

# **CITY OF SPRINGDALE, ARKANSAS**

## **Annual Financial Report**

**Year Ended December 31, 2005**

Prepared by the

CITY OF SPRINGDALE, ARKANSAS  
FINANCE DEPARTMENT

CITY CLERK/TREASURER  
Denise Pearce

ADMINISTRATION & FINANCIAL SERVICES DIRECTOR  
Wyman D. Morgan, CPA

FINANCE DIRECTOR  
Laura V. Favorite, CPA

# CITY OF SPRINGDALE, ARKANSAS

Year Ended December 31, 2005

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Year Ended December 31, 2005

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**INTRODUCTORY SECTION  
(UNAUDITED)**

## City of Springdale, Arkansas

### List of Elected and Appointed Officials December 31, 2005

#### Elected Officials:

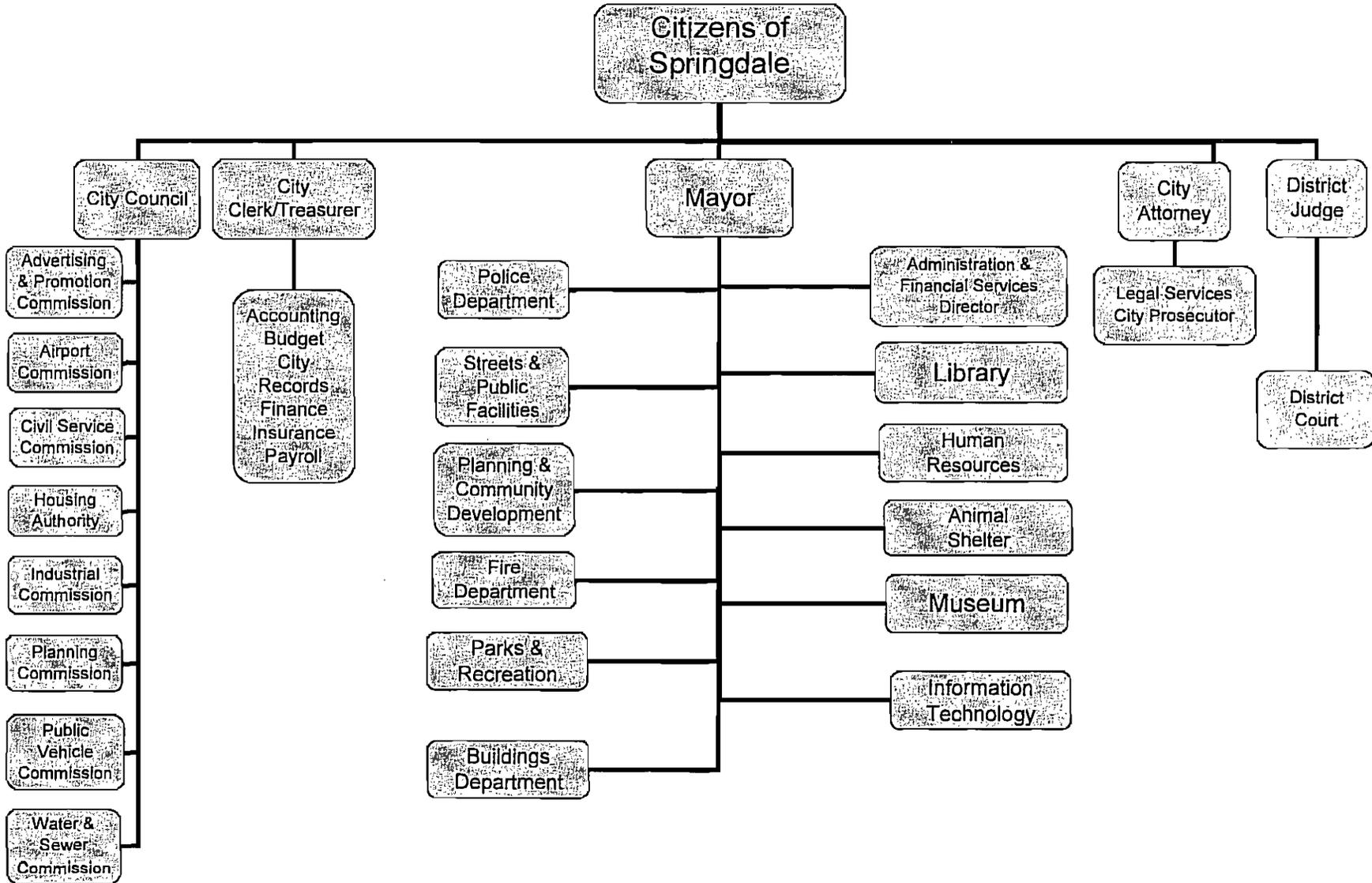
Mayor	Jerre M. Van Hoose
City Clerk/Treasurer	Denise Pearce
City Attorney	Jeff Harper
District Judge	Stanley W. Ludwig
Council Member – Ward 1	Billy Eden
Council Member – Ward 1	Kathy Jaycox
Council Member – Ward 2	Mike Overton
Council Member – Ward 2	Ricky C. Evans
Council Member – Ward 3	Jeff Watson
Council Member – Ward 3	Ray Dotson
Council Member – Ward 4	Eric Ford
Council Member – Ward 4	Bobby Stout

#### Appointed Officials:

Administrative and Financial Services	Wyman D. Morgan
Animal Services	Herb Worley
Building Official	Otto Potter
Finance	Laura Favorite
Fire Chief	Duane Atha
Human Resources	David Tritt
Information Technology	David Smith
Library	Marcia Ransom
Museum	Allyn Lord
Parks and Recreation	Don Bohannon
Planning and Community Development	Patsy Christie
Police Chief	Kathy O'Kelley
Public Works	Sam Goade
Water and Wastewater	Rene Langston

# City of Springdale, Arkansas

## Organizational Chart



## FINANCIAL SECTION

**LUNDYALLARD**  
**& COMPANY, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Bart P. Allard, CPA, PA  
J. Mark Lundy, CPA, PA

Ellen Arnold, CPA  
Melissa Bohannon, CPA  
Patricia Brunner, CPA  
John Dye, CPA  
Patricia K. Mangold, CPA  
Alta J. Wilson, EA

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and City Council  
City of Springdale, Arkansas  
Springdale, Arkansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas (the "City") as of December 31, 2005, and for the year then ended (except that the Springdale Water Utilities component unit is as of September 30, 2005, and for the year then ended), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended (except that the Springdale Water Utilities component unit is as of September 30, 2005, and for the year then ended) in conformity with accounting principles generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information on pages 5 through 14 and 52 through 68, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springdale's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Lundy Allard & Company, PLLC*

Lundy Allard & Company, PLLC  
Certified Public Accountants

July 18, 2006

## **City of Springdale, Arkansas**

### **Management's Discussion and Analysis**

For the Year Ended December 31, 2005

The following discussion and analysis of the City of Springdale's financial activities for the year ended December 31, 2005 is provided for the readers of the financial statements to consider in conjunction with all other information provided in this report.

### **Financial Highlights**

- Total assets of the City of Springdale exceeded total liabilities at the close of 2005 by \$123,040,259 (net assets). Of this amount, \$28,989,233 is considered unrestricted net assets. The unrestricted net assets of the City's governmental activities are \$28,424,798 and may be used to meet the obligations to citizens and creditors. The unrestricted net assets of the City's business-type activities have an unrestricted balance of \$564,435 that may be used to meet the on-going obligations of the City's municipal airport, aquatic center and other business-type activities.
- The City's total net assets increased by \$29,067,316 in 2005. Net assets of the governmental activities increased by \$28,383,575 in 2005, which was a 31% increase over beginning net assets. Net assets of the business-type activities increased by \$683,741 in 2005, which was a 9% increase over beginning net assets.
- At the close of 2005, the City of Springdale's governmental funds reported a combined ending fund balance of \$86,402,017, which reflects a decrease of \$4,108,770 from the prior year. The unreserved portion of the combined fund balance is \$67,552,359, which represents 78% of the total. The unreserved portion is available for use to support operations, funding for special projects and equipment replacement funding.
- At the end of 2005, the unreserved fund balance of the general fund was \$6,905,089 or 32% of total general fund expenditures. There was an increase of \$312,841 in the total general fund balance for the year ended December 31, 2005.

## Overview of the Financial Statements

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

## Government-Wide Financial Statements

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The government-wide financial statements are located on pages 15 and 16 of this report.

## Fund Financial Statements

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

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

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

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

The basic governmental fund financial statements are located on pages 17 through 20 of this report.

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

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

**Fiduciary funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to the basic financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are located on pages 26 through 51 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules to demonstrate compliance with the annual budgets. *Required supplementary information* is located on pages 52 through 68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements and schedules are located on pages 69 through 75 of this report.

## Government – Wide Financial Analysis

### City of Springdale Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 95,508,159	\$ 97,043,637	\$ 625,964	\$ 429,478	\$96,134,123	\$97,473,115
Capital assets	76,748,847	52,530,081	7,646,490	7,181,650	84,395,337	59,711,731
<i>Total assets</i>	<u>\$172,257,006</u>	<u>\$149,573,718</u>	<u>\$8,272,454</u>	<u>\$7,611,128</u>	<u>\$180,529,460</u>	<u>\$157,184,846</u>
Current liabilities	\$ 9,863,898	\$ 8,955,237	\$ 61,529	\$ 83,944	\$ 9,925,427	\$ 9,039,181
Other liabilities	47,563,774	56,933,316	-	-	47,563,774	56,933,316
<i>Total liabilities</i>	<u>\$ 57,427,672</u>	<u>\$ 65,888,553</u>	<u>\$ 61,529</u>	<u>\$ 83,944</u>	<u>\$ 57,489,201</u>	<u>\$65,972,497</u>
Invested in capital assets, net of related debt	\$ 66,081,549	\$ 47,512,862	\$7,646,490	\$7,154,142	\$ 73,728,039	\$54,667,004
Restricted	20,322,987	10,818,823	-	-	20,322,987	10,818,823
Unrestricted	28,424,798	25,353,480	564,435	373,042	28,989,233	25,726,522
<i>Total net assets</i>	<u>\$114,829,334</u>	<u>\$ 83,685,165</u>	<u>\$8,210,925</u>	<u>\$7,527,184</u>	<u>\$ 123,040,259</u>	<u>\$91,212,349</u>

\$84,395,337 of the City’s assets (47%) reflects its investments in capital assets (e.g. land, buildings, machinery, infrastructure and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending since capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the City's net assets (\$20,322,987 or 16.5%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$28,989,233 or 23.5%) may be used to meet the government's on going obligations to citizens and creditors.

It is important to note that although the total spendable unrestricted net assets are \$28,989,233, the net assets of the City's business-type activities (\$564,435) may not be used to fund governmental activities.

**Governmental activities** – Governmental activities increased the City's net assets by \$28,383,575. The main elements of this increase are:

- Changes in capital asset acquisitions, net of depreciation, provided \$16,005,868 (56%) of the increase.
- A decrease of \$9,364,753 in long-term debt was also a major contributor to the increase in the City's net assets.

Sales taxes provided \$32,906,006 (54%) of the City's governmental revenue in 2005 while ad valorem tax added \$4,263,518 (7%) and capital grants and contributions provided \$7,365,692 (12%).

**Business-type activities** – Business-type activities increased the City's net assets by \$683,741.

Aquatic center revenues of \$227,248 provided 13% of total revenues while current year expenses of \$433,438 were 42% of total expenses. Aquatic center depreciation expense for 2005 was \$241,807.

The Municipal Airport revenues of \$1,387,681 provided 82% of total revenues for business-type activities for 2005.

## City of Springdale Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
<i>Program revenues</i>						
Fees, fines and charges for services	\$ 4,638,761	\$ 4,458,232	\$ 641,067	\$ 582,279	\$ 5,279,828	\$ 5,040,511
Operating grants and contributions	5,808,430	5,813,134	5,600	5,600	5,814,030	5,618,734
Capital grants and contributions	7,365,692	3,820,414	1,036,886	42,611	8,402,578	3,863,025
Total program revenues	<u>\$ 17,812,883</u>	<u>\$ 13,891,780</u>	<u>\$ 1,683,553</u>	<u>\$ 630,490</u>	<u>\$ 19,496,436</u>	<u>\$ 14,522,270</u>
<i>General revenues</i>						
Sales tax	\$ 32,906,006	\$ 29,720,078	\$ -	\$ -	\$ 32,906,006	\$ 29,720,078
Ad valorem tax	4,263,518	3,799,950			4,263,518	3,799,950
Franchise tax	2,826,023	2,384,598			2,826,023	2,384,598
Hotel/motel tax	270,347	254,822			270,347	254,822
Investment earnings	2,201,364	684,249	10,747	5,136	2,212,111	689,385
Gain (loss) on sale of assets	55,222	(15,484)		17,500	55,222	2,016
Endowment contributions	191,137	13,748			191,137	13,748
Total general revenues	<u>\$ 42,713,617</u>	<u>\$ 36,841,961</u>	<u>\$ 10,747</u>	<u>\$ 22,636</u>	<u>\$ 42,724,364</u>	<u>\$ 36,864,597</u>
Total revenues	<u>\$ 60,526,500</u>	<u>\$ 50,733,741</u>	<u>\$ 1,694,300</u>	<u>\$ 653,126</u>	<u>\$ 62,220,800</u>	<u>\$ 51,386,867</u>
<b>Expenses</b>						
General government	\$ 4,140,464	\$ 2,869,624	\$ -	\$ -	\$ 4,140,464	\$ 2,869,624
Community development	1,706,228	1,109,025			1,706,228	1,109,025
Culture and recreation	3,669,762	3,603,303			3,669,762	3,603,303
Economic development	305,637	461,246			305,637	461,246
Public safety	15,736,454	14,483,483			15,736,454	14,483,483
Public works	4,593,593	3,493,777			4,593,593	3,493,777
Interest on long-term debt issue costs & agent fees - long-term debt	1,875,310 96,797	1,144,681 9,792			1,875,310 96,797	
Municipal airport			512,221	504,294	512,221	504,294
Aquatic center			433,438	404,050	433,438	404,050
Parks soccer program			76,736	76,222	76,736	76,222
City attorney restitution			6,844	6,590	6,844	6,590
Total expenses	<u>\$ 32,124,245</u>	<u>\$ 27,174,931</u>	<u>\$ 1,029,239</u>	<u>\$ 991,156</u>	<u>\$ 33,153,484</u>	<u>\$ 27,011,614</u>
Increase (decrease) in net assets before transfers	\$ 28,402,255	\$ 23,558,810	\$ 665,061	\$ (338,030)	\$ 29,067,316	\$ 24,375,253
Transfers	(18,680)	43,000	18,680	(43,000)	-	-
Increase (decrease) in net assets	<u>\$ 28,383,575</u>	<u>\$ 23,601,810</u>	<u>\$ 683,741</u>	<u>\$ (381,030)</u>	<u>\$ 29,067,316</u>	<u>\$ 24,375,253</u>
Net assets - January 1	<u>86,445,759</u>	<u>62,843,949</u>	<u>7,527,184</u>	<u>7,908,214</u>	<u>93,972,943</u>	<u>70,752,163</u>
Net assets - December 31	<u>\$ 114,829,334</u>	<u>\$ 86,445,759</u>	<u>\$ 8,210,925</u>	<u>\$ 7,527,184</u>	<u>\$ 123,040,259</u>	<u>\$ 95,127,416</u>

## **Financial Analysis of the Government's Funds**

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

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

As of December 31, 2005, the City's governmental funds combined fund balance was \$86,402,017, which reflects a decrease of \$4,108,770 from the prior year end. \$67,552,359 (78%) of the year end combined fund balance constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, restricted by statute or for other purposes.

The General Fund is the chief operating fund of the City. As of December 31, 2005, the total fund balance of the general fund was \$8,055,528 of which \$6,905,089 (86%) was unreserved. This unreserved fund balance represents approximately 32% of the total general fund expenditures for the year ended December 31, 2005. \$1,828,320 of this unreserved fund balance was appropriated to meet 2006 projected general fund expenditures.

During the 2005 fiscal year, the fund balance of the general fund increased by \$312,841. The general fund revenue, for the year, exceeded the budgeted projections and was the primary reason for the increase in the general fund balance.

The Sales and Use Tax Fund is a special revenue fund that is presented as a major fund and accounts for 13% of the total governmental fund balances. Revenues include a one percent (1%) local sales tax of which seventy-five percent (75%) is dedicated to capital improvement projects.

The Street Improvement Construction Fund provided 55% of the total governmental fund balances. Funds were provided for this fund by the issuance of \$60,000,000 of special revenue bonds during 2004.

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

At December 31, 2005 net assets of the Municipal Airport Fund were \$4,808,261 and net assets of the Aquatic Center Fund were \$3,253,489. These two funds account for 98% of the net assets total of all proprietary funds.

## Budgetary Highlights

General fund budgeted revenue was \$18,986,416 and actual revenue received was \$20,382,313. The excess of \$1,395,897 over the projected budget was due to increased revenue from sales taxes and building permits. General fund expenditures of \$21,267,960 were 98% of the budgeted expenses of \$21,651,121.

The budget and actual comparison schedules are located on pages 54 through 68.

## Capital Assets

The City's investment in capital assets for governmental and business-type activities as of December 31, 2005 amounts to \$76,748,847. The increase for governmental activities was \$22,634,339 (42%). The City's investment in business-type activity capital assets increased by \$464,840 (6%).

Additional information on the City's capital assets is located in Note 3 on pages 34 through 36 of this report.

### City of Springdale Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land & easements	\$ 10,018,737	\$ 7,020,910	\$ 2,279,587	\$1,788,207	\$ 12,298,324	\$ 8,809,117
Land improvements	5,218,160	4,700,838	2,535,251	2,342,355	7,753,411	7,043,193
Buildings & improvements	11,971,117	12,054,305	2,512,373	2,487,920	14,483,490	14,542,225
Construction in progress	18,089,541	11,436,996	250	163,563	18,089,791	11,600,559
Infrastructure	24,920,505	12,371,410			24,920,505	12,371,410
Machinery & equipment	6,427,179	6,451,162	319,029	399,605	6,746,208	6,850,767
Intangibles	103,608	78,887			103,608	78,887
<b>Total</b>	<b>\$ 76,748,847</b>	<b>\$ 54,114,508</b>	<b>\$ 7,646,490</b>	<b>\$7,181,650</b>	<b>\$ 84,395,337</b>	<b>\$ 61,296,158</b>

## **Long-Term Debt**

The City of Springdale held a special election on August 12, 2003 that authorized an additional one percent (1%) sales tax and the issuance of bonds in the maximum principal amount of \$105,000,000. These bonds were authorized for the acquisition and construction of new streets, roads and bridges or improvements to existing streets, roads and bridges. On June 22, 2004 the city council authorized the first bond series and in July of 2004, \$60,000,000 of bonds were issued. At December 31, 2005, \$50,815,000 of these bonds were outstanding. The additional one percent (1%) sales tax is dedicated to the retirement of these bonds.

