1 | 5,779 |
| 4 Annual OPEB Cost 1 + 2 - 3 | \$54,526 |
| 5 Actual Contribution Made | 10,382 |
| 6 Increase in Net OPEB Obligation 4-5 | 44,144 |
| 7 Net OPEB Obligation – Beginning of Year 2017 | \$88,612 |
| 8 Net OPEB Obligation – End of Year 2017 | \$132,756 |

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB liability for 2017 is as follows:

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation | Covered Payroll |
|-------------|------------------|--------------------------------------------|---------------------|-----------------|
| 12/31/2015 | \$52,788 | 18.2% | \$43,205 | - |
| 12/31/2016 | \$54,990 | 17.4% | \$88,612 | - |
| 12/31/2017 | \$54,526 | 19.0% | \$132,756 | - |

Funded Status and Funding Progress. On a city-wide basis as of December 31, 2017, the most recent and actuarial valuation date, the actuarial accrued liability for benefits was \$365,860, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$365,860. The projected benefits do not reflect legal or contractual funding limitations.

Actuarial Methods and Assumptions: Actuarial valuations involve estimates and assumptions about the probability of events far into the future and the liability amounts are subject to continual revision and reflect a long-term perspective. Assumptions used were a 5.5% discount rate, 10% medical inflation rate, no payroll growth, projected unit credit with linear proration to decrement cost method, thirty year level amortization based on open group and health care trend rates as follows: 10% for 2016; 9% for 2017; 8% for 2018; 7.5% for 2019, with .5% reductions annually down to 5% in the 9th year.

These schedules related to OPEB are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 8: Water/Wastewater Rates and Customers - Customers pay for the first 2,000 gallons of water consumption each month or portion thereof, rates that vary from \$11.34 for a 5/8" meter up to \$567.00 for a 6" meter. All water consumption in excess of 2,000 gallons is \$.545 for each 100 gallons. There were approximately 8,237 active water customers at December 31, 2017. The total annual billable water for customers in 2017 was \$2,689,144 including 450 for commercial and 7787 for residential customers. Wastewater customers pay \$16.45 for the first 2,000 gallons of water consumed. Consumption in excess of 2,000 gallons is \$.877 for each 100 gallons. There were approximately 8,651 wastewater users at December 31, 2017.

During 2016, the City Council approved an ordinance charging \$3.00 per month for residential customers and \$6.00 per month for commercial customers to fund improvements to the stormwater system. Total revenue collected in 2016 was \$157,452. Revenue collected in 2017 was \$322,140 (Residential--\$243,075 averages to 6,752 residential customers each month at \$3.00 per customer; Commercial--\$32,500 averages to 451 customers at \$6.00 per month; Other --\$46,565 from stormwater plan retention fees) additionally, note, approximately 900-1,000 customers are stormwater fee exempt due to the Sr Citizen discount program.

NOTE 9: Prior Period Restatement - During completion of the 2017 report it was noted that a late entry in 2016 in Fund 055 Fire 3/8 Tax to adjust the Long Term Debt account was not put into the 2016 report so a Prior Period Adjustment of \$15,309.61 was needed in this 2017 report to Beginning fund balance. That entry has been made and is reflected in the beginning balance on page 55 of this report.

Additionally, during the 2017 Audit it was noted that transitioning from the cash basis accounting to a more accrual basis of accounting for capital assets and debt led to adjustments for the Beginning balances in the General, Street and Government Wide Governmental fund balances.

NOTE 10: Subsequent Events - Management has evaluated subsequent events through November 19, 2018, which is the date the financial statements were available to be issued and have determined there is no additional information requiring reporting or disclosing in the financial statements for the year ended December 31, 2017.

