Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2002

City of Pine Bluff, Arkansas

ANNUAL FINANCIAL REPORT

CITY OF PINE BLUFF, ARKANSAS

YEAR ENDED DECEMBER 31, 2002

PREPARED BY:

FINANCE DEPARTMENT

EDWARD BOGY

FINANCE DIRECTOR

CITY OF PINE BLUFF, ARKANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

	Pag
INTRODUCTORY SECTION	
Organizational Chart	i
Elected Officials	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	x
FINANCIAL SECTION	
INDEPENDENT ACCOUNTANTS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1
Combined Statements - Overview ("Liftable" General Purpose Financial Statements):	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Units	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Discretely Presented Component Units	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - All Proprietary Fund Types and Discretely Presented Component Units	7
Combined Statement of Changes in Plan Net Assets – Pension Trust Funds and Discretely Presented Component Unit	8
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Units	9
Combining Balance Sheet – Component Units	10
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Special Revenue Component Units	11
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) – Proprietary Component Units	12
Combining Statement of Cash Flows – Proprietary Component Units	13
Notes to Financial Statements	14
Supplementary Information Required by the Governmental Accounting Standards Board	
Schedules of Funding Progress	40
Schedules of Employer Contributions	41
Notes to Required Supplementary Information	42

Table of Contents Continued . . .

Page

Supplementary Information

Schedule of Expenditures of Federal Awards 43

Combining, Individual Fund and Account Group Statements and Schedules:

General Fund:

Schedule of Expenditures, Budget (GAAP Basis) and Actual 45

Special Revenue Funds:

Combining Balance Sheet 46

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 47

Street Fund:

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual 48

Community Development Block Grant Program:

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual 49

Enterprise Fund:

Balance Sheet 50

Statement of Revenues, Expenses and Changes in Retained Deficit 51

Statement of Cash Flows 52

Fiduciary Funds:

Combining Balance Sheet 53

Pension Trust Funds:

Combining Statement of Plan Net Assets 54

Combining Statement of Changes in Plan Net Assets 55

Agency Funds:

Combining Statement of Changes in Assets and Liabilities 56

General Fixed Asset Account Group:

Schedule of General Fixed Assets - By Sources 57

Schedule of General Fixed Assets - By Function and Activity 58

Schedule of Changes in General Fixed Assets - By Function and Activity 59

Table of Contents Continued . . .

Pag

General Long-Term Obligation Account Group:

Schedule of General Long-Term Obligations 60

STATISTICAL SECTION:

General Revenues By Source - Last Ten Years 61

General Governmental Expenditures By Function - Last Ten Years 62

Property Tax Levies and Collections - Last Ten Years 63

Assessed and Estimated Actual Value of All Taxable Property - Last Ten Years 64

Tax Rates and Tax Levies - Last Ten Years 65

Property Tax Rates - Direct and Overlapping Governments (Per $1,000 of Assessed Value) - Last Ten Years . 66

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years 67

Computation of Legal Debt Margin 68

Computation of Direct and Overlapping Debt 69

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Years 70

Building Permits, Property Value and Bank Deposits - Last Ten Years 71

Principal Taxpayers 72

Demographic Statistics - Last Ten Years 73

Revenue Bond Coverage – Pine Bluff Wastewater Utility - Last Ten Years 74

Miscellaneous Statistical Data 75

OTHER REQUIRED REPORTS

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS 76

SINGLE AUDIT SECTION

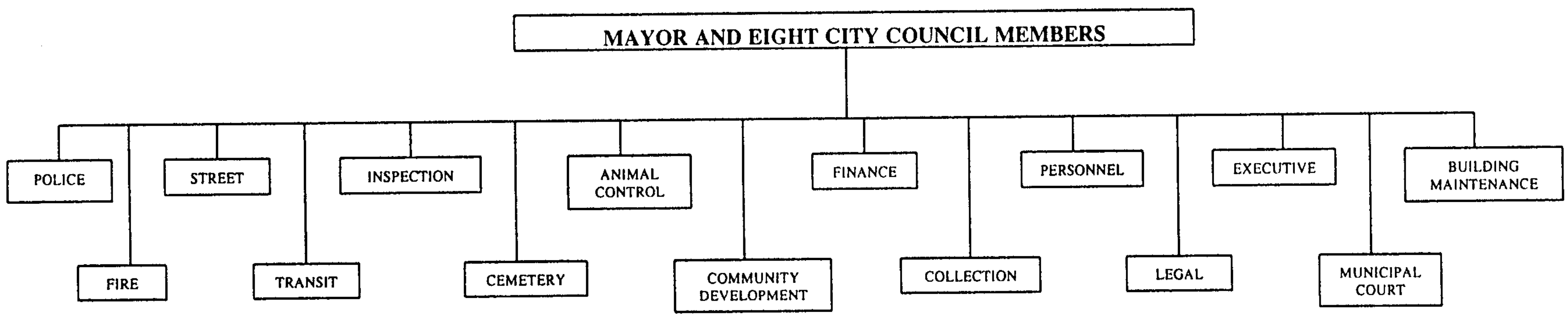
INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 78

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARDS PROGRAMS 80

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 82

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 84

CITY OF PINE BLUFF ORGANIZATIONAL CHART



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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

March 28, 2003

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, 2002, 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 2002 were $104,033,309, an increase of $65,475,403 from the previous year. The City's unemployment rate has increased to 8.7%, from 8.2% a year ago, for the Pine Bluff metropolitan statistical area in 2002. New job announcements totaled 400 in 2002, up from 16 in 2001.

The financial position of the city has deteriorated over the past year. This was attributed to decreased General Fund revenues due to the overall decline in the economy and increased expenditures.

200 East 8th Avenue • Pine Bluff, AR 71601 • Telephone (870) 543-1835 • Fax (870) 543-5198

MAJOR INITIATIVES

During 2002, the City had several activities that provided a significant impact on the community. Two of these are:

The major initiative for 2002 was the beginning of construction of Sewer Improvement District Number 39. This is the largest district constructed in over 30 years and will provide sewer service to the largest remaining area from the 1985 annexation. The City is providing a $1,300,000 grant to the district.

Using Community Development Block Grant funding, the City is in the second year of the Convention Center Neighborhood Development project. This project will build new streets and houses near the Convention Center at an estimated total cost of $1,000,000.

FOR THE FUTURE

The City will continue to assist several sewer improvement districts during their formation. In 2003, the City will continue to participate in the construction of Sewer Improvement District No. 39.

In the year 2001, 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 2003, 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 responded to a total of 3,365 incidents during 2002, which included 1,275 fire calls and 2,090 Emergency Medical Service (EMS) calls. While fire runs were down significantly in 2002, EMS calls, and thus total incidents, increased significantly.

In 2002 EMS developed a close working relationship with the Police Department's SRT. Eight of our nationally certified emergency medical technicians (EMTs) are training with the SRT and will be a permanent part of the team.

Street Department

The Pine Bluff Street Department continued its tradition of excellence in service to the citizens of Pine Bluff in 2002. Streets were overlaid in all wards, and the Street Department milled and overlaid West 2nd between Walnut and University, chipped and sealed approximately 10 lane miles of streets, upgraded signals at Dollarway Road and School Street and installed new signals at Dollarway Road and Phyllis Street.

Police Department

In 2002, the Pine Bluff Police Department was a major factor in reducing the City's overall crime rate by more than 12%. To continue that trend, the department has set and achieved new goals and is continually pursuing proactive innovative approaches to administration, supervision and law enforcement.

Chief Daniel Moses has begun restructuring the department to streamline the chain of command, thereby shortening lines of communication and increasing efficiency throughout the department. The department has eliminated two assistant chief positions and reclassified four captain positions as deputy chief positions, allowing the department to field two more patrolmen at no additional cost.

The Internal Affairs Division, renamed the Office of Professional Standards, has moved from the main police complex to a more publicly convenient location at 3039 West 28th Avenue in the Regency Square Shopping Center. This newly renovated location provides a comfortable and non-inhibiting atmosphere for interviews. The last four months of 2002 brought a 79% reduction from the previous four months in citizen complaints against officers and the Office of Professional Standards is expected to further reduce such complaints.

Bureau of Investigation detectives filed 860 combined adult and juvenile felony cases with the Prosecuting Attorney's Office. There were nine homicide cases in 2002, of which eight cases were cleared, resulting in 11 arrests. Only one of those homicides remains under investigation.

Inspection and Zoning Department

The Inspection and Zoning Department had an active 2002 sending out 5,290 code violation notices and having 4,386 lots mowed, 443 lots cleared, 162 dilapidated houses and garages demolished, four dilapidated commercial buildings demolished and 232 junk vehicles removed. The technical inspectors performed 4,560 inspections in 2002.

The SAFE Team (Support Abatement with Fines and Enforcement) concept was implemented in 2002 to abate nuisances associated with occupied houses and thereby improve the quality of life in our neighborhoods. It is an innovative, cooperative effort employing the combined skills of and communication among such diverse entities as the Police Department, the Fire Department, the City Attorney's Office, Neighborhood Watch and Inspection and Zoning. It has been a successful endeavor and will prove more so as we learn to wield this powerful new tool even more effectively.

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 accounting principles generally accepted in the United States of America. 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, 2002, 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 82 and 83. However, no material noncompliance with applicable laws and regulations was noted during the audit.

Budgeting Controls

In addition to internal controls, 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, the City continues to strive for sound financial management even with the current economic hardships. 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, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2001	Percent Increase (Decrease)
Property taxes	$ 2,128,034	6.7%	$ 155,892	7.9%
Franchise taxes	2,492,396	7.9%	32,402	1.3%
Sales taxes	13,745,304	43.4%	(241,092)	(1.7)%
Licenses and permits	772,950	2.4%	(15,036)	(1.9)%
Intergovernmental	4,699,742	14.8%	(117,193)	(2.4)%
Charges for services	3,884,758	12.3%	104,764	2.8%
Fines and forfeits	1,129,620	3.6%	(270,237)	(19.3)%
Grants and entitlements	2,468,555	7.8%	(6,074,383)	(71.1)%
Miscellaneous	333,060	1.1%	(169,831)	(33.8)%
Total	$ 31,654,419	100.0%	$(6,594,714)	

Significant changes in revenue include a decrease of $6,074,383 in grants and entitlements due to payments received from FEMA in 2001 of $5,711,489 for the clean up of the December 2000 ice storms. The decrease in miscellaneous revenue of $169,831 was mainly due to a decrease in interest income. Intergovenmental revenue decreased by $117,193 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, 2002, and the amount and percent of increases and decreases in relation to prior year expenditures.

Function	Amount	Percent of Total	Increase (Decrease) from 2001	Percent Increase (Decrease)
General government	$ 2,260,786	6.7%	$ 95,044	4.4%
Police Department	9,389,735	27.7%	94,246	1.0%
Fire Department	4,776,143	14.1%	285,414	6.4%
Protective inspection	1,017,131	3.0%	162,427	19.0%
Public works	3,809,788	11.2%	(308,057)	(7.5)%
Sanitation	2,222,715	6.6%	57,855	2.7%
Public projects	2,002,511	5.9%	(5,397,779)	(72.9)%
Administrative	1,135,801	3.3%	81,419	7.7%
Culture - recreation	4,521,981	13.3%	(192,011)	(4.1)%
Capital outlays	2,770,093	8.2%	666,685	31.7%
	$ 33,906,684	100.0%	$(4,454,757)	

Public projects expenses decreased $5,397,779 due to expenditures incurred in 2001 related to the December 2000 ice storms. Capital outlays increased by 31.7% because in 2002 there were a number of electronic equipment purchases by the police department using Local Law Enforcement Block Grant funds. Culture recreation expenditures decreased by $192,011 due to decreased expenditures for the Convention Center. Prospective inspection expenses increased by 19% due to increased expenditures for lot clearance and the demolition of dilapidated structures.

