

*Comprehensive
Annual Financial Report
Fiscal Year Ended
December 31, 2001*



City of Pine Bluff, Arkansas

ANNUAL FINANCIAL REPORT
CITY OF PINE BLUFF, ARKANSAS
YEAR ENDED DECEMBER 31, 2001

PREPARED BY:
FINANCE DEPARTMENT
EDWARD BOGY
FINANCE DIRECTOR

CITY OF PINE BLUFF, ARKANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2001

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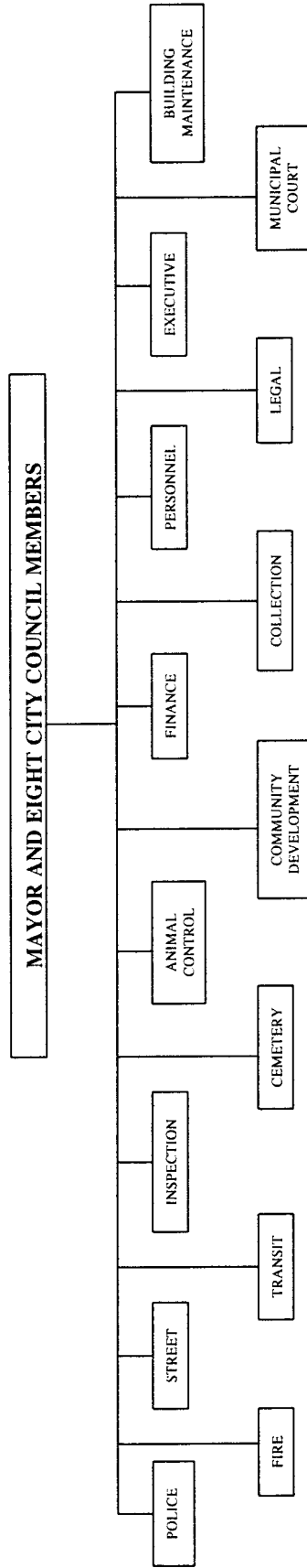
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CITY OF PINE BLUFF ORGANIZATIONAL CHART



MANAGED BY BOARD OR COMMISSION

AIRPORT
ARTS & SCIENCE CENTER
CONVENTION CENTER
LIBRARY
PARKS & RECREATION
SEWER
CIVIL DEFENSE

PREPARED BY
CITY OF PINE BLUFF
PLANNING DEPT.

CITY OF PINE BLUFF, ARKANSAS

ELECTED OFFICIALS

Mayor	F. A. "Dutch" King, Jr.
City Clerk	Katy Hagan
City Attorney	Carol Billings
City Treasurer	Greg Gustek
Municipal Judge	Robert Tolson
Municipal Judge	Waymond Brown
Alderman	Jack Foster
Alderman	Wayne Easterly
Alderman	Jackie Kirby
Alderman	Bill Brumett
Alderman	Irene Holcomb
Alderman	Dale Dixon
Alderman	Derwood Smith
Alderman	Bill Freeman

CITY OF PINE BLUFF, ARKANSAS

DEPARTMENT OF FINANCE

May 13, 2002

Members of the City Council
City of Pine Bluff, Arkansas

The comprehensive annual financial report of the City of Pine Bluff, Arkansas, for the fiscal year ended December 31, 2001, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures believed necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in five sections: introductory, financial, statistical, other required reports and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, certain required supplementary information and the schedule of expenditures of federal awards, as well as the accountants' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The section on other required reports includes the accountants' report on the City's compliance with certain state acts.

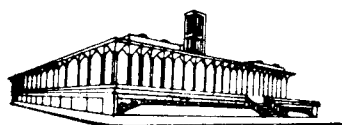
The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including findings, questioned costs, recommendations for improvement and accountants' reports on compliance and internal control over financial reporting and with requirements applicable to major federal awards programs, is included in the single audit section of this report.

This report includes all funds and account groups of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure and public transportation services. In addition, the City's component units (Arts and Science Center for Southeast Arkansas, Parks and Recreation Commission, Advertising and Tourist Promotion and Civic Auditorium Complex Commission, Pine Bluff Wastewater Utility and Aviation Commission) and its fiduciary funds (Municipal Judge and Municipal Court Clerk Retirement Fund, Policemen's Pension and Relief Fund, Firemen's Pension and Relief Fund and the Retirement System of the City of Pine Bluff) are included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Capital investments in the City of Pine Bluff metropolitan statistical area for 2001 were \$38,557,900, an increase of \$16,285,900 from the previous year. The City's unemployment rate has increased to 8.2%, from 7.1% a year ago, for the Pine Bluff metropolitan statistical area in 2001. New job announcements totaled 16 in 2001, down from 23 in 2000.

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The financial position of the City has deteriorated over the past year, with actual operating results worse than originally estimated. The most important factor which created this condition was that the cost of cleaning up the City after the December 2000 ice storms exceeded Federal Emergency Management Agency (FEMA) payments by approximately \$1 million.

MAJOR INITIATIVES

During 2001, the City had several activities that provided a significant impact on the community. Three of these were:

Ice storms hit the City on December 13 and December 25, 2000. An independent contractor was hired to help clean up the City and the cost was to be paid by FEMA. FEMA disallowed certain costs and determined that some of the debris removed was ineligible for reimbursement. The cost to the City was approximately \$1 million.

The Insurance Services Office rating for the City was lowered from a Class 4 to a Class 3. This will lower the fire insurance rates in the City.

The Building Maintenance Department began work in 2001 on the Pine Bluff Civic Center Energy Management Project. The \$2 million project, an upgrade of the Civic Center's environmental controls, will give the City approximate savings of 30% to 35% on its utility bills, not including the money saved on repairs that would have had to be made anyway.

FOR THE FUTURE

The City will continue to assist several sewer improvement districts during their formation. In 2002, the City will participate in the construction of Sewer Improvement District No. 39.

In the year 2000, the Cemetery Department began clearing five and one-half (5½) acres for the expansion of Graceland Cemetery. The new sections have been platted and will be named Southwood C. and Wildwood. This will give us an additional 306 lots, or 3,672 spaces. In the year 2002, the engineer will complete the fieldwork (design a drainage plan and survey). A substantial amount of dirt has been hauled in to level the new sections.

DEPARTMENT FOCUS

Fire Department

The Pine Bluff Fire Department added a First Responder Medical Program. This service provides emergency medical care in the fastest possible time. Since its beginning on July 1, 2001, the Department has responded to more than 900 calls.

Street Department

The Pine Bluff Street Department continued its usual hard work in 2001, overlaying numerous streets in all wards, chip sealing 10 lane miles of street, maintaining 69 traffic signals and repairing or replacing three bridges.

Parks and Recreation Department

The Mike Huckabee Delta Rivers Nature Center opened in Regional Park. The first of its kind in Arkansas, the Center provides visitors an education in indigenous flora and fauna, including living examples of our local plants and animals.

Police Department

The Pine Bluff Police Department in 2001 responded to 51,482 calls for service, issued 4,615 criminal and 9,926 traffic citations and conducted 215 public relations events. The overall crime rate has dropped 24%, with homicides falling 50%.

Inspection and Zoning Department

The Inspection and Zoning Department cleaned and cut grass on 4,475 lot or parcels, demolished 141 dilapidated structures in the City and performed more than 2,487 housing inspections. The Department issued about 800 zoning permits. Records indicate 10 new commercial buildings, 26 commercial additions, 1 duplex, 59 single family dwellings and 40 new mobile homes were constructed during the year.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting statistics are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended December 31, 2001, provided two instances of material weakness in the internal control structures over financial reporting and compliance with requirements applicable to major federal awards as outlined on Pages 81 and 82. No material noncompliance with applicable laws and regulations was noted during the audit, however.

Budgeting Controls

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within an individual fund. Budgeted amounts lapse at year end. However, budgeted amounts for capital items generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, except for the unanticipated expenditures related to the ice storm cleanups, the City continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed in whole dollars.

GENERAL GOVERNMENT FUNCTIONS

The following schedule presents a summary of General Fund and Special Revenue Funds, including component units, revenues for the fiscal year ended December 31, 2001, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent Increase (Decrease)</u>
Property taxes	\$ 1,972,142	5.1%	\$ (32,828)	(1.6)%
Franchise taxes	2,459,994	6.4%	82,354	3.5 %
Sales taxes	13,986,396	36.6%	(60,070)	.4 %
Licenses and permits	787,986	2.1%	74,124	10.4 %
Intergovernmental	4,816,935	12.6%	(448,310)	(8.5)%
Charges for services	3,779,994	9.9%	(204,430)	(5.1)%
Fines and forfeits	1,399,857	3.7%	190,623	15.8 %
Grants and entitlements	8,542,938	22.3%	5,326,294	165.6 %
Miscellaneous	<u>502,891</u>	<u>1.3%</u>	<u>(195,085)</u>	<u>(28.0)%</u>
Total	<u>\$ 38,249,133</u>	<u>100.0%</u>	<u>\$ 4,732,672</u>	

Significant changes in revenue include an increase of \$5,326,294 in grants and entitlements due to payments received from FEMA of \$5,711,489 for clean up of the December 2000 ice storms. The decrease in miscellaneous revenue of \$195,085 was mainly due to a decrease in interest income. Intergovernmental revenue decreased by \$448,310 because of a decrease in state turnback funds to the City due to a decline in the population base.

The following schedule presents a summary of General Fund and Special Revenue Funds, including component units, expenditures for the fiscal year ended December 31, 2001, and the amount and percent of increases and decreases in relation to prior year expenditures.

<u>Function</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent Increase (Decrease)</u>
General government	\$ 2,165,742	5.7 %	\$ 140,394	6.9 %
Police Department	9,295,489	24.2 %	11,010	.1 %
Fire Department	4,490,729	11.7 %	(95,209)	(2.1)%
Protective inspection	854,704	2.2 %	41,745	5.1 %
Public works	4,117,845	10.7 %	(23,559)	(.6)%
Sanitation	2,164,860	5.6 %	70,887	3.4 %
Public projects	7,400,290	19.3 %	4,627,012	166.8 %
Administrative	1,054,382	2.8 %	(44,460)	(4.0)%
Culture - recreation	4,713,992	12.3 %	943,235	25.0 %
Capital outlays	<u>2,103,408</u>	<u>5.5 %</u>	<u>(1,633,410)</u>	<u>(43.7)%</u>
	<u>\$ 38,361,441</u>	<u>100.0 %</u>	<u>\$ 4,037,645</u>	

Public projects expenses increased \$4,627,012 due to the cost of ice storm expenses. Capital outlays decreased by 43.7% because in 2000 there were a number of one-time purchases including a new fire truck and numerous police cars. Culture recreation expenditures increased by \$943,235 due to increased expenditures for the Arts & Science Center.

General Fund Balance

The fund balance of the General Fund increased by 55% in 2001 due to the adoption of Governmental Accounting Standards Board Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* (see Footnote 17 for additional discussion). The \$3,220,262 increase will provide the government with a fund balance that is the equivalent of 103 working days of expenditures and operating transfers out.

Enterprise Operations

The City's enterprise operations are comprised of three separate and distinct activities: the Wastewater Utility, the Transportation System and the Aviation Commission. The Wastewater Utility continues to be self-supporting through sewer fees. The Transportation System and Aviation Commission continue to suffer losses requiring the City to subsidize these operations by \$395,572 and \$131,693, respectively, in 2001.

Pension Trust Fund Operations

The operation of the City's five Public Employees Retirement Systems (PERS) remained relatively stable in 2001.

The PERS' revenue decrease of 24% was tied to a net change in fair market value of investments of approximately \$1.15 million due to large stock and bond market fluctuations during calendar years 1999 through 2001. The annual actuarial valuations continue to reflect a positive trend in the City's and employees' funding of the retirement systems, except for the Municipal Judge and Court Clerk's Retirement Plan.

Debt Administration

At December 31, 2001, the City had only five significant debt issues outstanding. These included \$9,348,501 in revenue bonds to finance the Wastewater Utility's facilities. General Obligation bond debt issuances are subject to legal limitation based on 25% of total assessed value of real and personal property. As of December 31, 2001, the City had general obligation bonded debt of \$1,834,725 while there was a legal limit of \$87,915,441.

Cash Management

Cash temporarily idle during the year was invested in interest-bearing demand deposits, obligations of the U.S. Treasury and money market accounts. The Pension Trust Fund's investment portfolio also includes corporate bonds, common stock and mutual funds. The City earned investment revenue of \$2,928,009 including market value losses of \$537,269 on all investments for the year ended December 31, 2001.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio and keeping deposits with local banks. Accordingly, much of the City's deposits was either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or a financial institution's trust department in the City's name. Virtually all investments held by the City during the year and at December 31, 2001, are classified in the category of low to moderate credit risk as defined by the Governmental Accounting Standards Board.

At year-end, the carrying amount of the City deposits was \$6,610,964 and the bank balance was \$6,926,169. Of the bank balance, \$5,941,281 was covered by federal depository insurance or by collateral held by the City's agents in the City's name and \$1,020,888 was uninsured and uncollateralized. State statutes require City deposits to be deposited in institutions covered by the Federal Deposit Insurance Corporation.

Risk Management

In 2001, the City continued the loss prevention program sponsored by the workers' compensation pool of which the City is a member. It is the City's intention to implement a return-to-work program for workers' compensation claimants during 2002.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of **BKD, LLP**, was selected by the City's Ways and Means Committee. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1984, as amended, and related OMB Circular A-133. The accountants' report on the general purpose financial statements and supplementary information is included in the financial section of this report. The accountants' reports related specifically to the single audit are included in the single audit section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pine Bluff for its comprehensive annual financial report for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

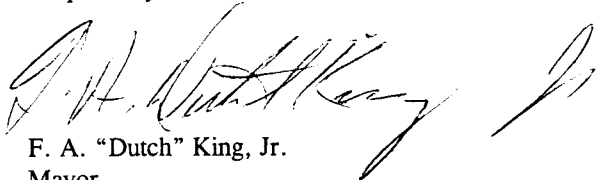
A Certificate of Achievement is valid for a period of one year only. The City of Pine Bluff has received a Certificate of Achievement for the last sixteen consecutive years ended 1985 - 2000. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

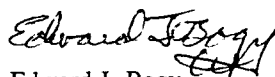
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,



F. A. "Dutch" King, Jr.
Mayor



Edward J. Bogy
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pine Bluff,
Arkansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy A. Gruver
President

Jeffrey L. Esser
Executive Director



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bkd.com

Independent Accountants' Report on Financial Statements
and Supplementary Information

Honorable F. A. "Dutch" King, Jr., Mayor
and Members of the City Council
City of Pine Bluff
Pine Bluff, Arkansas

We have audited the accompanying general purpose financial statements of the **CITY OF PINE BLUFF, ARKANSAS**, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **CITY OF PINE BLUFF, ARKANSAS**, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 17*, in 2001 the City changed its method of accounting for nonexchange transactions.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying supplementary information as listed in the table of contents, 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*, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Honorable F. A. "Dutch" King, Jr., Mayor
and Members of the City Council
City of Pine Bluff
Page Two

The accompanying information in the statistical section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has not been subjected to the procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

BKD LL7

May 13, 2002

CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENTS - OVERVIEW
("LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS)
DECEMBER 31, 2001

CITY OF PINE BLUFF, ARKANSAS
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2001

	Governmental Fund Types			Proprietary Fund Type	
	General	Special Revenue	Capital Projects	Internal Service	Enterprise
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 8,468,607	\$ 1,317,992	\$ 1,178,700	\$ 25,973	\$ 65,878
Investments					
Notes receivable		436,926			
Receivables - property taxes	1,670,395				
- sales tax and state turnback	2,290,132	193,456			
- accounts and grants	1,205,133	149,818		124,134	
- other					
Prepayments and other					
Due from other funds	578,680				
Due from component units	196,128				
Due from other governments					499,268
Inventory	9,670				
Restricted assets					
Cash and cash equivalents					
Accrued interest and dividends receivable			1,736		
Fixed assets (net of accumulated depreciation)					894,106
Other assets					
Amount to be provided for retirement of general long-term obligations					
Total Assets and Other Debits	\$ 14,418,745	\$ 2,098,192	\$ 1,180,436	\$ 150,107	\$ 1,459,252
LIABILITIES					
Claims payable	\$	\$	\$	\$ 329,293	\$
Accounts payable	1,163,625	260,710	159,774	87,051	26,353
Due to other funds		34,511		250,000	289,919
Due to primary government					
Deferred revenue	2,359,914				
Accrued expenses					
Payable from restricted assets					
Accrued interest					
Revenue bonds					
Accrued payroll and compensated absences	1,245,090	147,753			58,046
Net pension obligation					
Installment obligations					
Total Liabilities	4,768,629	442,974	159,774	666,344	374,318
EQUITY AND OTHER CREDITS					
Contributed capital					9,661,712
Investment in general fixed assets					
Retained earnings (deficit)				(516,237)	(8,576,778)
Fund balances					
Reserved for:					
Prepayments					
Repayable loan agreements		436,926			
Employee pension benefits (1)					
Encumbrances	1,123,089	287,586			
Arts and Science Center activities					
Capital outlays			1,020,662		
Unreserved	8,527,027	930,706			
	<u>9,650,116</u>	<u>1,655,218</u>	<u>1,020,662</u>	<u>(516,237)</u>	<u>1,084,934</u>
Total Liabilities and Equity and Other Credits	\$ 14,418,745	\$ 2,098,192	\$ 1,180,436	\$ 150,107	\$ 1,459,252

(1) A schedule of funding progress for each applicable plan is presented in the supplementary information to the financial section of this report.

