City of Pine Bluff, Arkansas

Regulatory Basis Financial Statements
and Other Reports

December 31, 2011

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF PINE BLUFF, ARKANSAS

TABLE OF CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Arkansas

Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

City of Pine Bluff, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 1(B and C), the City has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Pine Bluff, Arkansas, as of December 31, 2011, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended.

The Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission, and Aviation Commission Funds have not been included in the City's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas Code requires these funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, revenues, and expenditures. The amount by which this departure would affect the assets, liabilities, revenues, and expenditures of the other funds in the aggregate column is not reasonably determinable. The City's regulatory basis financial statements also do not disclose all the required information concerning deposit and investment risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

Further, in our opinion, because of the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective regulatory basis financial position of the other funds in the aggregate of the City of Pine Bluff, Arkansas, as of December 31, 2011, and the respective changes in the regulatory basis financial position for the year then ended on the basis of accounting as described in Note 1(C).

Further, in our opinion, except for the effects of not disclosing all required information concerning deposit risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund and street fund of the City of Pine Bluff, Arkansas, as of December 31, 2011, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and street fund for the year then ended on the basis of accounting as described in Note 1(C).

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The other information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DIVISION OF LEGISLATIVE AUDIT

Roger A. Norman

Roger A. Norman, JD, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
July 30, 2012
LOM107611

Arkansas

Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

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

City of Pine Bluff, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 30, 2012. We issued an adverse opinion because the City prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission, and Aviation Commission Funds, which are material to other funds in the aggregate, and our opinions on the general fund and street fund were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

2011-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

The City officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording transactions to the extent possible with the current staffing levels.

Compliance and Other Matters

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

The City's response to the findings identified in our audit is described above. We did not audit the City's response and, accordingly, we express no opinion on it.

Other Issues

The following issues are not significant deficiencies, material weaknesses, or material instances of noncompliance, but are issues that are presented to assist in the efficient operation of the City.

The commentary contained in this section relates to the following officials that held office during 2011:

Mayor: Carl A. Redus, Jr.
City Collector: Albert Ridgell
Finance Director: Steve Miller
City Clerk: Loretta Whitfield
District Court Clerk (Division 1): Debbie Drake
District Court Clerk (Division 2): Veronica Young
Police Chief: Brenda Davis-Jones
Coummunity Deveolpment Director: Donald Sampson
Transit Director: Larry Reynolds

We reviewed the City's compliance with certain Arkansas laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our audit procedures indicated that the Offices of **Mayor**, **City Collector**, **City Clerk**, **District Court Clerk (Division 1)**, **District Court Clerk (Division 2)**, and **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law was noted in the Offices of **Finance Director**, **Community Development Director**, and **Transit Director**.

Images of cancelled checks provided by financial institutions did not contain the back of the check as required by Ark. Code Ann. § 19-2-506. We recommend the Finance Director, Community Development Director, and Transit Director contact the financial institutions and take corrective measures to ensure the backs of cancelled checks are provided.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, the federal awarding agencies, and pass-through entities, if applicable, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT

June M. Barron

June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
July 30, 2012

Exhibit A

CITY OF PINE BLUFF, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2011

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 4,454,506	$ 756,779	$ 14,279,506
Investments			46,062,963
Accounts receivable	2,174,826	280,809	664,726
Interfund receivables	201,835	600	45,744
TOTAL ASSETS	$ 6,831,167	$ 1,038,188	$ 61,052,939
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 200,411		$ 14,780
Interfund payables	46,344	$ 14,707	187,128
Settlements pending			288,104
Total Liabilities	246,755	14,707	490,012
Fund Balances: (Note 10)			
Nonspendable			460,019
Restricted	302,912	1,023,481	58,324,935
Committed			1,715,473
Assigned	500,636		62,500
Unassigned	5,780,864		
Total Fund Balances	6,584,412	1,023,481	60,562,927
TOTAL LIABILITIES AND FUND BALANCES	$ 6,831,167	$ 1,038,188	$ 61,052,939

The accompanying notes are an integral part of these financial statements.