General Fund Balance

The fund balance of the General Fund decreased by 29% in 2002. The $2,799,025 decrease will leave the government with a fund balance that is the equivalent of 75 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 $363,846 and $158,480, respectively, in 2002.

Pension Trust Fund Operations

The operation of the City's five Public Employees Retirement Systems (PERS) remained relatively stable in 2002.

The PERS' total additions decrease of 67% was tied to a net change in fair market value of investments of approximately $3.2 million due to large stock and bond market fluctuations during calendar year 2002. The annual actuarial valuations continue to reflect a positive trend in the City's and employees' funding of the non-uniform retirement system. The Municipal Judge and Municipal Court Clerk's Retirement Plan, Policemen's Pension and Relief Fund and Firemen's Pension and Relief Fund have net pension obligations as of December 31, 2002.

Debt Administration

At December 31, 2002, the City had only five significant debt issues outstanding. These included $8,028,239 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, 2002, the City had general obligation bonded debt of $1,792,585 while there was a legal limit of $89,253,781.

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 and its component units had investment losses of $254,231 including market value losses of $3,228,625 on all investments for the year ended December 31, 2002.

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 were 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, 2002, 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 $6,875,278 and the bank balance was $6,937,876. Of the bank balance, $6,392,475 was covered by federal depository insurance or by collateral held by the City's agents in the City's name and $545,401 was uninsured and uncollateralized. State statutes require City deposits to be deposited in institutions covered by the Federal Deposit Insurance Corporation.

Risk Management

In 2002, 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 2003.

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, 2001. 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 (CAFR), whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America 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 seventeen consecutive years ended 1985 - 2001. 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

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, 2001

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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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, 2002, 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 did not audit the financial statements of the Pine Bluff Aviation Commission, Pine Bluff Civic Auditorium Complex and Advertising and Tourist Promotion Commission and the Pine Bluff Parks and Recreation Commission. The financial statements of these entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely upon the reports of the other auditors.

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, 2002, 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.

ıtions

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2003, 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.

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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, LLP

March 28, 2003

CITY OF PINE BLUFF, ARKANSAS

COMBINED STATEMENTS - OVERVIEW

("LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS)

DECEMBER 31, 2002

CITY OF PINE BLUFF, ARKANSAS
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002

	Governmental Fund Types			Proprietary Fund Type	
ASSETS AND OTHER DEBITS	General	Special Revenue	Capital Project	Internal Service	Enterprise
Cash and cash equivalents	$ 5,910,879	$ 1,278,610	$ 24	$ 14,854	$ 54,608
Investments					
Notes receivable		465,363			
Receivables - property taxes	1,695,966				
- sales tax and state turnback	2,311,271	202,354			
- accounts and grants	274,855			32,978	
- other	71,647				
Prepayments and other					
Due from other funds	1,277,918				
Due from component units	196,126				
Due from other governments					481,314
Inventory	8,758				
Restricted assets					
Cash and cash equivalents					
Accrued interest and dividends receivable					
Fixed assets (net of accumulated depreciation)					801,234
Other assets					
Amount to be provided for retirement of general long-term obligations					
Total Assets and Other Debits	$ 11,747,420	$ 1,946,327	$ 24	$ 47,832	$ 1,337,156
LIABILITIES					
Claims payable	$	$	$	$ 307,066	$
Accounts payable	1,502,916	139,972			28,810
Due to other funds		32,717		1,000,000	240,801
Due to primary government					
Deferred revenue	2,079,682				
Accrued expenses		168,631			
Payable from restricted assets					
Accrued interest					
Revenue bonds					
Accrued payroll and compensated absences	1,313,731	54,687			63,123
Net pension obligation					
Installment obligations					
Total Liabilities	4,896,329	396,007	0	1,307,066	332,734
EQUITY AND OTHER CREDITS					
Contributed capital					9,661,712
Investment in general fixed assets					
Retained earnings (deficit)				(1,259,234)	(8,657,290)
Fund balances					
Reserved for:					
Prepayments					
Repayable loan agreements		465,363			
Employee pension benefits (1)					
Encumbrances	1,242,940	280,383			
Arts and Science Center activities					
Capital outlays			24		
Unreserved	5,608,151	804,574			
	6,851,091	1,550,320	24	(1,259,234)	1,004,422
Total Liabilities and Equity and Other Credits	$ 11,747,420	$ 1,946,327	$ 24	$ 47,832	$ 1,337,156

(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: General Fixed Assets	Account Groups: General Long-Term Obligation	Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
	$ 3,798,081	$	$	$ 11,057,056	$ 2,919,538	$ 13,976,594
	57,299,106			57,299,106	299,559	57,598,665
				465,363	44,764	510,127
	589,889			2,285,855		2,285,855
				2,513,625	216,746	2,730,371
				307,833	718,493	1,026,326
	79,269			150,916	7,352	158,268
					156,625	156,625
				1,277,918		1,277,918
				196,126		196,126
				481,314		481,314
				8,758	257,153	265,911
					1,754,701	1,754,701
	593,167			593,167	570	593,737
		21,695,274		22,496,508	46,749,395	69,245,903
					241,616	241,616
			2,731,982	2,731,982		2,731,982
	$ 62,359,512	$ 21,695,274	$ 2,731,982	$ 101,865,527	$ 53,366,512	$ 155,232,039
	$	$	$	$ 307,066	$	$ 307,066
	188,207			1,859,905	369,081	2,228,986
	4,400			1,277,918		1,277,918
					196,126	196,126
	589,889			2,669,571	43,887	2,713,458
				168,631	145	168,776
					109,991	109,991
					1,145,262	1,145,262
			33,942	1,465,483	577,424	2,042,907
			905,455	905,455		905,455
			1,792,585	1,792,585	8,028,239	9,820,824
	782,496		2,731,982	10,446,614	10,470,155	20,916,769
				9,661,712	18,030,121	27,691,833
		21,695,274		21,695,274	12,325,482	34,020,756
				(9,916,524)	11,975,411	2,058,887
					22,205	22,205
				465,363		465,363
	61,577,016			61,577,016	362,819	61,939,835
				1,523,323		1,523,323
					79,774	79,774
				24		24
				6,412,725	100,545	6,513,270
	61,577,016	21,695,274		91,418,913	42,896,357	134,315,270
	$ 62,359,512	$ 21,695,274	$ 2,731,982	$ 101,865,527	$ 53,366,512	$ 155,232,039

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, 2002

	General	Special Revenue
REVENUES		
Property taxes	$ 1,637,236	$ 490,798
Utility franchise taxes	2,492,396	
Occupation licenses	706,537	
Intergovernmental revenue	1,487,398	2,596,209
Fines and forfeits	1,129,620	
Sanitation fees	2,151,587	
Income from programs, supplies and services	252,141	216,114
Grants and entitlements	948,555	1,489,146
City sales tax and tourism tax	6,813,596	
County sales tax	5,583,210	
Mixed drink tax	66,413	
Interest income	86,091	14,398
Miscellaneous	159,364	2,470
Total Revenues	23,514,144	4,809,135
EXPENDITURES		
Current		
General government	2,260,786	
Police department	9,389,735	
Fire department	4,776,143	
Protective inspection	1,017,131	
Public works	163,067	3,646,721
Sanitation	2,222,715	
Supporting public projects	2,002,511	
Administrative and general	1,135,801	
Culture - recreation		
Capital outlays	1,442,986	1,267,312
Debt service		
Interest and fiscal charges		
Total Expenditures	24,410,875	4,914,033
DEFICIENCY OF REVENUES OVER EXPENDITURES	(896,731)	(104,898)
OTHER FINANCING SOURCES (USES)		
Primary Government		
Operating transfers in		
Operating transfers out	(458,239)	
Capital financing		
Discretely Presented Component Units		
Operating transfers in		
Operating transfers out	(1,444,055)	
Total Other Financing Sources (Uses)	(1,902,294)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,799,025)	(104,898)
FUND BALANCES, BEGINNING OF YEAR	9,650,116	1,655,218
FUND BALANCES, END OF YEAR	$ 6,851,091	$ 1,550,320

See Notes to Financial Statements

Debt Service	Capital Projects	Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
$	$	$ 2,128,034	$	$ 2,128,034
		2,492,396		2,492,396
		706,537		706,537
		4,083,607	616,135	4,699,742
		1,129,620		1,129,620
		2,151,587		2,151,587
		468,255	1,264,916	1,733,171
		2,437,701	30,854	2,468,555
		6,813,596	1,348,498	8,162,094
		5,583,210		5,583,210
		66,413		66,413
	5,035	105,524	1,518	107,042
		161,834	69,219	231,053
	5,035	28,328,314	3,331,140	31,659,454
		2,260,786		2,260,786
		9,389,735		9,389,735
		4,776,143		4,776,143
		1,017,131		1,017,131
		3,809,788		3,809,788
		2,222,715		2,222,715
		2,002,511		2,002,511
		1,135,801		1,135,801
			4,521,981	4,521,981
	971,815	3,682,113	59,795	3,741,908
106,111		106,111		106,111
106,111	971,815	30,402,834	4,581,776	34,984,610
(106,111)	(966,780)	(2,074,520)	(1,250,636)	(3,325,156)
148,251		148,251		148,251
	(53,858)	(512,097)		(512,097)
(42,140)		(42,140)		(42,140)
			1,285,575	1,285,575
		(1,444,055)		(1,444,055)
106,111	(53,858)	(1,850,041)	1,285,575	(564,466)
0	(1,020,638)	(3,924,561)	34,939	(3,889,622)
	1,020,662	11,305,334	167,585	11,472,919
$ 0	$ 24	$ 7,380,773	$ 202,524	$ 7,583,297

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, 2002

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 1,540,000	$ 1,637,236	$ 97,236
Utility franchise taxes	2,442,180	2,492,396	50,216
Occupational licenses	590,000	706,537	116,537
Intergovernmental revenue	1,140,951	1,487,398	346,447
Fines and forfeits	1,065,437	1,129,620	64,183
Sanitation fees	2,231,064	2,151,587	(79,477)
Income from programs, supplies and services	210,200	252,141	41,941
Grants and entitlements	158,253	948,555	790,302
City sales tax and tourism tax	6,056,247	6,813,596	757,349
County sales tax	4,960,143	5,583,210	623,067
Mixed drink tax	72,000	66,413	(5,587)
Interest earned	120,000	86,091	(33,909)
Miscellaneous	12,000	159,364	147,364
Total Revenues	20,598,475	23,514,144	2,915,669
EXPENDITURES			
Current			
General government	2,411,359	2,260,786	150,573
Police department	9,617,081	9,389,735	227,346
Fire department	4,522,484	4,776,143	(253,659)
Protective inspection	1,000,578	1,017,131	(16,553)
Public works	37,945	163,067	(125,122)
Sanitation	2,226,764	2,222,715	4,049
Supporting public projects	2,486,573	2,002,511	484,062
Administrative and general	1,203,601	1,135,801	67,800
Culture - recreation			
Capital outlays	720,834	1,442,986	(722,152)
Total Expenditures	24,227,219	24,410,875	(183,656)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,628,744)	(896,731)	2,732,013
OTHER FINANCING SOURCES (USES)			
Primary Government			
Operating transfers out	(363,846)	(458,239)	(94,393)
Discretely Presented Component Units			
Operating transfers in			
Operating transfers out	(1,458,795)	(1,444,055)	14,740
Total Other Financing Sources (Uses)	(1,822,641)	(1,902,294)	(79,653)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(5,451,385)	(2,799,025)	2,652,360
FUND BALANCES, BEGINNING OF YEAR	9,650,116	9,650,116	0
FUND BALANCES, END OF YEAR	$ 4,198,731	$ 6,851,091	$ 2,652,360