See Notes to Financial Statements

Fiduciary Fund Type Trust And Agency	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligation			
\$ 2,277,194	\$	\$	\$ 13,334,344	\$ 2,155,943	\$ 15,490,287
60,812,245			60,812,245	288,632	61,100,877
			436,926	35,706	472,632
549,411			2,219,806		2,219,806
			2,483,588	211,522	2,695,110
			1,479,085	617,026	2,096,111
54,355			54,355	5,071	59,426
				65,683	65,683
			578,680		578,680
			196,128		196,128
			499,268		499,268
			9,670	267,997	277,667
				2,109,339	2,109,339
652,882			654,618	2,050	656,668
	18,622,087		19,516,193	47,972,025	67,488,218
				268,626	268,626
		2,085,490	2,085,490		2,085,490
\$ 64,346,087	\$ 18,622,087	\$ 2,085,490	\$ 104,360,396	\$ 53,999,620	\$ 158,360,016
\$	\$	\$	\$ 329,293	\$	\$ 329,293
161,747			1,859,260	426,107	2,285,367
4,250			578,680		578,680
				196,128	196,128
549,411			2,909,325	55,434	2,964,759
				1,063	1,063
				155,065	155,065
				1,082,618	1,082,618
		30,690	1,481,579	500,029	1,981,608
		220,075	220,075		220,075
		1,834,725	1,834,725	9,348,501	11,183,226
715,408		2,085,490	9,212,937	11,764,945	20,977,882
			9,661,712	17,950,135	27,611,847
	18,622,087		18,622,087	12,293,242	30,915,329
			(9,093,015)	11,478,134	2,385,119
				16,999	16,999
			436,926		436,926
63,630,679			63,630,679	345,579	63,976,258
			1,410,675		1,410,675
				84,513	84,513
			1,020,662		1,020,662
			9,457,733	66,073	9,523,806
63,630,679	18,622,087		95,147,459	42,234,675	137,382,134
\$ 64,346,087	\$ 18,622,087	\$ 2,085,490	\$ 104,360,396	\$ 53,999,620	\$ 158,360,016

**CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>
REVENUES		
Property taxes	\$ 1,517,939	\$ 454,203
Utility franchise taxes	2,459,994	
Occupation licenses	720,173	
Intergovernmental revenue	1,589,853	2,536,580
Fines and forfeits	1,399,857	
Sanitation fees	2,195,278	
Income from programs, supplies and services	232,062	133,930
Grants and entitlements	6,322,588	2,202,350
City sales tax and tourism tax	6,932,892	
County sales tax	5,707,340	
Mixed drink tax	67,813	
Interest income	309,840	41,226
Miscellaneous	39,365	14,281
Total Revenues	<u>29,494,994</u>	<u>5,382,570</u>
EXPENDITURES		
Current		
General government	2,165,742	
Police department	9,295,489	
Fire department	4,490,729	
Protective inspection	854,704	
Public works	94,540	4,023,305
Sanitation	2,164,860	
Supporting public projects	7,400,290	
Administrative and general	1,054,382	
Culture - recreation		
Capital outlays	752,157	1,191,401
Debt service		
Interest and fiscal charges		
Total Expenditures	<u>28,272,893</u>	<u>5,214,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,222,101</u>	<u>167,864</u>
OTHER FINANCING SOURCES (USES)		
Primary Government		
Operating transfers in		
Operating transfers out	(795,572)	
Capital financing		
Discretely Presented Component Units		
Operating transfers in		
Operating transfers out	(1,392,632)	
Total Other Financing Sources (Uses)	<u>(2,188,204)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(966,103)</u>	<u>167,864</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	8,197,689	1,276,856
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>2,418,530</u>	<u>210,498</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>10,616,219</u>	<u>1,487,354</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,650,116</u>	<u>\$ 1,655,218</u>

See Notes to Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Primary Government (Memorandum Only)</u>	<u>Component Units</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$ 1,972,142	\$	\$ 1,972,142
		2,459,994		2,459,994
		720,173		720,173
		4,126,433	690,502	4,816,935
		1,399,857		1,399,857
		2,195,278		2,195,278
		365,992	1,218,724	1,584,716
		8,524,938	18,000	8,542,938
		6,932,892	1,346,164	8,279,056
		5,707,340		5,707,340
		67,813		67,813
	11,711	362,777	4,861	367,638
		53,646	93,318	146,964
	<u>11,711</u>	<u>34,889,275</u>	<u>3,371,569</u>	<u>38,260,844</u>
		2,165,742		2,165,742
		9,295,489		9,295,489
		4,490,729		4,490,729
		854,704		854,704
		4,117,845		4,117,845
		2,164,860		2,164,860
		7,400,290		7,400,290
		1,054,382		1,054,382
			4,713,992	4,713,992
	798,870	2,742,428	159,850	2,902,278
<u>26,904</u>		<u>26,904</u>		<u>26,904</u>
<u>26,904</u>	<u>798,870</u>	<u>34,313,373</u>	<u>4,873,842</u>	<u>39,187,215</u>
<u>(26,904)</u>	<u>(787,159)</u>	<u>575,902</u>	<u>(1,502,273)</u>	<u>(926,371)</u>
26,904		26,904		26,904
	(26,904)	(822,476)		(822,476)
	1,834,725	1,834,725		1,834,725
			1,260,939	1,260,939
		(1,392,632)		(1,392,632)
<u>26,904</u>	<u>1,807,821</u>	<u>(353,479)</u>	<u>1,260,939</u>	<u>907,460</u>
<u>0</u>	<u>1,020,662</u>	<u>222,423</u>	<u>(241,334)</u>	<u>(18,911)</u>
		9,474,545	408,919	9,883,464
		2,629,028		2,629,028
		12,103,573	408,919	12,512,492
\$ <u>0</u>	\$ <u>1,020,662</u>	\$ <u>12,325,996</u>	\$ <u>167,585</u>	\$ <u>12,493,581</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,700,000	\$ 1,517,939	\$ (182,061)
Utility franchise taxes	2,375,300	2,459,994	84,694
Occupational licenses	580,000	720,173	140,173
Intergovernmental revenue	1,295,000	1,589,853	294,853
Fines and forfeits	1,439,606	1,399,857	(39,749)
Sanitation fees	2,175,984	2,195,278	19,294
Income from programs, supplies and services	208,625	232,062	23,437
Grants and entitlements	191,475	6,322,588	6,131,113
City sales tax and tourism tax	6,900,000	6,932,892	32,892
County sales tax	5,360,000	5,707,340	347,340
Mixed drink tax	88,000	67,813	(20,187)
Interest earned	191,093	309,840	118,747
Miscellaneous	29,895	39,365	9,470
Total Revenues	<u>22,534,978</u>	<u>29,494,994</u>	<u>6,960,016</u>
EXPENDITURES			
Current			
General government	2,408,017	2,165,742	242,275
Police department	9,231,522	9,295,489	(63,967)
Fire department	4,422,509	4,490,729	(68,220)
Protective inspection	866,137	854,704	11,433
Public works	37,035	94,540	(57,505)
Sanitation	2,173,190	2,164,860	8,330
Supporting public projects	3,126,367	7,400,290	(4,273,923)
Administrative and general	1,104,637	1,054,382	50,255
Culture - recreation			
Capital outlays	1,221,583	752,157	469,426
Total Expenditures	<u>24,590,997</u>	<u>28,272,893</u>	<u>(3,681,896)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,056,019)</u>	<u>1,222,101</u>	<u>3,278,120</u>
OTHER FINANCING SOURCES (USES)			
Primary Government			
Operating transfers out	(815,124)	(795,572)	19,552
Discretely Presented Component Units			
Operating transfers in			
Operating transfers out	(1,408,872)	(1,392,632)	16,240
Total Other Financing Sources (Uses)	<u>(2,223,996)</u>	<u>(2,188,204)</u>	<u>35,792</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(4,280,015)</u>	<u>(966,103)</u>	<u>3,313,912</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	(11,328,640)	8,197,689	19,526,329
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		2,418,530	2,418,530
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>(11,328,640)</u>	<u>10,616,219</u>	<u>21,944,859</u>
FUND BALANCES, END OF YEAR	<u>\$ (15,608,655)</u>	<u>\$ 9,650,116</u>	<u>\$ 25,258,771</u>

See Notes to Financial Statements

Special Revenue		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 490,000	\$ 454,203	\$ (35,797)
2,450,000	2,536,580	86,580
102,000	133,930	31,930
2,345,000	2,202,350	(142,650)
30,000	41,226	11,226
3,000	14,281	11,281
<u>5,420,000</u>	<u>5,382,570</u>	<u>(37,430)</u>

4,502,964	4,023,305	479,659
1,671,104	1,191,401	479,703
<u>6,174,068</u>	<u>5,214,706</u>	<u>959,362</u>
(754,068)	167,864	921,932

(754,068)	167,864	921,932
(1,861,619)	1,276,856	3,138,475
	210,498	210,498
(1,861,619)	1,487,354	3,348,973
<u>\$ (2,615,687)</u>	<u>\$ 1,655,218</u>	<u>\$ 4,270,905</u>

Total Primary Government (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,190,000	\$ 1,972,142	\$ (217,858)
2,375,300	2,459,994	84,694
580,000	720,173	140,173
3,745,000	4,126,433	381,433
1,439,606	1,399,857	(39,749)
2,175,984	2,195,278	19,294
310,625	365,992	55,367
2,536,475	8,524,938	5,988,463
6,900,000	6,932,892	32,892
5,360,000	5,707,340	347,340
88,000	67,813	(20,187)
221,093	351,066	129,973
32,895	53,646	20,751
<u>27,954,978</u>	<u>34,877,564</u>	<u>6,922,586</u>

2,408,017	2,165,742	242,275
9,231,522	9,295,489	(63,967)
4,422,509	4,490,729	(68,220)
866,137	854,704	11,433
4,539,999	4,117,845	422,154
2,173,190	2,164,860	8,330
3,126,367	7,400,290	(4,273,923)
1,104,637	1,054,382	50,255
2,892,687	1,943,558	949,129
<u>30,765,065</u>	<u>33,487,599</u>	<u>(2,722,534)</u>

(2,810,087)	1,389,965	4,200,052
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(815,124)	(795,572)	19,552
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(1,408,872)	(1,392,632)	16,240
<u>(2,223,996)</u>	<u>(2,188,204)</u>	<u>35,792</u>

(5,034,083)	(798,239)	4,235,844
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(13,190,259)	9,474,545	22,664,804
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	2,629,028	2,629,028
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(13,190,259)	12,103,573	25,293,832
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<u>\$ (18,224,342)</u>	<u>\$ 11,305,334</u>	<u>\$ 29,529,676</u>
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(Continued)

CITY OF PINE BLUFF, ARKANSAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES AND
 DISCRETELY PRESENTED COMPONENT UNITS
 YEAR ENDED DECEMBER 31, 2001

	Component Units		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$	\$
Utility franchise taxes			
Occupational licenses			
Intergovernmental revenue	694,155	690,502	(3,653)
Fines and forfeits			
Sanitation fees			
Income from programs, supplies and services	1,202,141	1,218,724	16,583
Grants and entitlements	27,000	18,000	(9,000)
City sales tax and tourism tax	1,346,164	1,346,164	0
County sales tax			
Mixed drink tax			
Interest earned	4,000	4,861	861
Miscellaneous	94,144	93,318	(826)
Total Revenues	<u>3,367,604</u>	<u>3,371,569</u>	<u>3,965</u>
EXPENDITURES			
Current			
General government			
Police department			
Fire department			
Protective inspection			
Public works			
Sanitation			
Supporting public projects			
Administrative and general			
Culture - recreation	4,447,097	4,713,992	(266,895)
Capital outlays	138,000	159,850	(21,850)
Total Expenditures	<u>4,585,097</u>	<u>4,873,842</u>	<u>(288,745)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,217,493)</u>	<u>(1,502,273)</u>	<u>(284,780)</u>
OTHER FINANCING SOURCES (USES)			
Primary Government			
Operating transfers out			
Discretely Presented Component Units			
Operating transfers in	932,000	1,260,939	328,939
Operating transfers out			
Total Other Financing Sources (Uses)	<u>932,000</u>	<u>1,260,939</u>	<u>328,939</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(285,493)</u>	<u>(241,334)</u>	<u>44,159</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	321,775	408,919	87,144
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE			
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>321,775</u>	<u>408,919</u>	<u>87,144</u>
FUND BALANCES, END OF YEAR	<u>\$ 36,282</u>	<u>\$ 167,585</u>	<u>\$ 131,303</u>

See Notes to Financial Statements

Total (Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,190,000	\$ 1,972,142	\$ (217,858)
2,375,300	2,459,994	84,694
580,000	720,173	140,173
4,439,155	4,816,935	377,780
1,439,606	1,399,857	(39,749)
2,175,984	2,195,278	19,294
1,512,766	1,584,716	71,950
2,563,475	8,542,938	5,979,463
8,246,164	8,279,056	32,892
5,360,000	5,707,340	347,340
88,000	67,813	(20,187)
225,093	355,927	130,834
127,039	146,964	19,925
<u>31,322,582</u>	<u>38,249,133</u>	<u>6,926,551</u>
2,408,017	2,165,742	242,275
9,231,522	9,295,489	(63,967)
4,422,509	4,490,729	(68,220)
866,137	854,704	11,433
4,539,999	4,117,845	422,154
2,173,190	2,164,860	8,330
3,126,367	7,400,290	(4,273,923)
1,104,637	1,054,382	50,255
4,447,097	4,713,992	(266,895)
3,030,687	2,103,408	927,279
<u>35,350,162</u>	<u>38,361,441</u>	<u>(3,011,279)</u>
<u>(4,027,580)</u>	<u>(112,308)</u>	<u>3,915,272</u>
(815,124)	(795,572)	19,552
932,000	1,260,939	328,939
<u>(1,408,872)</u>	<u>(1,392,632)</u>	<u>16,240</u>
<u>(1,291,996)</u>	<u>(927,265)</u>	<u>364,731</u>
<u>(5,319,576)</u>	<u>(1,039,573)</u>	<u>4,280,003</u>
(12,868,484)	9,883,464	22,751,948
	<u>2,629,028</u>	<u>2,629,028</u>
<u>(12,868,484)</u>	<u>12,512,492</u>	<u>25,380,976</u>
\$ <u>(18,188,060)</u>	\$ <u>11,472,919</u>	\$ <u>29,660,979</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - ALL PROPRIETARY FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001

	<u>Proprietary Fund Type</u>	
	<u>Internal Service</u>	<u>Enterprise</u>
OPERATING REVENUES		
Charges for goods and services	\$ <u>1,785,417</u>	\$ <u>59,489</u>
OPERATING EXPENSES		
Salaries, wages and employee benefits		594,828
Supplies and materials		111,216
Services and other expenses		86,856
Utilities		34,065
Repairs and maintenance		146,459
Depreciation and amortization		95,737
Claims expense	2,092,684	
Administrative expenses	<u>279,066</u>	
Total Operating Expenses	<u>2,371,750</u>	<u>1,069,161</u>
OPERATING INCOME (LOSS)	<u>(586,333)</u>	<u>(1,009,672)</u>
NONOPERATING REVENUES (EXPENSES)		
Grants income		514,186
Interest income	2,943	5,068
Interest expense - revenue bonds		
Total Nonoperating Revenues (Expenses)	<u>2,943</u>	<u>519,254</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(583,390)</u>	<u>(490,418)</u>
OPERATING TRANSFERS		
Primary Government		
Operating transfers in	400,000	395,572
Discretely Presented Component Units		
Operating transfers in		
Total Operating Transfers	<u>400,000</u>	<u>395,572</u>
NET INCOME (LOSS)	(183,390)	(94,846)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>(332,847)</u>	<u>(8,481,932)</u>
RETAINED EARNINGS (DEFICIT), END OF YEAR	\$ <u><u>(516,237)</u></u>	\$ <u><u>(8,576,778)</u></u>

See Notes to Financial Statements

Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
\$ <u>1,844,906</u>	\$ <u>6,600,544</u>	\$ <u>8,445,450</u>
594,828	2,233,359	2,828,187
111,216	188,145	299,361
86,856	389,097	475,953
34,065	558,092	592,157
146,459	243,296	389,755
95,737	1,927,777	2,023,514
2,092,684		2,092,684
279,066		279,066
<u>3,440,911</u>	<u>5,539,766</u>	<u>8,980,677</u>
<u>(1,596,005)</u>	<u>1,060,778</u>	<u>(535,227)</u>
514,186		514,186
8,011	98,494	106,505
	(528,379)	(528,379)
<u>522,197</u>	<u>(429,885)</u>	<u>92,312</u>
<u>(1,073,808)</u>	<u>630,893</u>	<u>(442,915)</u>
795,572		795,572
	131,693	131,693
<u>795,572</u>	<u>131,693</u>	<u>927,265</u>
(278,236)	762,586	484,350
<u>(8,814,779)</u>	<u>10,715,548</u>	<u>1,900,769</u>
\$ <u><u>(9,093,015)</u></u>	\$ <u><u>11,478,134</u></u>	\$ <u><u>2,385,119</u></u>

CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT
YEAR ENDED DECEMBER 31, 2001

	<u>Primary Government City Of Pine Bluff Employee Pension Trust Funds</u>	<u>Component Unit Retirement System Of The Civic Auditorium Complex Commission</u>	<u>Total (Memorandum Only)</u>
ADDITIONS			
Contributions			
Employer	\$ 1,524,336	\$ 50,335	\$ 1,574,671
Plan members	<u>332,672</u>		<u>332,672</u>
Total Contributions	<u>1,857,008</u>	<u>50,335</u>	<u>1,907,343</u>
Investment income			
Net increase (decrease) in fair value of investments	(530,470)	(6,799)	(537,269)
Interest	2,727,943	4,176	2,732,119
Dividends	<u>257,778</u>	<u>1,238</u>	<u>259,016</u>
	2,455,251	(1,385)	2,453,866
Less investment expense	<u>220,989</u>		<u>220,989</u>
Net investment income	<u>2,234,262</u>	<u>(1,385)</u>	<u>2,232,877</u>
Miscellaneous income	<u>11,127</u>		<u>11,127</u>
Total Additions	<u>4,102,397</u>	<u>48,950</u>	<u>4,151,347</u>
DEDUCTIONS			
Benefits paid directly to participants	3,430,715	11,598	3,442,313
Refunds of employees' contributions	34,530		34,530
Administrative expenses	<u>25,531</u>	<u>637</u>	<u>26,168</u>
Total Deductions	<u>3,490,776</u>	<u>12,235</u>	<u>3,503,011</u>
NET INCREASE	611,621	36,715	648,336
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>63,019,058</u>	<u>308,864</u>	<u>63,327,922</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 63,630,679</u>	<u>\$ 345,579</u>	<u>\$ 63,976,258</u>

See Notes to Financial Statements

**COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001**

	<u>Internal Service</u>	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss) from operations	\$ (586,333)	\$ (1,009,672)
Items not requiring cash:		
Depreciation and amortization		95,737
Changes in:		
Accounts receivable	3,523	
Due to/due from other funds/governments	250,000	7,305
Inventory		
Prepayments		
Accrued interest receivable		
Accounts payable and accrued liabilities	(316,969)	10,022
Net cash provided by (used in) operating activities	<u>(649,779)</u>	<u>(896,608)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants		514,186
Transfers in	400,000	395,572
Net cash provided by noncapital financing activities	<u>400,000</u>	<u>909,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed capital		
Purchase of property, plant and equipment		
Payments of long-term debt principal		
Interest paid		
Net cash used in capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,943	5,068
Net cash provided by investing activities	<u>2,943</u>	<u>5,068</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(246,836)	18,218
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>272,809</u>	<u>47,660</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 25,973</u>	<u>\$ 65,878</u>

See Notes to Financial Statements

Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
\$ (1,596,005)	\$ 1,060,778	\$ (535,227)
95,737	1,927,777	2,023,514
3,523	(11,936)	(8,413)
257,305		257,305
	(3,475)	(3,475)
	(4,325)	(4,325)
	5,046	5,046
(306,947)	(165,000)	(471,947)
<u>(1,546,387)</u>	<u>2,808,865</u>	<u>1,262,478</u>
514,186		514,186
795,572	131,693	927,265
<u>1,309,758</u>	<u>131,693</u>	<u>1,441,451</u>
	225,359	225,359
	(2,035,878)	(2,035,878)
	(1,030,259)	(1,030,259)
	(528,379)	(528,379)
	<u>(3,369,157)</u>	<u>(3,369,157)</u>
8,011	98,494	106,505
<u>8,011</u>	<u>98,494</u>	<u>106,505</u>
(228,618)	(330,105)	(558,723)
320,469	4,241,748	4,562,217
<u>\$ 91,851</u>	<u>\$ 3,911,643</u>	<u>\$ 4,003,494</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - COMPONENT UNITS
DECEMBER 31, 2001