Exhibit B

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 2,138,166	$ 2,350,353	$ 559,170
Federal aid	2,766,108	111,231	1,752,435
Property taxes	2,433,121	620,242	584,736
Franchise fees	3,089,850		
Sales taxes	13,272,562		1,444,246
Fines, forfeitures, and costs	752,111		241,132
Interest	9,291	1,980	1,598,184
Local permits and fees	1,098,093		153,697
Sanitation fees	2,702,323		
Transit fees	45,166		
Parks and recreation	289,395		
Employer pension contribution			521,532
Employee pension contribution			235,336
Other	477,920	300,872	471,053
TOTAL REVENUES	29,074,106	3,384,678	7,561,521
EXPENDITURES			
Current:			
General government	3,961,744		4,326,463
Law enforcement	10,511,759		2,067,508
Highways and streets	104,876	3,324,868	1,068,791
Public safety	6,299,503		1,812,679
Sanitation	2,525,410		
Health	52,527		
Recreation and culture	1,944,355		645,657
Social services	214,823		4,400
Airport	126,000		
Transit	2,524,547		
Total Current	28,265,544	3,324,868	9,925,498

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit B

	General	Street	Other Funds in the Aggregate
EXPENDITURES (CONTINUED)			
Debt Service:			
Bond principal			$ 245,000
Bond interest and other charges			223,601
Lease principal	$ 40,955		1,362
Lease interest	3,140		246
Note principal	278,527	$ 45,742	
Note interest	17,644	9,331	
TOTAL EXPENDITURES	28,605,810	3,379,941	10,395,707
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	468,296	4,737	(2,834,186)
OTHER FINANCING SOURCES (USES)			
Transfers in	891,149		697,270
Transfers out	(697,270)		(891,149)
Contribution from civic auditorium complex commission	160,125		
Bond proceeds			9,640,000
Bond issuance costs			(196,516)
Net gain/loss on sale of investments			405,554
TOTAL OTHER FINANCING SOURCES (USES)	354,004		9,655,159
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	822,300	4,737	6,820,973
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	5,748,864	1,018,744	53,755,202
Restatement adjustment	13,248		(13,248)
FUND BALANCES - JANUARY 1, AS RESTATED	5,762,112	1,018,744	53,741,954
FUND BALANCES - DECEMBER 31	$ 6,584,412	$ 1,023,481	$ 60,562,927

The accompanying notes are an integral part of these financial statements.

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 2,162,170	$ 2,138,166	$ (24,004)	$ 2,435,978	$ 2,350,353	$ (85,625)
Federal aid	3,685,780	2,766,108	(919,672)		111,231	111,231
Property taxes	1,772,226	2,433,121	660,895	560,000	620,242	60,242
Franchise fees	3,424,359	3,089,850	(334,509)			
Sales taxes	13,250,461	13,272,562	22,101			
Fines, forfeitures, and costs	949,597	752,111	(197,486)			
Interest	8,619	9,291	672	2,000	1,980	(20)
Local permits and fees	1,769,357	1,098,093	(671,264)			
Sanitation fees	2,736,890	2,702,323	(34,567)			
Transit fees	46,000	45,166	(834)			
Parks and recreation		289,395	289,395			
Other	666,933	477,920	(189,013)	352,881	300,872	(52,009)
TOTAL REVENUES	30,472,392	29,074,106	(1,398,286)	3,350,859	3,384,678	33,819
EXPENDITURES						
Current:						
General government	5,094,208	3,961,744	1,132,464			
Law enforcement	10,544,351	10,511,759	32,592			
Highways and streets	176,435	104,876	71,559	4,617,924	3,324,868	1,293,056
Public safety	7,360,111	6,299,503	1,060,608			
Sanitation	2,551,138	2,525,410	25,728			
Health	52,527	52,527				
Recreation and culture	1,937,212	1,944,355	(7,143)			
Social services	226,184	214,823	11,361			
Airport	126,000	126,000				
Transit	2,553,253	2,524,547	28,706			
Total Current	30,621,419	28,265,544	2,355,875	4,617,924	3,324,868	1,293,056
Debt Service:						
Lease principal		40,955	(40,955)			
Lease interest		3,140	(3,140)			
Note principal	710,630	278,527	432,103		45,742	(45,742)
Note interest		17,644	(17,644)		9,331	(9,331)
TOTAL EXPENDITURES	31,332,049	28,605,810	2,726,239	4,617,924	3,379,941	1,237,983