**Supplementary and Other Information
Accompanying the Basic Financial
Statements**

City of Bryant, Arkansas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017
 Special Revenue Funds

| | Designated Tax Fund | Animal Control Donations | Act 1809 of 2001 Court Auto Fund | Parks 1/8 Sales Tax Fund | Act 833 of 1991 Fire Fund |
|--------------------------------------------------|------------------------|--------------------------------|----------------------------------------|--------------------------------|---------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,964,908 | \$ 24,309 | \$ 74,114 | \$ 115,123 | \$ 34,602 |
| Investments | | | | | |
| Accounts receivable | | | | | |
| Due from other funds | | | | | |
| Intergovernmental receivables | | | | | |
| Prepaid items | | | | | |
| Total Assets | 1,964,908 | 24,309 | 74,114 | 115,123 | 34,602 |
| LIABILITIES | | | | | |
| Accounts payable | | | 3,110 | | |
| Accrued expenditures | | | | | |
| Due to other governmental agencies | | | | | |
| Due to other funds | | | | | |
| Unearned revenue | | 28,072 | | | |
| Total Liabilities | - | 28,072 | 3,110 | - | - |
| Sum of Total Assets and Total Liabilities | | | | | |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Prepays and Inventories | | | | | |
| Restricted | | | | | |
| Debt Service | | | | | |
| Capital Projects | | | | | |
| Public Works | 892,285 | | | | |
| Public Safety | 1,009,304 | (3,763) | 71,004 | | 34,602 |
| Other Special Revenue Funds - Parks | 63,320 | | | 115,123 | |
| Committed | | | | | |
| Assigned | | | | | |
| Unreserved calc. | | | | | |
| Sum of 160 - 190 | | | | | |
| Unassigned | | | | | |
| Total Fund Balances | 1,964,908 | (3,763) | 71,004 | 115,123 | 34,602 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,964,908 | \$ 24,309 | \$ 74,114 | \$ 115,123 | \$ 34,602 |

City of Bryant, Arkansas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017
 Special Revenue Funds

| | Fire 3/8 Sales Tax Fund | Police Act 918 of 1983 Fund | Police Act 988 of 1991 Fund | Police Federal Drug Control Fund | Police State Drug Control Fund | Totals |
|--------------------------------------------------|-------------------------------|--------------------------------|--------------------------------|----------------------------------------|--------------------------------------|---------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 60,199 | \$ 32,271 | \$ 16,412 | \$ 2,344 | \$ 13,575 | 2,337,857 |
| Investments | | | | | | |
| Accounts receivable | | | | | | 0 |
| Due from other funds | | | | | | |
| Intergovernmental receivables | | | | | | |
| Prepaid items | | | | | | |
| Total Assets | 60,199 | 32,271 | 16,412 | 2,344 | 13,575 | 2,337,857 |
| LIABILITIES | | | | | | |
| Accounts payable | | | | | | 3,110 |
| Accrued expenditures - Lease payable | | | | | | 0 |
| Due to other governmental agencies | | | | | | |
| Due to other funds | | | | | | |
| Unearned revenue | | | | | | 28,072 |
| Total Liabilities | - | - | - | - | - | 31,182 |
| Sum of Total Assets and Total Liabilities | | | | | | |
| FUND BALANCES | | | | | | |
| Unassigned | | | | | | |
| Restricted | | | | | | |
| Prepays and Inventories | | | | | | |
| Debt Service | | | | | | 892,285 |
| Capital Projects | | | | | | 1,235,948 |
| Public Works | | | | | | 178,443 |
| Public Safety | | | | | | 0 |
| Other Special Revenue Funds | | | | | | 0 |
| Committed | | | | | | |
| Assigned | | | | | | |
| Total Fund Balances | 60,199 | 32,271 | 16,412 | 2,344 | 13,575 | 2,306,675 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 60,199 | \$ 32,271 | \$ 16,412 | \$ 2,344 | \$ 13,575 | \$ 2,337,857 |