The City of Springdale held a special election on July 11, 2006 that authorized a one percent (1%) sales tax and the issuance of bonds in the maximum principal amount of \$137,000,000. Of these bonds \$42,000,000 were authorized for the refunding of the 2004 bonds still outstanding, \$45,000,000 were authorized to complete the transportation projects started with the 2004 bond proceeds and \$50,000,000 of bonds are to provide for the construction of a baseball stadium. The sales tax rate for Springdale was not increased by this election. The one percent (1%) sales tax authorized in 2003 was replaced by the one percent (1%) sales tax authorized by this election.

The City issued bonds on September 18, 2001 to finance a portion of the costs of an expansion to the waste water treatment plant. Net water and sewer revenues are pledged for the payment of these bonds. \$1,825,000 of these bonds were retired during the year leaving a balance at September 30, 2005 of \$8,065,000. The final principal payment is scheduled for September 1, 2009. On June 27, 2006 the City Council authorized the issuance of an additional \$3,600,000 of Water and Sewer Revenue Bonds for additional improvements.

Additional information on the City's long-term debt can be found in Note 4 located on pages 36 through 39 of this report.

## **Economic Factors and the Next Year's Budget**

The unemployment rate of December 2005 for the Fayetteville-Springdale-Rogers MSA was 2.5% which compared favorably to the state's average unemployment rate of 4.5%. Total non-farm jobs for this MSA rose 800 during the final quarter of 2005 to end the year at 198,100.

City one percent (1%) sales tax revenue received in 2005 for the Sales and Use Tax Fund increased by 10.6% when compared to sales tax revenue received in 2004. The collection of an additional one per cent sales tax for debt service started in October of 2003. This additional tax provided \$12,032,991 in revenue during 2005.

The City Council adopted the 2006 budget on December 13, 2005 with General Fund projected revenues of \$24,710,600 and projected expenditures and transfers of \$26,881,840.

## **Request for Information**

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

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

# **BASIC FINANCIAL STATEMENTS**

City of Springdale, Arkansas  
Statement of Net Assets  
December 31, 2005

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 9,817,820	\$ 225,747	\$ 10,043,567	\$ 181,494
Investments	58,793,006	300,000	59,093,006	-
Accounts receivable (net of allowance for uncollectibles)	5,911,449	100,279	6,011,728	2,014,113
Intergovernmental receivables	4,418,001	-	4,418,001	-
Internal balances	62	( 62 )	-	-
Due from fiduciary funds	97,197	-	97,197	-
Inventories	-	-	-	331,585
Prepaid assets	79,098	-	79,098	63,900
Current restricted assets:				
Restricted cash and cash equivalents	7,271,722	-	7,271,722	819,290
Investments	4,996,753	-	4,996,753	21,668,338
Interest receivable	26,726	-	26,726	160,483
Intergovernmental receivables	2,127,168	-	2,127,168	-
Unamortized bond/lease costs	795,966	-	795,966	124,108
Noncurrent assets:				
Capital assets:				
Land	10,018,736	2,279,586	12,298,322	3,431,324
Intangible assets	593,429	-	593,429	-
Improvements other than buildings	32,944,328	5,846,816	38,791,144	148,042,393
Buildings and system	16,916,510	4,494,251	21,410,761	5,379,511
Machinery and equipment	15,018,994	1,300,166	16,319,160	3,855,245
Construction in progress	18,089,541	250	18,089,791	36,427,666
Less accumulated depreciation	( 16,832,691 )	( 6,274,579 )	( 23,107,270 )	( 54,460,968 )
Assets held for resale	1,173,191	-	1,173,191	-
Other assets	-	-	-	4,782
<b>Total Assets</b>	<u>172,257,006</u>	<u>8,272,454</u>	<u>180,529,460</u>	<u>168,043,264</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,897,801	14,592	2,912,393	308,782
Customer deposits	903,736	-	903,736	-
Deferred income	-	45,000	45,000	-
Accrued expenses	346,283	1,937	348,220	136,303
Due to fiduciary funds	6,751	-	6,751	-
Other liabilities	-	-	-	85,383
Current liabilities payable from restricted assets				
Bonds payable	4,685,000	-	4,685,000	1,900,000
Capital leases payable	40,143	-	40,143	-
Customer deposits	-	-	-	1,322,972
Accrued interest payable	984,184	-	984,184	26,883
Noncurrent liabilities:				
Bonds payable (net of unamortized premiums)	46,445,006	-	46,445,006	6,262,752
Capital leases payable	93,242	-	93,242	-
Compensated absences	1,025,526	-	1,025,526	-
<b>Total Liabilities</b>	<u>57,427,672</u>	<u>61,529</u>	<u>57,489,201</u>	<u>10,043,075</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	66,081,549	7,646,490	73,728,039	134,485,536
Restricted for:				
Capital expenditures, net of related debt	10,467,687	-	10,467,687	-
Debt service	8,714,226	-	8,714,226	-
Other	1,141,074	-	1,141,074	19,398,256
Unrestricted	28,424,798	564,435	28,989,233	4,116,397
<b>Total Net Assets</b>	<u>\$ 114,829,334</u>	<u>\$ 8,210,925</u>	<u>\$ 123,040,259</u>	<u>\$ 158,000,189</u>

See accompanying notes to basic financial statements.

City of Springdale, Arkansas  
Statement of Activities  
Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net [Expenses] Revenues and Changes in Net Assets			Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government:</b>								
<b>Governmental activities</b>								
General government								
Administration	\$ 3,055,869	\$ 184,595	\$ 739,123	\$ -	\$ ( 2,132,151 )	\$ -	\$ ( 2,132,151 )	\$ -
City Attorney	525,858	21,400	-	-	( 504,458 )	-	( 504,458 )	-
District Court	524,618	115,413	60,311	-	( 348,894 )	-	( 348,894 )	-
Bluff Cemetery	34,119	26,050	-	-	( 8,069 )	-	( 8,069 )	-
Capital projects	-	30,076	-	569,002	599,078	-	599,078	-
Community development								
Planning and engineering	667,512	107,572	-	-	( 559,940 )	-	( 559,940 )	-
Community development and housing	1,038,716	-	881,505	-	( 157,211 )	-	157,211	-
Culture and recreation								
Parks and recreation	1,576,669	245,519	16,155	2,000	( 1,312,995 )	-	( 1,312,995 )	-
Public Library	1,603,581	76,542	595,233	-	( 931,806 )	-	( 931,806 )	-
Shiloh Museum	489,512	34,348	10,446	-	( 444,718 )	-	( 444,718 )	-
Economic development	305,637	761,836	-	-	456,199	-	( 456,199 )	-
Public safety								
Animal services	277,837	42,561	3,175	-	( 232,101 )	-	( 232,101 )	-
Building inspection and code enforcement	745,489	1,086,678	-	-	341,189	-	341,189	-
Fire	6,601,616	732,905	499,433	135,428	( 5,233,850 )	-	( 5,233,850 )	-
Police	8,111,512	1,060,322	774,504	-	( 6,276,686 )	-	( 6,276,686 )	-
Public works	4,593,593	112,944	2,228,545	6,659,262	4,407,158	-	( 4,407,158 )	-
Interest on long-term debt	1,875,310	-	-	-	( 1,875,310 )	-	( 1,875,310 )	-
Issue costs and agent fees-long-term debt	96,797	-	-	-	( 96,797 )	-	( 96,797 )	-
Total government activities	<u>32,124,245</u>	<u>4,638,761</u>	<u>5,808,430</u>	<u>7,365,692</u>	<u>( 14,311,362 )</u>	<u>-</u>	<u>( 14,311,362 )</u>	<u>-</u>
<b>Business type activities</b>								
Municipal airport	512,221	291,375	-	1,034,486	-	813,640	( 813,640 )	-
Aquatic center	433,438	217,223	-	-	-	( 216,215 )	( 216,215 )	-
Parks soccer program	76,736	80,935	5,600	2,400	-	12,199	12,199	-
City attorney restitution	6,844	51,534	-	-	-	44,690	44,690	-
Total business-type activities	<u>1,029,239</u>	<u>641,067</u>	<u>5,600</u>	<u>1,036,886</u>	<u>-</u>	<u>654,314</u>	<u>( 654,314 )</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 33,153,484</u>	<u>\$ 5,279,828</u>	<u>\$ 5,814,030</u>	<u>\$ 8,402,578</u>	<u>( 14,311,362 )</u>	<u>654,314</u>	<u>( 13,657,048 )</u>	<u>-</u>
<b>Component unit:</b>								
Springdale Water Utilities	\$ 16,753,415	\$ 24,604,619	\$ -	\$ 7,170,435	-	-	-	15,021,639
<b>General revenues [expenses]:</b>								
Sales tax					32,906,006	-	32,906,006	-
Ad valorem tax					4,263,518	-	4,263,518	-
Franchise tax					2,826,023	-	2,826,023	-
Hotel/motel tax					270,347	-	270,347	-
Investment earnings					2,201,364	10,747	2,212,111	560,225
Interest expenses and other charges					-	-	-	( 358,708 )
Gain [loss] on sale of assets					55,222	-	55,222	( 2,990 )
Endowment contributions					191,137	-	191,137	-
Transfers					( 18,680 )	18,680	-	-
Total general revenues and transfers					<u>42,694,937</u>	<u>29,427</u>	<u>42,724,364</u>	<u>198,527</u>
Change in net assets					<u>28,383,575</u>	<u>683,741</u>	<u>29,067,316</u>	<u>15,220,166</u>
Net assets beginning of year					<u>86,445,759</u> *	<u>7,527,184</u>	<u>93,972,943</u>	<u>142,780,023</u>
Net assets end of year					<u>\$ 114,829,334</u>	<u>\$ 8,210,925</u>	<u>\$ 123,040,259</u>	<u>\$ 158,000,189</u>

See accompanying notes to basic financial statements.

\* As restated

City of Springdale, Arkansas  
Balance Sheet  
Governmental Funds  
December 31, 2005

	General Fund	Street Fund	Sales and Use Tax	Street Improvement Construction
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,486,336	\$ 69,672	\$ 2,494,628	\$ 3,908,848
Investments	3,098,695	-	7,900,000	44,903,964
Accounts receivable, net	4,867,859	669,897	6,582	-
Interest receivable	16,126	-	40,398	217,082
Intergovernmental receivable	2,071,910	200,859	2,127,168	-
Due from other funds	681,293	-	203,388	-
Assets held for resale	-	-	-	-
Other assets	78,598	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Interest receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ <u>13,300,817</u></b>	<b>\$ <u>940,428</u></b>	<b>\$ <u>12,772,164</u></b>	<b>\$ <u>49,029,894</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 344,596	\$ 55,785	\$ 612,082	\$ 1,832,198
Salaries payable	289,118	30,354	-	-
Due to other funds	209,876	-	566,978	-
Developer bonds payable	887,073	-	-	-
Customer deposits	-	16,188	-	-
Deferred revenue	3,514,626	640,979	-	-
<b>Total Liabilities</b>	<b>\$ <u>5,245,289</u></b>	<b>\$ <u>743,306</u></b>	<b>\$ <u>1,179,060</u></b>	<b>\$ <u>1,832,198</u></b>
<b>FUND BALANCES</b>				
Reserved for:				
Assets held for resale	-	-	-	-
Debt service	-	-	-	-
Cemetery perpetual care	-	-	-	-
Community development	-	-	-	-
Court automation	-	-	-	-
Endowments	-	-	-	-
Grant expenditures	10,992	-	-	-
Public safety expenditures	1,130,082	-	-	-
Park land	-	-	1,000,000	-
Designated for:				
Public safety expenditures	7,836	-	-	-
Museum expenditures	1,529	-	-	-
Unreserved, reported in:				
General fund	6,905,089	-	-	-
Special revenue funds	-	197,122	-	-
Capital project funds	-	-	10,593,104	47,197,696
Permanent funds	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ <u>8,055,528</u></b>	<b>\$ <u>197,122</u></b>	<b>\$ <u>11,593,104</u></b>	<b>\$ <u>47,197,696</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>13,300,817</u></b>	<b>\$ <u>940,428</u></b>	<b>\$ <u>12,772,164</u></b>	<b>\$ <u>49,029,894</u></b>

See accompanying notes to basic financial statements.

<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 858,336	\$ 9,817,820
-	2,890,347	58,793,006
-	86,398	5,630,736
-	7,107	280,713
-	18,064	4,418,001
-	68,493	953,174
-	1,173,191	1,173,191
-	500	79,098
7,271,722	-	7,271,722
4,996,753	-	4,996,753
26,726	-	26,726
2,127,168	-	2,127,168
<u>\$ 14,422,369</u>	<u>\$ 5,102,436</u>	<u>\$ 95,568,108</u>
\$ -	\$ 53,140	\$ 2,897,801
-	26,811	346,283
-	85,812	862,666
-	-	887,073
-	475	16,663
-	-	4,155,605
<u>-</u>	<u>166,238</u>	<u>9,166,091</u>
-	1,173,191	1,173,191
14,422,369	-	14,422,369
-	36,854	36,854
-	4,232	4,232
-	62,898	62,898
-	838,806	838,806
-	160,869	171,861
-	-	1,130,082
-	-	1,000,000
-	-	7,836
-	-	1,529
-	-	6,905,089
-	271,805	468,927
-	1,503,809	59,294,609
-	883,734	883,734
<u>14,422,369</u>	<u>4,936,198</u>	<u>86,402,017</u>
<u>\$ 14,422,369</u>	<u>\$ 5,102,436</u>	<u>\$ 95,568,108</u>

**City of Springdale, Arkansas**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**December 31, 2005**

Total fund balances – governmental funds	\$ 86,402,017
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,748,847
Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end and are not considered available. On the accrual basis, those revenues are recognized regardless of when they are collected.	4,155,605
Accrued interest payable on bonds is not recorded in governmental funds until it is due and payable.	(984,184)
Some long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	<u>(51,492,951)</u>
Net assets of governmental funds	<u>\$ 114,829,334</u>

See accompanying notes to basic financial statements.

**City of Springdale, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2005**

	General Fund	Street Fund	Sales and Use Tax	Street Improvement Construction
<b>Revenues</b>				
Taxes	\$ 14,805,024	\$ 575,022	\$ 12,032,991	\$ -
Fees and permits	1,200,414	4,275	-	-
Intergovernmental	2,159,842	2,228,545	-	-
Charges for goods and services	921,102	78,797	-	-
Fines and forfeitures	967,704	-	-	-
Investment earnings	101,673	758	261,016	1,492,018
Miscellaneous	226,554	29,872	22,177	7,899
Total Revenues	20,382,313	2,917,269	12,316,184	1,499,917
<b>Expenditures</b>				
Current:				
General government	3,408,462	-	-	-
Community development	684,302	-	-	-
Culture and recreation	1,588,290	-	-	-
Economic development	-	-	-	-
Public safety	15,024,921	-	-	-
Public works	-	3,643,343	-	-
Capital expenditures	561,985	266,330	6,858,742	10,477,121
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other fees	-	-	-	-
Agent fees	-	-	-	9,000
Total Expenditures	21,267,960	3,909,673	6,858,742	10,486,121
<b>Excess [deficiency] of revenues over expenditures</b>	( 885,647 )	( 992,404 )	5,457,442	( 8,986,204 )
<b>Other Financing Sources [Uses]</b>				
Transfers in	3,251,248	1,044,610	-	-
Transfers out	( 2,080,827 )	( 46,279 )	( 3,269,928 )	-
Contributed capital	-	-	565,302	3,700
Proceeds from sale of capital assets	28,067	16,473	4,881	-
Total Other Financing Sources [Uses]	1,198,488	1,014,804	( 2,699,745 )	3,700
<b>Net Changes in Fund Balances</b>	312,841	22,400	2,757,697	( 8,982,504 )
Fund Balance - Beginning of Year	7,742,687	174,722	8,835,407	56,180,200
<b>Fund Balance - End of Year</b>	\$ 8,055,528	\$ 197,122	\$ 11,593,104	\$ 47,197,696

See accompanying notes to basic financial statements.

<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 12,032,991	\$ 299,595	\$ 39,745,623
-	138,165	1,342,854
-	1,486,004	5,874,391
-	933,544	1,933,443
-	58,442	1,026,146
235,850	110,049	2,201,364
-	367,261	653,763
<u>12,268,841</u>	<u>3,393,060</u>	<u>52,777,584</u>
-	547,304	3,955,766
-	1,034,780	1,719,082
-	1,586,210	3,174,500
-	305,637	305,637
-	-	15,024,921
-	-	3,643,343
-	161,810	18,325,988
9,223,292	-	9,223,292
2,096,368	-	2,096,368
1,500	-	1,500
6,700	-	15,700
<u>11,327,860</u>	<u>3,635,741</u>	<u>57,486,097</u>
<u>940,981</u>	<u>( 242,681 )</u>	<u>( 4,708,513 )</u>
46,279	1,071,074	5,413,211
-	( 34,857 )	( 5,431,891 )
-	-	569,002
-	-	49,421
<u>46,279</u>	<u>1,036,217</u>	<u>599,743</u>
987,260	793,536	( 4,108,770 )
<u>13,435,109</u>	<u>4,142,662</u>	<u>90,510,787</u>
\$ <u><u>14,422,369</u></u>	\$ <u><u>4,936,198</u></u>	\$ <u><u>86,402,017</u></u>

**City of Springdale, Arkansas  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 Year Ended December 31, 2005**

Net change in fund balances – total governmental funds	\$ (4,108,770)
Governmental funds report capital outlays as expenditures. However, for government-wide statements the cost those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.	16,005,868
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.	6,628,472
Revenues that do not provide current financial resources, such as ad valorem taxes, are not reported as revenues for the funds, but are reported as revenues in the statement of activities	520,271
Expenses that do not require current financial resources, such as compensated absences and accrued interest payable, are not reported as expenditures in the funds, but are reported as expenses in the statement of activities	(27,019)
The issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets. The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>9,364,753</u>
Change in net assets of governmental activities	\$ <u><u>28,383,575</u></u>

See accompanying notes to basic financial statements.