	<u>Arts & Science Center For Southeast Arkansas</u>	<u>Parks & Recreation Commission</u>	<u>Civic Auditorium Complex And Advertising & Tourist Promotion Commission</u>
<u>ASSETS AND OTHER DEBITS</u>			
Cash and cash equivalents	\$ 145,677	\$ 34,483	\$ 137,723
Investments			
Notes receivable			
Receivables			
Sales tax and state turnback			211,522
Accounts	22,577		21,627
Other			3,296
Prepayments and other	16,999		17,972
Inventory			23,590
Restricted assets			
Cash and cash equivalents	16,598		
Accrued interest receivable			
Fixed assets (net of accumulated depreciation)	461,834		11,831,408
Other assets			
Total Assets and Other Debits	<u>\$ 663,685</u>	<u>\$ 34,483</u>	<u>\$ 12,247,138</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 9,783	\$	\$ 172,005
Due to primary government			196,128
Deferred revenue	50,766		4,668
Accrued expenses	1,063		
Payable from restricted assets			
Accrued interest			
Revenue bonds			
Accrued payroll and compensated absences		1,402	48,664
Installment obligations			
Total Liabilities	<u>61,612</u>	<u>1,402</u>	<u>421,465</u>
<u>EQUITY AND OTHER CREDITS</u>			
Contributed capital			
Investment in general fixed assets	461,834		11,831,408
Retained earnings (deficit)			
Fund Balances (deficit)			
Reserved for:			
Prepayments	16,999		
Retirements			
Arts and Science Center Activities	84,513		
Unreserved	38,727	33,081	(5,735)
Total Equity and Other Credits	<u>602,073</u>	<u>33,081</u>	<u>11,825,673</u>
Total Liabilities, Equity and Other Credits	<u>\$ 663,685</u>	<u>\$ 34,483</u>	<u>\$ 12,247,138</u>

See Notes to Financial Statements

<u>Pine Bluff Wastewater Utility</u>	<u>Pine Bluff Aviation Commission</u>	<u>Retirement System Of The Civic Auditorium Complex Commission</u>	<u>Total</u>
\$ 1,771,458	\$ 47,444	\$ 19,158	\$ 2,155,943
		288,632	288,632
		35,706	35,706
			211,522
551,366	21,456		617,026
		1,775	5,071
27,266	3,446		65,683
220,483	23,924		267,997
2,092,741			2,109,339
1,742		308	2,050
33,797,787	1,880,996		47,972,025
268,066	560		268,626
<u>\$ 38,730,909</u>	<u>\$ 1,977,826</u>	<u>\$ 345,579</u>	<u>\$ 53,999,620</u>
\$ 233,570	\$ 10,749	\$	\$ 426,107
			196,128
			55,434
			1,063
155,065			155,065
1,082,618			1,082,618
415,005	34,958		500,029
9,348,501			9,348,501
<u>11,234,759</u>	<u>45,707</u>		<u>11,764,945</u>
15,028,794	2,921,341		17,950,135
			12,293,242
12,467,356	(989,222)		11,478,134
			16,999
		345,579	345,579
			84,513
			66,073
<u>27,496,150</u>	<u>1,932,119</u>	<u>345,579</u>	<u>42,234,675</u>
<u>\$ 38,730,909</u>	<u>\$ 1,977,826</u>	<u>\$ 345,579</u>	<u>\$ 53,999,620</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
SPECIAL REVENUE COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001

	Arts & Science Center For Southeast Arkansas	Parks & Recreation Commission	Civic Auditorium Complex And Advertising & Tourist Promotion Commission	Total
<u>REVENUES</u>				
Intergovernmental	\$ 36,347	\$	\$ 654,155	\$ 690,502
Income from program, supplies and service	396,286	375,007	447,431	1,218,724
Grants and entitlements	18,000			18,000
City tourism tax			1,346,164	1,346,164
Interest income	4,861			4,861
Miscellaneous	77,115		16,203	93,318
Total Revenues	<u>532,609</u>	<u>375,007</u>	<u>2,463,953</u>	<u>3,371,569</u>
<u>EXPENDITURES</u>				
Culture - recreation	636,769	1,482,998	2,594,225	4,713,992
Capital Outlays	43,828	79,997	36,025	159,850
Total Expenditures	<u>680,597</u>	<u>1,562,995</u>	<u>2,630,250</u>	<u>4,873,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(147,988)	(1,187,988)	(166,297)	(1,502,273)
OPERATING TRANSFERS IN	<u>108,816</u>	<u>1,152,123</u>	<u></u>	<u>1,260,939</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(39,172)	(35,865)	(166,297)	(241,334)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>179,411</u>	<u>68,946</u>	<u>160,562</u>	<u>408,919</u>
FUND BALANCE, END OF YEAR	<u>\$ 140,239</u>	<u>\$ 33,081</u>	<u>\$ (5,735)</u>	<u>\$ 167,585</u>

See Notes to Financial Statements

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (DEFICIT)
PROPRIETARY COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001

	Pine Bluff Wastewater Utility	Pine Bluff Aviation Commission	Total
OPERATING REVENUES			
Charges for goods and services	\$ 6,396,341	\$ 204,203	\$ 6,600,544
OPERATING EXPENSES			
Salaries, wages and employee benefits	2,020,745	212,614	2,233,359
Supplies and materials	180,604	7,541	188,145
Service and other expenses	341,147	47,950	389,097
Utilities	532,274	25,818	558,092
Repairs and maintenances	226,582	16,714	243,296
Depreciation and amortization	1,801,486	126,291	1,927,777
Total Operating Expenses	<u>5,102,838</u>	<u>436,928</u>	<u>5,539,766</u>
OPERATING INCOME (LOSS)	<u>1,293,503</u>	<u>(232,725)</u>	<u>1,060,778</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	96,669	1,825	98,494
Interest expense - revenue bonds	(528,379)		(528,379)
Total Nonoperating Revenues (Expenses)	<u>(431,710)</u>	<u>1,825</u>	<u>(429,885)</u>
NET INCOME (LOSS) BEFORE OTHER FINANCING SOURCES	861,793	(230,900)	630,893
OPERATING TRANSFERS IN	<u> </u>	<u>131,693</u>	<u>131,693</u>
NET INCOME (LOSS)	861,793	(99,207)	762,586
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>11,605,563</u>	<u>(890,015)</u>	<u>10,715,548</u>
RETAINED EARNINGS (DEFICIT), END OF YEAR	<u>\$ 12,467,356</u>	<u>\$ (989,222)</u>	<u>\$ 11,478,134</u>

See Notes to Financial Statements

**CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2001**

	Pine Bluff Wastewater Utility	Pine Bluff Aviation Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss) from operations	\$ 1,293,503	\$ (232,725)	\$ 1,060,778
Items not requiring cash:			
Depreciation and amortization	1,801,486	126,291	1,927,777
Changes in:			
Accounts receivable	(19,855)	7,919	(11,936)
Inventory	(4,657)	1,182	(3,475)
Prepayments	(4,325)		(4,325)
Accrued interest receivable	5,046		5,046
Accounts payable and accrued liabilities	(155,670)	(9,330)	(165,000)
Net cash provided by (used in) operating activities	<u>2,915,528</u>	<u>(106,663)</u>	<u>2,808,865</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in		131,693	131,693
Net cash provided by noncapital financing activities		<u>131,693</u>	<u>131,693</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed capital		225,359	225,359
Purchase of property, plant and equipment	(1,787,915)	(247,963)	(2,035,878)
Payments of long-term debt principal	(1,030,259)		(1,030,259)
Interest paid	(528,379)		(528,379)
Net cash used in capital and related financing activities	<u>(3,346,553)</u>	<u>(22,604)</u>	<u>(3,369,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	96,669	1,825	98,494
Net cash provided by investing activities	<u>96,669</u>	<u>1,825</u>	<u>98,494</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(334,356)	4,251	(330,105)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,198,555</u>	<u>43,193</u>	<u>4,241,748</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,864,199</u>	<u>\$ 47,444</u>	<u>\$ 3,911,643</u>

Cash equivalents of proprietary component units, as presented on the Combining Balance Sheet -
Component Units, are as follows:

Pine Bluff Wastewater	
Unrestricted	\$ 1,771,458
Restricted	2,092,741
Pine Bluff Aviation Commission	<u>47,444</u>
	<u>\$ 3,911,643</u>

See Notes to Financial Statements

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pine Bluff, Arkansas, complies with generally accepted accounting principles as applicable to governments. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. Nature of Operations

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and three broad fund categories as follows:

"Governmental Funds"

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds of the Primary Government are included in this report:

Street Fund - Accounts for gasoline and road taxes received from State and County levies. Revenues are expended for repair and maintenance of streets.

Community Development Block Grant Program - Accounts for Community Development Block Grant and HOME Investment Partnerships Program funds received from the U.S. Department of Housing and Urban Development. These monies are expended to provide various forms of housing assistance and local area improvements.

Debt Service Fund - Accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Capital Project Fund - Accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities, other than those financed by proprietary fund types or trust funds.

"Proprietary Funds"

Enterprise Funds - the Enterprise Funds are used to account for operations that are financed and function in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following Enterprise Fund of the Primary Government is included in this report:

Transportation System - Accounts for fare revenues and grants from the U.S. Department of Transportation Urban Mass Transportation Administration. Revenues are used to finance daily operations and related capital improvements.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Internal Service Fund - The Internal Service Fund is used to account for the financing on a cost-reimbursement basis of goods or services provided by one department or agency to other departments or agencies within the City. The Internal Service Fund is composed of the following:

Health Insurance Fund - Accounts for the receipts and disbursements related to the employee health benefit plan.

"Fiduciary Funds"

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include Pension Trust and Agency Funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Primary Government's four Pension Trust Funds are:

Municipal Judge and Municipal Court Clerk Retirement Fund
Policemen's Pension and Relief Fund
Firemen's Pension and Relief Fund
The Retirement System of the City of Pine Bluff

The City Agency funds are:

City Collector's Fund
Municipal Court Funds

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and changes in fund equity during the reporting period. Actual results could differ from those estimates.

C. Financial Reporting Entity

The City of Pine Bluff is a municipality, as defined by Arkansas State Statute, governed by an elected eight-member council. As required by generally accepted accounting principles, these financial statements present the City of Pine Bluff (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Discretely Presented Component Units

The component units columns in the combined financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the primary City government.

1. **Arts and Science Center for Southeast Arkansas**
Accounts for dues, fees and donations received by the Center. Such revenues are used for education, promotion and exhibition of the fine arts. The City appoints the majority of the Center's governing body. The City also provides substantial funding to the Center. The Center is reported as a special revenue fund for financial statement purposes.
2. **Pine Bluff Parks and Recreation Commission**
Accounts for fees and certain intergovernmental revenues received from the City and County. These monies are used for the maintenance of local parks and operations of various athletic programs. The City appoints the majority of the Commission's governing body and has the ability to remove appointed members of the Commission's governing body at will. The Commission is reported as a special revenue fund for financial statement purposes.
3. **Pine Bluff Civic Auditorium Complex and Advertising and Tourist Promotion Commission**
Accounts for a local two-cent sales tax levied within the City, proceeds of user fees and state bond turnback. Revenues are used to support tourism promotion and related programs and the operations of the Pine Bluff Convention Center. The City appoints the majority of the Commission's governing body and has the ability to remove appointed members of the Commission's governing body at will. The City also provides substantial funding to the Commission. The Commission is reported as a special revenue fund for financial statement purposes.
4. **Pine Bluff Wastewater Utility**
Accounts for billing and collection of charges for sewer services for City residents. Revenues are used to finance daily operation and maintenance of facilities. The City appoints the majority of the Utility's governing body. The City also approves rate changes. The Utility is reported as an enterprise fund for financial statement purposes.
5. **Pine Bluff Aviation Commission**
Accounts for revenues and expenses of the regional airport. The airport serves the City and surrounding areas and provides facilities primarily for private aircraft. The City appoints the majority of the Commission's governing body. The City also provides substantial funding to the Commission. The Commission is reported as an enterprise fund for financial statement purposes.
6. **Pine Bluff Civic Auditorium Complex Pension Plan**
The City appoints the majority of the Auditorium's governing body. The Plan is reported as a trust fund for financial statement purposes.

Complete financial statements of the individual component units can be obtained from the following respective administrative offices:

ADMINISTRATIVE OFFICES

Arts & Science Center for Southeast Arkansas
701 Main Street
Pine Bluff, Arkansas 71601

Pine Bluff Parks & Recreation Commission
1100 Regional Park Drive
Pine Bluff, Arkansas 71601

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pine Bluff Civic Auditorium and Advertising & Tourist Promotion Commission
500 East 8th Avenue
Pine Bluff, Arkansas 71601

Pine Bluff Wastewater Utility
1520 South Ohio Street
Pine Bluff, Arkansas 71601

Pine Bluff Aviation Commission
709 Hangar Row
Pine Bluff, Arkansas 71601

Jointly Governed Organization

The City and Jefferson County participate in the Pine Bluff and Jefferson County Library, whose purpose is to preserve and promote education and reading activities in the local community. The City and the County each appoint 50% of the Board of Directors. The primary source of funding for the Library is by a 1.4 mill Jefferson County tax assessment and 1.6 mill City of Pine Bluff tax assessment. The City does not have any equity interest nor does the City materially contribute to the continued existence of the Library. The City's interests are other than financial.

D. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on general fixed assets.

Infrastructure assets consisting of certain improvements, other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligation account group, not in the governmental funds.

The Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets, including those purchased with capital grants, used by the Proprietary Funds is charged as an expense against operations. Accumulated depreciation is reported on their balance sheets. Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant and facilities	15 - 40 years
Buses	8 - 9 years
Machinery and equipment	3 - 9 years

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (*i.e.*, revenues and other financing sources) and decreases (*i.e.*, expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (*i.e.*, net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (*e.g.*, revenues) and decreases (*e.g.*, expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, city and county sales tax, grants, entitlements and donations. Revenues from property taxes are recognized in the period for which the taxes are levied. Revenues from city and county sales tax are recognized in the period for which the transaction occurred that is subject to the tax. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year the resources are required to be used or the year when use is first permitted, matching requirements and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

F. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1, the Mayor submits to the City Council a proposed operating budget of the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is taken under advisement by the Council for study and comments.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

3. Prior to February 1, the budget is legally enacted by action of the Council.
4. The department heads (of each activity or purpose) are authorized to transfer budgeted amounts between line items within their departments; however, revisions and amendments that alter the total expenditures of any activity, purpose or fund (the individual department) must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Proprietary Funds.
6. Budgets for the General Fund, Proprietary Funds and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at the end of each year.
7. Budget adjustments were as follows during 2001:

	<u>Original Budget</u>	<u>Amendments</u>	<u>Final Budget</u>
General Fund			
Revenues	\$ 22,267,403	\$ 267,575	\$ 22,534,978
Expenditures	22,667,403	4,147,590	26,814,993
Street Fund			
Revenues	3,075,000		3,075,000
Expenditures	3,075,000	777,000	3,852,000
Transportation System			
Revenues	1,110,887		1,110,887
Expenditures	1,110,887		1,110,887
Community Development Block Grant Program			
Revenues	1,194,000	1,151,000	2,345,000
Expenditures	1,194,000	1,128,068	2,322,068

General fund expenditures budget includes \$2,223,996 of budgeted transfers out.

G. Encumbrances

Encumbrances represent purchase orders, contracts and other commitments for the expenditure of monies. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

H. Investments

Investments in U.S. Treasury obligations with a remaining maturity of one year or less at time of acquisition are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices for all investments other than common/collective investment funds and mutual funds. Fair value of investments in common/collective investment funds is determined by the fair value per share of the fund's underlying portfolio. The fair value of investments in mutual funds is determined using the fund's current per share price.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is assigned to the funds with which the related investment asset is associated.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

I. Inventory

Inventories consist of expendable supplies held for consumption. Such inventories are valued at cost determined using the first-in, first-out (FIFO) method. Inventories are reported as expenditures when they are consumed.

J. Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Compensated Absences

City employees earn vacation benefits on the basis of length of service. Subject to certain restrictions, City employees are compensated for unused vacation time upon leaving the City's employment. The City accrues a current liability in its funds for earned vacation time expected to be used during the coming year. Unused vacation time expected to be used in subsequent years is accrued in the general long-term obligation account group. Sick pay vests only upon retirement and is not accrued in the City's accounts.

L. Cash Equivalents

The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2001, cash equivalents consisted primarily of money market accounts with brokers and trust departments.

NOTE 2: PROPERTY TAX

The City levies its property tax during the month of November, based on assessments made through the preceding April, prior to the current fiscal year. The property tax is considered receivable on the first business day in March of the current year and is recorded as revenue when received. Property taxes are measurable when levied, but are not available for expenditure until March of the fiscal year. Accordingly, estimated net property taxes receivable and corresponding deferred revenues of \$2,219,806 (amount levied for 2001 to be collected in 2002) have been recorded at December 31, 2001.

The County collects the tax and remits the collection to the City, net of a collection fee. Taxes are collected from March through the end of the year but are delinquent after the 10th of October.