City of Bryant, Arkansas
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017
 Special Revenue Funds

| | Designated Tax Fund | Animal Control Donations | Act 1809 of 2001 Court Auto Fund | Parks 1/8 Sales Tax Fund | Act 833 of 1991 Fire Fund |
|---------------------------------------------------------|------------------------|--------------------------------|----------------------------------------|--------------------------------|---------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 4,350,332 | | | \$ 543,791 | 21,810 |
| Fees and permits | | | 34,672 | | |
| Charges for services | | | | | |
| Intergovernmental | | | | | |
| Fines and forfeitures | | | | | |
| Investment earnings and interest | 939 | 12 | 35 | 49 | 15 |
| Miscellaneous | | | | | |
| Total Revenues | 4,351,271 | 12 | 34,707 | 543,840 | 21,825 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government/Transfers | | | | | |
| Community Development | | | | | |
| Parks and Recreations | | | | | |
| Public Transportation | | | | | |
| Public Safety | | 3,404 | 28,409 | | 10,593 |
| Public Works | | | | | |
| Capital Outlay: | | | | | |
| Total Expenditures | - | 3,404 | 28,409 | - | 10,593 |
| Excess(deficiency) of revenues over expenditures | 4,351,271 | (3,392) | 6,298 | 543,840 | 11,232 |
| OTHER FINANCING SOURCES | | | | | |
| Transfers In | | | | | |
| Transfers Out | (4,164,000) | | | (521,000) | |
| Total other financing sources and (uses) | (4,164,000) | - | - | (521,000) | - |
| Net change in fund balances | 187,271 | (3,392) | 6,298 | 22,840 | 11,232 |
| Fund balance - beginning | 1,777,637 | (371) | 64,706 | 92,282 | 23,370 |
| Fund balance - ending | \$ 1,964,908 | \$ (3,763) | \$ 71,004 | \$ 115,122 | \$ 34,602 |

City of Bryant, Arkansas
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017
 Special Revenue Funds

| REVENUES | Fire 3/8 Sales Tax Fund | Police Act 918 of 1983 Fund | Police Act 988 of 1991 Fund | Police Federal Drug Control Fund | Police State Drug Control Fund | Totals |
|--------------------------------------------------|------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------------------|-----------------------------------------------|--------------------|
| Taxes | \$ 1,631,374 | | | | | 6,525,497 |
| Fees and permits | | 16,112 | 12,119 | | 824 | 85,537 |
| Charges for services | | | | | | |
| Intergovernmental | | | | | | |
| Fines and forfeitures | 45 | 12 | 6 | 1 | 7 | 0 |
| Investment earnings | | | | | | 1,121 |
| Miscellaneous | | | | | | |
| Total Revenues | 1,631,419 | 16,124 | 12,125 | 1 | 831 | 6,612,155 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Community development | | | | | | |
| Parks and recreation | | | | | | |
| Public transportation | | | | | | |
| Public safety | 2,946 | | 2,883 | 2,510 | 287 | 51,032 |
| Public works | | | | | | |
| Capital Outlay: | | | | | | |
| Total Expenditures | 2,946 | - | 2,883 | 2,510 | 287 | 51,032 |
| Excess(deficiency) of revenues over expenditures | 1,628,473 | 16,124 | 9,242 | (2,509) | 544 | 6,561,123 |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | | | | | | |
| Transfers out | (1,458,833) | | | | | (6,143,833) |
| Total other financing sources and (uses) | (1,458,833) | - | - | - | - | (6,143,833) |
| Net change in fund balances | 169,640 | 16,124 | 9,242 | (2,509) | 544 | 417,290 |
| Fund balance - beginning after restatement | (109,442) | 16,147 | 7,170 | 4,854 | 13,031 | 1,889,384 |
| Fund balance - ending | \$ 60,198 | \$ 32,271 | \$ 16,412 | \$ 2,345 | \$ 13,575 | \$ 2,306,674 |