**City of Springdale, Arkansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

	<u>Enterprise Funds</u>			<u>Total Proprietary Funds</u>
	<u>Municipal Airport</u>	<u>Aquatic Center</u>	<u>Nonmajor Enterprise Funds</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 30,009	\$ 87,941	\$ 107,797	\$ 225,747
Investments	-	300,000	-	300,000
Accounts receivable	99,654	-	-	99,654
Accrued interest	-	625	-	625
Total current assets	<u>129,663</u>	<u>388,566</u>	<u>107,797</u>	<u>626,026</u>
Capital assets:				
Land	2,279,586	-	-	2,279,586
Improvements other than buildings	5,333,916	491,524	21,376	5,846,816
Buildings and system	1,580,574	2,913,677	-	4,494,251
Machinery and equipment	478,882	778,743	42,541	1,300,166
Construction in progress	250	-	-	250
Less accumulated depreciation	( 4,938,324 )	( 1,314,432 )	( 21,823 )	( 6,274,579 )
Total capital assets (net of accumulated depreciation)	<u>4,734,884</u>	<u>2,869,512</u>	<u>42,094</u>	<u>7,646,490</u>
Total noncurrent assets	<u>4,734,884</u>	<u>2,869,512</u>	<u>42,094</u>	<u>7,646,490</u>
<b>Total assets</b>	<b>\$ <u>4,864,547</u></b>	<b>\$ <u>3,258,078</u></b>	<b>\$ <u>149,891</u></b>	<b>\$ <u>8,272,516</u></b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 9,889	\$ 4,473	\$ 230	\$ 14,592
Salaries payable	1,397	116	424	1,937
Due to other funds	-	-	62	62
Deferred income	45,000	-	-	45,000
<b>Total liabilities</b>	<b><u>56,286</u></b>	<b><u>4,589</u></b>	<b><u>716</u></b>	<b><u>61,591</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,734,884	2,869,512	42,094	7,646,490
Unrestricted (deficit)	( 73,377 )	383,977	107,081	564,435
<b>Total net assets</b>	<b><u>4,808,261</u></b>	<b><u>3,253,489</u></b>	<b><u>149,175</u></b>	<b><u>8,210,925</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>4,864,547</u></b>	<b>\$ <u>3,258,078</u></b>	<b>\$ <u>149,891</u></b>	<b>\$ <u>8,272,516</u></b>

See accompanying notes to basic financial statements.

City of Springdale, Arkansas  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
Year Ended December 31, 2005

	Enterprise Funds			Total Proprietary Funds
	Municipal Airport	Aquatic Center	Nonmajor Enterprise Funds	
<b>Operating Revenue</b>				
Charges for services:				
Activity fees	\$ -	\$ 207,531	\$ 80,935	\$ 288,466
Concession	-	8,355	-	8,355
Rental fees	198,196	1,337	-	199,533
Fuel flowage fees	82,379	-	-	82,379
Other service fees	10,800	-	51,534	62,334
<b>Total operating revenues</b>	<u>291,375</u>	<u>217,223</u>	<u>132,469</u>	<u>641,067</u>
<b>Operating Expenses</b>				
Personnel	73,090	131,234	45,099	249,423
Maintenance	50,038	24,274	6,017	80,329
Supplies	46,737	32,299	24,167	103,203
Other	132,950	3,824	6,525	143,299
Depreciation	209,406	241,807	1,772	452,985
<b>Total operating expenses</b>	<u>512,221</u>	<u>433,438</u>	<u>83,580</u>	<u>1,029,239</u>
<b>Operating income [loss]</b>	( <u>220,846</u> )	( <u>216,215</u> )	<u>48,889</u>	( <u>388,172</u> )
<b>Nonoperating Revenue</b>				
<b>[Expenses]</b>				
Contributions	-	-	5,600	5,600
Investment earnings	140	10,025	582	10,747
<b>Net nonoperating revenue</b>				
<b>[expenses]</b>	<u>140</u>	<u>10,025</u>	<u>6,182</u>	<u>16,347</u>
<b>Income [loss] before capital contributions and transfers</b>	( <u>220,706</u> )	( <u>206,190</u> )	55,071	( <u>371,825</u> )
Capital grants and contributions	1,034,486	-	2,400	1,036,886
Transfers in	61,680	-	-	61,680
Transfers out	-	-	( 43,000 )	( 43,000 )
<b>Change in net assets</b>	875,460	( 206,190 )	14,471	683,741
Total net assets beginning of year	<u>3,932,801</u>	<u>3,459,679</u>	<u>134,704</u>	<u>7,527,184</u>
<b>Total net assets end of year</b>	<u>\$ 4,808,261</u>	<u>\$ 3,253,489</u>	<u>\$ 149,175</u>	<u>\$ 8,210,925</u>

See accompanying notes to basic financial statements.

**City of Springdale, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2005**

	Enterprise Funds			Total Proprietary Funds
	Municipal Airport	Aquatic Center	Nonmajor Enterprise Funds	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 241,557	\$ 217,223	\$ 132,469	\$ 591,249
Payments to suppliers	( 245,777 )	( 56,850 )	( 37,974 )	( 340,601 )
Payments to employees	( 72,552 )	( 131,118 )	( 45,398 )	( 249,068 )
Net cash provided by [used in] operating activities	( 76,772 )	29,255	49,097	1,580
<b>Cash Flows From Noncapital Financing Activities</b>				
Contributions	-	-	5,600	5,600
Transfer to other funds	-	-	( 43,000 )	( 43,000 )
Receipt [payment] of interfund balances	( 90,000 )	-	( 86 )	( 90,086 )
Net cash provided by noncapital financing activities	90,000	-	( 37,486 )	( 127,486 )
<b>Cash Flows From Capital And Related Financing Activities</b>				
Capital contributions	9,000	-	-	9,000
Transfer from other funds	61,680	-	-	61,680
Capital grant receipts	1,025,486	-	-	1,025,486
Purchases of capital assets	( 901,457 )	-	( 16,358 )	( 917,825 )
Net cash provided by [used in] capital and related financing activities	194,699	-	( 16,358 )	178,341
<b>Cash Flows From Investing Activities</b>				
Interest received	140	9,903	582	10,625
Net cash provided by investing activities	140	9,903	582	10,625
<b>Net Increase [Decrease] in Cash and Cash Equivalents</b>				
	28,067	39,158	( 4,165 )	63,060
Cash and cash equivalents, January 1	1,942	48,783	109,562	160,287
Cash and cash equivalents, December 31	\$ 30,009	\$ 87,941	\$ 105,397	\$ 223,347
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income [loss]	\$ ( 220,846 )	\$ ( 216,215 )	\$ 48,889	\$ ( 388,172 )
Adjustments to reconcile operating income to net cash provided by [used in] operating activities				
Depreciation expense	209,406	241,807	1,772	452,985
Increase in accounts receivable	( 40,818 )	-	-	( 40,818 )
Increase [decrease] in accounts payable	( 16,052 )	3,547	( 1,265 )	( 13,770 )
Increase [decrease] in salaries payable	538	116	( 299 )	355
Decrease in deferred revenue	( 9,000 )	-	-	( 9,000 )
Total adjustments	144,074	245,470	208	389,752
Net cash provided by [used in] operating activities	\$ ( 76,772 )	\$ 29,255	\$ 49,097	\$ 1,580

See accompanying notes to basic financial statements.

**City of Springdale, Arkansas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2005**

	<b>Firemen's Relief and Pension Fund</b>	<b>Policemen's Pension and Relief Fund</b>	<b>Municipal Court Retirement Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,419,455	\$ 377,812	\$ 992	\$ 621,191
Investments	9,550,605	9,143,175	-	-
Accounts receivable, net	444,315	437,587	-	946,590
Due from other funds	274	8,902	914	177,843
<b>Total Assets</b>	<b>11,414,649</b>	<b>9,967,476</b>	<b>1,906</b>	<b>1,745,624</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	1,473,925
Due to other funds	-	-	6,680	271,699
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>6,680</b>	<b>\$ 1,745,624</b>
<b>NET ASSETS [LIABILITIES]</b>				
Held in trust for pension benefits	\$ 11,414,649	\$ 9,967,476	\$ ( 4,774 )	

See accompanying notes to basic financial statements.

**City of Springdale, Arkansas**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended December 31, 2005**

	<b>Firemen's Relief and Pension Fund</b>	<b>Policemen's Pension and Relief Fund</b>	<b>Municipal Court Retirement Fund</b>
<b>ADDITIONS</b>			
Contributions			
Taxes	\$ 387,225	\$ 387,225	\$ -
Intergovernmental	159,019	199,877	-
Fines and court costs	-	112,835	10,911
Employer	17,811	4,666	-
Plan members	17,811	4,666	-
Miscellaneous	354	9,355	417
Total contributions	582,220	718,624	11,328
Investment income [loss]			
Investment earnings	616,276	743,270	1,500
Net increase [decrease] in fair value of investments	( 269,848 )	( 206,028 )	-
Total investment earnings	346,428	537,242	1,500
Less investment expense	( 58,780 )	( 109,393 )	-
Net investment earnings	287,648	427,849	1,500
<b>Total additions</b>	<b>869,868</b>	<b>1,146,473</b>	<b>12,828</b>
<b>DEDUCTIONS</b>			
Benefits payments	1,284,017	930,791	-
Miscellaneous	726	1,905	30
Transfer to state retirement plan	-	-	469,947
<b>Total deductions</b>	<b>1,284,743</b>	<b>932,696</b>	<b>469,977</b>
<b>Change in net assets</b>	<b>( 414,875 )</b>	<b>213,777</b>	<b>( 457,149 )</b>
Total net assets beginning of year	11,829,524	9,753,699	452,375
<b>Total net assets [liabilities] end of year</b>	<b>\$ 11,414,649</b>	<b>\$ 9,967,476</b>	<b>\$ ( 4,774 )</b>

See accompanying notes to basic financial statements.

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### Note 1 – Nature of Operations and Summary of Significant Accounting Policies

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

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) for states and local governments as defined by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body accepted in the United States for establishing governmental accounting and financial reporting principles. Proprietary funds and similar component units also apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The following is a summary of the significant accounting and reporting policies of the City.

#### **Reporting Entity**

The accompanying government-wide financial statements present the financial statements of the City of Springdale, Arkansas (Primary Government) and its component units. The component units are legally separate entities for which the City is considered to be financially accountable, based upon criteria of GASB Statement 14, *the Financial Reporting Entity*. Generally, entities for which the City appoints a voting majority of the board and the entity imposes a financial benefit or burden must be included in the City's reporting entity. Additionally, those entities that the nature and significance of their relationship with the City is such that exclusion from the City's financial reporting entity would render the City's financial statements incomplete or misleading, should also be included as part of the City's reporting entity. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

Those entities that meet the above established criteria for inclusion, as well as meet either of the following criteria (1) provide services entirely or almost entirely for the City, or (2) whose board is substantially the same as the City's board, are required to be included as part of the primary government's financial statements through "blended" presentation. Those entities that meet the above established criteria for inclusion, but do not either (1) provide services entirely or almost entirely for the City, or (2) have the same or substantially the same board as the City, are required to be presented "discretely" or in a separate column as part of the City's reporting entity, but not part of the primary government.

#### **Blended Component Unit**

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

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### Discretely Presented Component Unit

*Springdale Water Utilities* – The Springdale Water Utilities (Utilities) is governed by a five member Board of Commissioners, appointed by the Mayor and approved by the City Council. The Utilities receive no financial benefit from the City; however, the City has the power to impose its will on the Utilities. Rate changes and debt issuance must be approved by the City Council. The Utilities provide commercial and residential water services, as well as waste water treatment services, that primarily benefit the residents of Springdale. The fiscal year-end of the Utilities is September 30, therefore, all amounts reported in the financial statements are as of and for the year ended September 30, 2005. Financial statements of the Utilities can be obtained from the Utilities administrative office located at 526 Oak Avenue, Springdale, Arkansas 72764.

### Government-wide and Fund Financial Statements

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

#### Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. These statements distinguish between governmental activities, which are generally financed through taxes, intergovernmental revenues and other nonexchange transactions, and business-type activities, which are financed in whole or part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity. All other revenues are reported as general revenues.

#### Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *Street Fund* is a special revenue fund which accounts for resources related to street, drainage, and traffic control operations. Minor maintenance, repair and construction of streets, drainage systems, and traffic control systems as well as street lighting and landscaping are included in this fund.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

The *Sales and Use Tax Fund* is a capital projects fund which accounts for resources from one-half of the City's two percent (2%) local sales and use tax. Revenues are expended for major capital projects, including City buildings, equipment, street expansion and reconstruction, bridges and related drainage projects. Twenty-five percent (25%) is used for General Fund operations and maintenance.

The *Street Improvement Construction Fund* is a capital projects fund which accounts for financial resources, provided from the sale of the City's Sales and Use Tax Bonds, Series 2004, utilized for major construction, renovation, expansion and improvement of the City's streets (see also Note 4).

The *Debt Service Fund* accounts for resources from one-half of the City's two percent (2%) local sales and use tax and payments made for long-term debt principal, interest and related costs of governmental funds debt (see also Note 4).

The City reports the following major proprietary funds:

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

The *Aquatic Center Fund* is an enterprise fund which accounts for the operations and maintenance of the City's water park.

Additionally, the City reports the following fund types:

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes.

*Capital Projects Fund* - The Industrial Commission capital projects fund is used to account for financial resources used for the development and maintenance of the City's industrial parks.

*Enterprise Funds* - Accounts for the Soccer Program Fund and the City Attorney Restitution Fund whose operations are financed primarily through user charges.

*Pension Trust Funds* - Accounts for assets held in trust for the Firemen's Relief and Pension Fund, the Policemen's Pension and Relief Fund, and the Municipal Court Retirement Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

*Permanent Trust Funds* - Accounts for assets held in trust for the operation and maintenance of Bluff Cemetery, and the Springdale Public Library Board Foundation. The City must act in accordance with the terms of specific bequests made to the Cemetery and the Foundation.

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

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### ***Measurement Focus and Basis of Accounting***

#### **Government-wide, Proprietary and Fiduciary Funds**

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

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

Nonexchange transactions, in which the City receives or gives value without directly giving or receiving equal value in exchange, include taxes, fines and forfeitures; grants, entitlements, and similar items; and contributions. Recognition standards are based upon the characteristics and classes of nonexchange transactions. Property taxes are recognized as revenues in the year for which they are levied. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and contributions are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

#### **Government Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collected within sixty (60) days after year-end. Principal revenue sources considered susceptible to accrual include property (ad valorem) taxes, sales taxes, utility franchise fees, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when the related fund liability is incurred as under the accrual basis of accounting, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures only when payment is due.

### ***Cash and Cash Equivalents***

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

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### ***Investments and Investment Income***

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in U.S Treasury obligations with a remaining maturity of one year or less at time of purchase are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices. Income earned on investments is recorded in the funds in which the investments are recorded. Investment income includes interest, dividends, and the net change for the year in the fair value of investments carried at fair value.

### ***Accounts Receivable***

For the primary government, ambulance fees and property tax receivables are shown net of an allowance for uncollectibles. No allowance for uncollectibles has been established for customer accounts receivable for the Utilities as management estimates only immaterial amounts may prove to be uncollectible.

### ***Inventories***

The Utilities value inventory at the lower of cost or market using the historical average method of accounting. The costs of governmental fund type inventories are recorded as expenditures when purchased.

### ***Capital Assets***

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of acquisition. The City has not reported all major infrastructure assets constructed or contributed between 1980 and 2003.

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

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

Capital assets are depreciated using the straight-line method over their estimated useful lives. Ranges of estimated useful lives are as follows:

<u>Capital Assets</u>	<u>Years</u>
Land improvements	10 - 30
Buildings	20 - 40
Building improvements	7 - 30
Infrastructure	
Streets and bridges	15 - 50
Drainage	50
Water system	40

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Meters and meter equipment	17
Sewer system and plant	20 - 50
Machinery and equipment	5 - 10

#### ***Compensated Absences***

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

For the Primary Government, compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Utilities does not record a liability for compensated absences.

#### ***Long-Term Obligations***

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

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

#### ***Net Assets/Fund Balance***

Net assets are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

#### ***Estimates***

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

**City of Springdale, Arkansas**

**Notes to Basic Financial Statements  
December 31, 2005**

**Note 2 – Deposits and Investments**

***Deposits***

State statutes authorize the City's funds to be deposited in demand deposits, savings, and certificates of deposit in banks located in the State of Arkansas. The bank balances and carrying amount of the City's deposits held as of December 31, 2005 (September 30, 2005 for Utilities), were as follows:

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Carrying value of deposits	\$ <u>18,584,712</u>	\$ <u>21,226,506</u>
Bank balance of deposits	\$ <u>19,776,787</u>	\$ <u>22,467,587</u>

*Custodial Credit Risk – Deposits* – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law, which requires collateralization of all deposits in excess of the amount insured by the Federal Depository Insurance Corporation (FDIC). The City's deposits, including certificates of deposit, are collateralized at a minimum of 100% of the deposits fair value. The collateral is held by the Federal Reserve Bank, Arkansas Bankers' Bank, and First Tennessee Bank. The City's component unit, *Springdale Water Utilities*, had at September 30, 2005, \$200,646 in deposits exposed to custodial credit risk, and the City's component unit, *Springdale Public Library Board Foundation*, had at December 31, 2005, \$343 in deposits exposed to custodial credit risk, as the deposits were uncollateralized, or collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the component unit's name.