See Notes to Financial Statements

Special Revenue			Total Primary Government (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 420,000	$ 490,798	$ 70,798	$ 1,960,000	$ 2,128,034	$ 168,034
			2,442,180	2,492,396	50,216
			590,000	706,537	116,537
2,336,544	2,596,209	259,665	3,477,495	4,083,607	606,112
			1,065,437	1,129,620	64,183
			2,231,064	2,151,587	(79,477)
108,000	216,114	108,114	318,200	468,255	150,055
2,526,829	1,489,146	(1,037,683)	2,685,082	2,437,701	(247,381)
			6,056,247	6,813,596	757,349
			4,960,143	5,583,210	623,067
			72,000	66,413	(5,587)
30,000	14,398	(15,602)	150,000	100,489	(49,511)
3,000	2,470	(530)	15,000	161,834	146,834
5,424,373	4,809,135	(615,238)	26,022,848	28,323,279	2,300,431
			2,411,359	2,260,786	150,573
			9,617,081	9,389,735	227,346
			4,522,484	4,776,143	(253,659)
			1,000,578	1,017,131	(16,553)
4,740,949	3,646,721	1,094,228	4,778,894	3,809,788	969,106
			2,226,764	2,222,715	4,049
			2,486,573	2,002,511	484,062
			1,203,601	1,135,801	67,800
1,625,281	1,267,312	357,969	2,346,115	2,710,298	(364,183)
6,366,230	4,914,033	1,452,197	30,593,449	29,324,908	1,268,541
(941,857)	(104,898)	836,959	(4,570,601)	(1,001,629)	3,568,972
			(363,846)	(458,239)	(94,393)
			(1,458,795)	(1,444,055)	14,740
			(1,822,641)	(1,902,294)	(79,653)
(941,857)	(104,898)	836,959	(6,393,242)	(2,903,923)	3,489,319
1,655,218	1,655,218	0	11,305,334	11,305,334	0
$ 713,361	$ 1,550,320	$ 836,959	$ 4,912,092	$ 8,401,411	$ 3,489,319

(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, 2002

	Component Units		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$	$	$
Utility franchise taxes			
Occupational licenses			
Intergovernmental revenue	618,000	616,135	(1,865)
Fines and forfeits			
Sanitation fees			
Income from programs, supplies and services	1,298,029	1,264,916	(33,113)
Grants and entitlements	36,432	30,854	(5,578)
City sales tax and tourism tax	1,365,000	1,348,498	(16,502)
County sales tax			
Mixed drink tax			
Interest earned	5,500	1,518	(3,982)
Miscellaneous	70,429	69,219	(1,210)
Total Revenues	3,393,390	3,331,140	(62,250)
EXPENDITURES			
Current			
General government			
Police department			
Fire department			
Protective inspection			
Public works			
Sanitation			
Supporting public projects			
Administrative and general			
Culture - recreation	4,478,517	4,521,981	(43,464)
Capital outlays	56,500	59,795	(3,295)
Total Expenditures	4,535,017	4,581,776	(46,759)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,141,627)	(1,250,636)	(109,009)
OTHER FINANCING SOURCES (USES)			
Primary Government			
Operating transfers out			
Discretely Presented Component Units			
Operating transfers in	958,718	1,285,575	326,857
Operating transfers out			
Total Other Financing Sources (Uses)	958,718	1,285,575	326,857
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(182,909)	34,939	217,848
FUND BALANCES, BEGINNING OF YEAR	167,585	167,585	0
FUND BALANCES, END OF YEAR	$ (15,324)	$ 202,524	$ 217,848

See Notes to Financial Statements

Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
$ 1,960,000	$ 2,128,034	$ 168,034
2,442,180	2,492,396	50,216
590,000	706,537	116,537
4,095,495	4,699,742	604,247
1,065,437	1,129,620	64,183
2,231,064	2,151,587	(79,477)
1,616,229	1,733,171	116,942
2,721,514	2,468,555	(252,959)
7,421,247	8,162,094	740,847
4,960,143	5,583,210	623,067
72,000	66,413	(5,587)
155,500	102,007	(53,493)
85,429	231,053	145,624
29,416,238	31,654,419	2,238,181
2,411,359	2,260,786	150,573
9,617,081	9,389,735	227,346
4,522,484	4,776,143	(253,659)
1,000,578	1,017,131	(16,553)
4,778,894	3,809,788	969,106
2,226,764	2,222,715	4,049
2,486,573	2,002,511	484,062
1,203,601	1,135,801	67,800
4,478,517	4,521,981	(43,464)
2,402,615	2,770,093	(367,478)
35,128,466	33,906,684	1,221,782
(5,712,228)	(2,252,265)	3,459,963
(363,846)	(458,239)	(94,393)
958,718	1,285,575	326,857
(1,458,795)	(1,444,055)	14,740
(863,923)	(616,719)	247,204
(6,576,151)	(2,868,984)	3,707,167
11,472,919	11,472,919	0
$ 4,896,768	$ 8,603,935	$ 3,707,167

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, 2002

	Proprietary Fund Type		Total Primary Government
	Internal Service	Enterprise	(Memorandum Only)
OPERATING REVENUES			
Charges for goods and services	$ 2,105,045	$ 63,871	$ 2,168,916
OPERATING EXPENSES			
Salaries, wages and employee benefits		636,123	636,123
Supplies and materials		97,006	97,006
Services and other expenses		109,191	109,191
Utilities		31,269	31,269
Repairs and maintenance		114,901	114,901
Depreciation and amortization		92,872	92,872
Claims expense	2,492,329		2,492,329
Administrative expenses	357,184		357,184
Total Operating Expenses	2,849,513	1,081,362	3,930,875
OPERATING INCOME (LOSS)	(744,468)	(1,017,491)	(1,761,959)
NONOPERATING REVENUES (EXPENSES)			
Grants income		571,221	571,221
Interest income	1,471	1,912	3,383
Interest expense - revenue bonds			
Total Nonoperating Revenues (Expenses)	1,471	573,133	574,604
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	(742,997)	(444,358)	(1,187,355)
OPERATING TRANSFERS			
Primary Government			
Operating transfers in		363,846	363,846
Discretely Presented Component Units			
Operating transfers in			
Total Operating Transfers	0	363,846	363,846
NET INCOME (LOSS)	(742,997)	(80,512)	(823,509)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	(516,237)	(8,576,778)	(9,093,015)
RETAINED EARNINGS (DEFICIT), END OF YEAR	$ (1,259,234)	$ (8,657,290)	$ (9,916,524)

See Notes to Financial Statements

Component Units	Total (Memorandum Only)
$ 6,305,503	$ 8,474,419
2,349,004	2,985,127
178,250	275,256
367,656	476,847
449,981	481,250
195,738	310,639
2,023,460	2,116,332
	2,492,329
	357,184
5,564,089	9,494,964
741,414	(1,020,545)
	571,221
59,721	63,104
(462,338)	(462,338)
(402,617)	171,987
338,797	(848,558)
	363,846
158,480	158,480
158,480	522,326
497,277	(326,232)
11,478,134	2,385,119
$ 11,975,411	$ 2,058,887

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, 2002

	Primary Government City Of Pine Bluff Employee Pension Trust Funds	Component Unit Retirement System Of The Civic Auditorium Complex Commission	Total (Memorandum Only)
ADDITIONS			
Contributions			
Employer	$ 1,643,030	$ 43,484	$ 1,686,514
Plan members	323,224		323,224
Total Contributions	1,966,254	43,484	2,009,738
Investment income			
Net decrease in fair value of investments	(3,200,553)	(28,072)	(3,228,625)
Interest	2,472,243	4,072	2,476,315
Dividends	327,917	16	327,933
	(400,393)	(23,984)	(424,377)
Less investment expense	217,903		217,903
Net investment loss	(618,296)	(23,984)	(642,280)
Miscellaneous income	0	459	459
Total Additions	1,347,958	19,959	1,367,917
DEDUCTIONS			
Benefits paid directly to participants	3,375,769	1,819	3,377,588
Administrative expenses	25,852	900	26,752
Total Deductions	3,401,621	2,719	3,404,340
NET INCREASE (DECREASE)	(2,053,663)	17,240	(2,036,423)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	63,630,679	345,579	63,976,258
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 61,577,016	$ 362,819	$ 61,939,835

See Notes to Financial Statements

CITY OF PINE BLUFF, ARKANSAS
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2002

	Internal Service	Enterprise	Total Primary Government (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ (744,468)	$ (1,017,491)	$ (1,761,959)
Items not requiring cash:			
Depreciation and amortization		92,872	92,872
Changes in:			
Accounts receivable	91,156		91,156
Due to/due from other funds/governments	750,000	(31,164)	718,836
Inventory			
Prepayments			
Accrued interest receivable			
Accounts payable and accrued liabilities	(109,278)	7,534	(101,744)
Net cash provided by (used in) operating activities	(12,590)	(948,249)	(960,839)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants		571,221	571,221
Transfers in		363,846	363,846
Net cash provided by noncapital financing activities	0	935,067	935,067
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed capital			
Purchase of property, plant and equipment			
Payments of long-term debt principal			
Bond issuance costs			
Interest paid			
Net cash used in capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1,471	1,912	3,383
Net cash provided by investing activities	1,471	1,912	3,383
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,119)	(11,270)	(22,389)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	25,973	65,878	91,851
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 14,854	$ 54,608	$ 69,462

See Notes to Financial Statements

Component Units	Total (Memorandum Only)
$ 741,414	$ (1,020,545)
2,023,460	2,116,332
(97,386)	(6,230)
	718,836
13,714	13,714
(78)	(78)
1,283	1,283
(88,783)	(190,527)
2,593,624	1,632,785
	571,221
158,480	522,326
158,480	1,093,547
79,986	79,986
(693,302)	(693,302)
(1,213,758)	(1,213,758)
(48,278)	(48,278)
(462,338)	(462,338)
(2,337,690)	(2,337,690)
59,721	63,104
59,721	63,104
474,135	451,746
3,830,036	3,921,887
$ 4,304,171	$ 4,373,633

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - COMPONENT UNITS
DECEMBER 31, 2002