TREND INFORMATION

City of Bryant, Arkansas
 Net Position by Component
 Last Seven Fiscal Years
 (regulatory basis of accounting for years 2011 - 2014, modified cash afterwards)
 (amounts expressed in thousands)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | |
| Restricted | \$ 5,834,603 | \$ 5,606,026 | \$ 4,857,632 | \$ 4,912,731 | \$ 6,586,219 | \$ 9,546,009 | \$ 11,267,743 |
| Committed | 1,267,488 | 1,637,117 | 1,731,441 | 1,647,436 | 0 | 0 | 0 |
| Unassigned | 3,968,696 | 4,878,543 | 2,984,820 | 3,422,733 | 2,517,558 | 0 | 0 |
| Total Governmental activities net position | \$ 11,070,787 | \$ 12,121,686 | \$ 9,573,893 | \$ 9,982,900 | \$ 9,103,777 | \$ 9,546,009 | \$ 11,267,743 |
| Business-Type Activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 10,374,047 | \$ 11,468,347 | \$ 12,871,075 | \$ 12,368,345 | \$ 13,834,245 | \$ 13,903,700 | \$ 22,639,909 |
| Restricted | 2,743,384 | 2,824,016 | 1,129,554 | 285,505 | 394,193 | 425,216 | 425,216 |
| Unassigned | 4,385,096 | 4,750,654 | 5,938,521 | 7,711,074 | 6,398,630 | 7,807,693 | 7,807,693 |
| Total business-type activities net position | \$ 17,502,527 | \$ 19,043,018 | \$ 19,939,150 | \$ 20,364,924 | \$ 20,627,068 | \$ 22,136,609 | \$ 22,639,909 |
| Primary Government | | | | | | | |
| Invested in capital assets, net of related debt | \$ 16,208,650 | \$ 17,074,373 | \$ 17,728,707 | \$ 17,281,076 | \$ 20,420,464 | \$ 23,449,709 | \$ 22,639,909 |
| Restricted | 4,010,872 | 4,461,133 | 2,860,995 | 1,932,941 | 394,193 | 425,216 | 11,267,743 |
| Unassigned | 8,353,792 | 9,629,197 | 8,923,341 | 11,133,807 | 8,916,188 | 7,807,693 | - |
| Total primary government net position | \$ 28,573,314 | \$ 31,164,704 | \$ 29,513,043 | \$ 30,347,824 | \$ 29,730,845 | \$ 31,682,618 | \$ 33,907,652 |

* When changing from the Regulatory Basis of Accounting to the Modified Cash Basis of Accounting it was determined the Committed Fund