The following schedule reconciles the reported amount of deposits as disclosed above to the government-wide statement of net assets and fiduciary statement of net assets:

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Reported amount of deposits	\$ 18,584,712	\$ 21,226,506
Cash on hand	1,755	2,000
Investments classified as cash equivalents	11,244,741	-
Deposits classified as investments	( <u>12,515,919</u> )	( <u>20,227,722</u> )
	\$ <u>17,315,289</u>	\$ <u>1,000,784</u>
As reported on the government-wide statement of net assets		
Cash and cash equivalents	\$ 10,043,567	\$ 181,494
Restricted cash and cash equivalents	<u>7,271,722</u>	<u>819,290</u>
	17,315,289	1,000,784
Cash and cash equivalents reported on the statement of fiduciary net assets	<u>2,419,450</u>	-
	\$ <u>19,734,739</u>	\$ <u>1,000,784</u>

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### **Investments**

As of December 31, 2005 (September 30, 2005 for Utilities) the City had the following investments:

<b>Investment Type</b>	<b>Primary Government Fair Value</b>	<b>Discrete Component Unit Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
U.S. Treasury Bills	\$ 9,319,169	\$ -	0.11
U.S. Treasury Notes	42,233,974	-	0.77
Corporate bonds	20,085	-	2.87
Money market funds	9,741,190	-	N/A
Mutual funds	263,149	-	N/A
Investment pools	<u>1,241,014</u>	<u>1,440,616</u>	N/A
<b>Total Investments</b>	<b>\$ <u>62,818,581</u></b>	<b>\$ <u>1,440,616</u></b>	

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is to attempt to match investment maturities with cash flow requirements.

**Credit Risk** – The City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities. The City's investments, except for funds held for the credit of the Construction Fund, the Bond Fund, the Debt Service Reserve, and the City's endowment and permanent funds, are securities issued by the U. S. Government. Funds held by the City's Trustee for the credit of the Construction Fund, the Bond Fund, and the Debt Service Reserve are invested in U. S. Government securities, time deposits or certificates of deposit which are insured by the FDIC, or collateralized by securities held by a third party in which the City has a perfected first security interest, and money market funds registered under the Federal Investment Company Act of 1940 and having a rating by Standard and Poor's of AAA-mG, AAA-m, or AA-m, and if rated by Moody's Investors Service rated AAA, AA1, or AA2. Credit risk for the City's pension, endowment and permanent funds is minimized by pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

The following schedule reconciles the reported amount of investments as disclosed above to the government-wide statement of net assets and fiduciary statement of net assets.

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Reported amount of Investments	\$ 62,818,581	\$ 1,440,616
Deposits classified as investments	12,515,919	20,227,722
Investments classified as cash equivalents	( <u>11,244,741</u> )	<u>-</u>
	<b>\$ <u>64,089,759</u></b>	<b>\$ <u>21,668,338</u></b>

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

	Primary Government	Discrete Component Unit
As reported on the government-wide statement of net assets		
Investments	\$ 59,093,006	\$ -
Restricted investments	<u>4,996,753</u>	<u>21,668,338</u>
	64,089,759	21,668,338
Investments reported on the statement of fiduciary net assets	<u>18,693,780</u>	<u>-</u>
	<u>\$ 82,783,539</u>	<u>\$ 21,668,338</u>

### Note 3 – Capital Assets

A summary of changes in capital assets for the year ended December 31, 2005 (September 30, 2005 for Utilities) is presented below:

	Balance, Restated December 31, 2004	Additions and Transfers, Net	Retirements And Transfers, Net	Balance December 31, 2005
<b>Governmental Activities</b>				
Capital Assets, non-depreciable				
Land	\$ 4,094,816	\$ 2,000	\$ -	\$ 4,096,816
Land - easements	2,926,094	2,995,827	-	5,921,921
Land improvements	2,587,199	610,063	-	3,197,262
Museum buildings	279,834	-	-	279,834
Construction in progress	<u>11,436,996</u>	<u>17,340,368</u>	<u>10,687,823</u>	<u>18,089,541</u>
Total capital assets, non-depreciable	<u>21,324,939</u>	<u>20,948,258</u>	<u>10,687,823</u>	<u>31,585,374</u>
Capital assets, depreciable				
Land improvements	3,262,972	54,222	-	3,317,194
Infrastructure	13,142,334	13,287,537	-	26,429,871
Buildings and improvements	16,233,115	403,561	-	16,636,676
Machinery and equipment	14,192,206	1,146,452	319,664	15,018,994
Intangibles	<u>543,620</u>	<u>49,809</u>	<u>-</u>	<u>593,429</u>
Total capital assets, depreciable	<u>47,374,247</u>	<u>14,941,581</u>	<u>319,664</u>	<u>61,996,164</u>
Less accumulated depreciation				
Land improvements	1,149,333	146,963	-	1,296,296
Infrastructure	770,924	738,442	-	1,509,366
Buildings and improvements	4,458,644	486,749	-	4,945,393
Machinery and equipment	7,741,044	1,137,644	286,873	8,591,815
Intangibles	<u>464,733</u>	<u>25,088</u>	<u>-</u>	<u>489,821</u>
Total accumulated depreciation	<u>14,584,678</u>	<u>2,534,886</u>	<u>286,873</u>	<u>16,832,691</u>
Total governmental activities, net	<u>\$ 54,114,508</u>	<u>\$ 33,354,953</u>	<u>\$ 10,720,614</u>	<u>\$ 76,748,847</u>

**City of Springdale, Arkansas**

**Notes to Basic Financial Statements  
December 31, 2005**

<u>Business-type Activities</u>	<u>Balance, December 31, 2004</u>	<u>Additions and Transfers, Net</u>	<u>Retirements And Transfers, Net</u>	<u>Balance December 31, 2005</u>
Capital Assets, non-depreciable				
Land	\$ 1,788,207	\$ 491,380	\$ -	\$ 2,279,587
Land improvements	884,921	96,187	-	981,108
Construction in progress	<u>163,563</u>	<u>417,255</u>	<u>580,568</u>	<u>250</u>
Total capital assets, non-depreciable	<u>2,836,691</u>	<u>1,004,822</u>	<u>580,568</u>	<u>3,260,945</u>
Capital assets, depreciable				
Land improvements	4,604,925	260,783	-	4,865,708
Buildings and improvements	4,283,864	210,387	-	4,494,251
Machinery and equipment	<u>1,247,384</u>	<u>52,783</u>	<u>-</u>	<u>1,300,167</u>
Total capital assets, depreciable	<u>10,136,173</u>	<u>523,953</u>	<u>-</u>	<u>10,660,126</u>
Less accumulated depreciation				
Land improvements	3,147,491	164,074	-	3,311,565
Buildings and improvements	1,795,944	185,934	-	1,981,878
Machinery and equipment	<u>847,779</u>	<u>133,359</u>	<u>-</u>	<u>981,138</u>
Total accumulated depreciation	<u>5,791,214</u>	<u>483,367</u>	<u>-</u>	<u>6,274,581</u>
Total business-type activities, net	\$ <u>7,181,650</u>	\$ <u>1,045,408</u>	\$ <u>580,568</u>	\$ <u>7,646,490</u>

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

**Governmental Activities**

General government	
Administration	\$ 154,535
City Attorney	1,830
District Court	763
Bluff Cemetery	6,607
Community Development	
Planning and engineering	7,776
Community development and housing	1,595
Culture and recreation	
Parks and recreation	313,904
Public Library	197,021
Shiloh Museum	34,047
Public Safety	
Animal services	11,172
Building and code enforcement	27,144
Fire	351,888
Police	300,650
Public Works	<u>1,125,954</u>
Total governmental activities	<u>2,534,886</u>

**City of Springdale, Arkansas**

**Notes to Basic Financial Statements  
December 31, 2005**

**Business-type Activities**

Municipal airport	209,407
Aquatic Center	241,807
Parks soccer program	1,773
City attorney restitution	<u>-</u>

Total business-type activities 452,987

Total depreciation expenses - primary government \$ 2,987,873

**Component Unit**

Springdale Water Utilities	\$ <u>3,901,246</u>
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**Note 4 – Long-Term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2005 for the Primary Government were as follows:

	<u>Balance, December 31, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2005</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Bonds payable:					
Sales and Use Tax Bonds	\$ 60,000,000	\$ -	\$ 9,185,000	\$ 50,815,000	\$ 4,685,000
Add issuance premium	<u>376,423</u>	<u>-</u>	<u>61,417</u>	<u>315,006</u>	<u>-</u>
Bonds payable, net	<u>60,376,423</u>	<u>-</u>	<u>9,246,417</u>	<u>51,130,006</u>	<u>4,685,000</u>
Capital leases payable	171,677	-	38,292	133,385	40,143
Compensated absences	<u>999,362</u>	<u>42,215</u>	<u>16,051</u>	<u>1,025,526</u>	<u>-</u>
Total	\$ <u>61,547,462</u>	\$ <u>42,215</u>	\$ <u>9,300,760</u>	\$ <u>52,288,917</u>	\$ <u>4,725,143</u>
<b><u>Business-type Activities</u></b>					
Compensated absences	\$ <u>854</u>	\$ <u>-</u>	\$ <u>417</u>	\$ <u>437</u>	\$ <u>-</u>

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Changes in long-term liabilities for the year ended September 30, 2005 for the City's discretely presented component unit were as follows:

<u>Springdale Water Utilities</u>	<u>Balance September 30, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2005</u>	<u>Due Within One Year</u>
Bonds payable					
Revenue bonds	\$ 9,890,000	\$ -	\$ 1,825,000	\$ 8,065,000	\$ 1,900,000
Add issuance premiums	<u>122,711</u>	<u>-</u>	<u>24,959</u>	<u>97,752</u>	<u>-</u>
Bonds payable, net	<u>\$ 11,792,669</u>	<u>\$ -</u>	<u>\$ 1,849,959</u>	<u>\$ 8,162,752</u>	<u>\$ 1,900,000</u>

#### Sales and Use Tax Bonds – Governmental Activities

On July 27, 2004, the City issued \$60,000,000 of City of Springdale, Arkansas Sales and Use Tax Bonds, Series 2004, dated July 1, 2004. The Bonds were issued to finance a portion of the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. The Series 2004 Bonds are not general obligations of the City, but are special obligations payable solely from collections of a 1% sales and use tax levied by the City beginning October 1, 2003. The issuance of the Bonds and the pledging of the tax to the payment of principal and interest on the Bonds were approved at a special election held August 12, 2003, which authorized the issuance of up to \$105,000,000 in bonds. The interest rates on the bonds range from 3% to 4%, payable semiannually, and the maturity dates range from January 1, 2005 to January 1, 2016. The Bonds are subject to extraordinary, optional and mandatory sinking fund redemption, as follows.

The Bonds are subject to extraordinary redemption from surplus tax receipts at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Bonds may be redeemed at the option of the City on or after July 1, 2007, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date, in the event that qualified electors of the City re-approve the issuance of bonds of which the Series 2004 are a part of in order to obtain a higher interest rate ceiling for such bonds. The Bonds may be redeemed at the option of the City, from funds from any source, on and after July 1, 2011, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. To the extent not previously redeemed, the Bonds maturing on July 1, 2016 are subject to mandatory sinking fund redemption beginning January 1, 2010, and on each subsequent interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

The City is required to maintain a debt service reserve equal to \$5,000,000 during the life of the 2004 Series Bonds. At December 31, 2005, the City held investments equal to \$5,049,556 in the Debt Service Fund.

The bonds were issued at a premium of \$376,423. This premium is being amortized over the life of the bonds. Bond premium amortization for 2005 was \$61,417.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Bond issue costs of \$878,980 were incurred in the issuance of these bonds. These costs are being amortized over the life of the bonds. Bond issue cost amortization for 2005 was \$79,597.

Debt service requirements of the Sales and Use Tax Bonds, Series 2004 at December 31, 2005 were as follows:

	Principal	Interest	Total
2006	\$ 4,685,000	\$ 2,023,325	\$ 6,708,325
2007	4,840,000	1,938,250	6,778,250
2008	5,010,000	1,767,550	6,777,550
2009	5,220,000	1,583,900	6,803,900
2010	5,425,000	1,280,900	6,705,900
2011 – 2015	24,925,000	2,858,400	27,783,400
2016	710,000	14,200	724,200
	\$ 50,815,000	\$ 11,466,525	\$ 62,281,525

The Utilities issued the City of Springdale, Arkansas, Water and Sewer Revenue Bonds, Series 2001 on September 18, 2001, in the amount of \$15,000,000 to finance a portion of the costs of an expansion to the City's waste water treatment plant, which is a part of the City's water and sewer system. These bonds were issued for a period of eight years with interest payable semiannually on March 1 and September 1. Interest rates vary from 3.75% to 4.0% on these bonds based upon their maturity dates. Principal payments are due annually on September 1. Net water and sewer revenues are pledged for the payment of these bonds.

The bonds were issued at a premium of \$199,666. This premium is being amortized over the eight year life of the bonds. Bond premium amortization for 2005 was \$24,958.

Bond issue costs of \$253,498 were incurred in the issuance of these bonds. These costs are being amortized over the eight year life of the bonds. Bond issue cost amortization for 2005 was \$31,687.

Maturities for the revenue bonds payable are as follows:

	Principal	Interest	Total
2006	\$ 1,900,000	\$ 322,600	\$ 2,222,600
2007	1,975,000	246,600	2,221,600
2008	2,055,000	167,600	2,222,600
2009	2,135,000	85,400	2,220,400
	\$ 8,065,000	\$ 822,200	\$ 8,887,200

#### Capital Leases

During 2004, the City entered into lease agreements for the acquisition of capital assets. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date in the statement of net assets.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Assets acquired through capital leases and the future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 were as follows:

	Primary Government		Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	
Machinery and equipment	\$ 210,848	\$ -	\$ -
Less accumulated depreciation	<u>(31,627)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 179,221</u>	<u>\$ -</u>	<u>\$ -</u>

	Primary Government		Discretely Presented Component Unit
	Governmental Activities	Business Type Activities	
2006	\$ 46,279	\$ -	\$ -
2007	46,279	-	-
2008	46,280	-	-
2009	<u>7,128</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	145,966	-	-
Less interest	<u>(12,581)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>\$ 133,385</u>	<u>\$ -</u>	<u>\$ -</u>

#### Applicability of Federal Arbitrage Regulations

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

#### Conduit Debt Obligations

From time to time, the City has issued various bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of December 31, 2005, the aggregate principal amount payable on these bonds was \$219,927.

**City of Springdale, Arkansas**

**Notes to Basic Financial Statements  
December 31, 2005**

**Note 5 – Individual Fund Disclosures**

Interfund receivables and payables as of December 31, 2005 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Primary Government</b>		
Governmental Funds		
General	\$ 681,293	\$ 209,876
Sales and Use Tax	203,388	566,978
Public Library	45,236	14,000
Shiloh Museum Board	-	17,000
District Court	19,507	9,574
Community Development Block Grant	-	2
Bluff Cemetery	3,750	-
Public Library Foundation Board	<u>-</u>	<u>45,236</u>
Total governmental funds	\$ <u>953,174</u>	\$ <u>862,666</u>
Proprietary Funds		
City Attorney Restitution	\$ <u>-</u>	\$ <u>62</u>
Total proprietary funds	\$ <u>-</u>	\$ <u>62</u>
Fiduciary Funds		
Firemen's Relief and Pension	\$ 274	\$ -
Policemen's Pension and Relief	8,902	-
Municipal Court Retirement	914	6,680
Police Bond and Fine Agency	-	84,064
District Court Agency	83,991	174,665
Administration of Justice Agency	93,852	12,039
Police Evidence Agency	<u>-</u>	<u>931</u>
Total fiduciary funds	\$ <u>187,933</u>	\$ <u>278,379</u>
Total	\$ <u><u>1,141,107</u></u>	\$ <u><u>1,141,107</u></u>

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Operating transfers in (out) for the year ended December 31, 2005 are as follows:

	Operating Transfers	
	In	Out
<b>Primary Government</b>		
Governmental Funds		
General	\$ 3,251,248	\$ 2,080,827
Street	1,044,610	46,279
Sales and Use Tax	-	3,269,928
Debt Service Fund	46,279	-
Public Library	661,620	-
District Court	374,597	-
Community Development Block Grant	34,857	-
Home Investment Program	-	34,857
Total governmental funds	\$ 5,413,211	\$ 5,431,891
Proprietary Funds		
Airport	\$ 61,680	\$ -
City Attorney Restitution	-	43,000
Total proprietary funds	\$ 61,680	43,000
Total	\$ 5,474,891	\$ 5,474,891

#### Note 6 – Pension Plans

Substantially all of the City's employees receive retirement benefits. The City sponsors three single-employer defined benefit plans and one defined contribution plan. The City also contributes to the Local Police and Fire Retirement System (LOPFI), the Arkansas District Judges Retirement System (ADJRS), and the Arkansas Public Employees' Retirement System (APERS), which are statewide agent multiple-employer defined benefit pension plans. The assets of the Plans are maintained in legally separate trusts and each Plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the Plan. Separate financial reports are not issued for each plan.

#### Summary of Significant Accounting Policies

##### *Basis of Accounting*

The City of Springdale's financial statements for its defined benefit plans are prepared using the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### *Method Used to Determine Fair Value of Investments*

The fair value of investments is determined using quoted market prices as determined by the custodial agent.

### **Membership Information**

Membership of each Plan consisted of the following at December 31, 2005:

	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>	<u>Money Purchase</u>
Retirees and beneficiaries receiving benefits	43	35	-
Active plan members	3	-	157
Members on Deferred Retirement Option Plan (DROP)	<u>3</u>	<u>1</u>	<u>N/A</u>
Total	<u><u>49</u></u>	<u><u>36</u></u>	<u><u>157</u></u>

### **Plan Descriptions and Funding Information**

#### **Firemen's Relief and Pension Fund**

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

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

Contributions to the Firemen's Fund are set forth in Arkansas Code. The City's contribution to the Firemen's Fund consists of a one-half mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes six percent of the firemen's salaries. Participants also contribute six percent of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than six percent. Accounting and administrative services are performed by personnel of the City at no charge to the Fund. Total contributions to the Fund in 2005 were \$582,220. The City's share of contributions was \$545,965 and included \$387,225 in property taxes and \$140,929 in state insurance premium taxes.

# City of Springdale, Arkansas

## Notes to Basic Financial Statements December 31, 2005

### Policemen's Pension and Relief Fund

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

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

Contributions to the Policemen's Fund are set forth in Arkansas Code. The City's contribution to the Policemen's Fund consists of a one-half mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, a \$3 assessment against each court case plus 10 percent of fines and forfeitures collected, and proceeds derived from the sale of confiscated goods. Additionally, the City contributes four percent of the policemen's salaries. Participants also contribute four percent of their salaries. Participant contributions are returned without interest if the participant terminates covered employment. Accounting and administrative services are performed by personnel of the City at no charge to the Fund. Total contributions to the Fund in 2005 were \$718,624. The City's share of contributions was \$626,941 and included \$387,225 in property taxes, \$144,885 in state insurance premium taxes, \$80,810 in fines and forfeitures, and \$9,355 in proceeds from the sale of confiscated goods.