The amount of property taxes the City can levy is subject to a statutory limitation by the State of Arkansas. The tax levy cannot be increased except by amendment to the State Constitution. Property taxes attach as an enforceable lien on property on October 11 of the current year.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 2: PROPERTY TAX (Continued)

Millages available to finance City operations and for other purposes are as follows:

	Millage Available	Millage Levied	
		Real Property	Personal Property
General purpose	5.0	5.0	5.0
Municipal improvements, including roads	5.0	1.5	1.5
Industrial development	5.0		
Policemen's Pension and Relief Fund	1.0	0.8	0.8
Firemen's Pension and Relief Fund	1.0	0.8	0.8
Library - operation and capital	<u>8.0</u>	<u>1.6</u>	<u>1.6</u>
	<u>25.0</u>	<u>9.7</u>	<u>9.7</u>

The assessed value of taxable property upon which the property tax is levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

NOTE 3: DUE TO AND FROM OTHER FUNDS

Amounts due to and due from other funds and component units are summarized as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 578,680	\$
Special Revenue Funds		
Street		392
Community Development Block Grant		34,119
Internal Service Fund		250,000
Enterprise Funds		
Transportation System		289,919
Fiduciary Funds		
Collector		<u>4,250</u>
	<u>\$ 578,680</u>	<u>\$ 578,680</u>
	Discretely Presented Component Units	
	Receivables	Payables
General Fund	\$ 196,128	\$
Special Revenue Funds		
Pine Bluff Civic Auditorium and Advertising and Tourist Promotion Commission		<u>196,128</u>
	<u>\$ 196,128</u>	<u>\$ 196,128</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 4: FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2001	Additions	Retirements	Balance December 31, 2001
<u>Primary Government</u>				
Land and improvements	\$ 1,430,438	\$	\$	\$ 1,430,438
Buildings and improvements	5,494,462	798,870		6,293,332
Transportation equipment	7,419,498	1,113,010	465,677	8,066,831
Other equipment	<u>2,802,635</u>	<u>28,851</u>		<u>2,831,486</u>
	<u>\$ 17,147,033</u>	<u>\$ 1,940,731</u>	<u>\$ 465,677</u>	<u>\$ 18,622,087</u>
 <u>Discretely Presented Component Units</u>	 Balance January 1, 2001	 Additions	 Retirements	 Balance December 31, 2001
Land and improvements	\$ 331,672	\$	\$	\$ 331,672
Buildings and improvements	8,754,129	16,860		8,770,989
Transportation equipment	36,961			36,961
Other equipment	<u>3,086,268</u>	<u>67,352</u>		<u>3,153,620</u>
	<u>\$ 12,209,030</u>	<u>\$ 84,212</u>	<u>\$ 0</u>	<u>\$ 12,293,242</u>

A summary of fixed assets included in the Proprietary Funds at December 31, 2001, follows:

	Cost	Accumulated Depreciation	Book Value
<u>Primary Government</u>			
Plant and facilities in service	\$ 1,322,372	\$ 649,802	\$ 672,570
Buses	2,023,373	1,816,191	207,182
Machinery and equipment	<u>204,485</u>	<u>190,131</u>	<u>14,354</u>
	<u>\$ 3,550,230</u>	<u>\$ 2,656,124</u>	<u>\$ 894,106</u>
 <u>Discretely Presented Component Units</u>	 Cost	 Accumulated Depreciation	 Book Value
Plant and facilities in service	\$ 49,519,155	\$ 17,190,433	\$ 32,328,722
Construction in progress	284,548		284,548
Machinery and equipment	<u>7,042,628</u>	<u>3,977,115</u>	<u>3,065,513</u>
	<u>\$ 56,846,331</u>	<u>\$ 21,167,548</u>	<u>\$ 35,678,783</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 5: LONG-TERM OBLIGATIONS

Primary Government

The City is subject to statutory limitation by the State of Arkansas for bonded indebtedness. The limitation is twenty-five percent (25%) of the total assessed valuation of all real and personal property within the municipality subject to taxation. At December 31, 2001, this amounted to \$87,915,441. The general obligation debt was \$1,834,725, which leaves a legal debt margin of \$86,080,716.

Included in the general long-term obligation account group is that portion of accrued compensated absences not expected to be paid during the next year. This liability amounted to \$30,690 at December 31, 2001.

The following is a summary of the activity in the general long-term obligation account group for the year ended December 31, 2001:

	Balance January 1, <u>2001</u>	Additions	Balance December 31, <u>2001</u>
Accrued compensated absences	\$ 29,953	\$ 737	\$ 30,690
General obligation debt		1,834,725	1,834,725
Net pension obligation	<u>188,241</u>	<u>31,834</u>	<u>220,075</u>
	<u>\$ 218,194</u>	<u>\$ 1,867,296</u>	<u>\$ 2,085,490</u>

Long-term obligations of the City of Pine Bluff, Arkansas, consists of a 2001 lease-purchase agreement (a "revenue bond" pursuant to Amendment 65 of the Arkansas Constitution) with interest at 5.80% maturing as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 42,140	\$ 106,111	\$ 148,251
2003	88,008	102,079	190,087
2004	93,225	96,862	190,087
2005	98,751	91,336	190,087
2006	104,604	85,483	190,087
2007 through 2011	623,710	326,726	950,436
2012 through 2016	<u>784,287</u>	<u>118,627</u>	<u>902,914</u>
	<u>\$ 1,834,725</u>	<u>\$ 927,224</u>	<u>\$ 2,761,949</u>

The total amount of the original issue was \$1,834,725 and the bonds mature on August 22, 2016. The bonds were issued for the replacement and refurbishment of the heating and cooling systems of the Civic Center Complex and are secured by franchise fees paid by telephone companies doing business within the City limits. The City is required to provide certain financial information on an annual basis and adhere to various operating requirements as stipulated in the bond agreement.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

Discretely Presented Component Units

Enterprise Funds

Long-term obligations of the Pine Bluff Wastewater Utility consist of 1991 Sewer Revenue Bonds with interest at 3% and a financing fee of 1% maturing as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Financing Fee</u>	<u>Total</u>
2002	\$ 131,118	\$ 55,196	\$ 18,399	\$ 204,713
2003	136,415	51,223	17,074	204,712
2004	141,926	47,090	15,696	204,712
2005	147,660	42,789	14,263	204,712
2006	153,625	38,315	12,772	204,712
2007 through 2011	866,392	117,877	39,292	1,023,561
2012 through 2013	<u>295,183</u>	<u>8,914</u>	<u>2,972</u>	<u>307,069</u>
	<u>\$ 1,872,319</u>	<u>\$ 361,404</u>	<u>\$ 120,468</u>	<u>\$ 2,354,191</u>

The total amount of the original issue was \$2,800,000 and the bonds mature on April 15, 2013. During 2001, the Utility retired \$126,026 in principal of the outstanding bonds.

Long-term obligations of the Pine Bluff Wastewater Utility also consist of 1994 Sewer Revenue Bonds with interest at 3.90% to 6.00% maturing as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 360,000	\$ 200,368	\$ 560,368
2003	380,000	181,647	561,647
2004	400,000	161,318	561,318
2005	420,000	139,317	559,317
2006	445,000	115,588	560,588
2007 through 2009	<u>1,500,000</u>	<u>183,599</u>	<u>1,683,599</u>
	<u>\$ 3,505,000</u>	<u>\$ 981,837</u>	<u>\$ 4,486,837</u>

The total amount of the original issue was \$5,590,000 and the bonds mature on September 1, 2009. During 2001, the Utility retired \$340,000 in principal of the outstanding bonds.

In addition, the Utility is obligated under 1996A Sewer Revenue Bonds with interest at 3.75% to 5.00% maturing as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 525,000	\$ 157,108	\$ 682,108
2003	550,000	132,645	682,645
2004	575,000	106,482	681,482
2005	600,000	78,420	678,420
2006	630,000	48,435	678,435
2007	<u>660,000</u>	<u>16,500</u>	<u>676,500</u>
	<u>\$ 3,540,000</u>	<u>\$ 539,590</u>	<u>\$ 4,079,590</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

The bonds were issued to refund the City of Pine Bluff's 1987 Sewer Revenue Bonds. The total amount of the original issue was \$5,815,000 and the bonds mature on March 1, 2007. During 2001, the Utility retired \$500,000 in principal of the outstanding bonds.

Furthermore, the Utility is obligated under 1996B Revenue Bonds with interest at 2.50% and a financing fee of 1.00% maturing as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Financing Fee</u>	<u>Total</u>
2002	\$ 66,500	\$ 37,433	\$ 14,973	\$ 118,906
2003	68,847	35,756	14,303	118,906
2004	71,278	34,020	13,608	118,906
2005	73,795	32,222	12,889	118,906
2006	76,400	30,361	12,145	118,906
2007 through 2011	424,419	121,508	48,603	594,530
2012 through 2016	504,825	64,076	25,630	594,531
2017 through 2018	<u>227,736</u>	<u>7,178</u>	<u>2,871</u>	<u>237,785</u>
	<u>\$ 1,513,800</u>	<u>\$ 362,554</u>	<u>\$ 145,022</u>	<u>\$ 2,021,376</u>

The total amount of the original issue was \$1,700,000. The bonds will mature on April 15, 2018. During 2001, the Utility retired \$64,233 in principal of the outstanding bonds.

All bond obligations of the Pine Bluff Wastewater Utility are payable solely from and collateralized by a pledge of the net revenues derived from the operation of the sewer system. The Utility is required to maintain separate bond fund accounts, meet certain debt service requirements and adhere to various operating requirements as stipulated in the bond agreements.

NOTE 6: OTHER REQUIRED DISCLOSURES

Fund Deficits

The following individual funds show deficit fund balances or retained earnings as of December 31, 2001:

<u>Fund</u>	<u>Deficit Amount</u>
Primary Government	
Health Insurance Fund	\$ 516,237
Transportation System	\$ 8,576,778
Discretely Presented Component Units	
Civic Auditorium Complex and Advertising and Tourist Promotion Commission	\$ 5,735
Aviation Commission	\$ 989,222

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 6: OTHER REQUIRED DISCLOSURES (Continued)

Excess of Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriated amounts for the year ended December 31, 2001, without Council approval as follows:

<u>Fund</u>	<u>Actual Expenditures</u>	<u>Budgeted Amount</u>	<u>Excess</u>
Primary Government			
General Fund	\$ 28,272,893	\$ 24,590,997	\$ (3,681,896)
Discretely Presented Component Units			
Parks and Recreation Commission	\$ 1,562,995	\$ 1,337,946	\$ (225,049)
Civic Auditorium Complex and Advertising and Tourist Promotion Commission	\$ 2,630,250	\$ 2,520,000	\$ (110,250)

NOTE 7: PENSION PLANS

Pension Trust Funds

Primary Government

The City of Pine Bluff administers four single-employer defined benefit pension plans – Municipal Judge and Municipal Court Clerk Retirement Fund (MJMCCRF), Policemen's Pension and Relief Fund (PPRF), Firemen's Pension and Relief Fund (FPRF) and the Retirement System of the City of Pine Bluff (RSCPB). 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 on each plan; however, pertinent individual financial information has been included in the fiduciary funds section of this consolidated financial report.

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Pine Bluff's financial statements for its single-employer defined benefit plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each Plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Method Used to Determine Fair Value of Investments

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

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

B. Membership Information

Membership of each Plan consisted of the following at December 31, 2001:

	<u>MJMCCRF</u>	<u>PPRF</u>	<u>FPRF</u>	<u>RSCPB</u>
Retirees and beneficiaries receiving benefits	2	80	58	17
Active Plan members	4	7	12	276
Terminated and entitled to, but not yet receiving benefits	2			8
Members on Deferred Retirement Option Plan (DROP)	—	<u>6</u>	<u>17</u>	—
Total	<u>8</u>	<u>93</u>	<u>87</u>	<u>301</u>

C. Plan Descriptions and Funding Information

Municipal Judge and Municipal Court Clerk Retirement Fund

Plan Description

MJMCCRF is a single-employer defined benefit pension plan that covers only the municipal judge and court clerk of the City of Pine Bluff. MJMCCRF provides retirement and death benefits to Plan members and their beneficiaries. 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.

Funding Policy

MJMCCRF funding is provided by a one dollar (\$1) fee for each criminal case and traffic violation processed through Municipal Court and a twenty cent (\$.20) fee for the issuance of each summons in a civil action and investment earnings. Plan members do not contribute. The City's total 2001 contributions to MJMCCRF were \$11,699. Contribution requirements are established and may be amended by the Arkansas Legislature with the concurrence of the Governor. Administrative costs of MJMCCRF are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Plan for 2001 was as follows:

	<u>MJMCCRF</u>
Annual required contribution	\$ 65,000
Interest on net pension obligation	10,731
Adjustment to annual required contribution	<u>(32,198)</u>
Annual pension cost	43,533
Contributions made	<u>11,699</u>
Increase in net pension obligation	31,834
Net pension obligation at beginning of year	<u>188,241</u>
Net pension obligation at end of year	<u>\$ 220,075</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

The annual required contribution to the Plan for 2001 was determined as part of an actuarial study, the Plan's first since its inception, as of December 31, 1998, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), (b) projected salary increase of 4% per year and (c) postretirement benefits of 0%. Items (a), (b) and (c) included an inflation component of 4%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2001, was 30 years.

Three Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-99	\$ 68,769	16.58%	\$ 111,215
12-31-00	\$ 88,535	13.00%	\$ 188,241
12-31-01	\$ 43,533	26.87%	\$ 220,075

Policemen's and Firemen's Pension and Relief Funds

Plan Descriptions

PPRF and FPRF are single-employer defined benefit pension plans that cover all uniformed policemen and firemen employed prior to January 1, 1983. PPRF and FPRF are closed to new entrants. Uniformed policemen and firemen hired after 1982 participate in a statewide agent multiple-employer retirement program. PPRF and FPRF provide retirement benefits as well as death and disability benefits to Plan members and their beneficiaries. Benefit provisions are established and may be amended by the Policemen's and Firemen's Pension Board and the Pine Bluff City Council as long as the Plans are actuarially sound at the time of change.

Funding Policy

As a condition of participation, policemen and firemen are required to contribute 6% of their annual covered salary. The City's contributions to each Plan include a citywide tax levy of 0.8 mills and annual payments received from the State Insurance Commission consisting of a pro rata part of burglary and fire insurance premium taxes generated in Arkansas. Additionally, the PPRF receives a fixed monthly fee from Municipal Court, ten percent (10%) of fines collected and the proceeds from the sale of confiscated property. Another source of funding for both Plans is earnings from investments. The City's total 2001 contributions to PPRF of \$522,271 included property taxes of \$262,194, state insurance premium taxes of \$171,744 and case fees, fines and confiscated property sale proceeds of \$51,015. The City's total 2001 contributions to FPRF of \$452,106 included property taxes of \$252,850 and state insurance premium taxes of \$118,487.

Contribution requirements are established and may be amended by the Arkansas Legislature with the concurrence of the Governor and are actuarially determined using the entry age normal actuarial funding method. Administrative costs of PPRF and FPRF are financed through investment earnings.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Plans for 2001 were as follows:

	<u>PPRF</u>	<u>FPRF</u>
Annual required contribution	\$ 324,606	\$ 268,711
Interest on net pension obligation	(34,150)	(10,627)
Adjustment to annual required contribution	<u>78,865</u>	<u>26,731</u>
Annual pension cost	369,321	284,815
Contributions made	<u>522,271</u>	<u>452,106</u>
Decrease in net pension obligation	(152,950)	(167,291)
Net pension obligation at beginning of year	<u>(569,775)</u>	<u>(179,494)</u>
Net pension obligation at end of year	<u>\$ (722,725)</u>	<u>\$ (346,785)</u>

The annual required contribution to each Plan for 2001 was determined as part of an actuarial study as of December 31, 2001, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 6% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.2% to 8% per year and (c) postretirement benefit increases of 0%. Items (a), (b) and (c) included an inflation component of 4%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2001, was six years.

Policemen's and Firemen's Pension and Relief Funds (Continued)

Three Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>PPRF</u>			
12-31-99	\$ 528,219	110.70%	\$ (411,914)
12-31-00	\$ 356,527	144.28%	\$ (569,775)
12-31-01	\$ 369,321	141.41%	\$ (722,725)
<u>FPRF</u>			
12-31-99	\$ 352,594	146.97%	\$ 86,818
12-31-00	\$ 261,983	201.65%	\$ (179,494)
12-31-01	\$ 284,815	158.74%	\$ (346,785)

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

The Retirement System of the City of Pine Bluff

Plan Description

The Retirement System of the City of Pine Bluff (RSCPB) is a single-employer defined pension plan that covers all non-uniformed regular, full-time employees of the City. RSCPB provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions may be amended by the City of Pine Bluff Retirement Board and the Pine Bluff City Council.

Funding Policy

RSCPB funding is provided by contributions of 3% by the employee and 7% by the City of the employee's total annual compensation. The City's total 2001 contribution to RSCPB was \$490,885.

Contribution requirements are established and may be amended by the City of Pine Bluff Retirement Board and the Pine Bluff City Council. Administrative costs of RSCPB are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 537,305
Interest on net pension obligation	(81,174)
Adjustment to annual required contribution	<u>95,505</u>
Annual pension cost	551,636
Contributions made	<u>703,578</u>
Increase in net pension obligation	(151,942)
Net pension obligation at beginning of year	<u>(1,352,900)</u>
Net pension obligation at end of year	<u>\$ (1,504,842)</u>

The annual required contribution to the Plan for 2001 was determined as part of an actuarial study as of December 31, 2001, using the entry age normal cost method. The actuarial assumptions included (a) 6% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% and (c) postretirement benefits of 0%. Items (a) and (b) included an inflation component of 3%. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized over the average future service of active participants on a closed basis. The remaining amortization period at December 31, 2001, was 30 years.

Three Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-99	\$ (348,956)	282.18%	\$ (2,780,453)
12-31-00	\$ 2,097,740	31.95%	\$ (1,352,900)
12-31-01	\$ 551,636	127.54%	\$ (1,504,842)

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

Discretely Presented Component Unit

The Pine Bluff Civic Auditorium Complex and Advertising and Tourist Promotion Commission contributes to the Pine Bluff Auditorium Complex Commission Profit Sharing Trust, a defined contribution pension plan. The Plan was established by the Commission to provide retirement and death benefits to Plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the Plan document and were established and may be amended by the members of the Commission. Plan members consist of all regular full-time employees who have attained the age of 21. The Plan is administered by Simmons First National Bank. At December 31, 2001, there were approximately 20 Plan members. The Commission contributes 7% of employees' eligible compensation to the Plan and the employee may make voluntary contributions not to exceed 10% of compensation. Vesting of employer contributions begins at 1% after the first year and increases to 100% after six years of service. During 2001, the Commission contributed \$50,335 to the Plan on behalf of its employees. No employees elected to contribute individually to the Plan in the current year.

The Plan's investments consist entirely of common/collective investment funds of a bank trust department and mutual funds. The fair value of investments in common/collective investment funds is determined by the fair value per share of the fund's underlying portfolio. The fair value of investments in mutual funds is determined using the fund's current per share price.

Agent Multiple – Employer Retirement Plan Information

Plan Description

Full-time uniformed policemen and firemen hired after 1982 are covered under agent multiple-employer retirement defined benefit pension plans administered by the Arkansas Local Police and Fire Retirement System. The Plans provide retirement, disability and death benefits to Plan members and beneficiaries. 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. Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information of the Plan. The financial report may be obtained by writing to Arkansas Local Police and Fire Retirement System, P. O. Drawer 34164, Little Rock, Arkansas 72203 or by calling (501) 682-1745.

Annual Pension Cost and Net Pension Obligation

For 2001, the City's annual pension cost of \$400,620 for the policemen's plan and \$221,064 for the firemen's plan was equal to the required and actual contributions. Neither Plan has a net pension obligation (NPO). The required contributions were determined as part of actuarial valuations on December 31, 1997, using the entry age actuarial method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 5.1% per year, depending on age, attributable to seniority/merit, (d) pre- and post-retirement mortality based on the 1984 Group Annuity Mortality Table set back no years for men and six years for women and (e) annual non-compounded post-retirement increases of 3% per year. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2001, was 30 years.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 7: PENSION PLANS (Continued)

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Policemen</u>			
12-31-99	\$ 447,034	100.00%	\$ 0
12-31-00	\$ 492,482	100.00%	\$ 0
12-31-01	\$ 400,620	100.00%	\$ 0
<u>Firemen</u>			
12-31-99	\$ 164,012	100.00%	\$ 0
12-31-00	\$ 221,406	100.00%	\$ 0
12-31-01	\$ 221,064	100.00%	\$ 0

NOTE 8: CONTINGENCIES

The City, its agencies and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts, and alleged violations of state and federal laws. There is one case that existed at December 31, 2001, for which a loss is reasonably possible. The case is as follows:

Pennsylvania National Mutual Casualty Insurance Company, a Pennsylvania Corporation (Penn National) v. City of Pine Bluff, et al 4:01 CV0044OWRW (U.S. District Court, Eastern District, Western Division) – Plaintiff filed action concerning a claim by the surety of David Mitchell Construction, Inc. (DMC) which contracted with the City for debris removal from the December 2000 ice storms. The surety, Penn National, notified the City prior to a settlement agreement with DMC in June 2001 that it claimed priority to the funds (since there were unpaid subcontractor claims) that the City paid to DMC and others as part of a settlement agreement. Penn National is now claiming the City should pay the subcontractor claims in the amount of \$859,655 plus attorney's fees and interest.