City of Bryant, Arkansas
Changes in Net Position
Last Seven Fiscal Years

(regulatory basis of accounting for years 2011 - 2014, modified cash afterwards)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses - | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 2,578,872 | \$ 1,723,971 | \$ 1,933,660 | \$ 1,575,682 | \$ 1,866,065 | 1,836,945 | 1,806,520 |
| Community development | 122,944 | 11,390 | 113 | 0 | 194,017 | 154,527 | 227,075 |
| Parks and recreation | 2,119,594 | 1,961,947 | 2,445,539 | 2,257,338 | 2,122,505 | 2,111,399 | 2,613,246 |
| Public safety | 6,993,342 | 8,613,803 | 8,204,930 | 7,809,070 | 7,778,346 | 9,755,369 | 9,555,592 |
| Public works | 1,816,600 | 2,604,193 | 3,820,650 | 2,934,301 | 2,285,482 | 3,127,788 | 3,282,145 |
| Interest and long term debt | 3,037,948 | 2,900,266 | 3,335,829 | 3,181,314 | 783,088 | 987,291 | |
| Total governmental activities expenses | <u>16,669,300</u> | <u>17,815,570</u> | <u>19,740,721</u> | <u>17,757,705</u> | <u>15,029,503</u> | <u>17,973,319</u> | <u>17,484,578</u> |
| Business-Type Activities | | | | | | | |
| Water | 2,239,842 | 2,416,519 | 2,674,572 | 2,832,422 | 2,956,826 | 2,942,339 | 2,907,065 |
| Wastewater | 1,756,491 | 2,052,687 | 2,372,653 | 2,303,345 | 2,413,173 | 2,553,308 | 3,897,379 |
| Total business-type activities expenses | 3,996,333 | 4,469,207 | 5,047,225 | 5,135,767 | 5,369,999 | 5,495,647 | 6,804,444 |
| Total primary government expenses | <u>\$ 20,665,633</u> | <u>\$ 22,284,777</u> | <u>\$ 24,787,946</u> | <u>\$ 22,893,472</u> | <u>\$ 20,399,502</u> | <u>\$ 23,468,966</u> | <u>\$ 24,289,022</u> |
| Program Revenues | | | | | | | |
| Governmental Activities | | | | | | | |
| Charges for services | \$ - | \$ - | 0 | 0 | 0 | 0 | 0 |
| Operating grants/contributions | 0 | 0 | 0 | 0 | 46,239 | 70,690 | 39,598 |
| Total governmental activities program revenues | - | - | - | - | 46,239 | 70,690 | 39,598 |
| Business-Type Activities | | | | | | | |
| Charges for services | 6,438,574 | 6,391,135 | 6,462,375 | 6,312,849 | 7,205,874 | 7,629,916 | 8,114,604 |
| Capital grants/contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total business-type activities program revenues | 6,438,574 | 6,391,135 | 6,462,375 | 6,312,849 | 7,205,874 | 7,629,916 | 8,114,604 |
| Total primary government program revenues | <u>\$ 6,438,574</u> | <u>\$ 6,391,135</u> | <u>\$ 6,462,375</u> | <u>\$ 6,312,849</u> | <u>\$ 7,252,113</u> | <u>\$ 7,700,606</u> | <u>\$ 8,154,202</u> |
| Net (Expense) Revenue | | | | | | | |
| Governmental activities | \$ (16,669,300) | \$ (17,815,570) | \$ (19,740,721) | \$ (17,757,705) | \$ (14,983,264) | \$ (17,902,629) | \$ (17,444,980) |
| Business-type activities | 2,442,242 | 1,921,928 | 1,415,149 | 1,177,082 | 1,835,875 | 2,134,269 | 1,310,160 |
| Total primary government net expense | <u>\$ (14,227,058)</u> | <u>\$ (15,893,642)</u> | <u>\$ (18,325,572)</u> | <u>\$ (16,580,623)</u> | <u>\$ (13,147,389)</u> | <u>\$ (15,768,360)</u> | <u>\$ (16,134,820)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | |
| Governmental Activities | | | | | | | |
| Taxes | 10,425,873 | 11,228,489 | 11,453,097 | 11,386,176 | 15,565,629 | 14,462,597 | 13,324,849 |
| Note Proceeds | 181,500 | 1,300,000 | - | \$ - | 0 | 40,107,315 | |
| Investment earnings | 32,702 | 32,767 | 27,536 | 18,661 | 31,151 | 19,344 | |
| Gain (loss) on sale of assets | 0 | 77,793 | 91,695 | 0 | 0 | 0 | 0 |
| Transfers/Note Proceeds | 18,000 | 0 | 0 | 0 | (522,582) | 0 | 0 |
| ** \$400K for Sheaffe in 2012 | 5,906,064 | 6,262,550 | 5,620,600 | 6,761,877 | 4,607,115 | 4,210,727 | 6,728,606 |
| Total governmental activities | <u>16,564,139</u> | <u>18,901,599</u> | <u>17,192,928</u> | <u>18,166,714</u> | <u>19,681,313</u> | <u>58,799,983</u> | <u>20,053,455</u> |
| Business-Type Activities | | | | | | | |
| Bond fees | (5,333) | (4,638) | (3,722) | (4,265) | (4,052) | (3,868) | (145,136) |
| Investment income | 4,757 | 6,889 | 3,559 | 5,464 | 2,873 | 2,237 | 5,722 |
| Other | 729,102 | 190,293 | 177,436 | 0 | 120,904 | 150,622 | 176,096 |
| Interest expense | (421,842) | (573,981) | (696,291) | (496,109) | (768,083) | (773,719) | (843,543) |
| Total Business-type activities | <u>306,684</u> | <u>(381,437)</u> | <u>(519,017)</u> | <u>(494,910)</u> | <u>(645,358)</u> | <u>(624,728)</u> | <u>(806,861)</u> |
| Total primary government | <u>\$ 16,870,823</u> | <u>\$ 18,520,162</u> | <u>\$ 16,673,911</u> | <u>\$ 17,671,804</u> | <u>\$ 19,032,955</u> | <u>\$ 58,175,255</u> | <u>\$ 19,246,594</u> |
| Change in Net Position | | | | | | | |
| Governmental Activities | \$ (105,161) | \$ 1,086,029 | \$ (2,547,793) | \$ 409,009 | \$ 4,698,049 | \$ 40,897,354 | \$ 2,608,475 |
| Business-Type Activities | 2,748,926 | 1,540,491 | 896,132 | 682,172 | 1,187,517 | 1,509,541 | 503,299 |
| Total primary government | <u>\$ 2,643,765</u> | <u>\$ 2,626,520</u> | <u>\$ (1,651,661)</u> | <u>\$ 1,091,181</u> | <u>\$ 5,885,566</u> | <u>\$ 42,406,895</u> | <u>\$ 3,111,774</u> |