	<u>2003 Annual Pension Cost and Net Pension Obligation (Asset)</u>	
	<u>Firemen's Fund</u>	<u>Policemen's Fund</u>
Annual required contributions	\$ 1,071,911	\$ 590,851
Interest on net pension obligation	15,244	(42,326)
Adjustment to annual required contribution	(45,719)	126,939
Annual pension cost	1,041,436	675,464
Contributions made	(737,248)	(513,260)
Increase (decrease) in net pension obligation	304,188	162,204
Net pension obligation (asset), beginning of year	254,072	(705,438)
Net pension obligation (asset), end of year	<u>\$ 558,260</u>	<u>\$ (543,234)</u>

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### *Three – Year Trend Information*

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Firemen's Fund	12/31/2001	\$ 299,799	107.0%	\$ (505,424)
	12/31/2002	1,132,534	32.9%	254,072
	12/31/2003	1,041,436	70.8%	558,260
Policemen's Fund	12/31/2001	\$ 432,959	93.7%	\$ (992,109)
	12/31/2002	709,848	59.6%	(705,438)
	12/31/2003	675,464	76.0%	(543,234)

Actuarial valuations for the Policemen's and Firemen's Funds are only performed every other year. The valuation for the year ended December 31, 2005 is not yet available; therefore, the annual pension cost, net pension obligation, and trend information for 2004 and 2005 is not disclosed.

The significant increase in annual pension cost from fiscal year 2001 to fiscal year 2002 for the firemen's and policemen's funds can be attributed to increased benefits and losses incurred in plan assets due to economic conditions.

#### **Municipal Court Retirement Fund**

As of December 31, 2004, the Municipal Court Retirement Fund (Court Fund) was abolished. Plan assets in the amount of \$469,947.34, which represents the actuarially determined accrued liability for those district court personnel who were covered by the local fund on December 31, 2004, were transferred to ADJRS on January 12, 2005. The difference in the amount of assets held in trust for pension benefits (\$452,375) and the amount paid to ADJRS was transferred from the City's General Fund to the Court Fund in January 2005. As Acts 1374 and 1375 of 2003 did not abolish fees assessed by the district court, future court fees will be used to repay the General Fund. Once the General Fund has been repaid, future court fees can be used to pay employer contributions required for ADJRS and APERS.

#### **Money Purchase Pension Plan**

The Money Purchase Pension Plan (Money Purchase Plan) is a defined contribution plan, established on October 1, 1999 by City Ordinance No. 2933. The Money Purchase Plan is qualified under Section 401(a) of the Internal Revenue Code. Plan assets are held in trust and administered by the International City Management Association Retirement Corporation (ICMARC). Each participant has a plan account to which the contributions are made, and each participant manages their account by selecting various investment options offered by ICMARC. Plan benefits are based upon the total amount of money in an individual's account at retirement. The plan covers all non-uniformed City employees 18 years of age or older and who have 30 days service with the City. Employees contribute three percent of their salaries to the Plan, and the City contributes six percent. There are no voluntary contributions. For the year ended December 31, 2005 employer and employee contributions to the plan were \$483,009.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

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

Participant's normal retirement age shall be 55, but no later than age 65. The plan also provides for disability and survivor benefits. Benefits are paid by the Trustee upon the direction of the Administrator under one or more options such as a single lump sum payment or an annuity.

#### **Agent Multiple-Employer Defined Benefit Pension Plans**

The *Local Police and Fire Retirement System* (LOPFI) is a statewide agent multiple-employer retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes, and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained by contacting the following:

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

Contribution requirements are set forth in Arkansas state statute. Participating firemen are required to contribute six percent of the annual covered salary. Participating policemen are not required to make contributions to the Plan. The City is required to contribute at an actuarially determined rate, which for 2005 was 12.03% for paid firemen, \$53 per month for volunteer firemen, and 14.23% for paid policemen.

For 2005, the City's annual pension cost was \$407,885 for paid firemen, \$634 for volunteer firemen, and \$518,202 for paid policemen, which was equal to the required and actual contributions. The required contribution was determined as part of the December 31, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on present and future assets of 8.0% per year, compounded annually, (b) projected salary increase of 4.0% per year, compounded annually, attributable to wage inflation, (c) additional projected salary increases ranging from 0.0% to 5.1% per year, attributable to seniority/merit, (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality table set forward one year for men and set forward one year for women, and (e) annual compounded post-retirement increases of 3.0% every other year. The actuarial value of assets was determined using techniques that smooth the short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability (and assets in excess of actuarial accrued liability) is being amortized over 30 years as a level percentage of projected payrolls on an open basis.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### Three - Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
LOPFI - Firemen	12/31/2003	\$ 168,445	100.0%	\$ -
	12/31/2004	342,199	100.0%	-
	12/31/2005	408,351	100.0%	-
LOPFI - Policemen	12/31/2003	350,248	100.0%	-
	12/31/2004	511,706	100.0%	-
	12/31/2005	515,221	100.0%	-

#### District Judges and Court Clerk's Retirement System

On January 1, 2005, the district judge became a member of the Arkansas District Judges Retirement System (ADJRS), a state administered defined benefit plan. Employer contributions for 2005 were 18% of covered payroll, and the judge's contribution rate was 5% for 2005. The annual pension cost and covered payroll for 2005 were \$13,278 and \$73,764, respectively. There is one retired clerk receiving benefits from ADJRS.

On January 1, 2005, the district court clerk became a member of the Arkansas Public Employees' Retirement System (APERS), a state administered defined benefit plan. Employer contributions for 2005 were 11.08% of covered payroll for January – June, and 12.54% for July - December, and the employee's contribution rate was 5% for 2005. The annual pension cost and covered payroll for 2005 were \$4,545 and \$38,285, respectively.

#### Pension Plan – Discretely Presented Component Unit

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

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

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

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

Employee's contributions are three percent of base monthly compensation. Employees may voluntarily contribute additional amounts up to ten percent of base monthly compensation. The employer contributes six percent of the employee's base monthly compensation for each plan participant.

The Utilities accounts for its current employee contributions as pension costs in the year paid. For the year ended September 30, 2005 the Utilities' contribution was \$129,086, and the employees' contribution was \$79,017.

#### **Note 7 – Deferred Compensation Plans**

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

The Plan, available to all full time City employees, permits them to defer until future years up to 25% of annual gross earnings not to exceed \$14,000. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

#### **Deferred Compensation Plan – Discretely Presented Component Unit**

Employees of *Springdale Water Utilities* are eligible to participate in a deferred compensation plan adopted in January 1976, created in accordance with the Internal Revenue Code (IRC), and amended from time to time in compliance with IRC regulations. The assets are held by Jackson National Life and remain the property of the Utilities until paid to the employees, subject only to the claims of the Utilities' general creditors. The only contributions to the plan are employee elective deferrals.

#### **Note 8 – Postretirement Health Care Benefits**

Retiring employees are permitted to continue their coverage in the City's group health care benefits plan provided they pay the full cost of the coverage. The City collects the premiums from the retired employees and remits them to the plan administrator. As of December 31, 2005 there were 17 retired City employees participating in the group health care plan. This postretirement benefit results in no direct cost to the City.

*Discretely Presented Component Unit – Springdale Water Utilities* does not offer post employment benefits and does not offer postretirement benefits other than pensions.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### Note 9 – Risk Management

The City and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which they carry insurance. The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile, legal defense and worker's compensation. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers, and population. For risks related to vehicle accidents covered by AML, the City pays a \$1,000 deductible per incident. For legal risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses. There have been no significant reductions in insurance coverage from 2004 to 2005.

#### Note 10 – Property Taxes

City property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes which remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property remains delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Washington and Benton Counties are the collecting agents for the City, and remit collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2005 property taxes receivable and related deferred revenues of \$4,155,605 have been recorded in the governmental funds. In the government-wide statement of net assets, delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20 percent to arrive at assessed value.

The City is permitted by Arkansas State Law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds, and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2005 to finance the above operations was \$0.57 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.13 per \$100 of assessed valuation on real and personal property. Approximately \$1,008,434 of additional taxes could be raised per year based on the current year's assessed value of \$562,901,237 for real property and \$212,817,528 for personal property before the limit is reached.

#### Note 11 – Sales Taxes

In October 1981, Washington County began assessing a 1% sales and use tax on retail sales in the county. Each city in Washington County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 18.51% of the county tax. The tax is collected by the

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$8,496,076 for 2005 and are included in the General Fund's tax revenues in the accompanying financial statements.

In July 1992, the City began assessing a 1% sales and use tax on retail sales in the City, upon approval of the tax by the City's voters. Revenues are used to fund capital improvement projects (75%) and general municipal operations and maintenance (25%). The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$12,032,991 for 2005, and are included in the Sales and Use Tax Fund's tax revenues in the accompanying financial statements.

In August 1998, Benton County began assessing a 1% sales and use tax on retail sales in the county. Each city in Benton County receives a portion of the tax based upon population of the city. Currently, the City receives approximately 1.31% of the county tax. The tax is collected by the state, and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City totaled \$343,948 for 2005 and are included in the General Fund's tax revenues in the accompanying financial statements.

In August 2003, City voters approved an additional 1% sales and use tax on retail sales in the City. The City began assessing the tax in October 2003. Revenues from the additional 1% tax are pledged for payment of the principal and interest on the City of Springdale, Arkansas Sales and Use Tax Bonds, Series 2004 (see also Note 4). The tax is collected by the state, and remitted to the City, net of a 3% collection fee. Taxes for this purpose remitted to the City totaled \$12,032,991 for 2005, and are included in the Debt Service Fund's tax revenues in the accompanying financial statements. This tax will sunset upon retirement of all related debt. (See also Note 15.)

#### **Note 12 – Commitments and Contingencies**

##### *Litigation*

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

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

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

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### Contingencies

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

#### Note 13 – Restatement of Prior Years

During the year ended December 31, 2005, the City discovered several errors in previously reported capital assets related to the implementation of GASB Statement No. 34. Land valued at \$360,000 donated to the city in 2003 was inadvertently not recorded. Also, easements acquired in prior years in the amount of \$675,422 were erroneously reported in construction in progress. In addition, infrastructure assets constructed prior to 2003 in the amount of \$1,175,173 have been recorded. As of January 1, 2004, capital assets have been restated from the balance previously reported to reflect the net increase of \$2,760,595, as follows:

	Balance, As Reported December 31, 2004	Restatement	Balance, Restated December 31, 2004
<b>Governmental Activities</b>			
Capital assets, non-depreciable	\$ 20,017,414	\$ 1,307,525	\$ 21,324,939
Capital assets, depreciable	45,815,191	1,559,056	47,374,247
Less accumulated depreciation	14,478,692	105,986	14,584,678
Total governmental activities, net	\$ 51,353,913	\$ 2,760,595	\$ 54,114,508

#### Note 14 – New Applicable GASB Standards

Effective January 1, 2005, the City implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets.

GASB has issued Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. These statements establish uniform financial reporting standards for other postemployment benefits (OPEB) plans, improve the relevance and usefulness of financial reporting, and supersede statements No. 12, No. 26, and No. 27. The City will be required to implement these statements in its financial statements for years beginning after December 15, 2006. City management has not determined the impact these statements will have on its financial statements.

GASB has also issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*, which amends Statement No. 34. This statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. This statement becomes effective for financial statements for years beginning after June 15, 2005. City management has not determined the impact these statements will have on its financial statements.

## City of Springdale, Arkansas

### Notes to Basic Financial Statements December 31, 2005

#### Note 15 – Subsequent Events

##### ***Creation of Springdale Public Facilities Board***

On January 10, 2006, the City Council passed an ordinance creating the *Springdale Public Facilities Board*, and abolishing the City of Springdale, Arkansas Residential Housing Facilities Board and the Springdale Industrial Commission. All assets, liabilities, and contractual obligations of the City of Springdale, Arkansas Residential Housing Facilities Board and the Springdale Industrial Commission were transferred to the *Springdale Public Facilities Board*.

##### **Issuance of Water and Sewer Bond**

The City Council passed an ordinance on June 27, 2006, authorizing the issuance of a Water and Sewer Revenue Bond, Series 2006 in the amount of \$3,600,000, and bearing interest at a rate of 5%. The purpose of the bond is to finance a portion of the costs of improvements to the sewer facilities of the City which are operated by the City's component unit, *Springdale Water Utilities*. The bond is a special obligation of the City, payable solely from the revenues derived from the operations of the *Utilities*. The pledge of revenues for this bond is subordinate to the pledge in favor of the City's Water and Sewer Revenue Bonds, Series 2001.

##### **Issuance of Sales and Use Tax Bonds**

At a special election held on July 11, 2006, voters approved the issuance of Sales and Use Tax bonds, as follows.

An issue of up to \$42,000,000 in bonds for the purpose of financing all or a portion of the costs of refunding the City's outstanding Sales and Use Tax Bonds, Series 2004. These bonds will not be general obligations of the City, but will be special obligations payable solely from collections of a replacement 1% sales and use tax levied by the City. The tax will replace the City's existing 1% sales and use tax levied in 2003 for the sole purpose of retiring bonds. The effective date of the new tax will be the day following the date the existing tax expires.

An issue of up to \$45,000,000 in bonds for the purpose of financing all or a portion of the costs of new streets, roads and bridges or improvements to existing streets, roads and bridges. These bonds will also be special obligations of the City, payable solely from collections of a new 1% sales and use tax levied and pledged by the City. This tax will expire after the bonds have been paid or provision is made therefor in accordance with Arkansas statutes. These bonds will replace the remaining \$45,000,000 in Street Improvement Bonds authorized at the special election held August 12, 2003.

An issue of up to \$50,000,000 in bonds for the purpose of financing all or a portion of the costs of constructing a new baseball stadium, including land acquisition, parking, streets, sidewalks, professional fees, and other related costs. In order to pay the bonds, a new levy and pledge of a 1% local sales and use tax within the City limits was made that will expire after the bonds have been paid or provision is made therefor in accordance with Arkansas statutes.

The rate of taxation will be 1% even though bonds for more than one purpose were approved.

**REQUIRED SUPPLEMENTARY  
INFORMATION - (UNAUDITED)**

**City of Springdale, Arkansas**

**Defined Benefit Pension Plans - Required Supplementary Information  
Schedule of Funding Progress  
Year Ended December 31, 2005**

	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Firemen's Relief and Pension Fund	12/31/1993	\$ 6,231,158	\$ 7,443,840	\$ 1,212,682	83.7%	\$ 716,825	169.2%
	12/31/1995	7,627,291	8,014,759	387,468	95.2%	738,165	52.5%
	12/31/1997	10,099,646	10,973,116	873,470	92.0%	781,690	111.7%
	12/31/1999	11,945,698	12,692,061	746,363	94.1%	486,603	153.4%
	12/31/2001	12,103,885	16,971,518	4,867,633	71.3%	438,067	1111.2%
	12/31/2003	11,502,740	17,358,658	5,855,918	66.3%	139,793	4189.0%
Policemen's Pension and Relief Fund	12/31/1993	5,499,231	7,358,283	1,859,052	74.7%	552,717	336.3%
	12/31/1995	6,738,055	8,388,928	1,650,873	80.3%	493,971	334.2%
	12/31/1997	7,950,901	9,181,117	1,230,216	86.6%	514,231	239.2%
	12/31/1999	9,276,276	10,368,517	1,092,241	89.5%	598,532	182.5%
	12/31/2001	9,099,818	11,651,301	2,551,483	78.1%	400,584	636.9%
	12/31/2003	8,945,332	12,948,344	4,003,012	69.1%	160,303	2497.1%
Local Police and Fire Retirement System - Paid Firemen	12/31/2000	3,917,232	2,531,303	(1,385,929)	155.0%	1,949,115	(71.0%)
	12/31/2001	4,659,683	3,017,739	(1,641,944)	154.0%	2,170,942	(76.0%)
	12/31/2002	5,152,712	4,349,448	(803,264)	118.0%	2,443,634	(33.0%)
	12/31/2003	5,753,420	5,947,083	193,663	97.0%	2,722,712	7.0%
	12/31/2004	6,375,887	8,065,272	1,689,385	79.0%	3,062,336	55.0%
	12/31/2005	7,531,495	9,032,836	1,501,341	83.0%	3,342,774	45.0%
Local Police and Fire Retirement System - Volunteer Firemen	12/31/2000	11,008	6,996	(4,012)	157.0%	N/A	N/A
	12/31/2001	11,882	7,969	(3,913)	149.0%	N/A	N/A
	12/31/2002	10,919	14,420	3,501	76.0%	N/A	N/A
	12/31/2003	11,585	18,040	6,455	64.0%	N/A	N/A
	12/31/2004	10,865	19,855	8,990	55.0%	N/A	N/A
	12/31/2005	12,451	21,367	8,916	58.0%	N/A	N/A
Local Police and Fire Retirement System - Policemen	12/31/2000	2,818,541	2,134,036	(684,505)	132.0%	2,105,598	(33.0%)
	12/31/2001	3,422,420	2,826,985	(595,435)	121.0%	2,951,884	(20.0%)
	12/31/2002	3,948,027	4,373,121	425,094	90.0%	3,081,907	14.0%
	12/31/2003	4,589,343	5,474,276	884,933	84.0%	3,200,722	28.0%
	12/31/2004	5,199,753	7,400,359	2,200,606	70.0%	3,483,157	63.0%
	12/31/2005	5,706,520	8,608,058	2,901,538	66.0%	3,615,225	80.0%

Note: 12/31/1993 and 12/31/1995 are at amortized cost value.