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (859,657)	$ 468,296	$ 1,327,953	$ (1,267,065)	$ 4,737	$ 1,271,802
OTHER FINANCING SOURCES (USES)						
Transfers in	1,095,142	891,149	(203,993)	500,000		(500,000)
Transfers out	(1,134,042)	(697,270)	436,772			
Contribution from civic auditorium complex commission	160,125	160,125				
TOTAL OTHER FINANCING SOURCES (USES)	121,225	354,004	232,779	500,000		(500,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(738,432)	822,300	1,560,732	(767,065)	4,737	771,802
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	5,748,864	5,748,864		1,018,744	1,018,744	
Restatement adjustment		13,248	13,248			
FUND BALANCES - JANUARY 1, AS RESTATED	5,748,864	5,762,112	13,248	1,018,744	1,018,744	
FUND BALANCES - DECEMBER 31	$ 5,010,432	$ 6,584,412	$ 1,573,980	$ 251,679	$ 1,023,481	$ 771,802

The accompanying notes are an integral part of these financial statements.

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Pine Bluff was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. The following funds of the City are not presented in this report: Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission, and Aviation Commission.

B. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas Code. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Transit, Sewer Improvement District Loan, Vice Intelligence Narcotics, Capital Projects, Public Safety Facility Building, Grants, Drainage Grant, and Parks and Recreation Commission.

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, federal aid and property taxes that are restricted or committed for maintaining and constructing highways and streets.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Community Development, Historic District Commission, Administration of Justice, Southeast Arkansas Arts and Science Center Commission, and Jail Fee.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets The following Capital Projects Funds are reported with other funds in the aggregate: Equipment Acquisition and Improvements and Sales and Use Tax Capital Improvements, Series 2011.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following Debt Service Funds are reported with other funds in the aggregate: Franchise Fee Revenue Refunding and Acquisition Bonds and Sales and Use Tax Improvement Bonds, Series 2011.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the entity in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and other funds. The following Trust and Agency Funds are reported with other funds in the aggregate: City Retirement, Firemen's Pension and Relief, Policemen's Pension and Relief, Cemetery Trust, District Court (Division 1), District Court (Division 2), Payroll, and Health Insurance Premium.

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas Code. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit, treasury bills, and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at cost.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, interest, and insurance premiums that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

2. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

4. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

5. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is discussed at a City Council meeting prior to adoption.

c. Prior to February 1, the budget is legally enacted by action of the City Council.

d. Appropriations lapse at the end of each year.

e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other Special Revenue Funds.

G. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

H. Change in Regulatory Basis

The City adopted Governmental Accounting Standards Board (GASB) Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on January 1, 2011. GASB Statement no. 54 changed the classifications of governmental fund balances from reserved and unreserved to nonspendable, restricted, committed, assigned, and unassigned.

NOTE 2: Cash and Investments

Deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement no. 40.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

A. Governmental Fund Types

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

B. Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed $100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

	December 31, 2011	
Fund Type	Reported Amount	Fair Value
Trust	$ 46,062,963	$ 48,006,901

These investments are composed of the following:

	December 31, 2011	
	Reported Amount	Fair Value
Federal agency obligations	$ 3,911,923	$ 3,968,278
Bonds	21,131,036	22,199,685
Stocks	17,610,925	18,898,574
Mutual funds	3,409,079	2,940,364
Totals	$ 46,062,963	$ 48,006,901