City of Bryant, Arkansas
Fund Balances, Governmental Funds
Last Seven Fiscal Years

(regulatory basis of accounting for years 2011 - 2014, modified cash for 2015)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------------------------------------------------------------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| General Fund | | | | | | | |
| Restricted | | | | | | | |
| Committed | \$ 5,455 | \$ 3,838 | \$ 4,166 | \$ 4,122 | \$ 4,558,699 | \$ 6,245,016 | 7,250,323 |
| Unassigned | 3,968,396 | 4,878,543 | 2,984,820 | 3,422,733 | 433,161 * | 0 | |
| Total General Fund | <u>3,973,851</u> | <u>4,882,381</u> | <u>2,988,986</u> | <u>3,426,855</u> | <u>4,991,860</u> | <u>6,245,016</u> | <u>7,250,323</u> |
| *In implementing GASB 68 for 2015 significant Fund Balances were Restricted for LOPI and APERS. | | | | | | | |
| All Other Governmental Funds | | | | | | | |
| Restricted | | | | | | | |
| Community Development | 11,431 | 63 | 0 | 0 | 0 | 0 | 0 |
| Pensions | 112,940 | 102,819 | 92,797 | 83,208 | 0 | 0 | 0 |
| Parks | 218,447 | 131,698 | 205,004 | 86,753 | 164,112 | 136,674 | 178,443 |
| Public Safety | 609,615 | 683,898 | 572,948 | 538,786 | 1,228,440 | 899,897 | 1,235,948 |
| Public Works (Street) | 2,857,289 | 801,281 | 1,126,481 | 1,706,509 | 2,719,364 | 2,264,422 | 2,603,031 |
| Debt Service | 2,019,425 | 2,255,126 | 2,271,363 | 2,459,988 | 0 | 0 | 0 |
| Capital Projects | 0 | 1,627,302 | 584,872 | 33,365 | 0 | 0 | 0 |
| Committed | | | | | | | |
| Capital Projects | 16,933 | 0 | 0 | 0 | 0 | 0 | 0 |
| Parks | 125,056 | 54,367 | 36,126 | 30,068 | 0 | 0 | 0 |
| General Govt | 0 | 78,943 | 79,414 | 80,036 | 0 | 0 | 0 |
| Public Safety | 750,333 | 525,202 | 892,019 | 816,801 | 0 | 0 | 0 |
| Public Works (Street) | 375,166 | 978,605 | 723,882 | 720,533 | 0 | 0 | 0 |
| Total all other governmental funds | <u>7,096,635</u> | <u>7,239,304</u> | <u>6,584,906</u> | <u>6,556,047</u> | <u>4,111,916</u> | <u>3,300,993</u> | <u>4,017,422</u> |
| Total governmental funds | \$ <u>11,070,486</u> | \$ <u>12,121,685</u> | \$ <u>9,573,892</u> | \$ <u>9,982,902</u> | \$ <u>9,103,776</u> | \$ <u>9,546,009</u> | \$ <u>11,267,745</u> |