	Arts & Science Center For Southeast Arkansas	Parks & Recreation Commission	Civic Auditorium Complex And Advertising & Tourist Promotion Commission
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	$ 130,891	$ 37,113	$ 167,081
Investments			
Notes receivable			
Receivables			
Sales tax and state turnback			216,746
Accounts	17,156		31,129
Other			7,352
Prepayments and other	22,205		22,023
Inventory			26,460
Restricted assets			
Cash and cash equivalents	16,598		
Accrued interest receivable			
Fixed assets (net of accumulated depreciation)	474,298		11,851,184
Other assets			
Total Assets and Other Debits	$ 661,148	$ 37,113	$ 12,321,975
LIABILITIES			
Accounts payable	$ 17,635	$	$ 183,456
Due to primary government			196,126
Deferred revenue	38,684		5,203
Accrued expenses	145		
Payable from restricted assets			
Accrued interest			
Revenue bonds			
Accrued payroll and compensated absences		1,640	49,341
Installment obligations			
Total Liabilities	56,464	1,640	434,126
EQUITY AND OTHER CREDITS			
Contributed capital			
Investment in general fixed assets	474,298		11,851,184
Retained earnings (deficit)			
Fund balances			
Reserved for:			
Prepayments	22,205		
Retirements			
Arts and Science Center Activities	79,774		
Unreserved	28,407	35,473	36,665
Total Equity and Other Credits	604,684	35,473	11,887,849
Total Liabilities, Equity and Other Credits	$ 661,148	$ 37,113	$ 12,321,975

See Notes to Financial Statements

Pine Bluff Wastewater Utility	Pine Bluff Aviation Commission	Retirement System Of The Civic Auditorium Complex Commission	Total
$ 2,497,023	$ 69,045	$ 18,385	$ 2,919,538
		299,559	299,559
		44,764	44,764
			216,746
624,763	45,445		718,493
			7,352
108,951	3,446		156,625
207,386	23,307		257,153
1,738,103			1,754,701
459		111	570
32,602,886	1,821,027		46,749,395
241,056	560		241,616
$ 38,020,627	$ 1,962,830	$ 362,819	$ 53,366,512
$ 161,541	$ 6,449	$	$ 369,081
			196,126
			43,887
			145
109,991			109,991
1,145,262			1,145,262
455,703	70,740		577,424
8,028,239			8,028,239
9,900,736	77,189		10,470,155
15,042,794	2,987,327		18,030,121
			12,325,482
13,077,097	(1,101,686)		11,975,411
			22,205
		362,819	362,819
			79,774
			100,545
28,119,891	1,885,641	362,819	42,896,357
$ 38,020,627	$ 1,962,830	$ 362,819	$ 53,366,512

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT)
SPECIAL REVENUE COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2002

	Arts & Science Center For Southeast Arkansas	Parks & Recreation Commission	Civic Auditorium Complex And Advertising & Tourist Promotion Commission	Total
REVENUES				
Intergovernmental	$ 36,601	$	$ 579,534	$ 616,135
Income from program, supplies and service	382,437	320,076	562,403	1,264,916
Grants and entitlements	30,854			30,854
City tourism tax			1,348,498	1,348,498
Interest income	1,518			1,518
Miscellaneous	69,219			69,219
Total Revenues	520,629	320,076	2,490,435	3,331,140
EXPENDITURES				
Culture - recreation	608,104	1,485,618	2,428,259	4,521,981
Capital outlays	5,978	34,041	19,776	59,795
Total Expenditures	614,082	1,519,659	2,448,035	4,581,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(93,453)	(1,199,583)	42,400	(1,250,636)
OPERATING TRANSFERS IN	83,600	1,201,975		1,285,575
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(9,853)	2,392	42,400	34,939
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	140,239	33,081	(5,735)	167,585
FUND BALANCE, END OF YEAR	$ 130,386	$ 35,473	$ 36,665	$ 202,524

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, 2002

	Pine Bluff Wastewater Utility	Pine Bluff Aviation Commission	Total
OPERATING REVENUES			
Charges for goods and services	$ 6,081,898	$ 223,605	$ 6,305,503
OPERATING EXPENSES			
Salaries, wages and employee benefits	2,084,903	264,101	2,349,004
Supplies and materials	167,136	11,114	178,250
Service and other expenses	315,412	52,244	367,656
Utilities	431,492	18,489	449,981
Repairs and maintenance	180,669	15,069	195,738
Depreciation and amortization	1,888,822	134,638	2,023,460
Total Operating Expenses	5,068,434	495,655	5,564,089
OPERATING INCOME (LOSS)	1,013,464	(272,050)	741,414
NONOPERATING REVENUES (EXPENSES)			
Interest income	58,615	1,106	59,721
Interest expense - revenue bonds	(462,338)		(462,338)
Total Nonoperating Revenues (Expenses)	(403,723)	1,106	(402,617)
NET INCOME (LOSS) BEFORE OTHER FINANCING SOURCES	609,741	(270,944)	338,797
OPERATING TRANSFERS IN		158,480	158,480
NET INCOME (LOSS)	609,741	(112,464)	497,277
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	12,467,356	(989,222)	11,478,134
RETAINED EARNINGS (DEFICIT), END OF YEAR	$ 13,077,097	$ (1,101,686)	$ 11,975,411

See Notes to Financial Statements

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2002

	Pine Bluff Wastewater Utility	Pine Bluff Aviation Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 1,013,464	$ (272,050)	$ 741,414
Items not requiring cash:			
Depreciation and amortization	1,888,822	134,638	2,023,460
Changes in:			
Accounts receivable	(73,397)	(23,989)	(97,386)
Inventory	13,097	617	13,714
Prepayments	(78)		(78)
Accrued interest receivable	1,283		1,283
Accounts payable and accrued liabilities	(120,265)	31,482	(88,783)
Net cash provided by (used in) operating activities	2,722,926	(129,302)	2,593,624
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in		158,480	158,480
Net cash provided by noncapital financing activities		158,480	158,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed capital	14,000	65,986	79,986
Purchase of property, plant and equipment	(618,633)	(74,669)	(693,302)
Payments of long-term debt principal	(1,213,758)		(1,213,758)
Bond issuance costs	(48,278)		(48,278)
Interest paid	(462,338)		(462,338)
Net cash used in capital and related financing activities	(2,329,007)	(8,683)	(2,337,690)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	58,615	1,106	59,721
Net cash provided by investing activities	58,615	1,106	59,721
INCREASE IN CASH AND CASH EQUIVALENTS	452,534	21,601	474,135
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,782,592	47,444	3,830,036
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,235,126	$ 69,045	$ 4,304,171

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

Pine Bluff Wastewater	
Unrestricted	$ 2,497,023
Restricted	1,738,103
Pine Bluff Aviation Commission	69,045
	$ 4,304,171

See Notes to Financial Statements

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.

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 accounting principles generally accepted in the United States of America, 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.

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

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

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.

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 2002:

	Original Budget	Amendments	Final Budget
General Fund			
Revenues	$ 22,885,138	$(2,286,663)	$ 20,598,475
Expenditures	22,885,138	3,254,722	26,049,860
Street Fund			
Revenues	3,091,000	(193,456)	2,897,544
Expenditures	3,091,000	848,075	3,939,075
Transportation System			
Revenues	845,392	266,404	1,111,796
Expenditures	845,392	266,404	1,111,796
Community Development Block Grant Program			
Revenues	1,723,000	803,829	2,526,829
Expenditures	1,723,000	704,155	2,427,155

General fund expenditures budget includes $1,822,641 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.

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, 2002, 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 $1,695,966 (amount levied for 2002 to be collected in 2003) have been recorded at December 31, 2002.

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.

NOTE 2: PROPERTY TAX (Continued)

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

	Millage Available	Millage Levied Real Property	Millage Levied 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	8.0	1.6	1.6
	25.0	9.7	9.7

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	Interfund Payables
General Fund	$1,277,918	$
Special Revenue Funds		
Street		552
Community Development Block Grant		32,165
Internal Service Fund		1,000,000
Enterprise Fund		
Transportation System		240,801
Fiduciary Fund		
Collector		4,400
	$1,277,918	$1,277,918

	Discretely Presented Component Units Receivables	Discretely Presented Component Units Payables
General Fund	$ 196,126	$
Special Revenue Fund		
Pine Bluff Civic Auditorium and Advertising and Tourist Promotion Commission		196,126
	$ 196,126	$ 196,126

NOTE 4: FIXED ASSETS

A summary of changes in general fixed assets follows:

Primary Government	Balance January 1, 2002	Additions	Retirements	Balance December 31, 2002
Land and improvements	$ 1,430,438	$ 2,660	$	$ 1,433,098
Buildings and improvements	6,293,332	1,763,005	122,254	7,934,083
Transportation equipment	8,066,831	1,831,172	663,592	9,234,411
Other equipment	2,831,486	1,185,986	923,790	3,093,682
	$ 18,622,087	$ 4,782,823	$ 1,709,636	$ 21,695,274

Discretely Presented Component Units	Balance January 1, 2002	Additions	Retirements	Balance December 31, 2002
Land and improvements	$ 331,672	$	$	$ 331,672
Buildings and improvements	8,770,989	12,595		8,783,584
Transportation equipment	36,961			36,961
Other equipment	3,153,620	19,645		3,173,265
	$ 12,293,242	$ 32,240	$ 0	$ 12,325,482

A summary of fixed assets included in the Proprietary Funds at December 31, 2002, follows:

Primary Government	Cost	Accumulated Depreciation	Book Value
Plant and facilities in service	$ 1,322,372	$ 694,532	$ 627,840
Buses	2,023,373	1,861,448	161,925
Machinery and equipment	204,485	193,016	11,469
	$ 3,550,230	$ 2,748,996	$ 801,234

Discretely Presented Component Units	Cost	Accumulated Depreciation	Book Value
Plant and facilities in service	$ 50,180,864	$ 18,203,544	$ 31,977,320
Construction in progress	10,664		10,664
Machinery and equipment	7,091,500	4,655,571	2,435,929
	$ 57,283,028	$ 22,859,115	$ 34,423,913

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, 2002, this amounted to $89,253,781. The general obligation debt was $1,792,585, which leaves a legal debt margin of $87,461,196.

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 $33,942 at December 31, 2002.

The following is a summary of the activity in the general long-term obligation account group for the year ended December 31, 2002:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Accrued compensated absences	$ 30,690	$ 3,252	$	$ 33,942
General obligation debt	1,834,725		42,140	1,792,585
Net pension obligation	220,075	685,380		905,455
	$ 2,085,490	$ 688,632	$ 42,140	$ 2,731,982

Long-term obligations of the City of Pine Bluff, Arkansas, consists of a 2002 lease-purchase agreement (a "revenue bond" pursuant to Amendment 65 of the Arkansas Constitution) with interest at 5.80% maturing as follows:

Year Ending December 31,	Principal	Interest	Total
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	110,804	79,283	190,087
2008 through 2012	660,680	289,756	950,436
2013 through 2016	636,513	76,314	712,827
	$ 1,792,585	$ 821,113	$ 2,631,698

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.

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:

Year Ending December 31,	Principal	Interest	Financing Fee	Total
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	159,832	33,663	11,220	204,715
2008 through 2013	1,001,743	93,128	31,044	1,125,915
	$ 1,741,201	$ 306,208	$ 102,069	$ 2,149,478

The total amount of the original issue was $2,800,000 and the bonds mature on April 15, 2013. During 2002, the Utility retired $131,118 in principal of the outstanding bonds.