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2011 is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	$ 153,831	$ 184,791	
Federal aid	345,821		$ 37,535
Property taxes	76,588	95,018	24,498
Franchise fees	295,642		
Sales taxes	1,022,466		346,674
Sanitation fees	233,634		
Fines, forfeitures, and costs			7,016
Interest			241,937
Other	46,844	1,000	7,066
Totals	$ 2,174,826	$ 280,809	$ 664,726

NOTE 6: Accounts Payable

The accounts payable balance at December 31**,** 2011 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Vendor payables	$ 200,411	$ 14,780

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2011	
Fund	Interfund Receivables	Interfund Payables
General	$ 201,835	$ 46,344
Street	600	14,707
Other Funds in the Aggregate		
Special Revenue:		
Community Development	45,104	187,128
Trust:		
Firemen's Pension and Relief	320	
Policemen's Pension and Relief	320	
Totals	$ 248,179	$ 248,179

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid in 2012.

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2011, the legal debt limit for the bonded debt was $72,502,469. There were no property tax secured bond issues.

NOTE 8: Legal Debt Limit (Continued)

B. Short-Term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2011, the legal debt limit for short-term financing obligations was $19,359,490. The amount of short-term financing obligations was $468,729, leaving a legal debt margin of $18,890,761

NOTE 9: Federal Funds Program Compliance

The federal grants of the City have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. However, a federal compliance audit is currently being conducted.

Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

NOTE 10: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2011 are composed of the following:

Description	General	Street	Other Funds in the Aggregate
Fund Balances:			
Nonspendable -			
Cemetery trust			$ 460,019
Restricted for:			
Law enforcement	$ 156,912		221,775
Highways and streets		$ 1,023,481	
Community development			375,755
Recreation and culture			80,678
Historic development			5,521
Capital outlay			8,108,827
Pension benefits			49,532,379
Sewer improvements	146,000		
Total Restricted	302,912	1,023,481	58,324,935
Committed for:			
Debt service			978,498
Recreation and culture			153,697
Capital outlay			583,278
Total Committed			1,715,473
Assigned to:			
Transit	343,471		
Sewer improvements	34,163		
Capital improvements	71,719		
Law enforcement	51,283		
Recreation and culture			62,500
Total Assigned	500,636		62,500
Unassigned	5,780,864		
Totals	$ 6,584,412	$ 1,023,481	$ 60,562,927

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2011:

	December 31, 2011
Long-Term Liabilities	$ 15,753,729

Long-Term Liabilities

Long-Term liabilities at December 31, 2011 are comprised of the following:

	December 31, 2011
Franchise Fee Revenue Refunding and Acquisition Bonds, Series 2009; annual installments beginning May 1, 2010 with the final installment due May 1, 2029, interest at 3.15% - 4.5%. Payments are to be made from the Debt Service Fund.	$ 5,645,000
Sales and Use Tax Improvement Bonds, Series 2011; annual installments beginning October 1, 2012 with the final installment due October 1, 2036, interest at 2.0% - 4.625%. Payments are to be made from the Debt Service Fund.	9,640,000
2009 lease-purchase agreement with Ford Motor Credit on the purchase of one 2009 Ford F-150; annual installments of $4,915 for five years at 6.25% interest with the final installment due February 18, 2013. Payments are to be made from the General Fund.	8,980
2009 lease-purchase agreement with Union Bank on the purchase of one Sharp MX-2600N digital color copier and accessories; monthly installments of $134 for 60 months at 6.14% interest with the final installment due February 6, 2014. Payments are to be made from the Community Development Fund.	3,253
2007 promissory note with Simmons First National Bank for the purchase of technology equipment for the Police Department; monthly installments of $12,244 for 60 months at 4.5% interest with the final installment due February 28, 2012. Payments are to be made from the General Fund.	23,164
2008 promissory note with Simmons First National Bank for the purchase of a 2008 Pierce fire truck; annual installments of $66,599 for five years at 4.1% interest with the final installment due March 13, 2013. Payments are to be made from the General Fund.	125,419
2009 promissory note with Pine Bluff National Bank for the purchase of elevator jacks; annual installments of $18,000 for five years at 4.75% interest with the final installment due February 17, 2014. Payments are to be made from the General Fund.	49,246
2009 promissory note with Pine Bluff National Bank for the purchase of equipment for the Street Department; annual installments of $55,072 for five years at 4.75% interest with the final installment due February 17, 2014. Payments are to be made from the Street Fund.	150,667
2011 promissory note with Simmons First National Bank for the purchase of four 2011 Dodge Chargers patrol cars; annual installments of $57,021 for two years at 3.7% interest with the final installment due July 20, 2013. Payments are to be made from General Fund.	108,000
Total	$ 15,753,729