The City is a member of the Municipal Legal Defense Program, which provides extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damage (not punitive damages) imposed on municipal governments and their officials and employees, which will not exceed 25 percent of the Program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. In the opinion of the City Attorney, the amount of financial exposure to the City as a result of litigation matters handled by the Program is not significant to the City.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 8: CONTINGENCIES (Continued)

It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City, including the one discussed above. Based on the current status of all of the legal proceedings for which disclosures have been made in the City's financial statements, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

The City participates in a number of federal and state assisted grant programs which are subject to financial and compliance audits by the grantor agencies or their designee. Accordingly, the City's compliance with applicable grant requirements and any disallowed costs resulting from such audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the financial statements of the City at December 31, 2001.

NOTE 9: CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue and health care facilities revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and health care 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. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of December 31, 2001, the aggregate principal amount payable on these bonds was \$61,240,000.

NOTE 10: SEGMENT INFORMATION

The City maintains three enterprise funds which provide sewer service, airport facilities and public transportation. The services are financed primarily from user charges. Segment information for the year ended December 31, 2001, is as follows:

	<u>Primary Government</u>	<u>Discretely Presented Components Units</u>			<u>Total</u>
	<u>Transportation System</u>	<u>Pine Bluff Wastewater Utility</u>	<u>Aviation Commission</u>	<u>Component Units Total</u>	
Operating revenues	\$ 59,489	\$ 6,396,341	\$ 204,203	\$ 6,600,544	\$ 6,660,033
Depreciation and amortization	95,737	1,801,486	126,291	1,927,777	2,023,514
Operating income (loss)	(1,009,672)	1,293,503	(232,725)	1,060,778	51,106
Operating grants	514,186				514,186
Operating transfers in	395,572		131,693	131,693	527,265
Net income (loss)	(94,846)	861,793	(230,900)	630,893	536,047
Current year capital contributions			225,359	225,359	225,359
Property, plant and equipment additions		1,787,915	247,963	2,035,878	2,035,878
Net working capital	190,828	1,921,998	51,123	1,973,121	2,163,949
Total assets	1,432,899	38,730,909	1,977,826	40,708,735	42,141,634
Bonds and other long-term liabilities - payable from operating revenues		9,348,501		9,348,501	9,348,501
Total equity	1,084,934	27,496,150	1,932,119	29,428,269	30,513,203

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 11: DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS

Deposits and investments are separately held by several of the City's funds in local financial institutions. The deposits and investments of the pension trust funds are held separately from those of other City funds.

Deposits

At December 31, 2001, the City and its discretely presented component units had bank balances as follows:

	<u>Primary Government</u>	<u>Discrete Component Units</u>
Insured (FDIC) or collateralized with securities held by the City or City's agent in the City's name	\$ 400,000	\$ 639,180
Collateralized by securities held by the pledging financial institution's trust department or agent in the City's name	2,762,314	2,139,787
Uninsured, uncollateralized or collateralized by securities held by the pledging institution or by its trust department or agent in other than the City's name	<u>909,629</u>	<u>111,259</u>
Total	<u>\$ 4,071,943</u>	<u>\$ 2,890,226</u>
Carrying value	<u>\$ 3,868,763</u>	<u>\$ 2,742,201</u>

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. Government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. Government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. Government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. Government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. Government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit.

Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality or political subdivision; industrial development bonds for corporate obligors issued through any U.S. state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the Investment Company Act of 1940 with certain limitations; securities or interests issued, assumed or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state or the District of Columbia.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 11: DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS (Continued)

The City's pension trust funds are authorized to invest in corporate bonds rated A or better by at least two standard rating services; obligations of the U.S. Government or other obligations issued by an agency of the U.S. Government, the principal and interest of which are guaranteed in full by the U.S. Government; direct obligations of the State of Arkansas; certificates of deposit of any banks in Arkansas if such bank is insured by the Federal Deposit Insurance Corporation; certain capital notes, ad valorem bonds, revolving loan bonds and certain guaranteed notes secured by mortgages and real estate and certain mutual funds.

The City's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department in other than the City's name, by the broker/dealer, by the dealer bank or by another bank that is a subsidiary of the same holding company as the dealer bank. The City's investments in common/collective and mutual funds are not classified by custodial credit risk category as they are not evidenced by securities that exist in physical or book entry form.

Primary Government

	Category			Fair Value/ Carrying Amount	Cost
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. government securities	\$	\$ 25,790,039	\$	\$ 25,790,039	\$ 24,409,504
Corporate bonds		14,486,610		14,482,610	13,926,675
Common stocks		19,908,943		19,908,943	17,254,934
Common/collective and mutual funds				<u>10,096,234</u>	<u>10,202,142</u>
	<u>\$ 0</u>	<u>\$ 60,185,592</u>	<u>\$ 0</u>	<u>\$ 70,277,826</u>	<u>\$ 65,793,255</u>

The pension trust funds own all of the investments shown above except for \$7,354,384 in common/collective and mutual funds, which are owned as follows:

General Fund	\$ 5,255,148
Street Fund	920,536
Capital Projects Fund	<u>1,178,700</u>
	<u>\$ 7,354,384</u>

Discretely Presented Component Units

	Fair Value/ Carrying Amount	Cost
Common/collective and mutual funds	<u>\$ 1,811,713</u>	<u>\$ 1,749,266</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 11: DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS (Continued)

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheet as follows:

	<u>Primary Government</u>	<u>Discrete Component Units</u>	<u>Totals</u>
Carrying value			
Deposits	\$ 3,868,763	\$ 2,742,201	\$ 6,610,964
Investments	<u>70,277,826</u>	<u>1,811,713</u>	<u>72,089,539</u>
	<u>\$ 74,146,589</u>	<u>\$ 4,553,914</u>	<u>\$ 78,700,503</u>
Included in the following balance sheet captions			
Cash and cash equivalents	\$ 13,334,344	\$ 2,155,943	\$ 15,490,287
Cash and cash equivalents - restricted assets		2,109,339	2,109,339
Investments	<u>60,812,245</u>	<u>288,632</u>	<u>61,100,877</u>
	<u>\$ 74,146,589</u>	<u>\$ 4,553,914</u>	<u>\$ 78,700,503</u>

NOTE 12: EMPLOYEE HEALTH BENEFIT PLAN

The City participates in a partially self-funded employee health benefit plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$75,000 per employee and/or \$2,750,000 in aggregate per plan year. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. There have been no significant reductions in insurance coverage from 1999 to 2001. Settlement amounts have not exceeded insurance coverage, in aggregate, for the current year or the three prior years. The City records an estimated liability based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. The following represents the changes in approximate aggregate liabilities of the employee health benefit plan for the City from January 1, 1999, to December 31, 2001.

Liability balance, January 1, 1999	282,297
Claims and changes in estimates	1,711,535
Claims payments	<u>(1,681,909)</u>
Liability balance, December 31, 1999	311,923
Claims and changes in estimates	1,868,834
Claims payments	<u>(1,662,666)</u>
Liability balance, December 31, 2000	518,091
Claims and changes in estimates	2,092,684
Claims payments	<u>(2,281,482)</u>
Liability balance, December 31, 2001	<u>\$ 329,293</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 13: RECONCILIATION OF CONTRIBUTED CAPITAL

The following is a reconciliation of the contributed capital for the year ended December 31, 2001:

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Contributed capital, beginning of year	\$ 9,661,712	\$ 17,718,816
Current year contributions	<u> </u>	<u>231,319</u>
Contributed capital, end of year	<u>\$ 9,661,712</u>	<u>\$ 17,950,135</u>

NOTE 14: INSURANCE COVERAGE

The City of Pine Bluff, Arkansas, and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and worker's compensation). 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 and workers compensation insurance and legal defense. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For 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. There have been no significant reductions in coverage from 1999 to 2001; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

NOTE 15: RECONCILIATION OF OPERATING TRANSFERS IN/OUT

	<u>Operating Transfer Out</u>	<u>Operating Transfer In</u>
Primary Government		
General Fund	\$ 795,572	\$
Debt Service Fund		26,904
Capital Projects Fund	26,904	
Proprietary Funds	<u> </u>	<u>795,572</u>
Total	<u>\$ 822,476</u>	<u>\$ 822,476</u>
Discretely Presented Component Units		
General Fund	\$ 1,392,632	\$
Special Revenue Funds		1,260,939
Proprietary Funds	<u> </u>	<u>131,693</u>
Total	<u>\$ 1,392,632</u>	<u>\$ 1,392,632</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 16: COMMITMENTS AND SUBSEQUENT EVENTS

Assistance with the Formation and Construction of Sewer Improvement Districts

The City of Pine Bluff has committed to assist with the formation and construction of three sewer improvement districts in the near term. The City's ultimate financial commitment has yet to be determined, but the City has approximately \$2 million available for community support projects of this nature.

Pine Bluff Wastewater Commission

On March 3, 2002, the City Council of Pine Bluff, Arkansas, voted to dissolve the Pine Bluff Wastewater Utility Commission and operate it as a department of the City under the direct management of the Mayor and City Council. The ultimate effect, if any, on the Commission's day-to-day operations is unknown at this time.

NOTE 17: CHANGE IN ACCOUNTING PRINCIPLE

During 2001, the City changed its method of accounting for nonexchange transactions by adopting the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The cumulative effect of the change increased fund balances of the General and Special Revenue Funds at January 1, 2001, by \$2,418,530 and \$210,498, respectively.

NOTE 18: FUTURE CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board recently adopted Statement No. 34, *Basic Financial Statements—And Management's Discussion and Analysis—for State and Local Governments*, which establishes new financial reporting requirements intended to make annual reports more comprehensive and easier to understand and use. This statement will require dramatic changes in presentation of financial information, the underlying systems that collect information and the methods used to record it. The City expects to first apply the new statement during fiscal year ending December 31, 2003, by retroactively restating previous years' statements for the effects of the accounting changes. The ultimate impact of applying the new statement has not yet been determined.

CITY OF PINE BLUFF, ARKANSAS

**SUPPLEMENTARY INFORMATION REQUIRED
BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

DECEMBER 31, 2001

CITY OF PINE BLUFF, ARKANSAS
DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2001

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value Of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>
Municipal Judge and Municipal Court Clerk Retirement Fund	12/31/98	\$ 682,864	\$ 815,947
	12/31/01	721,794	1,242,823
Policemen's Pension and Relief Fund	12/31/97	16,416,295	19,024,232
	12/31/99	18,482,524	19,688,625
	12/31/01	18,473,503	25,095,723
Firemen's Pension and Relief Fund	12/31/97	16,344,206	17,408,583
	12/31/99	18,726,124	19,126,630
	12/31/01	19,431,504	24,737,423
Retirement System of the City of Pine Bluff	12/31/98	22,903,573	12,568,881
	12/31/99	23,373,446	14,176,802
	12/31/00	23,701,586	16,971,551
	12/31/01	24,678,591	19,083,782
Policemen's Agent Multiple-Employer Retirement Plan	12/31/95	3,224,048	2,720,630
	12/31/96	4,212,103	3,600,535
	12/31/97	5,441,255	4,376,724
	12/31/98	6,942,285	5,428,885
	12/31/99	8,315,990	5,940,520
	12/31/00	10,278,313	7,255,624
Firemen's Agent Multiple-Employer Retirement Plan	12/31/95	2,144,603	1,550,532
	12/31/96	2,627,341	2,010,573
	12/31/97	3,229,526	2,350,600
	12/31/98	3,922,645	2,922,058
	12/31/99	4,887,599	3,715,276
	12/31/00	5,968,506	4,537,923

Note: During 2000, the actuarial valuation method used to calculate the annual required contribution on the Retirement System of the City of Pine Bluff was changed from the projected unit credit method to the entry age normal cost method. As a result of this change, current year annual pension cost was increased by a one time adjustment of \$1,311,060, and the actuarial accrued liability and the unfunded actuarial accrued liability were negatively impacted.

Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL As A Percentage Of Covered Payroll <u>((b-a)/c)</u>	Excess As A Percentage Of Covered Payroll <u>((a-b)/c)</u>
\$ 133,083	84%	\$ 186,500	71%	
521,029	58%	237,584	219%	
2,607,937	86%	1,364,210	191%	
1,206,101	94%	619,628	195%	
6,622,220	74%	282,546	2,344%	
1,064,377	94%	1,750,051	61%	
400,506	98%	944,214	42%	
5,305,919	79%	566,035	937%	
(10,334,692)	182%	5,767,331		179%
(9,196,644)	165%	6,053,792		152%
(6,730,035)	140%	6,368,372		106%
(5,594,809)	129%	6,894,620		81%
(503,418)	119%	2,515,203		20%
(611,568)	117%	3,131,233		20%
(1,064,531)	124%	3,535,907		30%
(1,513,400)	128%	3,923,987		39%
(2,375,470)	140%	3,980,811		60%
(3,022,689)	142%	4,323,886		70%
(594,071)	138%	1,035,559		57%
(616,768)	131%	1,354,799		45%
(878,926)	137%	1,489,235		59%
(1,000,587)	134%	1,566,731		64%
(1,172,323)	132%	1,918,900		61%
(1,430,583)	132%	2,152,514		66%

CITY OF PINE BLUFF, ARKANSAS
DEFINED BENEFIT PENSION PLANS – REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2001

	<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Municipal Judge and Municipal Court Clerk Retirement Fund	1998	\$ 65,000	17%
	1999	\$ 65,000	18%
	2000	\$ 65,000	18%
	2001	\$ 65,000	18%
Policemen's Pension and Relief Fund	1997	\$ 502,503	119%
	1998	\$ 507,927	115%
	1999	\$ 507,927	115%
	2000	\$ 324,606	158%
	2001	\$ 324,606	161%
Firemen's Pension and Relief Fund	1997	\$ 630,068	85%
	1998	\$ 368,909	144%
	1999	\$ 368,909	140%
	2000	\$ 268,711	196%
	2001	\$ 268,711	168%
Retirement System of the City of Pine Bluff	1998	\$ 775,585	78%
	1999	\$ 832,769	76%
	2000	\$ 704,539	95%
	2001	\$ 537,305	131%

**CITY OF PINE BLUFF, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2001**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plans

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Municipal Judge And Municipal Court Clerk Retirement Fund</u>	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>	<u>Retirement System Of The City Of Pine Bluff</u>	<u>Policemen's Agent - Employer Retirement Plan</u>	<u>Firemen's Agent - Employer Retirement Plan</u>
Actuarial valuation date	12/31/01	12/31/01	12/31/01	12/31/01	12/31/98	12/31/98
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Level percent closed	Level percent closed	Level percent open	Level percent open
Remaining amortization period	30 years	6 years	6 years	30 years	30 years	30 years
Asset valuation method	Market	Market	Market	Market	5-year smoothed market	5-year smoothed market
Actuarial assumptions: Investment rate of return*	7.0%	6.0%	6.0%	6.0%	7.5%	7.5%
Projected salary increases*	4.0%	4.2-8.0%	4.2-8.0%	4.0%	5.0 - 10.1%	5.0-10.1%
*Includes inflation at	4.0%	4.0%	4.0%	3.0%	5.0%	5.0%
Cost-of-living adjustments	None	1.5%	None	3.0%	3.0%	3.0%

CITY OF PINE BLUFF, ARKANSAS

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2001

**CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2001**

<u>Cluster/Program</u>	<u>Federal Agency/ Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/ Identifying Number</u>	<u>Amount Expended</u>
Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	14.218		\$ 1,647,270
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239		555,080
Title V Prevention	U.S. Department of Justice/Arkansas Department of Human Services	16.456	20V-03	49,884
Juvenile Accountability Incentive Block Grant	U.S. Department of Justice/Arkansas Department of Human Services	16.523	J599-053 JR 2051	91,309
Local Law Enforcement Block Grants Program	U.S. Department of Justice	16.592	1999-LB-VX-7481	172,486
Executive Office for Weed And Seed	U.S. Department of Justice	16.595	2001-WS-QX-0030	83,983
Public Safety Partnership and Community Policing Grants: COPS Universal Hiring Award	U.S. Department of Justice	16.710	97UMWX0494	125,993
COPS Advanced Community Policing Grant			970CWX0002	1,888
COPS Meth Grant			1999CKWX0075	85,556
Airport Improvement Program	U.S. Department of Transportation	20.106		215,612
Federal Transit: Formula Grants	U.S. Department of Transportation/ Arkansas State Highway and Transportation Department	20.507	AR-90-X041	499,267
Promotion of the Arts: Partnership Agreements	National Endowment for the Arts/ Arts on Tour	45.025		800
Public Assistance Grants	Federal Emergency Management Agency	83.544		<u>5,711,489</u>
				<u>\$ 9,240,617</u>

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2001

NOTES TO SCHEDULE

1. This schedule includes the federal activity of the City of Pine Bluff, Arkansas, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.
2. Of the federal expenditures presented in this schedule, the City of Pine Bluff, Arkansas, provided federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided</u>
HOME Investment Partnerships Program	14.239	The Southeast Arkansas Community Development Corporation	\$ 41,062
		Progressive Southeast Arkansas Housing Development Corporation	<u>48,644</u>
			<u>\$ 89,706</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES
DECEMBER 31, 2001

CITY OF PINE BLUFF, ARKANSAS
GENERAL FUND
SCHEDULE OF EXPENDITURES, BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Current			
Personal services	\$ 1,586,858	\$ 1,499,407	\$ 87,451
Supplies and materials	121,842	137,456	(15,614)
Contractual services	699,317	528,879	170,438
Capital outlays	<u>904,268</u>	<u>38,090</u>	<u>866,178</u>
	<u>3,312,285</u>	<u>2,203,832</u>	<u>1,108,453</u>
POLICE DEPARTMENT			
Current			
Personal services	7,021,811	7,052,696	(30,885)
Supplies and materials	494,615	492,461	2,154
Contractual services	1,715,096	1,750,332	(35,236)
Capital outlays	<u>264,407</u>	<u>654,517</u>	<u>(390,110)</u>
	<u>9,495,929</u>	<u>9,950,006</u>	<u>(454,077)</u>
FIRE DEPARTMENT			
Current			
Personal services	4,255,314	4,343,818	(88,504)
Supplies and materials	58,495	52,530	5,965
Contractual services	108,700	94,381	14,319
Capital outlays	<u>29,558</u>	<u>28,900</u>	<u>658</u>
	<u>4,452,067</u>	<u>4,519,629</u>	<u>(67,562)</u>
INSPECTION			
Current			
Personal services	506,807	468,833	37,974
Supplies and materials	44,230	54,505	(10,275)
Contractual services	315,100	331,366	(16,266)
Capital outlays	<u>17,000</u>	<u>14,501</u>	<u>2,499</u>
	<u>883,137</u>	<u>869,205</u>	<u>13,932</u>