Long-term obligations of the Pine Bluff Wastewater Utility also consist of 2002 Sewer Revenue Bonds, which were issued during 2002 to refund the 1994 Series Sewer Revenue Refunding Bonds. The proceeds from the new issue plus an additional $695,227 of debt service and debt service reserve funds were used to pay-off the 1994 bonds and related costs in full. By refunding the 1994 series bonds, the Utility reduced its total debt service payments over the next seven years by approximately $214,475 and obtained an economic gain of $215,679. The 2002 bonds bear interest at 2.0% to 4.0% and mature as follows:

Year Ending December 31,	Principal	Interest	Total
2003	$ 390,000	$ 94,450	$ 484,450
2004	400,000	86,650	486,650
2005	410,000	76,650	486,650
2006	420,000	64,350	484,350
2007	435,000	50,700	485,700
2008 through 2009	915,000	54,075	969,075
	$ 2,970,000	$ 426,875	$ 3,396,875

The total amount of the original issue was $2,970,000 and the bonds mature on September 1, 2009. As of December 31, 2002, the Utility had not retired any principal on the 2002 bonds.

NOTE 5: LONG-TERM OBLIGATIONS (Continued)

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

Year Ending December 31,	Principal	Interest	Total
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	660,000	16,500	676,500
	$ 3,015,000	$ 382,482	$ 3,397,482

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 2002, the Utility retired $525,000 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:

Year Ending December 31,	Principal	Interest	Financing Fee	Total
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	79,098	28,434	11,374	118,906
2008 through 2012	439,403	110,805	44,322	594,530
2013 through 2018	638,479	53,523	21,409	713,411
	$ 1,447,300	$ 325,121	$ 130,050	$ 1,902,471

The total amount of the original issue was $1,700,000. The bonds will mature on April 15, 2018. During 2002, the Utility retired $66,500 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, 2002:

Fund	Deficit Amount
Primary Government	
Health Insurance Fund	$ 1,259,234
Transportation System	$ 8,657,290
Discretely Presented Component Unit	
Aviation Commission	$ 1,101,686

Excess of Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriated amounts for the year ended December 31, 2002, without Council approval as follows:

Fund	Actual Expenditures	Budgeted Amount	Deficiency
Primary Government			
General Fund	$ 24,410,875	$ 24,227,129	$ (183,746)
Discretely Presented Component Unit			
Parks and Recreation Commission	$ 1,519,659	$ 1,377,027	$ (142,632)

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.

NOTE 7: PENSION PLANS (Continued)

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.

B. **Membership Information**

Membership of each Plan consisted of the following at December 31, 2002:

	MJMCCRF	PPRF	FPRF	RSCPB
Retirees and beneficiaries receiving benefits	2	87	63	18
Active Plan members	4	5	9	282
Terminated and entitled to, but not yet receiving benefits	2			13
Members on Deferred Retirement Option Plan (DROP)	—	2	20	—
Total	8	94	92	313

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 ($1) fee for each criminal case and traffic violation processed through Municipal Court, a twenty cent ($.20) fee for the issuance of each summons in a civil action and investment earnings. Plan members do not contribute. The City's total 2002 contributions to MJMCCRF were $122,283. 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.

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Plan for 2002 were as follows:

	MJMCCRF
Annual required contribution	$ 156,472
Interest on net pension obligation	10,731
Annual pension cost	167,203
Contributions made	122,283
Increase in net pension obligation	44,920
Net pension obligation at beginning of year	220,075
Net pension obligation at end of year	$ 264,995

The annual required contribution to the Plan for 2002 was determined as part of an actuarial study, 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

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-00	$ 88,535	13.00%	$ 188,241
12-31-01	$ 43,533	26.87%	$ 220,075
12-31-02	$167,203	73.13%	$ 264,995

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.

NOTE 7: PENSION PLANS (Continued)

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 2002 contributions to PPRF of $555,363 included property taxes of $261,814, state insurance premium taxes of $170,023 and case fees, fines and confiscated property sale proceeds of $14,069. The City's total 2002 contributions to FPRF of $448,646 included property taxes of $261,814 and state insurance premium taxes of $111,747.

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.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Plans for 2002 were as follows:

	PPRF	FPRF
Annual required contribution	$1,437,950	$1,147,747
Interest on net pension obligation	(43,363)	(20,807)
Adjustment to annual required contribution	130,050	62,402
Annual pension cost	1,524,637	1,189,342
Contributions made	555,363	448,646
Increase (Decrease) in net pension obligation	969,274	740,696
Net pension obligation at beginning of year	(722,725)	(346,785)
Net pension obligation at end of year	$ 246,549	$ 393,911

The annual required contribution to each Plan for 2002 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.

NOTE 7: PENSION PLANS (Continued)

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

Three Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PPRF			
12-31-00	$ 356,527	144.28%	$ (569,775)
12-31-01	$ 369,321	141.41%	$ (722,725)
12-31-02	$1,524,637	36.42%	$ 246,549
FPRF			
12-31-00	$ 261,983	201.65%	$ (179,494)
12-31-01	$ 284,815	158.74%	$ (346,785)
12-31-02	$1,189,342	37.72%	$ 393,911

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 2002 contribution to RSCPB was $516,738.

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.

NOTE 7: PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

Annual required contribution	$ 715,595
Interest on net pension obligation	(90,291)
Adjustment to annual required contribution	(37,217)
Annual pension cost	588,087
Contributions made	738,199
Decrease in net pension obligation	(150,112)
Net pension obligation at beginning of year	(1,504,842)
Net pension obligation at end of year	$ (1,654,954)

The annual required contribution to the Plan for 2002 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

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-00	$ 2,097,740	31.95%	$ (1,352,900)
12-31-01	$ 551,636	127.54%	$ (1,504,842)
12-31-02	$ 591,073	125.40%	$ (1,654,954)

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, 2002, 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 2002, the Commission contributed $43,484 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.

NOTE 7: PENSION PLANS (Continued)

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 2002, the City's annual pension cost of $279,408 for the policemen's plan and $151,801 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, 1999, using the entry age actuarial method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4% 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 postretirement 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, 2002, was 30 years.

Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Policemen			
12-31-00	$ 492,482	100.00%	$ 0
12-31-01	$ 400,620	100.00%	$ 0
12-31-02	$ 279,408	100.00%	$ 0
Firemen			
12-31-00	$ 221,406	100.00%	$ 0
12-31-01	$ 221,064	100.00%	$ 0
12-31-02	$ 151,801	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, 2002, for which a loss is reasonably possible. The status of the case is as follows:

Pennsylvania National Mutual Casualty Insurance Company, a Pennsylvania Corporation (Penn National) and Cannon Contracting (Cannon) v. City of Pine Bluff, Case Nos. 02-3600 and 02-3646 (U.S. Court of Appeals for the Eighth Circuit) –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. The U.S. District court ruled in favor of the City on October 31, 2002; however, the plaintiffs have filed an appeal, should the Court of Appeals reverse the lower court's decision, the City could be liable for $834,870 in damages plus attorney's fees and interest. A final ruling is expected in 2003.

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 which time the lawsuit was filed or the judgment becomes final, or $1 million, whichever is less.

It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. 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 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, 2002.

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, 2002, the aggregate principal amount payable on these bonds was $49,630,000.

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, 2002, is as follows:

	Primary Government	Discretely Presented Components Units			
	Transportation System	Pine Bluff Wastewater Utility	Aviation Commission	Component Units Total	Total
Operating revenues	$ 63,871	$ 6,081,898	$ 223,605	$ 6,305,503	$ 6,369,374
Depreciation and amortization	92,872	1,888,822	134,638	2,023,460	2,116,332
Operating income (loss)	(1,017,491)	1,013,464	(272,050)	741,414	(276,077)
Operating grants	571,221				571,221
Operating transfers in	363,846		158,480	158,480	522,326
Net income (loss)	(80,512)	609,741	(112,464)	497,277	416,765
Current year capital contributions		14,000	65,986	79,986	79,986
Property, plant and equipment additions		604,633	74,669	679,302	679,302
Net working capital	203,188	2,820,879	64,054	2,884,933	3,088,121
Total assets	1,337,156	38,020,627	1,962,830	39,983,457	41,320,613
Bonds and other long-term liabilities - payable from operating revenues		8,028,239		8,028,239	8,028,239
Total equity	1,004,422	28,119,891	1,885,641	30,005,532	31,009,954

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, 2002, the City and its discretely presented component units had bank balances as follows:

	Primary Government	Discrete Component Units
Insured (FDIC) or collateralized with securities held by the City or City's agent in the City's name	$ 331,132	$ 583,638
Collateralized by securities held by the pledging financial institution's trust department or agent in the City's name	2,589,195	2,888,510
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	486,222	59,179
Total	$ 3,406,549	$ 3,531,327
Carrying value	$ 3,402,961	$ 3,472,317

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.

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/	
	1	2	3	Carrying Amount	Cost
U.S. government securities	$	$ 25,003,389	$	$ 25,003,389	$ 22,205,878
Corporate bonds		11,940,243		11,940,243	11,453,225
Collateralized mortgages		181,693		181,693	176,701
Common stocks		19,345,435		19,345,435	20,422,552
Common/collective and mutual funds				8,482,441	8,800,912
	$ 0	$ 56,470,760	$ 0	$ 64,953,201	$ 63,059,268

The pension trust funds own all of the investments shown above except for $4,048,621 in common/collective and mutual funds, which are owned as follows:

General Fund	$ 2,749,298
Street Fund	782,662
Capital Projects Fund	516,661
	$ 4,048,621

Discretely Presented Component Units

	Fair Value/ Carrying Amount	Cost
Common/collective and mutual funds	$ 1,501,481	$ 1,472,591

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:

	Primary Government	Discrete Component Units	Totals
Carrying value			
Deposits	$ 3,402,961	$ 3,472,317	$ 6,875,278
Investments	64,953,201	1,501,481	66,454,682
	$ 68,356,162	$ 4,973,798	$ 73,329,960
Included in the following balance sheet captions			
Cash and cash equivalents	$ 11,057,056	$ 2,919,538	$ 13,976,594
Cash and cash equivalents – restricted assets		1,754,701	1,754,701
Investments	57,299,106	299,559	57,598,665
	$ 68,356,162	$ 4,973,798	$ 73,329,960

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 2000 to 2002. 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, 2000, to December 31, 2002.

Liability balance, January 1, 2000	$ 311,923
Claims and changes in estimates	1,868,834
Claims payments	(1,662,666)
Liability balance, December 31, 2000	518,091
Claims and changes in estimates	2,092,684
Claims payments	(2,281,482)
Liability balance, December 31, 2001	329,293
Claims and changes in estimates	2,470,102
Claims payments	(2,492,329)
Liability balance, December 31, 2002	$ 307,066

NOTE 13: RECONCILIATION OF CONTRIBUTED CAPITAL

The following is a reconciliation of the contributed capital for the year ended December 31, 2002:

	Primary Government	Discretely Presented Component Units
Contributed capital, beginning of year	$ 9,661,712	$ 17,950,135
Current year contributions		79,986
Contributed capital, end of year	$ 9,661,712	$ 18,030,121

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 worker's 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 2000 to 2002; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

NOTE 15: RECONCILIATION OF OPERATING TRANSFERS IN/OUT

	Operating Transfer Out	Operating Transfer In
Primary Government		
General Fund	$ 458,239	$
Debt Service Fund		148,251
Capital Projects Fund	53,858	
Proprietary Funds		363,846
Total	$ 512,097	$ 512,097
Discretely Presented Component Units		
General Fund	$ 1,444,055	$
Special Revenue Funds		1,285,575
Proprietary Funds		158,480
Total	$ 1,444,055	$ 1,444,055

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 Civic Auditorium Complex and Advertising and Tourist Promotion Commission

Subsequent to year end, the Pine Bluff Civic Auditorium Commission began the process of issuing approximately $1.8 million in revenue bonds. The proceeds from the bonds are to be used for general repairs to the convention center. The terms of the bonds have yet to be determined.