NOTE 11: Commitments (Continued)

Long-Term Liabilities (Continued)

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2011:

Years Ending December 31,	Bonds	Notes	Leases	Total
2012	$ 1,295,481	$ 219,994	$ 6,522	$ 1,521,997
2013	1,297,894	196,692	6,522	1,501,108
2014	1,308,019	73,072	268	1,381,359
2015	1,232,394			1,232,394
2016	1,228,716			1,228,716
2017 through 2021	5,808,464			5,808,464
2022 through 2026	4,629,579			4,629,579
2027 through 2031	3,108,411			3,108,411
2032 through 2036	1,857,406			1,857,406
Total Obligations	21,766,364	489,758	13,312	22,269,434
Less Interest	6,481,364	33,261	1,080	6,515,705
Total Principal	$ 15,285,000	$ 456,497	$ 12,232	$ 15,753,729

NOTE 12: **Interfund Transfers**

The General Fund transferred $697,270 to Other Funds in the Aggregate for the following: $11,577 to the Community Development Fund to provide matching funds for a community development grant; $62,500 to supplement the Southeast Arkansas Arts and Science Center Commission Fund; $468,601 to the Debt Service Fund for debt related payments; and $154,592 in jail fees to the Jail Fee Fund. The Other Funds in the Aggregate (Debt Service Fund) transferred $891,149 to the General Fund to transfer excess sales and use taxes.

NOTE 13: Prior Year Restatement

The General Fund and Other Funds in the Aggregate fund balances were increased and decreased, respectively, at January 1, 2011 in the amount of $13,248 to reflect the Parks and Recreation Commission Fund as part of the General Fund. This fund had previously been reflected in Other Funds in the Aggregate.

NOTE 14: Pledged Revenues

A. Franchise Fees

The City pledged future franchise fees to repay $6,000,000 in refunding and acquisition bonds that were issued in 2009 to refund certain outstanding lease-purchase agreements and to provide funding for equipment acquisition and various capital improvements. Total principal and interest remaining on the bonds are $5,645,000 and $2,309,351, respectively, payable through May, 2029. For 2011, principal and interest paid were $245,000 and $223,601, respectively.

NOTE 14: Pledged Revenues (Continued)

A. Franchise Fees (Continued)

Franchise fees are deposited into the General Fund and transfers are made to the Bond Fund. Franchise fees in excess of debt service requirements are permitted to be used for other city expenditures. The City received $3,089,850 in franchise fees.

B. Sales and Use Tax

The City pledged future five-eighths percent sales and use taxes to repay $9,640,000 bonds that were issued in 2011 for various capital improvements. Total principal and interest remaining on the bonds are $9,640,000 and $4,172,013, respectively, payable October 1, 2012 through October 1, 2036.

Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures. The Debt Service Fund received $1,444,246 in sales taxes of which $891,149 was transferred to other city operating funds.