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC WORKS			
Current			
Personal services	\$ 32,570	\$ 83,792	\$ (51,222)
Supplies and materials	2,065	7,778	(5,713)
Contractual services	2,400	2,970	(570)
Capital outlays		500	(500)
	<u>37,035</u>	<u>95,040</u>	<u>(58,005)</u>
SANITATION			
Current			
Contractual services	<u>2,173,190</u>	<u>2,164,860</u>	<u>8,330</u>
SUPPORTING PUBLIC PROJECTS			
Current			
Health	88,760	88,760	
Public works	3,030,607	7,304,530	(4,273,923)
Education	7,000	7,000	
	<u>3,126,367</u>	<u>7,400,290</u>	<u>(4,273,923)</u>
ADMINISTRATIVE AND GENERAL			
Current			
Personal services	824,631	781,342	43,289
Supplies and materials	81,140	81,827	(687)
Contractual services	198,866	191,213	7,653
Capital outlays	6,350	15,649	(9,299)
	<u>1,110,987</u>	<u>1,070,031</u>	<u>40,956</u>
	<u>\$ 24,590,997</u>	<u>\$ 28,272,893</u>	<u>\$ (3,681,896)</u>

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2001

	<u>Primary Government</u>		
		Community Development Block Grant Program	Total Primary Government
<u>ASSETS</u>	<u>Street Fund</u>		
Cash and cash equivalents	\$ 1,259,522	\$ 58,470	\$ 1,317,992
Notes receivable		436,926	436,926
Receivables - accounts and grants	11,268	138,550	149,818
- sales tax and state turnback	<u>193,456</u>		<u>193,456</u>
Total Assets	<u>\$ 1,464,246</u>	<u>\$ 633,946</u>	<u>\$ 2,098,192</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 120,880	\$ 139,830	\$ 260,710
Due to other funds	392	34,119	34,511
Accrued payroll and compensated absences	<u>111,203</u>	<u>36,550</u>	<u>147,753</u>
Total Liabilities	<u>232,475</u>	<u>210,499</u>	<u>442,974</u>
<u>FUND BALANCES (DEFICITS)</u>			
Reserved			
Repayable loan agreements		436,926	436,926
Encumbrances	287,586		287,586
Unreserved	<u>944,185</u>	<u>(13,479)</u>	<u>930,706</u>
Total Fund Balances	<u>1,231,771</u>	<u>423,447</u>	<u>1,655,218</u>
Total Liabilities and Fund Balances	<u>\$ 1,464,246</u>	<u>\$ 633,946</u>	<u>\$ 2,098,192</u>

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2001

	<u>Primary Government</u>		
	<u>Street</u>	<u>Community</u>	<u>Total</u>
	<u>Fund</u>	<u>Development</u>	<u>Primary</u>
		<u>Block Grant</u>	<u>Government</u>
		<u>Program</u>	
REVENUES			
Property taxes	\$ 454,203	\$	\$ 454,203
Intergovernmental	2,536,580		2,536,580
Income from programs, supplies and services	114,929	19,001	133,930
Grants and entitlements		2,202,350	2,202,350
Interest income	41,226		41,226
Miscellaneous	14,281		14,281
Total Revenues	<u>3,161,219</u>	<u>2,221,351</u>	<u>5,382,570</u>
EXPENDITURES			
Public works	1,957,651	2,065,654	4,023,305
Capital outlays	<u>1,191,401</u>		<u>1,191,401</u>
Total Expenditures	<u>3,149,052</u>	<u>2,065,654</u>	<u>5,214,706</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>12,167</u>	<u>155,697</u>	<u>167,864</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,009,106	267,750	1,276,856
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>210,498</u>		<u>210,498</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,219,604</u>	<u>267,750</u>	<u>1,487,354</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,231,771</u>	<u>\$ 423,447</u>	<u>\$ 1,655,218</u>

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 490,000	\$ 454,203	\$ (35,797)
Intergovernmental	2,450,000	2,536,580	86,580
Charges for services	102,000	114,929	12,929
Interest income	30,000	41,226	11,226
Miscellaneous	3,000	14,281	11,281
Total Revenues	<u>3,075,000</u>	<u>3,161,219</u>	<u>86,219</u>
EXPENDITURES			
Current			
Public works			
Personal services	1,759,196	1,611,221	147,975
Supplies and materials	147,950	121,270	26,680
Contractual services	273,750	225,160	48,590
Capital outlays	<u>1,671,104</u>	<u>1,191,401</u>	<u>479,703</u>
Total Expenditures	<u>3,852,000</u>	<u>3,149,052</u>	<u>702,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(777,000)</u>	<u>12,167</u>	<u>789,167</u>
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	(1,506,353)	1,009,106	2,515,459
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		<u>210,498</u>	<u>210,498</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>(1,506,353)</u>	<u>1,219,604</u>	<u>2,725,957</u>
FUND BALANCES, END OF YEAR	<u>\$ (2,283,353)</u>	<u>\$ 1,231,771</u>	<u>\$ 3,515,124</u>

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Income from programs, supplies and services	\$	\$ 19,001	\$ 19,001
Grants and entitlements	<u>2,345,000</u>	<u>2,202,350</u>	<u>(142,650)</u>
Total Revenues	<u>2,345,000</u>	<u>2,221,351</u>	<u>(123,649)</u>
EXPENDITURES			
Current			
Public works			
Personal services	313,939	315,432	(1,493)
Supplies and materials	13,677	37,323	(23,646)
Contractual services	<u>1,994,452</u>	<u>1,712,899</u>	<u>281,553</u>
Total Expenditures	<u>2,322,068</u>	<u>2,065,654</u>	<u>256,414</u>
EXCESS OF REVENUES OVER EXPENDITURES	22,932	155,697	132,765
FUND BALANCE, BEGINNING OF YEAR	<u>625,060</u>	<u>267,750</u>	<u>(357,310)</u>
FUND BALANCE, END OF YEAR	<u>\$ 647,992</u>	<u>\$ 423,447</u>	<u>\$ (224,545)</u>

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
BALANCE SHEET
DECEMBER 31, 2001

	Primary Government Transportation System
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 65,878
Due from other governments	499,268
Total Current Assets	<u>565,146</u>
 PROPERTY AND EQUIPMENT, At Cost	
Plant and facilities in service	1,322,372
Buses	2,023,373
Machinery and equipment	204,485
	<u>3,550,230</u>
Less accumulated depreciation	<u>2,656,124</u>
	<u>894,106</u>
	 \$ <u>1,459,252</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
CURRENT LIABILITIES	
Payable from current assets	
Accounts payable	\$ 26,353
Accrued payroll and compensated absences	58,046
Due to other funds	289,919
Total Current Liabilities	<u>374,318</u>
 FUND EQUITY	
Contributed capital	9,661,712
Retained deficit	<u>(8,576,778)</u>
Total Fund Equity	<u>1,084,934</u>
	 \$ <u>1,459,252</u>

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED DEFICIT
YEAR ENDED DECEMBER 31, 2001

	Primary Government Transportation System
OPERATING REVENUES	
Charges for goods and services	\$ <u>59,489</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	594,828
Supplies and materials	111,216
Services and other expenses	86,856
Utilities	34,065
Repairs and maintenance	146,459
Depreciation and amortization	<u>95,737</u>
Total Operating Expenses	<u>1,069,161</u>
OPERATING LOSS	<u>(1,009,672)</u>
NONOPERATING REVENUES	
Grants income	514,186
Interest income	<u>5,068</u>
Total Nonoperating Revenues	<u>519,254</u>
NET LOSS BEFORE OPERATING TRANSFERS	(490,418)
OPERATING TRANSFERS IN	<u>395,572</u>
NET LOSS	(94,846)
RETAINED DEFICIT, BEGINNING OF YEAR	<u>(8,481,932)</u>
RETAINED DEFICIT, END OF YEAR	<u>\$ (8,576,778)</u>

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

	<u>Primary Government Transportation System</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss from operations	\$ (1,009,672)
Item not requiring cash:	
Depreciation and amortization	95,737
Changes in:	
Due to/due from other funds/governments	7,305
Accounts payable and accrued liabilities	<u>10,022</u>
Net cash used in operating activities	<u>(896,608)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>5,068</u>
Net cash provided by investing activities	<u>5,068</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	514,186
Transfers in	<u>395,572</u>
Net cash provided by noncapital financing activities	<u>909,758</u>
INCREASE IN CASH AND CASH EQUIVALENTS	18,218
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>47,660</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 65,878</u></u>

CITY OF PINE BLUFF, ARKANSAS
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2001

	Primary Government			Total Primary Government
	Pension Trust Funds	Agency Funds City Collector	Municipal Court	
<u>ASSETS</u>				
Cash	\$ 2,111,197	\$ 4,250	\$ 161,747	\$ 2,277,194
Investments, at market	60,812,245			60,812,245
Receivables:				
Property taxes	549,411			549,411
Contributions	54,355			54,355
Accrued interest and dividends	652,882			652,882
 Total Assets	 \$ 64,180,090	 \$ 4,250	 \$ 161,747	 \$ 64,346,087
<u>LIABILITIES AND NET ASSETS</u>				
Accounts payable	\$	\$	\$ 161,747	\$ 161,747
Due to other funds		4,250		4,250
Deferred revenue	549,411			549,411
Total Liabilities	549,411	4,250	161,747	715,408
 Net assets held in trust for pension benefits	 63,630,679	 	 	 63,630,679
 Total Liabilities and Net Assets	 \$ 64,180,090	 \$ 4,250	 \$ 161,747	 \$ 64,346,087

CITY OF PINE BLUFF, ARKANSAS
PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2001

	Primary Government		
	Municipal Judge And Municipal Court Clerk Retirement Fund	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 29,266	\$ 1,072,320	\$ 682,630
Investments			
U. S. Government obligations	499,799	4,343,811	9,067,199
Domestic corporate bonds		4,050,672	4,296,410
Domestic stocks		8,932,483	4,883,327
Common/collective and mutual funds	192,729		249,928
Receivables			
Property taxes		274,819	274,592
Contributions	958		
Due to/due from other funds		(9,343)	9,343
Accrued interest and dividends	9,778	83,560	242,667
Total Assets	\$ <u>732,530</u>	\$ <u>18,748,322</u>	\$ <u>19,706,096</u>
<u>LIABILITIES AND NET ASSETS</u>			
Deferred revenue	\$	\$ 274,819	\$ 274,592
Total Liabilities		<u>274,819</u>	<u>274,592</u>
Net assets held in trust for pension benefits	<u>732,530</u>	<u>18,473,503</u>	<u>19,431,504</u>
Total Liabilities and Net Assets	\$ <u>732,530</u>	\$ <u>18,748,322</u>	\$ <u>19,706,096</u>

<u>Retirement System Of The City Of Pine Bluff</u>	<u>Total Primary Government</u>
\$ 326,981	\$ 2,111,197
11,879,230	25,790,039
6,135,528	14,482,610
6,093,133	19,908,943
187,996	630,653
	549,411
53,397	54,355
	0
<u>316,877</u>	<u>652,882</u>
<u>\$ 24,993,142</u>	<u>\$ 64,180,090</u>

\$	\$ <u>549,411</u>
	549,411
<u>24,993,142</u>	<u>63,630,679</u>
<u>\$ 24,993,142</u>	<u>\$ 64,180,090</u>

**CITY OF PINE BLUFF, ARKANSAS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED DECEMBER 31, 2001**

	Primary Government		
	Municipal Judge And Municipal Court Clerk Retirement Fund	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
ADDITIONS			
Contributions			
Employer	\$ 11,699	\$ 569,646	\$ 452,106
Plan members		41,536	80,769
Total Contributions	<u>11,699</u>	<u>611,182</u>	<u>532,875</u>
Investment income			
Net increase (decrease) in fair value of investments	(13,912)	(369,706)	(146,108)
Interest	32,472	622,802	928,206
Dividends	1,457	182,639	35,414
	<u>20,017</u>	<u>435,735</u>	<u>817,512</u>
Less investment expense	6,950	92,865	71,568
Net investment income (loss)	<u>13,067</u>	<u>342,870</u>	<u>745,944</u>
Miscellaneous income		5,126	
Total Additions	<u>24,766</u>	<u>959,178</u>	<u>1,278,819</u>
DEDUCTIONS			
Benefits paid directly to participants	22,476	1,325,461	1,246,762
Refunds of employees' contributions			
Administrative expenses	1,280	8,968	1,920
Total Deductions	<u>23,756</u>	<u>1,334,429</u>	<u>1,248,682</u>
NET INCREASE (DECREASE)	1,010	(375,251)	30,137
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>731,520</u>	<u>18,848,754</u>	<u>19,401,367</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	<u>\$ 732,530</u>	<u>\$ 18,473,503</u>	<u>\$ 19,431,504</u>

<u>Retirement System Of The City Of Pine Bluff</u>	<u>Total Primary Government</u>
\$ 490,885	\$ 1,524,336
210,367	332,672
<u>701,252</u>	<u>1,857,008</u>
(744)	(530,470)
1,144,463	2,727,943
38,268	257,778
<u>1,181,987</u>	<u>2,455,251</u>
49,606	220,989
<u>1,132,381</u>	<u>2,234,262</u>
6,001	11,127
<u>1,839,634</u>	<u>4,102,397</u>
836,016	3,430,715
34,530	34,530
13,363	25,531
<u>883,909</u>	<u>3,490,776</u>
955,725	611,621
<u>24,037,417</u>	<u>63,019,058</u>
\$ <u>24,993,142</u>	\$ <u>63,630,679</u>

CITY OF PINE BLUFF, ARKANSAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2001

	Balance January 1, 2001	Additions	Deductions	Balance December 31, 2001
CITY COLLECTOR'S FUND				
<u>ASSETS</u>				
Petty cash	\$ 400	\$	\$	\$ 400
Cash in bank	<u>1,480</u>	<u>20,704</u>	<u>18,334</u>	<u>3,850</u>
	<u>\$ 1,880</u>	<u>\$ 20,704</u>	<u>\$ 18,334</u>	<u>\$ 4,250</u>
<u>LIABILITIES</u>				
Due to other funds	<u>\$ 1,880</u>	<u>\$ 20,704</u>	<u>\$ 18,334</u>	<u>\$ 4,250</u>
MUNICIPAL COURT FUNDS				
<u>ASSETS</u>				
Cash in bank	<u>\$ 102,817</u>	<u>\$ 3,450,249</u>	<u>\$ 3,391,319</u>	<u>\$ 161,747</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 102,817</u>	<u>\$ 3,450,249</u>	<u>\$ 3,391,319</u>	<u>\$ 161,747</u>
TOTALS - ALL AGENCY FUNDS				
<u>ASSETS</u>				
Petty cash	\$ 400	\$	\$	\$ 400
Cash in bank	<u>104,297</u>	<u>3,470,953</u>	<u>3,409,653</u>	<u>165,597</u>
	<u>\$ 104,697</u>	<u>\$ 3,470,953</u>	<u>\$ 3,409,653</u>	<u>\$ 165,997</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 102,817</u>	<u>\$ 3,450,249</u>	<u>\$ 3,391,319</u>	<u>\$ 161,747</u>
Due to other funds	<u>1,880</u>	<u>20,704</u>	<u>18,334</u>	<u>4,250</u>
	<u>\$ 104,697</u>	<u>\$ 3,470,953</u>	<u>\$ 3,409,653</u>	<u>\$ 165,997</u>

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
DECEMBER 31, 2001

	<u>Primary Government</u>	<u>Component Units</u>
General Fixed Assets		
Land and improvements	\$ 1,430,438	\$ 331,672
Buildings and improvements	6,293,332	8,770,989
Transportation equipment	8,066,831	36,961
Other equipment	<u>2,831,486</u>	<u>3,153,620</u>
 Total General Fixed Assets	 <u>\$ 18,622,087</u>	 <u>\$ 12,293,242</u>
 Sources of Investment in General Fixed Assets		
Capital projects funds	\$ 3,670,450	\$ 290,644
General fund revenues	7,564,654	650,321
Street fund revenues	4,303,231	55,695
Revenue sharing	527,467	703,518
Jefferson County grants	6,003	389,000
Federal grants	1,751,412	3,727,122
General obligation bonds	798,870	2,502,456
Tourism revenues		1,605,028
State turnback funds	<u> </u>	<u>2,369,458</u>
 Total Investment in General Fixed Assets	 <u>\$ 18,622,087</u>	 <u>\$ 12,293,242</u>

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
DECEMBER 31, 2001

	<u>Land And Improvements</u>	<u>Buildings And Improvements</u>
<u>PRIMARY GOVERNMENT</u>		
General Government		
Building maintenance	\$	\$
Municipal Court		
Cemetery		65,360
City Collector		
City Attorney		
Animal Control		164,879
Civic Center	1,352,064	4,835,664
Total General Government	<u>1,352,064</u>	<u>5,065,903</u>
Police Department		<u>108,987</u>
Criminal Justice Block Grants		
Fire Department	<u>68,374</u>	<u>1,058,188</u>
Inspection Department		
Public Works		
Street Department	10,000	
Engineering Department		
Community Development		60,254
Total Public Works	<u>10,000</u>	<u>60,254</u>
Administrative and General		
Executive		
Finance		
Total Administrative and General		
TOTAL PRIMARY GOVERNMENT	\$ <u>1,430,438</u>	\$ <u>6,293,332</u>
 <u>DISCRETELY PRESENTED COMPONENT UNITS</u>		
Culture and Recreation		
Arts and Science Center	\$	\$
Civic Auditorium Complex and		
Advertising and Tourist		
Promotion Commissions	331,672	8,770,989
Total Culture and Recreation	<u>331,672</u>	<u>8,770,989</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	\$ <u>331,672</u>	\$ <u>8,770,989</u>

<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Totals</u>
\$ 23,116	\$ 121,348	\$ 144,464
	44,355	44,355
57,285	56,072	178,717
16,790	3,622	20,412
16,647	23,435	40,082
87,174	11,152	263,205
		6,187,728
<u>201,012</u>	<u>259,984</u>	<u>6,878,963</u>
<u>2,769,179</u>	<u>560,101</u>	<u>3,438,267</u>
	<u>9,463</u>	<u>9,463</u>
<u>2,260,490</u>	<u>66,317</u>	<u>3,453,369</u>
<u>114,246</u>	<u>40,233</u>	<u>154,479</u>
2,634,501	1,773,694	4,418,195
6,379	6,216	12,595
73,171	27,603	161,028
<u>2,714,051</u>	<u>1,807,513</u>	<u>4,591,818</u>
	71,355	71,355
7,853	16,520	24,373
<u>7,853</u>	<u>87,875</u>	<u>95,728</u>
<u>\$ 8,066,831</u>	<u>\$ 2,831,486</u>	<u>\$ 18,622,087</u>
\$	\$ 461,834	\$ 461,834
<u>36,961</u>	<u>2,691,786</u>	<u>11,831,408</u>
<u>36,961</u>	<u>3,153,620</u>	<u>12,293,242</u>
<u>\$ 36,961</u>	<u>\$ 3,153,620</u>	<u>\$ 12,293,242</u>