NOTE 17: 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.

GASB issued Statement No. 37, *Basic Financial statements and Management's Discussion and Analysis for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34.* The amendments to Statement 21 are necessary because of the changes in the fiduciary fund structure required by GASB No. 34. The amendments either clarify certain provisions that, in retrospect, may not be sufficiently clear for consistent application or modify other provisions that the GASB believes may have unintended consequences in some circumstances. This statement will become effective simultaneously with the adoption of GASB No. 34.

GASB has issued Statement No. 38, *Certain Financial Statement Note Disclosures*, which modifies, establishes and rescinds certain financial statement disclosure requirements. This statement will become effective for the city simultaneously with the adoption of GASB No. 34.

The Governmental Accounting Standards Board recently issued its Statement No. 39 (GASB No. 39), *Determining Whether Certain Organizations Are Component Units.* The Statement provides additional guidance to determine whether certain organizations for which the City is not financially accountable should be reported as component units in the City's financial statements based on the nature and significance of their relationship with the City. GASB No. 39 generally requires reporting, as discretely presented component units, organizations that raise and hold economic resources for the direct benefit of the City or one or more of its component units. The City expects to first apply GASB No. 39 during the year ending December 31, 2004, by retroactively restating prior years' financial statements. The impact of applying the Statement has not yet been determined. Organizations to be evaluated for inclusion in the City's reporting entity under GASB No. 39 include the Arts and Science Center for Southeast Arkansas Endowment Fund.

CITY OF PINE BLUFF, ARKANSAS

SUPPLEMENTARY INFORMATION REQUIRED
BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DECEMBER 31, 2002

CITY OF PINE BLUFF, ARKANSAS
DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2002

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)
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
	12/31/02	$ 25,996,440	$ 21,298,251
Policemen's Agent Multiple-Employer Retirement Plan	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	$ 6,034,059
	12/31/01	$ 11,595,070	$ 6,566,409
Firemen's Agent Multiple-Employer Retirement Plan	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	$ 3,799,318
	12/31/01	$ 6,828,413	$ 4,262,094

Note: During 2000, the actuarial valuation method used to calculate the annual required contribution on the Retirement System on the City of Pine Bluff was changed from the projected 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) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
$ 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%
$ (4,698,189)	122%	$ 7,249,571		65%
$ (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%
$ (4,244,254)	170%	$ 4,323,886		98%
$ (5,028,661)	177%	$ 4,406,588		114%
$ (616,768)	131%	$ 1,354,799		46%
$ (878,926)	137%	$ 1,489,235		59%
$ (1,000,587)	134%	$ 1,566,731		64%
$ (1,172,323)	132%	$ 1,918,900		61%
$ (2,169,188)	157%	$ 2,152,514		101%
$ (2,566,319)	160%	$ 2,306,184		111%

CITY OF PINE BLUFF, ARKANSAS
DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2002

	Year Ended December 31	Annual Required Contribution	Percentage Contributed
Municipal Judge and Municipal Court Clerk Retirement Fund	1998	$ 65,000	17%
	1999	$ 65,000	18%
	2000	$ 65,000	18%
	2001	$ 65,000	18%
	2002	$ 156,472	78%
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%
	2002	$ 1,437,950	39%
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%
	2002	$ 1,147,747	39%
Retirement System of the City of Pine Bluff	1998	$ 775,585	78%
	1999	$ 832,769	76%
	2000	$ 704,539	95%
	2001	$ 537,305	131%
	2002	$ 715,595	104%

Note: The increase in annual required contributions is due to increases in benefits to participants and less than expected returns on plan investments.

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:

	Municipal Judge And Municipal Court Clerk Retirement Fund	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund	Retirement System Of The City Of Pine Bluff	Policemen's Agent – Employer Retirement Plan	Firemen's Agent – Employer Retirement Plan
Actuarial valuation date	12/31/01	12/31/01	12/31/01	12/31/02	12/31/99	12/31/99
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%	8.0%	8.0%
Projected salary increases*	4.0%	4.2-8.0%	4.2-8.0%	4.0%	5.0-9.1%	5.0-9.1%
*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, 2002

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2002

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant/ Identifying Number	Amount Expended
Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	B-02-MC-05-0006	$ 1,011,483
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	CPD 02-00 (6FD) FYI (S) HMC 862/40205	477,663
Title V Delinquency Prevention Program	U.S. Department of Justice/Arkansas Department of Human Services	16.548	20V-03 and 21V-03	116,419
Juvenile Accountability Incentive Block Grant	U.S. Department of Justice/Arkansas Department of Human Services	16.523	J599-053 JR 2051 and J599-053 NK 2103	86,980
Local Law Enforcement Block Grants Program	U.S. Department of Justice	16.592	1999-LB-VX-7481	520,701
Executive Office for Weed And Seed	U.S. Department of Justice	16.595	2001-WS-QX-0030 and 2002-WS-QX-0017	203,863
Federal Transit: Formula Grants	U.S. Department of Transportation/ Arkansas State Highway and Transportation Department	20.507	AR-90-X048	481,314
				$ 2,898,423

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2002

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:

Program	CFDA Number	Subrecipient	Amount Provided
HOME Investment Partnerships Program	14.239	The Southeast Arkansas Community Development Corporation	$ 71,648
		Progressive Southeast Arkansas Housing Development Corporation	63,630
			$ 135,278

CITY OF PINE BLUFF, ARKANSAS

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

DECEMBER 31, 2002

CITY OF PINE BLUFF, ARKANSAS
GENERAL FUND
SCHEDULE OF EXPENDITURES, BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Current			
Personal services	$ 1,618,991	$ 1,557,600	$ 61,391
Supplies and materials	116,935	124,584	(7,649)
Contractual services	675,433	578,602	96,831
Capital outlays	383,406	249,525	133,881
	2,794,765	2,510,311	284,454
POLICE DEPARTMENT			
Current			
Personal services	7,364,818	7,234,199	130,619
Supplies and materials	484,399	516,236	(31,837)
Contractual services	1,767,864	1,639,300	128,564
Capital outlays	224,220	1,088,273	(864,053)
	9,841,301	10,478,008	(636,707)
FIRE DEPARTMENT			
Current			
Personal services	4,365,882	4,632,204	(266,322)
Supplies and materials	56,750	55,972	778
Contractual services	99,852	87,967	11,885
Capital outlays	70,949	70,154	795
	4,593,433	4,846,297	(252,864)
INSPECTION			
Current			
Personal services	568,108	564,632	3,476
Supplies and materials	44,230	59,206	(14,976)
Contractual services	388,240	393,293	(5,053)
Capital outlays	20,500	15,364	5,136
	1,021,078	1,032,495	(11,417)

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS			
Current			
Personal services	$ 35,125	$ 145,214	$ (110,089)
Supplies and materials	1,200	15,894	(14,694)
Contractual services	1,620	1,959	(339)
	37,945	163,067	(125,122)
SANITATION			
Current			
Contractual services	2,226,764	2,222,715	4,049
SUPPORTING PUBLIC PROJECTS			
Current			
Health	84,742	84,742	0
Public works	2,395,181	1,911,119	484,062
Education	6,650	6,650	0
	2,486,573	2,002,511	484,062
ADMINISTRATIVE AND GENERAL			
Current			
Personal services	948,685	851,412	97,273
Supplies and materials	80,540	85,951	(5,411)
Contractual services	174,376	198,438	(24,062)
Capital outlays	21,759	19,670	2,089
	1,225,360	1,155,471	69,889
	$ 24,227,219	$ 24,410,875	$ (183,656)

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002

	Primary Government		
	Street Fund	Community Development Block Grant Program	Total Primary Government
ASSETS			
Cash and cash equivalents	$ 1,087,785	$ 190,825	$ 1,278,610
Notes receivable		465,363	465,363
Receivables - sales tax and state turnback	202,354		202,354
Due from other funds			0
Total Assets	$ 1,290,139	$ 656,188	$ 1,946,327
LIABILITIES			
Accounts payable	$ 47,759	$ 92,213	$ 139,972
Due to other funds	552	32,165	32,717
Deferred revenue		54,687	54,687
Accrued payroll and compensated absences	127,037	41,594	168,631
Total Liabilities	175,348	220,659	396,007
FUND BALANCES (DEFICITS)			
Reserved			
Repayable loan agreements		465,363	465,363
Encumbrances	280,383		280,383
Unreserved	834,408	(29,834)	804,574
Total Fund Balances	1,114,791	435,529	1,550,320
Total Liabilities and Fund Balances	$ 1,290,139	$ 656,188	$ 1,946,327

CITY OF PINE BLUFF, ARKANSAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2002

	Primary Government		
	Street Fund	Community Development Block Grant Program	Total Primary Government
REVENUES			
Property taxes	$ 490,798	$	$ 490,798
Intergovernmental	2,596,209		2,596,209
Income from programs, supplies and services	150,908	65,206	216,114
Grants and entitlements		1,489,146	1,489,146
Interest income	14,398		14,398
Miscellaneous	2,470		2,470
Total Revenues	3,254,783	1,554,352	4,809,135
EXPENDITURES			
Public works	2,104,451	1,542,270	3,646,721
Capital outlays	1,267,312		1,267,312
Total Expenditures	3,371,763	1,542,270	4,914,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(116,980)	12,082	(104,898)
FUND BALANCES, BEGINNING OF YEAR	1,231,771	423,447	1,655,218
FUND BALANCES, END OF YEAR	$ 1,114,791	$ 435,529	$ 1,550,320

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, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 420,000	$ 490,798	$ 70,798
Intergovernmental	2,336,544	2,596,209	259,665
Charges for services	108,000	150,908	42,908
Interest income	30,000	14,398	(15,602)
Miscellaneous	3,000	2,470	(530)
Total Revenues	2,897,544	3,254,783	357,239
EXPENDITURES			
Current			
Public works			
Personal services	1,900,594	1,733,797	166,797
Supplies and materials	152,450	136,576	15,874
Contractual services	260,750	234,078	26,672
Capital outlays	1,625,281	1,267,312	357,969
Total Expenditures	3,939,075	3,371,763	567,312
EXCESS OF EXPENDITURES OVER REVENUES	(1,041,531)	(116,980)	924,551
FUND BALANCES, BEGINNING OF YEAR	1,231,771	1,231,771	0
FUND BALANCES, END OF YEAR	$ 190,240	$ 1,114,791	$ 924,551