City of Bryant, Arkansas
 Changes in Fund Balance, Governmental Funds
 Last Seven Fiscal Years

(regulatory basis of accounting for years 2011 - 2014, modified cash for 2015)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | |
| Taxes | \$ 11,250,072 | \$ 12,119,907 | \$ 12,394,379 | \$ 12,361,294 | \$ 12,906,179 | \$ 12,534,437 | 13,458,462 |
| Licenses, fees and permits | 2,142,673 | 2,223,483 | 2,455,731 | 2,664,795 | 2,135,035 | 1,126,037 | 1,102,966 |
| Intergovernmental (State and Federal Aid) | 1,855,530 | 1,473,340 | 1,227,088 | 1,708,038 | 570,654 | 70,690 | 636,179 |
| Fines and penalties | 615,670 | 743,436 | 556,624 | 694,009 | 643,515 | 584,628 | 690,931 |
| Investment earnings | 32,702 | 32,767 | 28,157 | 20,218 | 31,151 | 4,525 | 5,065 |
| Other Revenue | 488,994 | 530,873 | 439,254 | 718,360 | 3,963,600 | 2,500,094 | 1,917,635 |
| Total Revenues | 16,385,641 | 17,123,806 | 17,101,233 | 18,166,714 | 20,250,134 | 16,820,411 | 17,811,238 |
| Expenditures | | | | | | | |
| General government | 2,581,874 | 1,723,971 | 1,933,660 | 1,575,682 | 1,866,065 | 946,275 | 982,104 |
| Community development | 122,944 | 11,390 | 113 | 0 | 194,017 | 154,527 | 227,075 |
| Parks and recreation | 2,119,594 | 1,961,947 | 2,445,539 | 2,257,338 | 2,122,505 | 2,458,388 | 2,350,242 |
| Public safety | 6,993,342 | 8,613,803 | 8,204,930 | 7,809,070 | 7,778,346 | 9,849,078 | 8,650,460 |
| Public works | 1,816,600 | 2,604,193 | 3,820,650 | 2,934,301 | 2,285,482 | 3,543,770 | 1,856,144 |
| Debt service | | | | | | | 517,447 |
| Principal | 1,973,542 | 1,799,305 | 2,260,490 | 2,159,987 | | 14,008 | 2,400,065 |
| Interest and other charges | 1,064,406 | 1,100,961 | 1,075,339 | 1,021,327 | 783,088 | | |
| Capital outlay | 0 | 0 | 0 | 0 | | | |
| Total Expenditures | 16,672,302 | 17,815,570 | 19,740,721 | 17,757,705 | 15,029,503 | 16,966,046 | 16,983,537 |
| Excess of revenues over (under) expenditures | (286,661) | (691,764) | (2,639,488) | 409,009 | 5,220,631 | (145,635) | 827,701 |
| Other Financing Sources (Uses) | | | | | | | |
| Proceeds of long term debt | 181,500 | 1,300,000 | 0 | 0 | 0 | 0 | 0 |
| Sale of Equipment | 0 | 77,793 | 91,695 | 0 | 0 | 0 | 0 |
| Contributed services | 0 | 400,000 | 0 | 0 | 0 | 0 | 0 |
| Transfer in | 6,613,693 | 6,487,377 | 7,069,649 | 7,098,417 | 10,654,244 | 11,864,750 | 10,461,583 |
| Transfer out | (6,613,693) | (6,487,377) | (7,069,649) | (7,098,417) | (11,176,827) | (11,276,894) | (11,102,706) |
| Total Financing sources (uses) | 181,500 | 1,777,793 | 91,695 | 0 | (522,583) | 587,866 | (641,123) |
| Net change in fund balance | (105,161) | 1,086,029 | (2,547,793) | 409,009 | 4,698,048 | 442,231 | 186,578 |