## City of Springdale, Arkansas

### Defined Benefit Pension Plans - Required Supplementary Information Schedule of Employer Contributions Year Ended December 31, 2005

	<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Firemen's Relief and Pension Fund	12/31/1993	273,627	38.2%
	12/31/1995	190,251	25.8%
	12/31/1997	397,784	50.9%
	12/31/1999	391,606	80.5%
	12/31/2001	932,036	34.4%
	12/31/2003	1,071,911	63.6%
Policemen's Pension and Relief Fund	12/31/1993	314,079	56.8%
	12/31/1995	308,593	62.5%
	12/31/1997	514,231	58.4%
	12/31/1999	387,575	64.8%
	12/31/2001	437,259	92.8%
	12/31/2003	590,851	69.3%
Local Police and Fire Retirement System - Firemen	12/31/2000	225,588	100.0%
	12/31/2001	263,296	100.0%
	12/31/2002	150,506	100.0%
	12/31/2003	168,445	100.0%
	12/31/2004	342,199	100.0%
	12/31/2005	408,351	100.0%
Local Police and Fire Retirement System - Policemen	12/31/2000	294,527	100.0%
	12/31/2001	331,837	100.0%
	12/31/2002	338,161	100.0%
	12/31/2003	350,248	100.0%
	12/31/2004	511,706	100.0%
	12/31/2005	515,221	100.0%

**City of Springdale, Arkansas**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
Sales	\$ 8,420,000	\$ 8,420,000	\$ 8,840,784	\$ 420,784
Ad valorem	2,992,000	2,992,000	3,138,216	146,216
Franchise	2,720,000	2,720,000	2,826,023	106,023
<b>Fees and Permits</b>				
Building permits	850,000	850,000	1,024,410	174,410
Occupation permits	105,000	105,000	112,030	7,030
Other	35,500	35,500	42,575	7,075
<b>Intergovernmental</b>				
Federal and state grants	82,000	82,000	223,982	141,982
State turnback-general	733,000	733,000	754,122	21,122
State turnback-insurance	570,000	570,000	669,248	99,248
County turnback	402,450	402,450	405,019	2,569
Other	73,000	73,000	107,471	34,471
<b>Charge for services</b>				
Ambulance fees	730,000	730,000	710,602	( 19,398 )
Other service fees	173,000	173,000	210,500	37,500
<b>Fines and forfeitures</b>				
	913,000	913,000	989,104	76,104
<b>Miscellaneous</b>				
	<u>177,500</u>	<u>187,466</u>	<u>328,227</u>	<u>140,761</u>
<b>Total Revenues</b>	<u>18,976,450</u>	<u>18,986,416</u>	<u>20,382,313</u>	<u>1,395,897</u>
<b>Expenditures</b>				
<b>General Government</b>				
<b>Administration</b>				
Personnel	966,070	966,070	964,456	1,614
Buildings and equipment	381,500	396,175	405,338	( 9,163 )
Supplies	126,000	126,000	134,666	( 8,666 )
Other	305,950	1,060,770	1,095,393	( 34,623 )
Economic development	284,400	284,400	288,016	( 3,616 )
Capital	15,000	15,000	17,503	( 2,503 )
Total Administration	<u>2,078,920</u>	<u>2,848,415</u>	<u>2,905,372</u>	<u>( 56,957 )</u>
<b>City Attorney</b>				
Personnel	488,570	488,570	481,167	7,403
Buildings and equipment	16,800	16,800	15,333	1,467
Supplies	11,900	11,900	10,706	1,194
Other	16,500	16,500	13,387	3,113
Capital	20,000	20,000	17,554	2,446
Total City Attorney	<u>553,770</u>	<u>553,770</u>	<u>538,147</u>	<u>15,623</u>
<b>Total General Government</b>	<u>2,632,690</u>	<u>3,402,185</u>	<u>3,443,519</u>	<u>( 41,334 )</u>

[continued]

**City of Springdale, Arkansas**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Culture and Recreation</b>				
Shiloh Museum				
Personnel	384,440	384,440	344,006	40,434
Buildings and equipment	25,000	25,000	18,907	6,093
Supplies	61,000	61,000	65,063	( 4,063 )
Other	11,300	11,300	13,308	( 2,008 )
Total Shiloh Museum	<u>481,740</u>	<u>481,740</u>	<u>441,284</u>	<u>40,456</u>
Parks and recreation				
Personnel	840,810	840,810	793,120	47,690
Buildings and equipment	125,000	125,000	139,285	( 14,285 )
Supplies	126,000	126,000	138,667	( 12,667 )
Other	80,150	80,150	75,934	4,216
Capital	20,000	20,000	25,826	( 5,826 )
Total Parks and Recreation	<u>1,191,960</u>	<u>1,191,960</u>	<u>1,172,832</u>	<u>19,128</u>
<b>Total Culture and Recreation</b>	<u>1,673,700</u>	<u>1,673,700</u>	<u>1,614,116</u>	<u>59,584</u>
<b>Community Development</b>				
Planning and community development				
Personnel	626,830	626,830	577,226	49,604
Buildings and equipment	48,500	48,500	19,011	29,489
Supplies	27,000	27,000	31,777	( 4,777 )
Other	104,960	104,960	56,288	48,672
Capital	20,000	20,000	25,966	( 5,966 )
<b>Total Community Development</b>	<u>827,290</u>	<u>827,290</u>	<u>710,268</u>	<u>117,022</u>
<b>Public Safety</b>				
Animal Services				
Personnel	220,730	220,730	216,572	4,158
Buildings and equipment	12,500	12,500	17,364	( 4,864 )
Supplies	25,500	25,500	24,766	734
Other	9,960	9,960	6,572	3,388
Total Animal Services	<u>268,690</u>	<u>268,690</u>	<u>265,274</u>	<u>3,416</u>
Building Inspection				
Personnel	626,920	626,920	624,440	2,480
Buildings and equipment	12,750	12,750	9,974	2,776
Supplies	52,500	52,500	49,428	3,072
Other	42,050	42,050	36,958	5,092
Capital	82,000	82,000	81,198	802
Total Building Inspection	<u>816,220</u>	<u>816,220</u>	<u>801,998</u>	<u>14,222</u>

[continued]

**City of Springdale, Arkansas**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Police</b>				
Personnel	7,367,290	7,367,290	6,993,811	373,479
Buildings and equipment	145,750	145,750	146,327	( 577 )
Supplies	285,300	285,300	298,592	( 13,292 )
Other	204,750	204,750	370,406	( 165,656 )
Capital	256,380	284,346	292,031	( 7,685 )
<b>Total Police</b>	<u>8,259,470</u>	<u>8,287,436</u>	<u>8,101,167</u>	<u>186,269</u>
<b>Fire</b>				
Personnel	5,611,700	5,611,700	5,459,973	151,727
Buildings and equipment	162,500	162,500	171,165	( 8,665 )
Supplies	326,400	326,400	414,114	( 87,714 )
Other	225,000	225,000	184,459	40,541
Capital	50,000	50,000	101,907	( 51,907 )
<b>Total Fire</b>	<u>6,375,600</u>	<u>6,375,600</u>	<u>6,331,618</u>	<u>43,982</u>
<b>Total Public Safety</b>	<u>15,719,980</u>	<u>15,747,946</u>	<u>15,500,057</u>	<u>247,889</u>
<b>Total Expenditures</b>	<u>20,853,660</u>	<u>21,651,121</u>	<u>21,267,960</u>	<u>383,161</u>
<b>Excess Revenues over Expenditures</b>	( 1,877,210 )	( 2,664,705 )	( 885,647 )	<u>1,779,058</u>
<b>Other Financing Sources [Uses]</b>				
Proceeds from sale of capital assets	-	-	28,067	28,067
Transfers in	3,142,000	3,142,000	3,251,248	109,248
Transfers out	( 1,853,710 )	( 2,045,170 )	( 2,080,827 )	( 35,657 )
<b>Total Other Financing Sources [Uses]</b>	<u>1,288,290</u>	<u>1,096,830</u>	<u>1,198,488</u>	<u>101,658</u>
<b>Net Change in Fund Balance</b>	( 588,920 )	( 1,567,875 )	312,841	1,880,716
<b>Fund Balance Beginning of Year</b>	<u>7,742,687</u>	\$ <u>7,742,687</u>	\$ <u>7,742,687</u>	<u>-</u>
<b>Fund Balance End of Year</b>	\$ <u><u>7,153,767</u></u>	\$ <u><u>6,174,812</u></u>	\$ <u><u>8,055,528</u></u>	\$ <u><u>1,880,716</u></u> [concluded]

**City of Springdale, Arkansas**  
**Street Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variances
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Ad valorem	\$ 560,000	\$ 560,000	\$ 575,022	\$ 15,022
<b>Fees and Permits</b>				
Curb Cuts	30,000	30,000	1,175	( 28,825 )
Other	2,250	2,250	3,100	850
<b>Intergovernmental</b>				
State turnback-street	2,245,000	2,245,000	2,228,545	( 16,455 )
<b>Charges for goods and services</b>				
Street signs	10,000	10,000	16,206	6,206
Street and curb cut repairs	-	-	41,406	41,406
Other	3,000	3,000	21,185	18,185
Interest	1,500	1,500	758	( 742 )
Miscellaneous	7,500	7,500	29,872	22,372
<b>Total revenues</b>	<u>2,859,250</u>	<u>2,859,250</u>	<u>2,917,269</u>	<u>58,019</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Street Fund				
Personnel	1,827,490	1,827,490	1,756,327	71,163
Buildings and equipment	117,500	117,500	131,323	( 13,823 )
Supplies	730,400	738,900	852,857	( 113,957 )
Other	731,750	886,210	902,836	( 16,626 )
Capital	291,000	319,500	266,330	53,170
<b>Total Public Works</b>	<u>3,698,140</u>	<u>3,889,600</u>	<u>3,909,673</u>	<u>( 20,073 )</u>
<b>Excess Revenues over Expenditures</b>	( 838,890 )	( 1,030,350 )	( 992,404 )	( 37,946 )
<b>Other Financing Sources [Uses]</b>				
Proceeds from sale of capital assets	-	-	16,473	16,473
Transfers in	853,150	1,044,610	1,044,610	-
Transfers out	( 14,260 )	( 14,260 )	( 46,279 )	( 32,019 )
<b>Total Other Financing Sources [Uses]</b>	<u>838,890</u>	<u>1,030,350</u>	<u>1,014,804</u>	<u>( 15,546 )</u>
<b>Net Change in Fund Balance</b>	-	-	22,400	22,400
Fund Balance Beginning of Year	<u>134,913</u>	<u>134,913</u>	<u>134,913</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 134,913</u>	<u>\$ 134,913</u>	<u>\$ 157,313</u>	<u>\$ 22,400</u>

**City of Springdale, Arkansas**  
**Sales and Use Tax Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variances
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Sales tax	\$ 11,600,000	\$ 11,600,000	\$ 12,032,991	\$ 432,991
Investment earnings	-	-	261,016	261,016
Miscellaneous	-	-	22,177	22,177
<b>Total Revenues</b>	<u>11,600,000</u>	<u>11,600,000</u>	<u>12,316,184</u>	<u>716,184</u>
<b>Expenditures</b>				
<b>Capital Projects</b>				
Capital	<u>10,426,480</u>	<u>10,426,480</u>	<u>6,858,742</u>	<u>3,567,738</u>
<b>Total Capital Projects</b>	<u>10,426,480</u>	<u>10,426,480</u>	<u>6,858,742</u>	<u>3,567,738</u>
<b>Excess Revenues over Expenditures</b>	<u>1,173,520</u>	<u>1,173,520</u>	<u>5,457,442</u>	<u>4,283,922</u>
<b>Other Financing Sources [Uses]</b>				
Proceeds from sale of capital assets	-	-	4,881	4,881
Developers contributions	-	-	565,302	565,302
Transfers out	( 3,100,000 )	( 3,100,000 )	( 3,269,928 )	( 169,928 )
<b>Total Other Financing Sources [Uses]</b>	<u>( 3,100,000 )</u>	<u>( 3,100,000 )</u>	<u>( 2,699,745 )</u>	<u>400,255</u>
<b>Net Change in Fund Balance</b>	( 1,926,480 )	( 1,926,480 )	2,757,697	4,684,177
<b>Fund Balance Beginning of Year</b>	<u>8,835,407</u>	<u>8,835,407</u>	<u>8,835,407</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 6,908,927</u>	<u>\$ 6,908,927</u>	<u>\$ 11,593,104</u>	<u>\$ 4,684,177</u>

**City of Springdale, Arkansas**  
**Street Improvement Bonds Construction Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 600,000	\$ 600,000	\$ 1,492,018	\$ 892,018
Miscellaneous	<u>-</u>	<u>-</u>	<u>7,899</u>	<u>7,899</u>
<b>Total Revenues</b>	<u>600,000</u>	<u>600,000</u>	<u>1,499,917</u>	<u>899,917</u>
<b>Expenditures</b>				
<b>Capital Projects</b>				
Capital	19,300,000	19,300,000	10,477,121	8,822,879
Debt service: Agent fees	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>( 9,000 )</u>
<b>Total Capital Projects</b>	<u>19,300,000</u>	<u>19,300,000</u>	<u>10,486,121</u>	<u>8,813,879</u>
<b>Excess Revenues over Expenditures</b>	<u>( 18,700,000 )</u>	<u>( 18,700,000 )</u>	<u>( 8,986,204 )</u>	<u>9,713,796</u>
<b>Other Financing Sources [Uses]</b>				
Developers contributions	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>3,700</u>
<b>Total Other Financing Sources [Uses]</b>	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>3,700</u>
<b>Net Change in Fund Balance</b>	<u>( 18,700,000 )</u>	<u>( 18,700,000 )</u>	<u>( 8,982,504 )</u>	<u>9,717,496</u>
Fund Balance Beginning of Year	<u>56,180,200</u>	<u>56,180,200</u>	<u>56,180,200</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 37,480,200</u>	<u>\$ 37,480,200</u>	<u>\$ 47,197,696</u>	<u>\$ 9,717,496</u>

**City of Springdale, Arkansas**  
**Debt Service Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variances
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Sales Tax	\$ 11,600,000	\$ 11,600,000	\$ 12,032,991	\$ 432,991
Investment earnings	<u>90,000</u>	<u>90,000</u>	<u>235,850</u>	<u>145,850</u>
<b>Total Revenues</b>	<u>11,690,000</u>	<u>11,690,000</u>	<u>12,268,841</u>	<u>578,841</u>
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal	4,613,290	4,613,290	9,223,292	( 4,610,002 )
Interest	2,261,590	2,261,590	2,096,368	165,222
Other fees	-	-	1,500	( 1,500 )
Agent fees	<u>-</u>	<u>-</u>	<u>6,700</u>	<u>( 6,700 )</u>
<b>Total Debt Service</b>	<u>6,874,880</u>	<u>6,874,880</u>	<u>11,327,860</u>	<u>( 4,452,980 )</u>
<b>Excess Revenues over Expenditures</b>	<u>4,815,120</u>	<u>4,815,120</u>	<u>940,981</u>	<u>( 3,874,139 )</u>
<b>Other Financing Sources [Uses]</b>				
Transfers in	<u>14,260</u>	<u>14,260</u>	<u>46,279</u>	<u>32,019</u>
<b>Total Other Financing Sources [Uses]</b>	<u>14,260</u>	<u>14,260</u>	<u>46,279</u>	<u>32,019</u>
<b>Net Change in Fund Balance</b>	4,829,380	4,829,380	987,260	( 3,842,120 )
Fund Balance Beginning of Year	<u>13,435,109</u>	<u>13,435,109</u>	<u>13,435,109</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 18,264,489</u>	<u>\$ 18,264,489</u>	<u>\$ 14,422,369</u>	<u>\$ ( 3,842,120 )</u>

City of Springdale, Arkansas  
Public Library Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variances Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Ad valorem	\$ 31,000	\$ 31,000	\$ 29,248	\$ ( 1,752 )
<b>Intergovernmental</b>				
State grants	-	-	572	572
County aid	579,020	579,020	579,021	1
<b>Fines</b>	48,000	48,000	58,442	10,442
<b>Investment earnings</b>	-	-	272	272
<b>Miscellaneous</b>	95,580	95,580	96,960	1,380
<b>Total revenues</b>	<u>753,600</u>	<u>753,600</u>	<u>764,515</u>	<u>10,915</u>
<b>Expenditures</b>				
<b>Culture and recreation</b>				
Public Library				
Personnel	888,800	888,800	870,193	18,607
Maintenance	83,900	83,900	80,909	2,991
Supplies	358,200	358,200	359,342	( 1,142 )
Other	44,320	44,320	42,016	2,304
Capital	40,000	40,000	40,411	( 411 )
<b>Total Public Library</b>	<u>1,415,220</u>	<u>1,415,220</u>	<u>1,392,871</u>	<u>22,349</u>
<b>Excess Revenues over Expenditures</b>	( 661,620 )	( 661,620 )	( 628,356 )	33,264
<b>Other Financing Sources [Uses]</b>				
Transfers in	661,620	661,620	661,620	-
<b>Total Other Financing Sources [Uses]</b>	<u>661,620</u>	<u>661,620</u>	<u>661,620</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	33,264	33,264
Fund Balance Beginning of Year	( 46,230 )	( 46,230 )	( 46,230 )	-
<b>Fund Balance End of Year</b>	<u>\$ ( 46,230 )</u>	<u>\$ ( 46,230 )</u>	<u>\$ ( 12,966 )</u>	<u>\$ 33,264</u>

**City of Springdale, Arkansas**  
**Shiloh Museum Board Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Fees and permits</b>				
Fees and memberships	\$ 20,000	\$ 20,000	\$ 22,781	\$ 2,781
<b>Charges for goods &amp; services</b>	9,000	9,000	7,862	( 1,138 )
<b>Investment earnings</b>	300	300	37,745	37,445
<b>Miscellaneous</b>	<u>20,000</u>	<u>20,000</u>	<u>196,237</u>	<u>176,237</u>
<b>Total revenues</b>	<u>49,300</u>	<u>49,300</u>	<u>264,625</u>	<u>215,325</u>
<b>Expenditures</b>				
<b>Culture and recreation</b>				
Shiloh Museum				
Personnel	3,500	3,500	-	3,500
Maintenance	1,000	1,000	1,041	( 41 )
Supplies	4,800	4,800	2,009	2,791
Other	29,000	29,000	20,656	8,344
Capital	<u>11,000</u>	<u>11,000</u>	<u>21,659</u>	<u>( 10,659 )</u>
<b>Total Shiloh Museum</b>	<u>49,300</u>	<u>49,300</u>	<u>45,365</u>	<u>3,935</u>
<b>Net Change in Fund Balance</b>	-	-	219,260	219,260
<b>Fund Balance Beginning of Year</b>	<u>565,153</u>	<u>565,153</u>	<u>565,153</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 565,153</u>	<u>\$ 565,153</u>	<u>\$ 784,413</u>	<u>\$ 219,260</u>