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2001

	Balance January 1, 2001	Additions	Retirements	Balance December 31, 2001
<u>PRIMARY GOVERNMENT</u>				
General Government				
Building maintenance	\$ 144,464	\$	\$	\$ 144,464
Municipal Court	34,947	9,408		44,355
Cemetery	187,959		9,242	178,717
City Collector	20,412			20,412
City Attorney	40,082			40,082
Animal Control	261,345	14,707	12,847	263,205
Civic Center	5,388,858	798,870		6,187,728
Total General Government	<u>6,078,067</u>	<u>822,985</u>	<u>22,089</u>	<u>6,878,963</u>
Police Department	<u>2,976,627</u>	<u>666,601</u>	<u>204,961</u>	<u>3,438,267</u>
Criminal Justice Block Grant	<u>9,463</u>			<u>9,463</u>
Fire Department	<u>3,446,801</u>	<u>6,568</u>		<u>3,453,369</u>
Inspection Department	<u>154,479</u>			<u>154,479</u>
Public Works				
Street Department	4,210,188	427,787	219,780	4,418,195
Engineering Department	12,595			12,595
Community Development	172,022		10,994	161,028
Total Public Works	<u>4,394,805</u>	<u>427,787</u>	<u>230,774</u>	<u>4,591,818</u>
Administrative and General				
Executive	71,355			71,355
Finance	15,436	16,790	7,853	24,373
Total Administrative and General	<u>86,791</u>	<u>16,790</u>	<u>7,853</u>	<u>95,728</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,147,033</u>	<u>\$ 1,940,731</u>	<u>\$ 465,677</u>	<u>\$ 18,622,087</u>
<u>DISCRETELY PRESENTED COMPONENT UNITS</u>				
Culture and Recreation				
Arts and Science Center	\$ 413,647	\$ 48,187	\$	\$ 461,834
Civic Auditorium Complex and Advertising and Tourist Promotion Commissions	<u>11,795,383</u>	<u>36,025</u>		<u>11,831,408</u>
Total Culture and Recreation	<u>12,209,030</u>	<u>84,212</u>		<u>12,293,242</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 12,209,030</u>	<u>\$ 84,212</u>	<u>\$ 0</u>	<u>\$ 12,293,242</u>

**CITY OF PINE BLUFF, ARKANSAS
GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
DECEMBER 31, 2001**

Amount to be Provided for Retirement of General Long-Term Obligation

Amount to be provided for retirement of accrued compensated absences	\$ 30,690
Amount to be provided for retirement of general obligation debt	1,834,725
Amount to be provided for retirement of net pension obligation	<u>220,075</u>
 Total to be Provided for Retirement of General Long-Term Obligation	 \$ <u><u>2,085,490</u></u>

General Long-Term Obligation Payable

Accrued compensated absences	\$ 30,690
General obligation debt	1,834,725
Net pension benefit obligation	<u>220,075</u>
 Total General Long-Term Obligation Payable	 \$ <u><u>2,085,490</u></u>

**CITY OF PINE BLUFF, ARKANSAS
GENERAL REVENUES BY SOURCE
LAST TEN YEARS**

<u>Year</u>	<u>Taxes</u>	<u>Licenses And Permits</u>	<u>Inter- Governmental</u>	<u>Charges For Goods/ Services</u>	<u>Fines, Forfeits And Penalties</u>
1992	\$ 10,565,158	\$ 534,076	\$ 3,677,458	\$ 2,696,407	\$ 519,052
1993	\$ 11,220,668	\$ 529,066	\$ 3,932,792	\$ 2,900,106	\$ 668,530
1994	\$ 14,988,967	\$ 561,057	\$ 4,368,741	\$ 3,127,229	\$ 589,410
1995	\$ 17,311,393	\$ 626,842	\$ 4,028,342	\$ 3,793,989	\$ 828,640
1996	\$ 16,882,873	\$ 545,654	\$ 4,346,671	\$ 3,026,847	\$ 616,588
1997	\$ 17,565,821	\$ 538,181	\$ 4,250,409	\$ 3,603,016	\$ 1,087,517
1998	\$ 17,936,904	\$ 591,267	\$ 4,907,544	\$ 3,763,282	\$ 1,175,972
1999	\$ 17,915,582	\$ 568,702	\$ 5,080,771	\$ 3,888,773	\$ 1,475,475
2000	\$ 18,511,226	\$ 631,712	\$ 5,265,245	\$ 3,984,424	\$ 1,209,234
2001	\$ 18,486,345	\$ 720,173	\$ 4,816,935	\$ 3,779,994	\$ 1,399,857

* Includes only general and special revenue funds of the City of Pine Bluff and its discretely presented component units.

<u>Grants And Entitlements</u>	<u>Miscellaneous</u>	<u>*Totals</u>
\$ 1,324,545	\$ 639,537	\$ 19,956,233
\$ 1,298,717	\$ 582,430	\$ 21,132,309
\$ 1,919,051	\$ 587,162	\$ 26,141,617
\$ 2,174,741	\$ 756,024	\$ 29,519,971
\$ 2,568,011	\$ 951,093	\$ 28,937,737
\$ 1,890,512	\$ 883,176	\$ 29,818,632
\$ 2,518,055	\$ 584,439	\$ 31,477,463
\$ 3,000,443	\$ 579,827	\$ 32,509,573
\$ 3,216,644	\$ 697,976	\$ 33,516,461
\$ 8,542,938	\$ 502,891	\$ 38,249,133

**CITY OF PINE BLUFF, ARKANSAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN YEARS**

<u>Year</u>	<u>General Government</u>	<u>Police Department</u>	<u>Fire Department</u>	<u>Inspection</u>	<u>Public Works</u>
1992	\$ 1,558,534	\$ 4,782,422	\$ 3,095,550	\$ 355,202	\$ 3,613,689
1993	\$ 1,430,215	\$ 4,893,098	\$ 3,174,144	\$ 328,488	\$ 3,900,477
1994	\$ 1,675,143	\$ 6,030,559	\$ 3,499,438	\$ 381,010	\$ 4,218,258
1995	\$ 1,617,924	\$ 6,979,069	\$ 3,944,769	\$ 382,193	\$ 5,082,240
1996	\$ 1,678,523	\$ 7,885,444	\$ 3,871,232	\$ 488,160	\$ 4,385,205
1997	\$ 2,076,746	\$ 9,213,474	\$ 4,226,605	\$ 559,363	\$ 4,901,286
1998	\$ 1,736,318	\$ 9,744,792	\$ 4,308,682	\$ 544,685	\$ 5,030,366
1999	\$ 2,143,431	\$ 9,663,809	\$ 4,515,271	\$ 619,771	\$ 5,407,585
2000	\$ 2,123,991	\$ 10,148,425	\$ 4,812,726	\$ 836,208	\$ 5,677,478
2001	\$ 2,203,832	\$ 9,950,006	\$ 4,519,629	\$ 869,205	\$ 5,309,746

* Includes only general and special revenue funds of the City of Pine Bluff and its discretely presented component units.

<u>Sanitation</u>	<u>Supporting Public Projects</u>	<u>Administrative And General</u>	<u>Culture Recreation</u>	<u>Debt Service</u>	<u>*Totals</u>
\$ 1,589,943	\$ 1,208,470	\$ 834,845	\$ 3,002,056	\$ 0	\$ 20,040,711
\$ 1,732,295	\$ 385,494	\$ 969,915	\$ 3,156,012	\$ 0	\$ 19,970,138
\$ 1,739,256	\$ 1,205,218	\$ 1,029,253	\$ 3,513,553	\$ 0	\$ 23,291,688
\$ 1,908,945	\$ 2,214,208	\$ 1,029,717	\$ 3,844,127	\$ 0	\$ 27,003,192
\$ 1,996,431	\$ 1,605,324	\$ 1,061,778	\$ 4,580,645	\$ 0	\$ 27,552,742
\$ 2,049,202	\$ 1,059,889	\$ 1,151,640	\$ 4,498,484	\$ 0	\$ 29,736,689
\$ 2,136,524	\$ 1,000,948	\$ 993,140	\$ 4,698,923	\$ 0	\$ 30,194,378
\$ 2,149,972	\$ 994,246	\$ 1,084,938	\$ 4,641,348	\$ 0	\$ 31,220,371
\$ 2,093,973	\$ 2,773,278	\$ 1,122,046	\$ 4,735,671	\$ 0	\$ 34,323,796
\$ 2,164,860	\$ 7,400,290	\$ 1,070,031	\$ 4,873,842	\$ 0	\$ 38,361,441

**CITY OF PINE BLUFF, ARKANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Collection Of Current Year Taxes</u>	<u>Percent Of Levy Collected</u>	<u>Amount of Delinquent Taxes Collected</u>	<u>Total Collections</u>	<u>Percent Of Total Collections To Tax Levy</u>
1992	\$ 2,508,447	\$ 2,294,358	91.47%	\$ 159,395	\$ 2,453,753	97.82%
1993	\$ 2,534,092	\$ 2,411,320	95.16%	\$ 144,284	\$ 2,555,604	100.85%
1994	\$ 2,617,110	\$ 2,373,242	90.68%	\$ 160,176	\$ 2,533,418	96.80%
1995	\$ 2,712,224	\$ 2,502,062	92.25%	\$ 184,199	\$ 2,686,261	99.04%
1996	\$ 3,266,179*	\$ 2,556,430	78.27%	\$ 153,019	\$ 2,709,449	82.95%
1997	\$ 2,989,665	\$ 3,068,395	102.63%	\$ 193,252	\$ 3,261,647	109.10%
1998	\$ 3,046,875	\$ 2,793,909	91.70%	\$ 183,849	\$ 2,977,758	97.73%
1999	\$ 3,081,959	\$ 2,827,824	91.75%	\$ 209,786	\$ 3,037,610	98.56%
2000	\$ 3,224,000	\$ 2,840,558	88.11%	\$ 223,536	\$ 3,064,094	95.04%
2001	\$ 3,411,124	\$ 2,898,578	84.97%	\$ 229,516	\$ 3,128,094	91.70%

* Includes a 1% millage assessment (levied for one year only) to be used for library improvements and a 0.6% millage assessment to be used for library operations.

CITY OF PINE BLUFF, ARKANSAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY
LAST TEN YEARS

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
1992	\$ 174,052,763	\$ 870,263,815	\$ 87,722,736	\$ 438,613,680
1993	\$ 176,107,591	\$ 880,537,955	\$ 85,641,441	\$ 428,207,205
1994	\$ 176,672,575	\$ 883,362,875	\$ 93,325,094	\$ 466,625,470
1995	\$ 176,672,621	\$ 883,363,105	\$ 93,325,074	\$ 466,625,370
1996	\$ 179,879,910	\$ 899,399,550	\$ 99,991,349	\$ 499,956,745
1997	\$ 183,019,850	\$ 915,099,250	\$ 104,985,249	\$ 524,926,245
1998	\$ 184,090,936	\$ 920,454,680	\$ 110,533,250	\$ 552,666,250
1999	\$ 184,460,024	\$ 922,300,120	\$ 113,116,200	\$ 565,581,000
2000	\$ 184,390,290	\$ 921,951,450	\$ 116,924,250	\$ 584,621,250
2001	\$ 207,634,688	\$ 1,038,173,440	\$ 120,360,050	\$ 601,800,250

According to Arkansas Statute 84-476, entitled percentage of value to be used in appraisal, the per centum of true and full market, or actual value, to be used in the appraisal and assessment shall be fixed and certified by the Arkansas Public Service Commission; provided . . . the Commission shall not fix and certify a per centum of true and full market, or actual value, in excess of twenty per centum (20%).

<u>Corporate Property</u>		<u>Total</u>		Ratio Of Total Assessed To Total Estimated <u>Actual Value</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
\$ 16,522,299	\$ 82,611,495	\$ 278,297,798	\$ 1,391,488,990	20%
\$ 16,686,553	\$ 83,432,765	\$ 278,435,585	\$ 1,392,177,925	20%
\$ 17,596,898	\$ 87,984,490	\$ 287,594,567	\$ 1,437,972,835	20%
\$ 17,596,898	\$ 87,984,490	\$ 287,594,593	\$ 1,437,972,965	20%
\$ 18,175,363	\$ 90,876,815	\$ 298,046,622	\$ 1,490,233,110	20%
\$ 20,207,788	\$ 101,038,940	\$ 308,212,887	\$ 1,541,064,435	20%
\$ 19,486,452	\$ 97,432,260	\$ 314,110,638	\$ 1,570,553,190	20%
\$ 20,151,219	\$ 100,756,095	\$ 317,727,443	\$ 1,588,637,215	20%
\$ 20,323,982	\$ 101,619,910	\$ 321,638,522	\$ 1,608,192,610	20%
\$ 23,667,024	\$ 118,335,120	\$ 351,661,762	\$ 1,758,308,810	20%

**CITY OF PINE BLUFF, ARKANSAS
TAX RATES AND TAX LEVIES
LAST TEN YEARS**

	<u>1992</u>		<u>1993</u>		<u>1994</u>		<u>1995</u>	
	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>
	<u>Property</u>		<u>Property</u>		<u>Property</u>		<u>Property</u>	
Tax rates:								
General	.005	.005	.005	.005	.005	.005	.005	.005
Bonds and interest -								
General improvements								
Policemen's pension	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008
Firemen's pension	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008
Library maintenance	.001	.001	.001	.001	.001	.001	.001	.001
Street maintenance	<u>.00075</u>	<u>.00075</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>
 Total	 <u>.00835</u>	 <u>.00835</u>	 <u>.0091</u>	 <u>.0091</u>	 <u>.0091</u>	 <u>.0091</u>	 <u>.0091</u>	 <u>.0091</u>

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Tax levies:				
General	\$ 1,391,489	\$ 1,441,073	\$ 1,437,973	\$ 1,490,233
Policemen's pension	223,000	230,736	230,075	238,437
Firemen's pension	223,000	230,736	230,075	238,437
Library maintenance	278,295	288,215	287,595	298,047
Street maintenance	<u>392,663</u>	<u>432,322</u>	<u>431,392</u>	<u>447,070</u>
 Total	 <u>\$ 2,508,447</u>	 <u>\$ 2,623,082</u>	 <u>\$ 2,617,110</u>	 <u>\$ 2,712,224</u>

State constitutional limits on city tax rate:

Five (5) mills for General Obligation
 Five (5) mills for Debt Service-General Improvement Bonds
 Five (5) mills for library maintenance
 Three (3) mills for library capital improvements
 One (1) mill each for Policemen's and Firemen's Pension

Taxes are due and payable between March 1 and October 10
 Taxes are recorded as delinquent after October 10 and a ten percent (10%) penalty is added.

<u>1996</u>		<u>1997</u>		<u>1998</u>		<u>1999</u>		<u>2000</u>		<u>2001</u>	
<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>	<u>Real</u>	<u>Personal</u>
<u>Property</u>		<u>Property</u>		<u>Property</u>		<u>Property</u>		<u>Property</u>		<u>Property</u>	
.005	.005	.005	.005	.005	.005	.005	.005	.005	.005	.005	.005
.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008
.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008	.0008
.0026	.0026	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016
<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>	<u>.0015</u>
<u>.0107</u>	<u>.0107</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>	<u>.0097</u>

<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
\$ 1,526,252	\$ 1,541,064	\$ 1,570,554	\$ 1,588,639	\$ 1,661,856	\$ 1,758,311
244,200	246,570	251,289	254,182	265,897	281,330
244,200	246,570	251,289	254,182	265,897	281,330
793,651	493,141	502,577	508,364	531,794	562,660
<u>457,876</u>	<u>462,320</u>	<u>471,166</u>	<u>476,592</u>	<u>498,556</u>	<u>527,493</u>
<u>\$ 3,266,179</u>	<u>\$ 2,989,665</u>	<u>\$ 3,046,875</u>	<u>\$ 3,081,959</u>	<u>\$ 3,224,000</u>	<u>\$ 3,411,124</u>

CITY OF PINE BLUFF, ARKANSAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

<u>Year</u>		<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Firemen's Pension</u>	<u>Policemen's Pension</u>	<u>Library</u>	<u>Total</u>
1992	Real property	5.00		.80	.80	1.00	7.60
	Personal property	5.00		.80	.80	1.00	7.60
1993	Real property	5.00		.80	.80	1.00	7.60
	Personal property	5.00		.80	.80	1.00	7.60
1994	Real property	5.00		.80	.80	1.00	7.60
	Personal property	5.00		.80	.80	1.00	7.60
1995	Real property	5.00		.80	.80	1.00	7.60
	Personal property	5.00		.80	.80	1.00	7.60
1996	Real property	5.00		.80	.80	2.60	9.20
	Personal property	5.00		.80	.80	2.60	9.20
1997	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20
1998	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20
1999	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20
2000	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20
2001	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20

Source: Jefferson County Tax Records

School District	County	Total
35.20	7.10	49.90
35.20	7.10	49.90
35.20	8.60	51.40
35.20	8.60	51.40
35.20	8.60	51.40
35.20	8.60	51.40
35.20	8.60	51.40
35.20	8.60	51.40
35.20	10.40	54.80
35.20	10.40	54.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80
35.20	9.40	52.80

**CITY OF PINE BLUFF, ARKANSAS
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>Year</u>	<u>¹Estimated Population</u>	<u>Assessed Value</u>	<u>² Gross Bonded Debt</u>
1992	57,140	\$ 278,297,798	\$ 0
1993	57,140	\$ 278,435,585	\$ 0
1994	57,140	\$ 287,594,567	\$ 0
1995	57,140	\$ 287,594,593	\$ 0
1996	57,140	\$ 298,046,622	\$ 0
1997	57,140	\$ 308,212,887	\$ 0
1998	57,140	\$ 314,110,638	\$ 0
1999	57,140	\$ 317,727,443	\$ 0
2000	55,085	\$ 321,638,522	\$ 0
2001	55,085	\$ 351,661,762	\$ 1,834,725

¹ Bureau of Census

² General obligation bonds comprise gross bonded debt

<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio Of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 0	0	\$ 0
\$ 0	\$ 1,834,725	.52	\$ 33.31

**CITY OF PINE BLUFF, ARKANSAS
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2001**

Assessed value		\$ <u>351,661,762</u>
* Debt limit: 25% of assessed value		\$ 87,915,441
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 1,834,725	
Less assets in Debt Service Fund	\$ 0	
Total amount of debt applicable to debt limit		<u>1,834,725</u>
Legal debt margin		\$ <u>86,080,716</u>

* State of Arkansas Act 10 of 1959, establishes a limit of twenty-five percent (25%) of the total assessed valuation of all real and personal property within the municipality subject to taxation, as shown by the last preceding assessment.