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, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Income from programs, supplies and services	$	$ 65,206	$ 65,206
Grants and entitlements	2,526,829	1,489,146	(1,037,683)
Total Revenues	2,526,829	1,554,352	(972,477)
EXPENDITURES			
Current			
Public works			
Personal services	381,417	370,863	10,554
Supplies and materials	16,400	12,119	4,281
Contractual services	2,029,338	1,159,288	870,050
Total Expenditures	2,427,155	1,542,270	884,885
EXCESS OF REVENUES OVER EXPENDITURES	99,674	12,082	(87,592)
FUND BALANCE, BEGINNING OF YEAR	423,447	423,447	0
FUND BALANCE, END OF YEAR	$ 523,121	$ 435,529	$ (87,592)

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
BALANCE SHEET
DECEMBER 31, 2002

	Primary Government Transportation System
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 54,608
Due from other governments	481,314
Total Current Assets	535,922
PROPERTY AND EQUIPMENT, At Cost	
Plant and facilities in service	1,322,372
Buses	2,023,373
Machinery and equipment	204,485
	3,550,230
Less accumulated depreciation	2,748,996
	801,234
	$ 1,337,156
LIABILITIES AND FUND EQUITY	
CURRENT LIABILITIES	
Payable from current assets	
Accounts payable	$ 28,810
Accrued payroll and compensated absences	63,123
Due to other funds	240,801
Total Current Liabilities	332,734
FUND EQUITY	
Contributed capital	9,661,712
Retained deficit	(8,657,290)
Total Fund Equity	1,004,422
	$ 1,337,156

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED DEFICIT
YEAR ENDED DECEMBER 31, 2002

	Primary Government Transportation System
OPERATING REVENUES	
Charges for goods and services	$ 63,871
OPERATING EXPENSES	
Salaries, wages and employee benefits	636,123
Supplies and materials	97,006
Services and other expenses	109,191
Utilities	31,269
Repairs and maintenance	114,901
Depreciation and amortization	92,872
Total Operating Expenses	1,081,362
OPERATING LOSS	(1,017,491)
NONOPERATING REVENUES	
Grants income	571,221
Interest income	1,912
Total Nonoperating Revenues	573,133
NET LOSS BEFORE OPERATING TRANSFERS	(444,358)
OPERATING TRANSFERS IN	363,846
NET LOSS	(80,512)
RETAINED DEFICIT, BEGINNING OF YEAR	(8,576,778)
RETAINED DEFICIT, END OF YEAR	$ (8,657,290)

CITY OF PINE BLUFF, ARKANSAS
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2002

	Primary Government Transportation System
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss from operations	$ (1,017,491)
Item not requiring cash:	
Depreciation	92,872
Changes in:	
Due to/due from other funds/governments	(31,164)
Accounts payable and accrued liabilities	7,534
Net cash used in operating activities	(948,249)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1,912
Net cash provided by investing activities	1,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	571,221
Transfers in	363,846
Net cash provided by noncapital financing activities	935,067
DECREASE IN CASH AND CASH EQUIVALENTS	(11,270)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	65,878
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 54,608

CITY OF PINE BLUFF, ARKANSAS
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002

	Primary Government			
	Pension	Agency Funds		Total
	Trust	City	Municipal	Primary
ASSETS	Funds	Collector	Court	Government
Cash	$ 3,605,474	$ 4,400	$ 188,207	$ 3,798,081
Investments, at market	57,299,106			57,299,106
Receivables:				
Property taxes	589,889			589,889
Contributions	79,269			79,269
Accrued interest and dividends	593,167			593,167
Total Assets	$ 62,166,905	$ 4,400	$ 188,207	$ 62,359,512
LIABILITIES AND NET ASSETS				
Accounts payable	$	$	$ 188,207	$ 188,207
Due to other funds		4,400		4,400
Deferred revenue	589,889			589,889
Total Liabilities	589,889	4,400	188,207	782,496
Net assets held in trust for pension benefits	61,577,016			61,577,016
Total Liabilities and Net Assets	$ 62,166,905	$ 4,400	$ 188,207	$ 62,359,512

CITY OF PINE BLUFF, ARKANSAS
PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2002

	Primary Government		
	Municipal Judge And Municipal Court Clerk Retirement Fund	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund
ASSETS			
Cash and cash equivalents	$ 72,329	$ 1,388,402	$ 71,002
Investments			
U. S. Government obligations	467,685	4,843,859	9,246,459
Domestic corporate bonds		2,035,129	3,910,635
Collateralized mortgages		181,693	
Domestic stocks	68,469	7,278,007	4,772,543
Foreign stocks		301,378	82,497
Common/collective and mutual funds	178,876		346,285
Receivables			
Property taxes		294,392	295,497
Contributions	21,286		
Due to/due from other funds		(4,570)	9,882
Accrued interest and dividends	8,719	85,420	219,903
Total Assets	$ 817,364	$ 16,403,710	$ 18,954,703
LIABILITIES AND NET ASSETS			
Deferred revenue	$	$ 294,392	$ 295,497
Total Liabilities		294,392	295,497
Net assets held in trust for pension benefits	817,364	16,109,318	18,659,206
Total Liabilities and Net Assets	$ 817,364	$ 16,403,710	$ 18,954,703

Retirement System Of The City Of Pine Bluff	Total Primary Government
$ 2,073,741	$ 3,605,474
10,445,386	25,003,389
5,994,479	11,940,243
	181,693
6,713,914	18,832,933
128,627	512,502
303,185	828,346
	589,889
57,983	79,269
(5,312)	0
279,125	593,167
$ 25,991,128	$ 62,166,905
$	$ 589,889
	589,889
25,991,128	61,577,016
$ 25,991,128	$ 62,166,905

CITY OF PINE BLUFF, ARKANSAS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED DECEMBER 31, 2002

	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	$ 122,283	$ 555,363	$ 448,646
Plan members		26,679	75,084
Total Contributions	122,283	582,042	523,730
Investment income			
Net decrease in fair value of investments	(38,438)	(1,829,857)	(648,045)
Interest	14,384	577,384	797,512
Dividends	15,378	189,811	52,976
	(8,676)	(1,062,662)	202,443
Less investment expense	7,216	88,355	70,313
Net investment income (loss)	(15,892)	(1,151,017)	132,130
Miscellaneous income			
Total Additions	106,391	(568,975)	655,860
DEDUCTIONS			
Benefits paid directly to participants	19,727	1,783,649	1,424,188
Refunds of employees' contributions			
Administrative expenses	1,830	11,561	3,970
Total Deductions	21,557	1,795,210	1,428,158
NET INCREASE (DECREASE)	84,834	(2,364,185)	(772,298)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	732,530	18,473,503	19,431,504
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 817,364	$ 16,109,318	$ 18,659,206

Retirement System Of The City Of Pine Bluff	Total Primary Government
$ 516,738	$ 1,643,030
221,461	323,224
738,199	1,966,254
(684,213)	(3,200,553)
1,082,963	2,472,243
69,752	327,917
468,502	(400,393)
52,019	217,903
416,483	(618,296)
	0
1,154,682	1,347,958
148,205	3,375,769
	0
8,491	25,852
156,696	3,401,621
997,986	(2,053,663)
24,993,142	63,630,679
$ 25,991,128	$ 61,577,016

CITY OF PINE BLUFF, ARKANSAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2002

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
CITY COLLECTOR'S FUND				
ASSETS				
Petty cash	$ 400	$	$	$ 400
Cash in bank	3,850	9,928	9,778	4,000
	$ 4,250	$ 9,928	$ 9,778	$ 4,400
LIABILITIES				
Due to other funds	$ 4,250	$ 9,928	$ 9,778	$ 4,400
MUNICIPAL COURT FUNDS				
ASSETS				
Cash in bank	$ 161,747	$ 3,936,702	$ 3,910,242	$ 188,207
LIABILITIES				
Accounts payable	$ 161,747	$ 3,936,702	$ 3,910,242	$ 188,207
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Petty cash	$ 400	$	$	$ 400
Cash in bank	165,597	3,946,630	3,920,020	192,207
	$ 165,997	$ 3,946,630	$ 3,920,020	$ 192,607
LIABILITIES				
Accounts payable	$ 161,747	$ 3,936,702	$ 3,910,242	$ 188,207
Due to other funds	4,250	9,928	9,778	4,400
	$ 165,997	$ 3,946,630	$ 3,920,020	$ 192,607

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
DECEMBER 31, 2002

	Primary Government	Component Units
General Fixed Assets		
Land and improvements	$ 1,433,098	$ 331,672
Buildings and improvements	7,934,083	8,783,584
Transportation equipment	9,234,411	36,961
Other equipment	3,093,682	3,173,265
Total General Fixed Assets	$ 21,695,274	$ 12,325,482
Sources of Investment in General Fixed Assets		
Capital projects funds	$ 3,670,450	$ 764,942
General fund revenues	8,702,052	208,263
Street fund revenues	4,746,504	55,695
Revenue sharing	527,467	703,518
Jefferson County grants	6,003	389,000
Federal grants	2,272,113	3,727,122
General obligation bonds	1,770,685	2,502,456
Tourism revenues		1,605,028
State turnback funds		2,369,458
Total Investment in General Fixed Assets	$ 21,695,274	$ 12,325,482

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

PRIMARY GOVERNMENT	Land And Improvements	Buildings And Improvements
General Government		
Building maintenance	$	$ 192,410
Municipal Court		2,805
Cemetery		76,860
City Collector		
City Attorney		
Animal Control		164,879
Civic Center	1,352,064	5,807,479
Total General Government	1,352,064	6,244,433
Police Department		108,987
Criminal Justice Block Grants		
Fire Department	68,374	1,219,763
Inspection Department		
Public Works		
Street Department	10,000	360,900
Engineering Department		
Community Development	2,660	
Total Public Works	12,660	360,900
Administrative and General		
Executive		
Finance		
Total Administrative and General		
TOTAL PRIMARY GOVERNMENT	$ 1,433,098	$ 7,934,083

DISCRETELY PRESENTED COMPONENT UNITS	Land And Improvements	Buildings And Improvements
Culture and Recreation		
Arts and Science Center	$	$
Civic Auditorium Complex and Advertising and Tourist Promotion Commissions	331,672	8,783,584
Total Culture and Recreation	331,672	8,783,584
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	$ 331,672	$ 8,783,584

Transportation Equipment	Other Equipment	Totals
$ 23,116	$ 74,915	$ 290,441
		2,805
72,485	56,072	205,417
		0
16,647	15,585	32,232
83,097	17,152	265,128
		7,159,543
195,345	163,724	7,955,566
3,733,019	1,035,660	4,877,666
	9,463	9,463
2,309,225	46,634	3,643,996
131,285	20,250	151,535
2,746,303	1,744,265	4,861,468
17,161	3,616	20,777
85,283	16,609	104,552
2,848,747	1,764,490	4,986,797
	53,461	53,461
16,790		16,790
16,790	53,461	70,251
$ 9,234,411	$ 3,093,682	$ 21,695,274
$	$ 474,298	$ 474,298
36,961	2,698,967	11,851,184
36,961	3,173,265	12,325,482
$ 36,961	$ 3,173,265	$ 12,325,482