City of Bryant, Arkansas
 Outstanding Debt Obligations by Type
 Last Seven Fiscal Years
 (amounts expressed in thousands)

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | | | Total Primary Government |
|-------------|------------------------------|-------------------|-----------------|--------------------------|------------------|------------------|--|--------|--------------------------|
| | Net Special Obligation Bonds | *** Lease Payable | Water, WW Bonds | Water Bonds | Wastewater Bonds | Contract Payable | | | |
| 2011 | 21,640 | 1,110 | 8,086 | | | 338 | | 31,174 | |
| 2012 | 20,340 | 1,912 | 6,398 | | | 106 | | 28,756 | |
| 2013 | 18,741 | 2,065 | 6,074 | | | 910 | | 27,790 | |
| 2014 | 17,290 | 1,355 | 6,135 | 6,078 | 5,205 | 910 | | 36,973 | |
| 2015 | 14,805 | 731 | 6,829 | 5,880 | 6,845 | 683 | | 35,773 | |
| 2016 | 39,295 | 1,488 | 5,270 | 5,618 | 7,520 | 569 | | 59,760 | |
| 2017 | 37,800 | 1,014 | 4,865 | 5,349 | 7,173 | 585 | | 56,786 | |

*The 2017 Bond Series has not been split out between water and wastewater in the historical audit reports.

** Made up of Revenue Bonds and Sales and Use Tax Bonds, refinanced in 2016, see page 37.

*** The City uses Amendment 78 financing to buy certain items over five years.



Partners
Gary D. Welch, CPA, CVA
Jimmy M. Pate, CPA, CBA, CVA, CRCM
Courtney W. Moore, CPA, CFE, CGMA
Christina B. Ellis, CPA

Principals
Dennis C. Fason, CPA
Phyllis A. Trent, CPA

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

To the Mayor and City Council
City of Bryant, Arkansas

We have audited, in accordance with the modified cash basis of accounting which is a basis of accounting other than accounting 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, each major fund, and the aggregate remaining fund information of the City of Bryant, Arkansas as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Bryant, Arkansas' basic financial statements and have issued our report thereon dated November 16, 2018.

Internal Control over Financial Reporting

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

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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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Jordan Woodley Cone + Keaton Ltd.

Certified Public Accountants
Hot Springs, Arkansas
November 19, 2018

126 Hobson Avenue, P.O. Box 909
Hot Springs, Arkansas 71902
(501) 624-5788 (501-922-0727
Fax (501) 623 -1511 www.jwck.com

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED
PUBLIC ACCOUNTANTS

Hot Springs Village Office
710 DeSoto Boulevard
Hot Springs Village , Arkansas 71909
(501) 922-1354



Partners
Gary D. Welch, CPA, CVA
Jimmy M. Pate, CPA, CBA, CVA, CRCM
Courtney W. Moore, CPA, CFE, CGMA
Christina B. Ellis, CPA

Principals
Dennis C. Fason, CPA
Phyllis A. Trent, CPA

Independent Auditors Report on Compliance with Certain State Acts

Mayor and Council
City of Bryant, Arkansas

We have examined management's assertions that the City of Bryant, Arkansas, complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2017:

1. Arkansas Municipal Accounting Law for 1973, § 14-59-101 et seq.,
2. Arkansas District Courts and City Courts Accounting Law, § 16-10-210 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 the city's compliance with these requirements. Our responsibility is to express an opinion on the city's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the city's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the city's compliance with specified requirements.

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Hot Springs, AR 71901

In our opinion, the City of Bryant, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2017.

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

Hot Springs, Arkansas



Certified Public Accountants

November 19, 2018