**CITY OF PINE BLUFF, ARKANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2001**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To The City Of Pine Bluff</u>	<u>Amount Applicable To The City Of Pine Bluff</u>
School Districts			
Pine Bluff	\$ 11,724,875	75%	\$ 8,793,656
Dollarway	\$ 4,710,000	65%	3,061,500
Watson Chapel	\$ 1,430,000	60%	858,000
White Hall	\$ 12,985,864	5%	<u>649,293</u>
Total			<u>\$ 13,362,449</u>

CITY OF PINE BLUFF, ARKANSAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN YEARS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service To Total General Expenditures</u>
1992	\$ 0	\$ 0	\$ 0	\$ 20,040,711	0
1993	\$ 0	\$ 0	\$ 0	\$ 19,970,138	0
1994	\$ 0	\$ 0	\$ 0	\$ 23,291,688	0
1995	\$ 0	\$ 0	\$ 0	\$ 27,003,192	0
1996	\$ 0	\$ 0	\$ 0	\$ 27,552,742	0
1997	\$ 0	\$ 0	\$ 0	\$ 29,736,689	0
1998	\$ 0	\$ 0	\$ 0	\$ 30,194,378	0
1999	\$ 0	\$ 0	\$ 0	\$ 31,220,371	0
2000	\$ 0	\$ 0	\$ 0	\$ 34,323,796	0
2001	\$ 0	\$ 26,904	\$ 26,904	\$ 39,187,215	.07

**CITY OF PINE BLUFF, ARKANSAS
BUILDING PERMITS, PROPERTY VALUE AND BANK DEPOSITS
LAST TEN YEARS**

<u>Year</u>	<u>Building Permits</u>	¹ <u>Property Value</u>	² <u>Bank Deposits</u>
1992	\$ 19,018,284	\$ 1,391,488,990	\$ 807,359,396
1993	\$ 20,359,867	\$ 1,392,177,925	\$ 735,376,331
1994	\$ 22,765,162	\$ 1,437,972,835	\$ 615,931,592
1995	\$ 25,950,053	\$ 1,437,972,965	\$ 630,947,979
1996	\$ 25,128,825	\$ 1,490,233,110	\$ 626,845,559
1997	\$ 20,186,888	\$ 1,541,064,435	\$ 696,463,834
1998	\$ 28,879,357	\$ 1,570,553,190	\$ 668,813,863
1999	\$ 17,866,306	\$ 1,588,637,215	\$ 730,256,423
2000	\$ 24,171,194	\$ 1,608,192,610	\$ 753,926,954
2001	\$ 34,346,054	\$ 1,758,308,810	\$ 812,210,856

Source:

¹ Jefferson County Assessor

² Information supplied by area banks

**CITY OF PINE BLUFF, ARKANSAS
PRINCIPAL TAXPAYERS
DECEMBER 31, 2001**

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>2001 Assessed Value</u>	<u>Percentage Of Total Assessed Valuation</u>
TrefilARBED	Industrial	\$ 13,142,050	3.74%
Tyson	Industrial	6,589,920	1.87%
Southwestern Bell Co.	Utility	6,155,190	1.75%
Entergy	Utility	6,049,450	1.72%
S. LaFrance Pharmacy, Inc.	Retail	4,773,680	1.36%
United Water	Utility	3,759,990	1.07%
Century Tube	Industrial	3,601,910	1.02%
Planters Cotton Oil Mill	Industrial	3,321,730	.95%
Pines Mall	Shopping Center	3,218,540	.92%
Wal-Mart	Retail	<u>2,682,650</u>	<u>.76%</u>
		<u>\$ 53,295,110</u>	<u>15.16%</u>

Source: Jefferson County Assessor

**CITY OF PINE BLUFF, ARKANSAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Estimated ¹ Population</u>	<u>Per Capita ² Income</u>	<u>Median ² Age</u>	<u>Unemployment ² Rate</u>	<u>³ Enrollment</u>
1992	57,140	\$ 13,809	31.5	10.7%	7,541
1993	57,140	\$ 13,749	31.5	8.9%	7,455
1994	57,140	\$ 14,386	31.5	8.3%	7,319
1995	57,140	\$ 14,890	31.5	7.6%	7,311
1996	57,140	\$ 15,776	31.5	7.7%	7,311
1997	57,140	\$ 16,685	31.5	7.8%	7,242
1998	57,140	\$ 17,567	31.5	8.3%	6,866
1999	57,140	\$ 18,109	31.5	7.5%	6,614
2000	55,085	\$ 20,141	33.1	7.1%	6,403
2001	55,085	\$ 19,826	33.1	8.2%	6,350

Source:

¹ Bureau of Census

² Arkansas Employment Security Division

³ Annual school census

**CITY OF PINE BLUFF, ARKANSAS
REVENUE BOND COVERAGE
PINE BLUFF WASTEWATER UTILITY
LAST TEN YEARS**

<u>Year</u>	<u>Gross ¹ Revenues</u>	<u>Operating ² Expenses</u>	<u>Net Revenue Available For Debt Service</u>
1992	\$ 5,048,674	\$ 2,456,553	\$ 2,592,121
1993	\$ 5,472,130	\$ 2,647,057	\$ 2,825,073
1994	\$ 6,333,090	\$ 2,923,001	\$ 3,410,089
1995	\$ 5,908,947	\$ 2,644,381	\$ 3,264,566
1996	\$ 5,782,294	\$ 2,692,190	\$ 3,090,104
1997	\$ 5,904,950	\$ 2,970,055	\$ 2,934,895
1998	\$ 6,399,273	\$ 2,957,986	\$ 3,441,287
1999	\$ 6,515,657	\$ 3,088,596	\$ 3,427,061
2000	\$ 6,457,534	\$ 3,265,428	\$ 3,192,106
2001	\$ 6,493,010	\$ 3,301,352	\$ 3,191,658

¹ Includes all revenues on the income statement including interest income.

² Includes all expenses on the income statement except depreciation, amortization and interest expense.

³ Net revenue available for debt service divided by total debt service requirements.

<u>Debt Service Requirements</u>			³ <u>Coverage</u>
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
\$ 673,215	\$ 547,726	\$ 1,220,941	2.12
\$ 770,315	\$ 543,009	\$ 1,313,324	2.15
\$ 759,371	\$ 786,111	\$ 1,545,482	2.21
\$ 793,385	\$ 751,360	\$ 1,544,745	2.11
\$ 877,562	\$ 651,796	\$ 1,529,358	2.02
\$ 851,908	\$ 648,408	\$ 1,500,316	1.96
\$ 946,355	\$ 619,334	\$ 1,565,689	2.20
\$ 991,437	\$ 577,364	\$ 1,568,801	2.18
\$ 1,030,259	\$ 530,986	\$ 1,561,245	2.04
\$ 1,082,618	\$ 483,477	\$ 1,566,095	2.04

**CITY OF PINE BLUFF, ARKANSAS
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2001**

Date of incorporation	1836
Form of government	Mayor - Council
Area	40.5 square miles
Miles of streets	404
Number of street lights	4,500
Fire protection	
Number of stations	7
Number of firemen and officers (exclusive of volunteer firemen)	90
Police protection	
Number of stations	3
Number of policemen and officers	155
Education (elementary only)	
Attendance centers	11
Number of classrooms	224
Number of teachers	186
Number of students	3,517
Sewers	
Sanitary	Approximately 402 miles
Storm	Approximately 870 miles
Building permits issued (total)	1,332
New construction	170
Estimated costs	\$ 34,346,054
Recreation and culture	
Number of parks	16 with 1,515 acres
Number of libraries	3
Number of volumes	200,000
Employees	195



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Independent Accountants' Report on Compliance
With Certain State Acts

Honorable F. A. "Dutch" King, Jr., Mayor
and Members of The City Council
City of Pine Bluff
Pine Bluff, Arkansas

We have examined management's assertions that the **CITY OF PINE BLUFF, ARKANSAS**, complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2001.

- (a) Municipal Accounting Law, Act 159 of 1973, Act 616 of 1979 and Act 308 of 1977
(Arkansas Statutes 19-5301 – 19-5317);
- (b) Municipal Courts, Police Courts, City Courts and Justice of the Peace Courts Accounting Law of 1977, Act 332 of 1977, Acts 677 and 776 of 1985, Act 904 of 1991 and Act 1341 of 1997.
(Arkansas Statutes 22-1101 – 22-1108);
- (c) Municipal Court and Police Department Uniform Filing Fees and Court Cost, Act 1256 of 1996;
- (d) Bonding of Municipal Officers and Employees, Act 338 of 1955, 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);
- (e) Improvement Contracts over \$10,000, Act 159 of 1949, Act 183 of 1957, Act 477 of 1961, Act 370 of 1977, Act 266 of 1981, Act 871 of 1983, Acts 758 and 759 of 1987, Act 936 of 1989, Act 728 of 1991, Act 645 of 1993 and Act 1319 of 1995
(Arkansas Statutes 14-611 – 14-614);
- (f) Budgets, Purchases Over \$2,000; Payments of Claims, Etc., Act 28 of 1959, Act 154 of 1979, Acts 344 and 926 of 1981, Act 745 of 1985 and Act 812 of 1995
(Arkansas Statutes 19-4421 – 19-4430);
- (g) Investment of Public Funds, Act 273 of 1943, Act 106 of 1973, Act 402 of 1995 and Act 800 of 1997
(Arkansas Statutes 13-901 – 13-904); and
- (h) Deposit of Public Funds, Act 21 of 1935, Acts 57 and 62 of 1945, Act 122 of 1947, Act 18 of 1964, Acts 89 and 107 of 1973, Act 250 of 1987, Act 459 of 1991 and Acts 232 and 700 of 1995
(Arkansas Statutes 13-801 – 13-805).

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

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

In our opinion, the **CITY OF PINE BLUFF, ARKANSAS**, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2001.

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.

BKD LLP

May 13, 2002



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Independent Accountants' Report on Compliance and Internal Control Over
Financial Reporting Based on the Audit of the Financial Statements in
Accordance with *Government Auditing Standards*

Honorable F. A. "Dutch" King, Jr., Mayor
and Members of The City Council
City of Pine Bluff
Pine Bluff, Arkansas

We have audited the general purpose financial statements of the **CITY OF PINE BLUFF, ARKANSAS**, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 13, 2002, which contained an explanatory paragraph regarding a change in accounting principle. 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.

Compliance

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 grants, 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*.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-1 and 01-2.

A material weakness is a 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 01-1 to be a material weakness. We also noted other matters involving the internal control over financial reporting and its operation that we have reported to the City's management in a separate letter dated May 13, 2002.

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 to be and should not be used by anyone other than these specified parties.

BKD
LLP

May 13, 2002



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Independent Accountants' Report on Compliance and Internal Control Over
Compliance with Requirements Applicable to Major Federal Awards Programs

Honorable F. A. "Dutch" King, Jr., Mayor
and Members of The City Council
City of Pine Bluff
Pine Bluff, Arkansas

Compliance

We have audited the compliance of the **CITY OF PINE BLUFF, ARKANSAS**, 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, 2001. The City's major federal programs are identified in the summary of auditor's 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 on the compliance of the **CITY OF PINE BLUFF, ARKANSAS**, 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 Non-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 PINE BLUFF, 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, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 01-3.

Internal Control Over Compliance

The management of the **CITY OF PINE BLUFF, 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 internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-3 and 01-4.

A material weakness is a 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 01-3 to be a material weakness. We also noted other matters involving the internal control over compliance and its operation that we have reported to the City's management in a separate letter dated May 13, 2002.

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 to be and should not be used by anyone other than these specified parties.

BKD LLP

May 13, 2002

**CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2001**

Summary of Auditor's Results

1. The independent accountants' report on the financial statements expressed an unqualified opinion.
2. Reportable conditions in internal control over financial reporting were identified, one of which is considered to be a material weakness.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. Reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were identified, one of which is considered to be a material weakness.
5. The independent accountants' report on compliance with requirements applicable to major federal awards programs expressed an unqualified opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The City's major programs were:

<u>Program</u>	<u>CFDA Number</u>
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239
Federal Transit Capital and Operating Assistance Formula Grants	20.507
Public Assistance Grants	83.544

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The City did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Findings Required to be Reported by Government Auditing Standards

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
01-1	During the course of our audit, we noted that the internal controls were insufficient within several departments and functions of the City due to the lack of segregation of duties. Segregation of accounting duties is an essential element of effective internal control, involving the separation of custody of assets from related recording of transactions. Segregation of conflicting duties within the City's departments may be difficult because of the limited number of personnel. However, there are compensating controls management could implement to reduce the possibility of errors or irregularities going undetected in the normal course of business. We recommend limiting, to the extent possible, performance of incompatible duties by individuals within the City's various departments and functions.	None
01-2	The Transit Department has not developed or implemented adequate procedures for counting and depositing fare revenue or for the sale and subsequent recording of discount tickets. Additionally, financial records are not provided to the City's finance department on a timely basis. Procedures need to be developed and implemented to ensure adequate segregation of duties is maintained during counting and depositing fare revenue, financial records are provided on a timely basis and proper reconciliations are performed between discount ticket sales and revenue recognized.	None

**CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2001**

Findings Required to be Reported by OMB Circular A-133

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
01-3	<u>HOME Investment Partnerships Program</u> <u>CFDA No. 14.239</u> U.S. Department of Housing and Urban Development – Cash Management and Subrecipient Monitoring Program regulations require the pass-through entity to monitor subrecipients to ensure federal funds are used for authorized purposes and cash maintained is sufficient enough to only meet the subrecipient's immediate needs. In its HOME program, the City does not have procedures established to monitor one of its subrecipients. As a direct result of this deficiency, it was determined that excess federal cash was maintained by the subrecipient during the course of the year. Formal monitoring procedures need to be developed and implemented to ensure federal funds are expended for authorized purposes and in an expedient manner by all subrecipients.	None
01-4	<u>Community Development Block Grants/Entitlement Grants</u> <u>HOME Investment Partnerships Program,</u> <u>Federal Transit Capital and Operating Assistance</u> <u>Formula Grants</u> <u>CFDA Nos. 14.218, 14.239 and 20.507</u> U.S. Department of Housing and Urban Development and U.S. Department of Transportation Equipment and Real Property Management Program regulations require sufficient documentation of equipment and real property purchased with federal funds be maintained by the City to ensure proper tracking of assets while in use and proper procedures, including reimbursement to awarding agency, if applicable, are followed at time of disposition. Currently, departmental fixed asset listings are not being reconciled to the City-wide detailed property records. In some instances, departmental records do not contain all information required by the regulations and are not kept current for additions and dispositions throughout the year. Additionally, certain departments do not take an inventory every two years as required by federal regulations. We recommend a City-wide inventory be performed whereby departmental records are reconciled with those of the City as a whole. Departmental records should be reformatted to ensure all required information is included and steps should be taken to ensure all acquisitions and dispositions are recorded in a timely manner.	None

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2001

Federal Emergency Management Agency Audit Findings

During 2001, the Office of Inspector General – Audits Division (OIG) of the Federal Emergency Management Agency (FEMA) audited the Public Assistance Grant (CFDA No. 83.544) awarded to the City of Pine Bluff, Arkansas, for debris removal related to the severe winter ice storms in December 2000. The results of their audit were summarized in a memorandum dated December 26, 2001. Results, as applicable to the City, are summarized as follows:

- The City's internal controls over debris removal were not sufficient to ensure only eligible debris was removed and claimed for reimbursement.
- The City did not adequately monitor debris removal at pick-up sites. Specifically, the City failed to do the following:
 - ✓ Continuously monitor the debris removal contractor's activities at pick-up sites
 - ✓ Assign monitors to all pick-up sites
 - ✓ Initiate load tickets for trucks or record detail data on load tickets to identify debris removal sites
- The City's claims for reimbursement included ineligible debris. OIG estimated the ineligible debris at 26,819 cubic yards, which was significantly less than FEMA's estimate of 144,956 cubic yards.

As a result of the audit, the City received additional reimbursement for eligible debris as determined by OIG.

**CITY OF PINE BLUFF, ARKANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2001**

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
00-1 99-1	The City has inadequate segregation of duties in its purchasing cycle. Department heads have absolute authority. The City should limit the purchasing powers of the department heads or consider installing a centralized purchasing system.	Unresolved
00-2 99-2	The Transit Department has not developed or implemented adequate procedures for counting and depositing fare revenue or for the sale and subsequent recording of discount tickets. Additionally, deposits are not made on a timely basis and internal accounting records are not reconciled on a monthly basis. Procedures need to be developed and implemented to ensure adequate segregation of duties is maintained during counting and depositing fare revenue, deposits are made on a timely basis and proper reconciliations are performed on the financial records and between discount ticket sales and revenue recognized.	Partially resolved. See Finding 01-2
00-3 99-3	<u>HOME Investment Partnerships Program</u> <u>CFDA No. 14.239</u> U.S. Department of Housing and Urban Development – Cash Management and Subrecipient Monitoring Program regulations require the pass-through entity to monitor subrecipients to ensure federal funds are used for authorized purposes and cash maintained is sufficient enough to only meet the subrecipient's immediate needs. During the course of the audit, it was determined that there was no formal subrecipient monitoring process used by the City in its HOME program throughout most of the year. As a direct result of this deficiency, it was determined that excess federal cash was maintained by subrecipients during the course of, and at the end of, the year. We noted \$16,599 drawn down in December by one of the subrecipients, out of a total award of \$66,454 for 2001, had not been expended as of year end. All of the unexpended funds had been recorded as a receivable from the subrecipient by the City at December 31, 2001. Formal monitoring procedures need to be developed and implemented to ensure federal funds are expended for authorized purposes and in an expedient manner by all subrecipients.	Partially resolved. See Finding 01-3

**CITY OF PINE BLUFF, ARKANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2001**

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
00-4 99-4	<u>Community Development Block Grants/Entitlement Grants</u> <u>HOME Investment Partnerships Program.</u> <u>Federal Transit Capital and Operating Assistance</u> <u>Formula Grants/Arkansas State Highway and</u> <u>Transportation Department and Public Safety</u> <u>Partnership and Community Policing Grants</u> <u>CFDA Nos. 14.218, 14.239, 20.507 and 16.710</u> U.S. Department of Housing and Urban Development and U.S. Department of Transportation and U.S. Department of Justice Equipment and Real Property Management Program regulations require sufficient documentation of equipment and real property purchased with federal funds be maintained by the City to ensure proper tracking of assets while in use and proper procedures, including reimbursement to awarding agency, if applicable, are followed at time of disposition. Currently, departmental fixed asset listings are not being reconciled to the City-wide detailed property records. In some instances, departmental records do not contain all information required by the regulations and are not kept current for additions and dispositions throughout the year. Additionally, certain departments do not take an inventory every two years as required by federal regulations. We recommend a City-wide inventory be performed whereby departmental records are reconciled with those of the City as a whole. Departmental records should be reformatted to ensure all required information is included and steps should be taken to ensure all acquisitions and dispositions are recorded in a timely manner.	Unresolved