City of Springdale, Arkansas  
District Court Costs Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Fees and Permits</b>				
Filing fees	\$ 87,000	\$ 87,000	\$ 88,496	\$ 1,496
Installment plan fees	24,000	24,000	26,888	2,888
<b>Intergovernmental</b>				
County aid	56,810	56,810	60,311	3,501
Investment earnings	1,000	1,000	2,990	1,990
Miscellaneous	-	-	29	29
<b>Total revenues</b>	<u>168,810</u>	<u>168,810</u>	<u>178,714</u>	<u>9,904</u>
<b>Expenditures</b>				
<b>General Government</b>				
<b>Court Costs</b>				
Personnel	467,650	467,650	482,562	( 14,912 )
Maintenance	2,000	2,000	2,639	( 639 )
Supplies	20,550	20,550	19,786	764
Other	14,050	14,050	14,805	( 755 )
Capital	3,500	3,500	3,210	290
<b>Total Court Costs</b>	<u>507,750</u>	<u>507,750</u>	<u>523,002</u>	<u>( 15,252 )</u>
<b>Excess Revenues over Expenditures</b>	( 338,940 )	( 338,940 )	( 344,288 )	( 5,348 )
<b>Other Financing Sources</b>				
Transfers in	<u>338,940</u>	<u>338,940</u>	<u>374,597</u>	<u>35,657</u>
<b>Net Change in Fund Balance</b>	-	-	30,309	30,309
Fund Balance Beginning of Year	<u>50,119</u>	<u>50,119</u>	<u>50,119</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 50,119</u>	<u>\$ 50,119</u>	<u>\$ 80,428</u>	<u>\$ 30,309</u>

City of Springdale, Arkansas  
Parks Activity Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual  
Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Charges for services</b>				
Activity fees	\$ 145,000	\$ 145,000	\$ 144,496	\$ ( 504 )
Investment earnings	-	-	674	674
Miscellaneous	<u>14,500</u>	<u>14,500</u>	<u>16,290</u>	<u>1,790</u>
<b>Total revenues</b>	<u>159,500</u>	<u>159,500</u>	<u>161,460</u>	<u>1,960</u>
<b>Expenditures</b>				
<b>Culture and recreation</b>				
Parks Activity				
Personnel	92,400	92,400	83,443	8,957
Supplies	12,000	12,000	14,461	( 2,461 )
Other	6,500	6,500	10,027	( 3,527 )
Capital	<u>45,000</u>	<u>45,000</u>	<u>65,216</u>	<u>( 20,216 )</u>
<b>Total Parks Activity</b>	<u>155,900</u>	<u>155,900</u>	<u>173,147</u>	<u>( 17,247 )</u>
<b>Excess Revenues over Expenditures</b>	3,600	3,600	( 11,687 )	( 15,287 )
Fund Balance Beginning of Year	<u>110,970</u>	<u>110,970</u>	<u>110,970</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 114,570</u>	<u>\$ 114,570</u>	<u>\$ 99,283</u>	<u>\$ ( 15,287 )</u>

**City of Springdale, Arkansas**  
**Municipal Airport Fund**  
**Statement of Revenues, Expenses, and Changes in Net Assets-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variances Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
<b>Operating Revenues</b>						
<b>Charge for services</b>						
Rental fees	\$ 192,000	\$ 192,000	\$ 198,196	\$ -	\$ 198,196	\$ 6,196
Fuel flowage fees	80,000	80,000	82,379	-	82,379	2,379
Other service fees	10,800	10,800	10,800	-	10,800	-
<b>Total operating revenues</b>	<u>282,800</u>	<u>282,800</u>	<u>291,375</u>	<u>-</u>	<u>291,375</u>	<u>8,575</u>
<b>Expenditures</b>						
Personnel	81,560	81,560	73,090	-	73,090	8,470
Maintenance	36,500	36,500	50,038	-	50,038	( 13,538 )
Supplies	42,500	42,500	46,737	-	46,737	( 4,237 )
Other	144,300	144,300	132,950	-	132,950	11,350
Depreciation expense	-	-	209,406	( 209,406 )	-	-
<b>Total operating expense</b>	<u>304,860</u>	<u>304,860</u>	<u>512,221</u>	<u>( 209,406 )</u>	<u>302,815</u>	<u>2,045</u>
<b>Operating Income [loss]</b>	<u>( 22,060 )</u>	<u>( 22,060 )</u>	<u>( 220,846 )</u>	<u>209,406</u>	<u>( 11,440 )</u>	<u>6,530</u>
<b>Nonoperating Revenue [Expenses]</b>						
Interest income	300	300	140	-	140	( 160 )
Capital expenses	-	-	-	( 901,467 )	( 901,467 )	( 901,467 )
<b>Net Nonoperating Revenue [Expense]</b>	<u>300</u>	<u>300</u>	<u>140</u>	<u>( 901,467 )</u>	<u>( 901,327 )</u>	<u>( 901,627 )</u>
<b>Income [loss] before capital contributions and transfers</b>	<u>( 21,760 )</u>	<u>( 21,760 )</u>	<u>( 220,706 )</u>	<u>( 692,061 )</u>	<u>( 912,767 )</u>	<u>( 895,097 )</u>
Capital grants and contributions	8,400	8,400	1,034,486	-	1,034,486	1,026,086
Transfers in	-	-	61,680	-	61,680	61,680
<b>Change in net assets</b>	<u>( 13,360 )</u>	<u>( 13,360 )</u>	<u>875,460</u>	<u>( 692,061 )</u>	<u>( 851,087 )</u>	<u>( 833,417 )</u>
Total net assets beginning of year	<u>3,932,801</u>	<u>3,932,801</u>	<u>3,932,801</u>	<u>3,932,801</u>	<u>3,932,801</u>	<u>-</u>
<b>Total net assets end of year</b>	<u>\$ 3,919,441</u>	<u>\$ 3,919,441</u>	<u>\$ 4,808,261</u>	<u>\$ 3,240,740</u>	<u>\$ 3,081,714</u>	<u>\$ ( 833,417 )</u>

**City of Springdale, Arkansas**  
**Aquatic Center Fund**  
**Statement of Revenues, Expenses, and Changes in Net Assets-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments to Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variances Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Operating Revenues</b>						
<b>Charge for services</b>						
Activity Fees	\$ 225,000	\$ 225,000	\$ 207,531	\$ -	\$ 207,531	\$ ( 17,469 )
Concessions	5,000	5,000	8,355	-	8,355	3,355
Rental fees	-	-	1,337	-	1,337	1,337
<b>Total operating revenues</b>	<u>230,000</u>	<u>230,000</u>	<u>217,223</u>	<u>-</u>	<u>217,223</u>	<u>( 12,777 )</u>
<b>Expenditures</b>						
Personnel	124,020	124,020	131,234	-	131,234	( 7,214 )
Maintenance	27,000	27,000	24,274	-	24,274	2,726
Supplies	34,300	34,300	32,299	-	32,299	2,001
Other	5,700	5,700	3,824	-	3,824	1,876
Depreciation expense	-	-	241,807	( 241,807 )	-	-
<b>Total operating expense</b>	<u>191,020</u>	<u>191,020</u>	<u>433,438</u>	<u>( 241,807 )</u>	<u>191,631</u>	<u>( 611 )</u>
<b>Operating Income [loss]</b>	<u>38,980</u>	<u>38,980</u>	<u>( 216,215 )</u>	<u>241,807</u>	<u>25,592</u>	<u>( 12,166 )</u>
<b>Nonoperating Revenue [Expense]</b>						
Interest income	4,500	4,500	10,025	-	10,025	5,525
Capital expenses	( 15,000 )	( 15,000 )	-	-	-	15,000
<b>Net Nonoperating Revenue [Expense]</b>	<u>( 10,500 )</u>	<u>( 10,500 )</u>	<u>10,025</u>	<u>-</u>	<u>10,025</u>	<u>20,525</u>
<b>Change in net assets</b>	28,480	28,480	( 206,190 )	241,807	35,617	8,359
Total net assets beginning of year	<u>3,459,679</u>	<u>3,459,679</u>	<u>3,459,679</u>	<u>3,459,679</u>	<u>3,459,679</u>	<u>-</u>
<b>Total net assets end of year</b>	<u>\$ 3,488,159</u>	<u>\$ 3,488,159</u>	<u>\$ 3,253,489</u>	<u>\$ 3,701,486</u>	<u>\$ 3,495,296</u>	<u>\$ 8,359</u>

**City of Springdale, Arkansas**  
**Parks Soccer Program Fund**  
**Schedule of Revenues, Expenses, and Changes in Net Assets-Budget and Actual**  
**Year Ended December 31, 2005**

	Budgeted Amounts		Actual GAAP Basis	Adjustments to Budget Basis	Actual Budget Basis	Variances Final Budget Positive (Negative)
	Original	Final				
<b>Operating Revenues</b>						
Charge for services						
Activity fees	\$ 75,000	\$ 75,000	\$ 80,935	\$ -	\$ 80,935	\$ 5,935
<b>Total operating revenues</b>	<u>75,000</u>	<u>75,000</u>	<u>80,935</u>	<u>-</u>	<u>80,935</u>	<u>5,935</u>
<b>Expenditures</b>						
Personnel	37,620	37,620	45,099	-	45,099	( 7,479 )
Maintenance	4,000	4,000	6,017	-	6,017	( 2,017 )
Supplies	5,000	5,000	17,323	-	17,323	( 12,323 )
Other	12,500	12,500	6,525	-	6,525	5,975
Depreciation	-	-	1,772	( 1,772 )	-	-
<b>Total operating expense</b>	<u>59,120</u>	<u>59,120</u>	<u>76,736</u>	<u>( 1,772 )</u>	<u>74,964</u>	<u>( 15,844 )</u>
<b>Operating Income [loss]</b>	<u>15,880</u>	<u>( 15,880 )</u>	<u>4,199</u>	<u>1,772</u>	<u>5,971</u>	<u>9,909</u>
<b>Nonoperating Revenue [Expenses]</b>						
Interest income	-	-	582	-	582	582
Contributions	5,600	5,600	5,600	-	5,600	-
Capital expenses	-	-	-	( 16,358 )	( 16,358 )	( 16,358 )
<b>Net Nonoperating Revenue [Expenses]</b>	<u>5,600</u>	<u>5,600</u>	<u>6,182</u>	<u>( 16,358 )</u>	<u>( 10,176 )</u>	<u>( 15,776 )</u>
<b>Income [loss] before capital contributions</b>	<u>21,480</u>	<u>21,480</u>	<u>10,381</u>	<u>( 14,586 )</u>	<u>( 4,205 )</u>	<u>( 25,685 )</u>
Capital contributions	-	-	2,400	-	2,400	2,400
<b>Change in net assets</b>	<u>21,480</u>	<u>21,480</u>	<u>12,781</u>	<u>( 14,586 )</u>	<u>( 1,805 )</u>	<u>( 23,285 )</u>
Total net assets beginning of year	<u>119,376</u>	<u>119,376</u>	<u>119,376</u>	<u>119,376</u>	<u>119,376</u>	<u>-</u>
<b>Total net assets end of year</b>	<u>\$ 140,856</u>	<u>\$ 140,856</u>	<u>\$ 132,157</u>	<u>\$ 104,790</u>	<u>\$ 117,571</u>	<u>\$ ( 23,285 )</u>

**City of Springdale, Arkansas**  
**Bluff Cemetery Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Charges for goods</b>				
Cemetery lots	\$ 25,000	\$ 25,000	\$ 26,050	\$ 1,050
<b>Investment earnings</b>	<u>7,000</u>	<u>7,000</u>	<u>13,324</u>	<u>6,324</u>
<b>Total revenues</b>	<u>32,000</u>	<u>32,000</u>	<u>39,374</u>	<u>7,374</u>
<b>Expenditures</b>				
<b>General Government</b>				
Cemetery				
Personnel	18,320	18,320	24,839	( 6,519 )
Maintenance	8,900	8,900	2,333	6,567
Supplies	1,500	1,500	166	1,334
Other	4,200	4,200	174	4,026
Capital	<u>30,000</u>	<u>30,000</u>	<u>8,988</u>	<u>21,012</u>
<b>Total Bluff Cemetery</b>	<u>62,920</u>	<u>62,920</u>	<u>36,500</u>	<u>26,420</u>
<b>Net Change in Fund Balance</b>	( 30,920 )	( 30,920 )	2,874	33,794
<b>Fund Balance Beginning of Year</b>	<u>548,784</u>	<u>548,784</u>	<u>548,784</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 517,864</u>	<u>\$ 517,864</u>	<u>\$ 551,658</u>	<u>\$ 33,794</u>

SUPPLEMENTARY  
INFORMATION

City of Springdale, Arkansas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2005

	Special Revenue Funds				
	Public Library	Shiloh Museum Board	Advertising and Promotion	District Court Costs	Parks Activity
<b>ASSETS</b>					
Cash and cash equivalents	\$ 297	\$ 12,393	\$ 57,129	\$ 63,781	\$ 101,010
Investments	-	742,319	65,000	-	-
Accounts receivable	-	47,011	18,127	17,870	-
Due from other funds	45,236	-	-	19,507	-
Assets held for resale	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total Assets</b>	<b>\$ <u>45,533</u></b>	<b>\$ <u>801,723</u></b>	<b>\$ <u>140,256</u></b>	<b>\$ <u>101,158</u></b>	<b>\$ <u>101,010</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 28,655	\$ 310	\$ 14,392	\$ 2,470	\$ 1,259
Salaries payable	15,844	-	-	8,686	468
Due to other funds	14,000	17,000	-	9,574	-
Customer deposits	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>58,499</u></b>	<b><u>17,310</u></b>	<b><u>14,392</u></b>	<b><u>20,730</u></b>	<b><u>1,727</u></b>
<b>FUND BALANCES</b>					
Reserved for:					
Assets held for resale	-	-	-	-	-
Cemetery perpetual care	-	-	-	-	-
Court automation	-	-	-	62,898	-
Endowments	-	742,319	-	-	-
Grant expenditures	-	-	-	-	-
Unreserved (deficit)	( 12,966 )	42,094	125,864	17,530	99,283
<b>Total Fund Balances</b>	<b>( <u>12,966</u> )</b>	<b><u>784,413</u></b>	<b><u>125,864</u></b>	<b><u>80,428</u></b>	<b><u>99,283</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>45,533</u></b>	<b>\$ <u>801,723</u></b>	<b>\$ <u>140,256</u></b>	<b>\$ <u>101,158</u></b>	<b>\$ <u>101,010</u></b>

		<b>Capitol Projects</b>	<b>Permanent Funds</b>		
Community Development Block Grant	Home Investment Program	Industrial Commission	Bluff Cemetery	Public Library Board Foundation	Total Nonmajor Governmental Funds
\$ 2,552	\$ 6,065	\$ 384,196	\$ 74,991	\$ 155,922	\$ 858,336
-	-	1,115,000	452,564	515,464	2,890,347
919	1,035	4,588	21,883	136	111,569
-	-	-	3,750	-	68,493
-	-	1,173,191	-	-	1,173,191
-	-	500	-	-	500
<u>\$ 3,471</u>	<u>\$ 7,100</u>	<u>\$ 2,677,475</u>	<u>\$ 553,188</u>	<u>\$ 671,522</u>	<u>\$ 5,102,436</u>
\$ 312	\$ 4,498	\$ -	\$ 1,244	\$ -	\$ 53,140
1,527	-	-	286	-	26,811
2	-	-	-	45,236	85,812
-	-	475	-	-	475
<u>1,841</u>	<u>4,498</u>	<u>475</u>	<u>1,530</u>	<u>45,236</u>	<u>166,238</u>
-	-	1,173,191	-	-	1,173,191
-	-	-	36,854	-	36,854
-	-	-	-	-	62,898
-	-	-	-	96,487	838,806
-	-	-	-	160,869	160,869
<u>1,630</u>	<u>2,602</u>	<u>1,503,809</u>	<u>514,804</u>	<u>368,930</u>	<u>2,663,580</u>
<u>1,630</u>	<u>2,602</u>	<u>2,677,000</u>	<u>551,658</u>	<u>626,286</u>	<u>4,936,198</u>
<u>\$ 3,471</u>	<u>\$ 7,100</u>	<u>\$ 2,677,475</u>	<u>\$ 553,188</u>	<u>\$ 671,522</u>	<u>\$ 5,102,436</u>

**City of Springdale, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2005**

	<b>Special Revenue Funds</b>				
	Public Library	Shiloh Museum Board	Advertising and Promotion	District Court Costs	Parks Activity
<b>Revenues</b>					
Taxes	\$ 29,248	\$ -	\$ 270,347	\$ -	\$ -
Fees and permits	-	22,781	-	115,384	-
Charges for goods and services	-	7,862	-	-	144,496
Intergovernmental	579,593	-	-	60,311	-
Fines and forfeitures	58,442	-	-	-	-
Investment earnings	272	37,745	2,247	2,990	674
Miscellaneous	96,960	196,237	-	29	16,290
Total Revenues	764,515	264,625	272,594	178,714	161,460
<b>Expenditures</b>					
Current					
General government	-	-	-	519,792	-
Community development	-	-	-	-	-
Culture and recreation	1,352,460	23,706	-	-	107,931
Economic development	-	-	271,745	-	-
Capital expenditures	40,411	21,659	-	3,210	65,216
Total Expenditures	1,392,871	45,365	271,745	523,002	173,147
<b>Excess [deficiency] of revenues over expenditures</b>	( 628,356 )	219,260	849	( 344,288 )	( 11,687 )
<b>Other Financing Sources [Uses]</b>					
Transfers in	661,620	-	-	374,597	-
Transfers out	-	-	-	-	-
Total Other Financing Sources [Uses]	661,620	-	-	374,597	-
<b>Net Changes in Fund Balances</b>	33,264	219,260	849	30,309	( 11,687 )
Fund Balance Beginning of Year	( 46,230 )	565,153	125,015	50,119	110,970
<b>Fund Balance End of Year</b>	\$ ( 12,966 )	\$ 784,413	\$ 125,864	\$ 80,428	\$ 99,283