NOTE 15: Joint Venture

A. Metropolitan Emergency Communications Association

The City of Pine Bluff belongs to the Metropolitan Emergency Communications Association as set up by an amended interlocal cooperation agreement, dated May 13, 1996, which is composed of the Cities of Pine Bluff, White Hall, Redfield, Altheimer, Wabbaseka, Humphrey, and Sherrill and Jefferson County. The Association is governed by seven commissioners which include the City of Pine Bluff's Mayor, Police Chief, and Fire Chief; Jefferson County's County Judge and Sheriff; the Office of Emergency Services Coordinator; and the Chairman of the 911 Administrative Board by virtue of their term in office or employment with the local government. Pursuant to the aforementioned amended agreement for 1996, the participants' percentage shares of any deficit between 911 telephone fee revenue and operating expenses were as follows:

City of Pine Bluff	70.76%
City of White Hall	2.25%
City of Redfield	.63%
City of Altheimer	.57%
City of Wabbaseka	.19%
City of Humphrey	.21%
City of Sherrill	.04%
Jefferson County	25.35%
Total	100.00%

The City paid Metropolitan Emergency Communications Association $604,997 in 2011. Separate financial statements are not available.

B. Pine Bluff and Jefferson County Library System

The City of Pine Bluff and Jefferson County entered into an agreement in August 1979, in accordance with Ark. Code Ann. §§ 25-20-101 – 25-20-108, to establish a library system for the Jefferson County, Arkansas area. The System is composed of five members appointed by the Jefferson County Judge with Quorum Court approval and six members appointed by the Mayor of Pine Bluff and ratified by the City Council. Title to fixed assets held by the constituent governmental units and used for library purposes at the time of the execution of this agreement, shall remain unchanged although additional assets may be acquired in the name of the System. The Board shall fix the number and salaries of employees of the System. The City paid the Pine Bluff and Jefferson County Library System $584,734 in 2011. Separate financial statements are available at 200 East Eighth Street, Pine Bluff, Arkansas 71601.

NOTE 16: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. There have been several lawsuits settlements in the past three years that exceeded the coverage provided by the Arkansas Municipal League Legal Defense Fund. There were no settlements paid by the City in 2009 and 2011. Settlements totaled $293,000 in 2010. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Vehicle Program

A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is $25,000 for bodily injury or death per person, $50,000 for bodily injury or death per accident, and $25,000 for property damage per accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and mobile equipment owned or leased by the City.

B. Physical Damage - This program covers vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of $1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment becomes final, or $1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first $3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of $250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a $1,000 deductible per occurrence.

NOTE 17: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of $12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable.

Deferred Retirement Option Plan

The local firemen's pension and relief board of trustees approved the participation in the Arkansas Fire Fighter's Deferred Retirement Option Plan (DROP). Any full-paid fire fighter who is a member of the firemen's pension and relief fund who has at least 20 years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed 5 years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the fire fighter and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the firemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

At the end of the five years, the participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a fire fighter and start receiving the member's accrued monthly retirement benefit from the firemen's pension and relief fund.

NOTE 18: Policemen's Pension and Relief Plan

Plan Description

The Policemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal policemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

NOTE 18: Policemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of 6% of their salary to the plan, provided that such monthly deduction shall be 4% for policemen contributing to the social security system unless increased, but not to exceed 6%, by the majority of the contributing members of the police department covered by social security. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary; provided, however, that the City's contributions shall not exceed the amount contributed by the policemen except where authorized by appropriation of the City's governing body. The plan is also funded with state insurance tax; property tax on real estate and personal property; and 10% of all fines and forfeitures collected for violation of ordinances or state law. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, the beneficiaries shall be paid prorating the funds available among them.

Deferred Retirement Option Plan

The local policemen's pension and relief board of trustees approved the participation in the Arkansas Police Officer's Deferred Retirement Option Plan (DROP). Any police officer who is a member of the policemen's pension and relief fund who has at least 20 years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed 5 years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the police officer and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the policemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

The participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a police officer and start receiving the member's accrued monthly retirement benefit from the policemen's pension and relief fund.

NOTE 19: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That 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 1-501-682-1745.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

A. Paid service not covered by Social Security: 8.5% of gross pay

B. Paid service also covered by Social Security: 2.5% of gross pay

C. Volunteer fire service: no employee contribution

**NOTE 19: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees.

NOTE 20: Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan that covers the District Judge and Court Clerks. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation.