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2002

PRIMARY GOVERNMENT	Balance January 1, 2002	Additions	Retirements	Balance December 31, 2002
General Government				
Building maintenance	$ 144,464	$ 192,410	$ 46,433	$ 290,441
Municipal Court	44,355	2,805	44,355	2,805
Cemetery	178,717	26,700		205,417
City Collector	20,412		20,412	0
City Attorney	40,082		7,850	32,232
Animal Control	263,205	16,147	14,224	265,128
Civic Center	6,187,728	971,815		7,159,543
Total General Government	6,878,963	1,209,877	133,274	7,955,566
Police Department	3,438,267	2,263,969	824,570	4,877,666
Criminal Justice Block Grant	9,463			9,463
Fire Department	3,453,369	271,101	80,474	3,643,996
Inspection Department	154,479	44,347	47,291	151,535
Public Works				
Street Department	4,418,195	943,958	500,685	4,861,468
Engineering Department	12,595	17,161	8,979	20,777
Community Development	161,028	32,410	88,886	104,552
Total Public Works	4,591,818	993,529	598,550	4,986,797
Administrative and General				
Executive	71,355		17,894	53,461
Finance	24,373		7,583	16,790
Total Administrative and General	95,728	0	25,477	70,251
TOTAL PRIMARY GOVERNMENT	$ 18,622,087	$ 4,782,823	$ 1,709,636	$ 21,695,274
DISCRETELY PRESENTED COMPONENT UNITS				
Culture and Recreation				
Arts and Science Center	$ 461,834	$ 12,464	$	$ 474,298
Civic Auditorium Complex and Advertising and Tourist Promotion Commissions	11,831,408	19,776		11,851,184
Total Culture and Recreation	12,293,242	32,240		12,325,482
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	$ 12,293,242	$ 32,240	$ 0	$ 12,325,482

CITY OF PINE BLUFF, ARKANSAS
GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
DECEMBER 31, 2002

Amount to be Provided for Retirement of General Long-Term Obligation	
Amount to be provided for retirement of accrued compensated absences	$ 33,942
Amount to be provided for retirement of general obligation debt	1,792,585
Amount to be provided for retirement of net pension obligation	905,455
Total to be Provided for Retirement of General Long-Term Obligation	$ 2,731,982

General Long-Term Obligation Payable	
Accrued compensated absences	$ 33,942
General obligation debt	1,792,585
Net pension benefit obligation	905,455
Total General Long-Term Obligation Payable	$ 2,731,982

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

Year	Taxes	Licenses And Permits	Inter-Governmental	Charges For Goods/ Services	Fines, Forfeits And Penalties
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
2002	$ 18,432,147	$ 706,537	$ 4,699,742	$ 3,884,758	$ 1,129,620

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

Grants And Entitlements	Miscellaneous	*Totals
$ 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
$ 2,468,555	$ 333,060	$ 31,654,419

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

Year	General Government	Police Department	Fire Department	Inspection	Public Works
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
2002	$ 2,510,311	$ 10,478,008	$ 4,846,297	$ 1,032,495	$ 5,077,100

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

Sanitation	Supporting Public Projects	Administrative And General	Culture Recreation	Debt Service	*Totals
$ 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
$ 2,222,715	$ 2,002,511	$ 1,155,471	$ 4,581,776	$ 0	$ 33,906,684

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

Year	Total Tax Levy	Collection Of Current Year Taxes	Percent Of Levy Collected	Amount of Delinquent Taxes Collected	Total Collections	Percent Of Total Collections To Tax Levy
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%
2002	$ 3,463,345	$ 2,557,541**	73.85%	$ 67,063	$ 2,624,604	75.78%

* 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.

** Decrease in collections due to eligible homeowners in Arkansas receiving up to a $300 property tax credit on their homesteads under the Arkansas Homestead Property Tax Refund Act.

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

	Real Property		Personal Property	
Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2002	$ 217,304,214	$ 1,086,521,070	$ 116,381,280	$ 581,906,400

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%).

Corporate Property		Total		Ratio Of Total Assessed To Total Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
$ 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%
$ 23,329,628	$ 116,648,140	$ 357,015,122	$ 1,785,075,610	20%

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

	1993		1994		1995		1996	
	Real	Personal	Real	Personal	Real	Personal	Real	Persona
	Property		Property		Property		Property	
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	.0026	.0026
Street maintenance	.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015
Total	.0091	.0091	.0091	.0091	.0091	.0091	.0107	.0107

	1993	1994	1995	1996
Tax levies:				
General	$ 1,441,073	$ 1,437,973	$ 1,490,233	$ 1,526,252
Policemen's pension	230,736	230,075	238,437	244,200
Firemen's pension	230,736	230,075	238,437	244,200
Library maintenance	288,215	287,595	298,047	793,651
Street maintenance	432,322	431,392	447,070	457,876
Total	$ 2,623,082	$ 2,617,110	$ 2,712,224	$ 3,266,179

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.

1997		1998		1999		2000		2001		2002	
Real	Personal	Real	Personal	Real	Real	Personal	Personal	Real	Personal	Real	Personal
Property		Property		Property		Property		Property		Property	
.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
.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016	.0016
.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015	.0015
.0097	.0097	.0097	.0097	.0097	.0097	.0097	.0097	.0097	.0097	.0097	.0097

1997	1998	1999	2000	2001	2002
$ 1,541,064	$ 1,570,554	$ 1,588,639	$ 1,661,856	$ 1,758,311	$ 1,785,227
246,570	251,289	254,182	265,897	281,330	285,637
246,570	251,289	254,182	265,897	281,330	285,637
493,141	502,577	508,364	531,794	562,660	571,274
462,320	471,166	476,592	498,556	527,493	535,568
$ 2,989,665	$ 3,046,875	$ 3,081,959	$ 3,224,000	$ 3,411,124	$ 3,463,343

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

Year		General Fund	Debt Service Fund	Firemen's Pension	Policemen's Pension	Library	Total
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
2002	Real property	5.00		.80	.80	1.60	8.20
	Personal property	5.00		.80	.80	1.60	8.20

[1]Source: Jefferson County Tax Records

School District	County	Total
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
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

Year	[1]Estimated Population	Assessed Value	[2] Gross Bonded Debt
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
2002	55,085	$ 357,015,122	$ 1,792,585

[1] Bureau of Census
[2] General obligation bonds comprise gross bonded debt

Less Debt Service Funds	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
$ 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
$ 0	$ 1,792,585	.50	$ 32.54

CITY OF PINE BLUFF, ARKANSAS
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

Assessed value		$ 357,015,122
* Debt limit: 25% of assessed value		$ 89,253,781
Amount of debt applicable to debt limit:		
Total bonded debt	$ 1,792,585	
Less assets in Debt Service Fund	$ 0	
Total amount of debt applicable to debt limit		1,792,585
Legal debt margin		$ 87,461,196

* 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, 2002

Jurisdiction	Net Debt Outstanding	Percentage Applicable To The City Of Pine Bluff	Amount Applicable To The City Of Pine Bluff
School Districts			
Pine Bluff	$ 11,350,000	75%	$ 8,512,500
Dollarway	$ 4,730,000	65%	3,074,500
Watson Chapel	$ 1,396,160	60%	837,696
White Hall	$ 16,125,928	5%	806,296
Total			$ 13,230,992

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

Year	Principal	Interest	Total Debt Service	Total General Expenditures *	Ratio of Debt Service To Total General Expenditures
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	$ 38,361,441	.07
2002	$42,140	$ 106,111	$ 148,251	$ 33,906,684	.44

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

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

Year	Building Permits	[1] Property Value	[2] Bank Deposits
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
2002	$ 18,839,726	$ 1,785,075,610	$ 813,103,201

Source:

[1] Jefferson County Assessor

[2] Information supplied by area banks

CITY OF PINE BLUFF, ARKANSAS
PRINCIPAL TAXPAYERS
DECEMBER 31, 2002

Taxpayer	Type Of Business	2002 Assessed Value	Percentage Of Total Assessed Valuation
TrefilARBED	Industrial	$ 11,341,750	3.18%
Entergy	Utility	7,291,760	2.04%
Tyson	Industrial	6,627,260	1.86%
Southwestern Bell	Utility	5,745,510	1.61%
United Water	Utility	3,888,130	1.09%
Allied Tube & Conduit	Industrial	3,533,530	1.00%
Planters Cotton Oil Mill	Industrial	3,350,950	.93%
Pines Mall	Retail	3,218,930	.90%
Wal-Mart	Retail	2,958,250	.82%
Simmons First National Bank	Bank	2,527,810	.70%
		$ 50,483,880	14.13%

Source: Jefferson County Assessor

CITY OF PINE BLUFF, ARKANSAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Estimated [1] Population	Per Capita [2] Income	Median [1] Age	Unemployment [3] Rate	[4] Enrollment
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
2002	55,085	$ 20,387	33.1	8.7%	6,229

Source:

[1] Bureau of Census

[2] Bureau of Economic Analysis

[3] Arkansas Employment Security Division

[4] Annual school census

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

Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available For Debt Service
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
2002	$ 6,140,513	$ 3,179,612	$ 2,960,901

[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.

Debt Service Requirements			
Principal	Interest	Total	[3] Coverage
$ 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
$ 1,145,262	$ 345,450	$ 1,490,712	1.99

CITY OF PINE BLUFF, ARKANSAS
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2002

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 firefighters and officers (exclusive of volunteer firefighters)	90
Police protection	
Number of stations	3
Number of police officers	155
Education (elementary only)	
Attendance centers	11
Number of classrooms	227
Number of teachers	189
Number of students	3,374
Sewers	
Sanitary	Approximately 450 miles
Storm	Approximately 870 miles
Building permits issued (total)	1,036
New construction	80
Estimated costs	$ 18,839,726
Recreation and culture	
Number of parks	16 with 1,515 acres
Number of libraries	5
Number of volumes	186,000
Employees (excluding fire and police)	194

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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, 2002.

(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, 2002.

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

March 28, 2003

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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, 2002, and have issued our report thereon dated March 28, 2003. 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 02-1 and 02-2.

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 02-1 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 March 28, 2003.

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

March 28, 2003

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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, 2002. 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, 2002.

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 02-3 and 02-4.

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 02-3 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 March 28, 2003.

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

March 28, 2003

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2002

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:

Program	CFDA Number
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239
Federal Transit Capital and Operating Assistance Formula Grants	20.507
Local Law Enforcement Block Grant	16.592

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*

Reference Number	Finding	Questi Cos
02-1	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.	Nor
02-2	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.	No

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2002

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
02-3	HOME Investment Partnerships Program CFDA No. 14.239 U.S. Department of Housing and Urban Development – Cash Management and Subrecipient Monitoring	None

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. 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.

Reference Number	Finding	Questioned Costs
02-4	Community Development Block Grants/Entitlement Grants HOME Investment Partnerships Program, Federal Transit Capital and Operating Assistance Formula Grants Local Law Enforcement Block Grants CFDA Nos. 14.218, 14.239, 20.507 and 16.592 U.S. Department of Housing and Urban Development and U.S. Department of Transportation Equipment and Real Property Management	None

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. 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.

CITY OF PINE BLUFF, ARKANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2002

Reference Number	Summary of Finding	Status
01-1 00-1	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
01-2 00-2	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.	Unresolved. See Finding 02-2
01-3 00-3	<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 subrecipients 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.	Unresolved. See Finding 02-

Reference Number	Summary of Finding	Status
01-4 00-4	Community Development Block Grants/Entitlement Grants HOME Investment Partnerships Program, Federal Transit Capital and Operating Assistance Formula Grants/Arkansas State Highway and Transportation Department and Public Safety Partnership and Community Policing Grants CFDA Nos. 14.218, 14.239, 20.507 and 16.710 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.	Partially resolved. See Finding 02-4