		Capital Projects	Permanent Funds		Total Nonmajor Governmental Funds
Community Development Block Grant	Home Investment Program	Industrial Commission	Bluff Cemetery	Public Library Board Foundation	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,595
-	-	-	-	-	138,165
-	-	755,136	26,050	-	933,544
767,309	78,791	-	-	-	1,486,004
-	-	-	-	-	58,442
12	1	20,826	13,324	31,958	110,049
24,708	10,697	6,700	-	15,640	367,261
<u>792,029</u>	<u>89,489</u>	<u>782,662</u>	<u>39,374</u>	<u>47,598</u>	<u>3,393,060</u>
-	-	-	27,512	-	547,304
957,531	77,249	-	-	-	1,034,780
-	-	-	-	102,113	1,586,210
-	-	33,892	-	-	305,637
22,326	-	-	8,988	-	161,810
<u>979,857</u>	<u>77,249</u>	<u>33,892</u>	<u>36,500</u>	<u>102,113</u>	<u>3,635,741</u>
( 187,828 )	12,240	748,770	2,874	( 54,515 )	( 242,681 )
34,857	-	-	-	-	1,071,074
-	( 34,857 )	-	-	-	( 34,857 )
<u>34,857</u>	<u>( 34,857 )</u>	-	-	-	<u>1,036,217</u>
( 152,971 )	( 22,617 )	748,770	2,874	( 54,515 )	793,536
<u>154,601</u>	<u>25,219</u>	<u>1,928,230</u>	<u>548,784</u>	<u>680,801</u>	<u>4,142,662</u>
\$ <u>1,630</u>	\$ <u>2,602</u>	\$ <u>2,677,000</u>	\$ <u>551,658</u>	\$ <u>626,286</u>	\$ <u>4,936,198</u>

City of Springdale, Arkansas  
Combining Statement of Net Assets  
Nonmajor Proprietary Funds  
December 31, 2005

	<u>Parks Soccer Program</u>	<u>City Attorney Restitution</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 90,717	\$ 17,080	\$ 107,797
Total current assets	<u>90,717</u>	<u>17,080</u>	<u>107,797</u>
Capital assets:			
Land improvements	21,376	-	21,376
Machinery and equipment	23,070	19,471	42,541
Less accumulated depreciation	( 2,352 )	( 19,471 )	( 21,823 )
Total capital assets (net of accumulated depreciation)	<u>42,094</u>	<u>-</u>	<u>42,094</u>
<b>Total assets</b>	<b>\$ <u>132,811</u></b>	<b>\$ <u>17,080</u></b>	<b>\$ <u>149,891</u></b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 230	\$ -	\$ 230
Salaries payable	424	-	424
Due to other funds	-	62	62
<b>Total liabilities</b>	<u>654</u>	<u>62</u>	<u>716</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,094	-	42,094
Unrestricted	<u>90,063</u>	<u>17,018</u>	<u>107,081</u>
<b>Total net assets</b>	<u>132,157</u>	<u>17,018</u>	<u>149,175</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>132,811</u></b>	<b>\$ <u>17,080</u></b>	<b>\$ <u>149,891</u></b>

**City of Springdale, Arkansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Nonmajor Proprietary Funds**  
**Year Ended December 31, 2005**

	<u>Parks Soccer Program</u>	<u>City Attorney Restitution</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>Operating Revenue</b>			
Charges for services			
Activity fees	\$ 80,935	\$ -	\$ 80,935
Other service fees	-	51,534	51,534
<b>Total operating revenues</b>	<u>80,935</u>	<u>51,534</u>	<u>132,469</u>
<b>Operating Expenses</b>			
Personnel	45,099	-	45,099
Maintenance	6,017	-	6,017
Supplies	17,323	6,844	24,167
Other	6,525	-	6,525
Depreciation	1,772	-	1,772
<b>Total operating expenses</b>	<u>76,736</u>	<u>6,844</u>	<u>83,580</u>
<b>Operating income [loss]</b>	<u>4,199</u>	<u>44,690</u>	<u>48,889</u>
<b>Nonoperating Revenue</b>			
Contributions	5,600	-	5,600
Investment earnings	582	-	582
<b>Total nonoperating revenue</b>	<u>6,182</u>	<u>-</u>	<u>6,182</u>
<b>Income before capital contributions and transfers</b>	10,381	44,690	55,071
Capital contributions	2,400	-	2,400
Transfers out	<u>-</u>	<u>( 43,000 )</u>	<u>( 43,000 )</u>
<b>Change in net assets</b>	12,781	1,690	14,471
Total net assets beginning of year	<u>119,376</u>	<u>15,328</u>	<u>134,704</u>
<b>Total net assets end of year</b>	<u>\$ 132,157</u>	<u>\$ 17,018</u>	<u>\$ 149,175</u>

City of Springdale, Arkansas  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
Year Ended December 31, 2005

	<u>Parks Soccer Program</u>	<u>City Attorney Restitution</u>	<u>Total Nomajor Enterprise Funds</u>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 80,935	\$ 51,534	\$ 132,469
Payments to suppliers	( 31,130 )	( 6,844 )	( 37,974 )
Payments to employees	( 45,398 )	-	( 45,398 )
Net cash provided by operating activities	<u>4,407</u>	<u>44,690</u>	<u>49,097</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Contributions	5,600	-	5,600
Transfer to other funds	-	( 43,000 )	( 43,000 )
Receipt [payment] of interfund balances	-	( 86 )	( 86 )
Net cash provided [used] in noncapital financing activities	<u>5,600</u>	<u>( 43,086 )</u>	<u>( 37,486 )</u>
<b>Cash Flows From Capital And Related Financing Activities</b>			
Capital contributions	2,400		
Purchases of capital assets	( 16,358 )	-	( 16,358 )
Net cash provided by [used in] capital and related financing activities	<u>( 13,958 )</u>	<u>-</u>	<u>( 16,358 )</u>
<b>Cash Flows From Investing Activities</b>			
Interest received	582	-	582
Net cash provided by investing activities	<u>582</u>	<u>-</u>	<u>582</u>
<b>Net Increase [Decrease] in Cash and Cash Equivalents</b>	( 3,369 )	1,604	4,165
Cash and cash equivalents, January 1	<u>94,086</u>	<u>15,476</u>	<u>109,562</u>
Cash and cash equivalents, December 31	\$ <u><u>90,717</u></u>	\$ <u><u>17,080</u></u>	\$ <u><u>105,397</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ <u>4,199</u>	\$ <u>44,690</u>	\$ <u>48,889</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,772	-	1,772
Decrease in accounts payable	( 1,265 )	-	( 1,265 )
Decrease in salaries payable	( 299 )	-	( 299 )
Total adjustments	<u>208</u>	<u>-</u>	<u>208</u>
<b>Net cash provided by operating activities</b>	\$ <u><u>4,407</u></u>	\$ <u><u>44,690</u></u>	\$ <u><u>49,097</u></u>

**City of Springdale, Arkansas**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**Year Ended December 31, 2005**

	<u>Balance</u> 01/01/2005	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/2005
<b>POLICE BOND AND FINE FUND</b>				
<b>Assets</b>				
Cash	\$ 104,682	\$ 455	\$ 21,073	\$ 84,064
Total Assets	<u>104,682</u>	<u>455</u>	<u>21,073</u>	<u>84,064</u>
<b>Liabilities</b>				
Due to other funds	104,682	455	21,073	84,064
Total Liabilities	<u>\$ 104,682</u>	<u>\$ 455</u>	<u>\$ 21,073</u>	<u>\$ 84,064</u>
 <b>DISTRICT COURT FUND</b>				
<b>Assets</b>				
Cash	\$ 422,018	\$ 2,497,710	\$ 2,432,888	\$ 486,840
Accounts receivable	813,433	2,479,579	2,346,422	946,590
Due from other funds	97,633	124	13,766	83,991
Total Assets	<u>1,333,084</u>	<u>4,977,413</u>	<u>4,793,076</u>	<u>1,517,421</u>
<b>Liabilities</b>				
Due to other funds	152,405	29,933	7,673	174,665
Due to others	1,180,679	1,755,250	1,593,173	1,342,756
Total Liabilities	<u>\$ 1,333,084</u>	<u>\$ 1,785,183</u>	<u>\$ 1,600,846</u>	<u>\$ 1,517,421</u>
 <b>PAYROLL FUND</b>				
<b>Assets</b>				
Cash	\$ 193,326	\$ 8,650,032	\$ 8,832,259	\$ 11,099
Total Assets	<u>193,326</u>	<u>8,650,032</u>	<u>8,832,259</u>	<u>11,099</u>
<b>Liabilities</b>				
Accounts payable	193,326	8,811,033	8,993,260	11,099
Total Liabilities	<u>\$ 193,326</u>	<u>\$ 8,811,033</u>	<u>\$ 8,993,260</u>	<u>\$ 11,099</u>

**City of Springdale, Arkansas**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**Year Ended December 31, 2005**

	Balance 01/01/2005	Additions	Deletions	Balance 12/31/2005
<b>POLICE EVIDENCE FUND</b>				
<b>Assets</b>				
Cash	\$ 79,210	\$ 2,094	\$ 42,116	\$ 39,188
Total Assets	79,210	2,094	42,116	39,188
<b>Liabilities</b>				
Due to other funds	540	391	-	931
Accounts payable	78,670	1,703	42,116	38,257
Total Liabilities	\$ 79,210	\$ 2,094	\$ 42,116	\$ 39,188
 <b>ADMINISTRATION OF JUSTICE FUND</b>				
<b>Assets</b>				
Cash	\$ -	\$ 1,199,245	\$ 1,199,245	\$ -
Due from other funds	81,922	1,305,028	1,293,098	93,852
Total Assets	81,922	2,504,273	2,492,343	93,852
<b>Liabilities</b>				
Due to other funds	12,038	144,457	144,456	12,039
Accounts payable	69,884	1,109,620	1,097,691	81,813
Total Liabilities	\$ 81,922	\$ 1,254,077	\$ 1,242,147	\$ 93,852
 <b>ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 799,236	\$ 12,349,536	\$ 12,527,581	\$ 621,191
Due from other funds	179,555	1,305,152	1,306,864	177,843
Accounts receivable	813,433	2,479,579	2,346,422	946,590
Total Assets	1,792,224	16,134,267	16,180,867	1,745,624
<b>Liabilities</b>				
Due to other funds	269,665	175,236	173,202	271,699
Accounts payable	1,522,559	11,677,606	11,726,240	1,473,925
Total Liabilities	\$ 1,792,224	\$ 11,852,842	\$ 11,899,442	\$ 1,745,624

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
ARKANSAS CODE ANNOTATED SECTION 14-58-101**

Burt P. Allard, CPA, PA  
J. Mark Lundy, CPA, PA

**LUNDYALLARD**  
**& COMPANY, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Ellen Arnold, CPA  
Melissa Bohannon, CPA  
Patricia Brunner, CPA  
John Dye, CPA  
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Alta J. Wilson, EA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
ARKANSAS CODE ANNOTATED SECTION 14-58-101**

To the Honorable Mayor and City Council  
City of Springdale, Arkansas  
Springdale, Arkansas

We have examined management's assertions that the City of Springdale, Arkansas (the "City") complied with the requirements of Arkansas Code Annotated Section 14-58-101 and the following Arkansas statutes during the year ended December 31, 2005.

1. Municipal Accounting Law, Act 159 of 1973, Act 616 of 1979 and Act 308 of 1977 (Arkansas Statutes 19-5301 – 19-5317);
2. Municipal Courts, Police Courts, City Courts and Justice of the Peace Courts Accounting Law of 1977, Act 332 of 1977, Acts 677 and 776 of 1985, Act 904 of 1991 and Act 1256 of 1995 (Arkansas Statutes 22-1101 – 22-1108);
3. Municipal Court and Police Department Uniform Filing Fees and Court Costs, Act 1341 of 1997;
4. Bonding of Municipal Officers and Employees, Act 338 of 1955, Act 677 of 1975, Act 940 of 1977 and Act 1014 of 1987 (Arkansas Statutes 13-412 – 13-412.3) (Replaced by Act 5 of 1985);
5. Improvement Contracts over \$10,000, Act 159 of 1949, Act 183 of 1957, Act 477 of 1961, Act 370 of 1977, Act 266 of 1981, Act 871 of 1983, Acts 758 and 759 of 1987, Act 936 of 1989, Act 728 of 1991, Act 645 of 1993 and Act 1319 of 1995 (Arkansas Statutes 14-611 – 14-614);
6. Budgets, Purchases over \$2,000; Payments of Claims, Etc., Act 28 of 1959, Act 154 of 1979, Acts 344 and 926 of 1981, Act 745 of 1985 and Act 812 of 1995 (Arkansas Statutes 19-4421 – 19-4430);
7. Investment of Public Funds, Act 273 of 1943, Act 106 of 1973, Act 402 of 1995, Act 800 of 1997 and Act 1341 of 2000 (Arkansas Statutes 13-901 – 13-904); and

8. Deposit of Public Funds, Act 21 of 1935, Acts 57 and 62 of 1945, Act 122 of 1947, Act 18 of 1964, Acts 89 and 107 of 1973, Act 250 of 1987, Act 459 of 1991 and Acts 232 and 700 of 1995 (Arkansas Statutes 13-801 – 13-805).

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, except as discussed in the following paragraph, the City of Springdale, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2005.

Arkansas statute number 16-10-209, subsection (6)(A) requires that the court clerk, on a quarterly basis, on or before the fifteenth day of the month following the end of the calendar quarter, reconcile the individual tickets in the completed ticket books to the individual tickets as reflected in the arrest reports. The courts are currently behind in the performance of these reconciliations by approximately four calendar quarters.

This report is intended solely for the information and use of the governing body, management and the state of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

*Lundy Allard & Company, PLLC*

Lundy Allard & Company, PLLC  
Certified Public Accountants

July 18, 2006

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

**LUNDYALLARD**  
**& COMPANY, PLLC**  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Springdale, Arkansas  
Springdale, Arkansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springdale, Arkansas as of and for the year ended December 31, 2005, which collectively comprise its basic financial statements and have issued our report dated July 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated July 18, 2006.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

*Lundy Allard & Company, PLLC*

Lundy Allard & Company, PLLC  
Certified Public Accountants

July 18, 2006

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**LUNDYALLARD**  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and City Council  
City of Springdale, Arkansas  
Springdale, Arkansas

Compliance

We have audited the compliance of the City of Springdale, Arkansas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion of the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Springdale, Arkansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City of Springdale, Arkansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be a material weakness.

This report is intended solely for the information and use of the governing body, management and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified agencies.

*Lundy Allard & Company, PLLC*

Lundy Allard & Company, PLLC  
Certified Public Accountants

July 18, 2006

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CITY OF SPRINGDALE  
SPRINGDALE, ARKANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantors Number</u>	<u>Pass-Through Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218	N/A	\$ 759,847
Passed through State of Arkansas Development Finance Authority:			
HOME Program	14.239	N/A	<u>78,791</u>
Total U.S. Department of Housing and Urban Development			<u>838,638</u>
<b>U.S. Department of Transportation</b>			
Federal Aviation Administration	20.106	Land Purchase	465,998
Federal Aviation Administration	20.106	Taxiway Widening	319,747
Passed through Arkansas State Police:			
Selective Traffic Enforcement Project	20.600	OP-2006-03-02-32	7,103
Selective Traffic Enforcement Project	20.600	OP-2005-03-02-29	<u>29,008</u>
Total U.S. Department of Transportation			<u>821,856</u>
<b>U.S. Department of Justice Office of Justice Program</b>			
Local Law Enforcement Block Grant	16.592	2004-LBBX-1483	3,971
Drug Enforcement Administration	N/A	N/A	6,277
Passed through State of Arkansas Department of Human Services - Division of Youth Services:			
Juvenile Accountability Incentive Block Grant	16.523	JT-2316	<u>7,059</u>
Total U.S. Department of Justice			<u>17,307</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Preparedness & Response Directorate's Assistance to Firefighters Grant Program	97.044	EMW-2004-FG-03518	<u>119,309</u>

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantors Number</b>	<b>Pass-Through Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
Passed through the Area Agency on Aging:			
Administration on Aging - Special Programs for the Aging Title III Part C_Nutrition Services (A)	93.045	N/A	<u>65,000</u>
<b>Institute of Museum &amp; Library Services</b>			
Learning Opportunities Grant - Building Public Access	N/A	ML-01-03-0690-03	<u>8,007</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,870,117</u></u>

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
AND OTHER ASSISTANCE**

**CITY OF SPRINGDALE  
SPRINGDALE, ARKANSAS**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS AND OTHER ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>State Awards</u>	<u>Grantors Number</u>	<u>State Expenditures</u>
<b>Arkansas State Police</b>		
Child Passenger Protection Fund	OP-2005-03-02-29	\$ 5,694
Child Passenger Protection Fund	OP-2006-03-02-32	4,510
Total Arkansas State Police		<u>10,204</u>
<b>Arkansas Department for Emergency Management</b>	Hurricane Katrina	<u>6,650</u>
<b>Arkansas Department of Aeronautics</b>		
State Airport Aid Grant (T-Hanger)	2094-04	108,023
State Airport Aid Grant (Taxiway)	2165-05	17,302
State Airport Aid Grant (Land Purchase)	2166-05	24,526
Total Arkansas Department of Aeronautics		<u>149,851</u>
<b>State of Arkansas - Passed through the Area Agency on Aging</b>	N/A	<u>7,462</u>
<b>Total Expenditures of State Awards</b>		<u>\$ 174,167</u>

<u>Other Assistance</u>	<u>Grantors Number</u>	<u>Other Expenditures</u>
Arkansas for Drug Free Youth	N/A	\$ 2,847
DLEP - Passed through the City of Fayetteville, Arkansas	N/A	32,377
2005 Justice Assistance Grant - Passed through the City of Fayetteville, Arkansas	N/A	<u>26,175</u>
<b>Total Expenditures of Other Assistance</b>		<u>\$ 61,399</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF SPRINGDALE, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the City of Springdale, Arkansas.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Springdale, Arkansas were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the City of Springdale, Arkansas expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the City of Springdale, Arkansas are reported in this schedule.
7. The programs tested as a major program included:

Airport Improvement Program	CFDA No. 20.106
CDBG Program	CFDA No. 14.218
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Springdale, Arkansas was determined to be a low-risk auditee.

**Findings - Financial Statement Audit**

Reportable Conditions: None noted.

**Findings and Questioned Costs - Major Federal Award Programs Audit**

U.S. Department of Transportation  
CFDA No. 20.106; Program Year 2005

Reportable Conditions: None noted.

U.S. Department of Housing and Urban Development  
CFDA No. 14.218; Program Year 2005

Reportable Conditions: None noted.