NOTE 21: City Retirement Plan

Plan Description

The City Retirement Plan for the City of Pine Bluff is a single-employer defined benefit pension plan that covers all non-uniformed full-time employees of the City. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements may be amended by the City of Pine Bluff Retirement Board and the Pine Bluff City Council.

Funding Policy

Funding is provided by contributions of 3% by the employee and 7% by the City of the employee's total annual compensation.

NOTE 22: Jointly Governed Organization

Tri-County Drug Task Force

The Sheriff's Departments of Arkansas, Jefferson, and Lincoln Counties, the Police Department of Pine Bluff, and the Prosecuting Attorney Offices of the 11th Judicial District East and 11th Judicial District West entered into an agreement to establish the Tri-County Drug Task Force. Though this written agreement expired June 30, 2012, all parties are continuing under the premise of the 2012 agreement. Funding was provided through a Drug Law Enforcement Program grant applied for by the Tri-County Drug Task Force. No contributions or payments for expenditures were made to the Drug Task Force by the City. The 2011 financial statements of the Tri-County Drug Task Force have not been audited.

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS	
	Community Development	Historic District Commission	Administration of Justice	Southeast Arkansas Arts and Science Center Commission	Jail Fee	Equipment Acquisition and Improvements	Sales and Use Tax Capital Improvements, Series 2011	Franchise Fee Revenue Refunding and Acquisition Bonds	Sales and Use Tax Improvement Bonds, Series 2011
ASSETS									
Cash and cash equivalents	$ 480,241	$ 5,521	$ 71,675	$ 304,592	$ 150,100	$ 583,278	$ 8,108,827	$ 57	$ 631,767
Investments									
Accounts receivable	37,538			7,063					346,674
Interfund receivables	45,104								
TOTAL ASSETS	$ 562,883	$ 5,521	$ 71,675	$ 311,655	$ 150,100	$ 583,278	$ 8,108,827	$ 57	$ 978,441
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable				$ 14,780					
Interfund payables	$ 187,128								
Settlements pending									
Total Liabilities	187,128			14,780					
Fund Balances:									
Nonspendable									
Restricted	375,755	$ 5,521	$ 71,675	80,678	$ 150,100		$ 8,108,827		
Committed				153,697		$ 583,278		$ 57	$ 978,441
Assigned				62,500					
Total Fund Balances	375,755	5,521	71,675	296,875	150,100	583,278	8,108,827	57	978,441
TOTAL LIABILITIES AND FUND BALANCES	$ 562,883	$ 5,521	$ 71,675	$ 311,655	$ 150,100	$ 583,278	$ 8,108,827	$ 57	$ 978,441

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2011

Schedule 1

	TRUST FUNDS				AGENCY FUNDS				
	City Retirement	Firemen's Pension and Relief	Policemen's Pension and Relief	Cemetery Trust	District Court (Division 1)	District Court (Division 2)	Payroll	Health Insurance Premium	Totals
ASSETS									
Cash and cash equivalents	$ 1,262,577	$ 985,110	$ 1,168,636	$ 239,021	$ 109,727	$ 87,385	$ 52,307	$ 38,685	$ 14,279,506
Investments	24,168,847	8,784,144	12,888,974	220,998					46,062,963
Accounts receivable	123,407	67,905	82,139						664,726
Interfund receivables		320	320						45,744
TOTAL ASSETS	$ 25,554,831	$ 9,837,479	$ 14,140,069	$ 460,019	$ 109,727	$ 87,385	$ 52,307	$ 38,685	$ 61,052,939
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									$ 14,780
Interfund payables									187,128
Settlements pending					$ 109,727	$ 87,385	$ 52,307	$ 38,685	288,104
Total Liabilities					109,727	87,385	52,307	38,685	490,012
Fund Balances:									
Nonspendable				$ 460,019					460,019
Restricted	$ 25,554,831	$ 9,837,479	$ 14,140,069						58,324,935
Committed									1,715,473
Assigned									62,500
Total Fund Balances	25,554,831	9,837,479	14,140,069	460,019					60,562,927
TOTAL LIABILITIES AND FUND BALANCES	$ 25,554,831	$ 9,837,479	$ 14,140,069	$ 460,019	$ 109,727	$ 87,385	$ 52,307	$ 38,685	$ 61,052,939

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS	
	Community Development	Historic District Commission	Administration of Justice	Southeast Arkansas Arts and Science Center Commission	Jail Fee	Parks and Recreation Commission	Equipment Acquisition and Improvements	Sales and Use Tax Capital Improvements, Series 2011
REVENUES								
State aid		$ 1,200		$ 28,072				
Federal aid	$ 1,752,435							
Property taxes								
Sales taxes								
Fines, forfeitures, and costs			$ 57,419		$ 69,586			
Interest			172	361	237		$ 96	$ 98
Local permits and fees				153,697				
Employer pension contribution								
Employee pension contribution								
Other	300,275	100		152,980				
TOTAL REVENUES	2,052,710	1,300	57,591	335,110	69,823		96	98
EXPENDITURES								
Current:								
General government	1,828,584	3,585					38,361	
Law enforcement			24,819		74,315			83
Highways and streets							329,434	739,357
Public safety								282
Recreation and culture				467,489				178,168
Social services								
Total Current	1,828,584	3,585	24,819	467,489	74,315		367,795	917,890
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal	1,362							
Lease interest	246							
TOTAL EXPENDITURES	1,830,192	3,585	24,819	467,489	74,315		367,795	917,890

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS	
	Community Development	Historic District Commission	Administration of Justice	Southeast Arkansas Arts and Science Center Commission	Jail Fee	Parks and Recreation Commission	Equipment Acquisition and Improvements	Sales and Use Tax Capital Improvements, Series 2011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 222,518	$ (2,285)	$ 32,772	$ (132,379)	$ (4,492)		$ (367,699)	$ (917,792)
OTHER FINANCING SOURCES (USES)								
Transfers in	11,577			62,500	154,592			
Transfers out								
Bond proceeds								9,176,431
Bond issuance costs								(149,812)
Net gain/loss on sale of investments								
TOTAL OTHER FINANCING SOURCES (USES)	11,577			62,500	154,592			9,026,619
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	234,095	(2,285)	32,772	(69,879)	150,100		(367,699)	8,108,827
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	141,660	7,806	38,903	366,754		$ 13,248	950,977	
Restatement adjustment						(13,248)		
FUND BALANCES - JANUARY 1, AS RESTATED	141,660	7,806	38,903	366,754		0	950,977	
FUND BALANCES - DECEMBER 31	$ 375,755	$ 5,521	$ 71,675	$ 296,875	$ 150,100	$ 0	$ 583,278	$ 8,108,827

Schedule 2

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	DEBT SERVICE FUNDS		TRUST FUNDS				
	Franchise Fee Revenue Refunding and Acquisition Bonds	Sales and Use Tax Improvement Bonds, Series 2011	City Retirement	Firemen's Pension and Relief	Policemen's Pension and Relief	Cemetery Trust	Totals
REVENUES							
State aid				$ 249,881	$ 280,017		$ 559,170
Federal aid							1,752,435
Property taxes				292,368	292,368		584,736
Sales taxes		$ 1,444,246					1,444,246
Fines, forfeitures, and costs					114,127		241,132
Interest	$ 6	8,479	$ 701,583	338,084	537,848	$ 11,220	1,598,184
Local permits and fees							153,697
Employer pension contribution			511,621	9,911			521,532
Employee pension contribution			219,178	16,158			235,336
Other			618	4,366	12,714		471,053
TOTAL REVENUES	6	1,452,725	1,433,000	910,768	1,237,074	11,220	7,561,521
EXPENDITURES							
Current:							
General government			2,455,933				4,326,463
Law enforcement					1,968,291		2,067,508
Highways and streets							1,068,791
Public safety				1,812,397			1,812,679
Recreation and culture							645,657
Social services						4,400	4,400
Total Current			2,455,933	1,812,397	1,968,291	4,400	9,925,498
Debt Service:							
Bond principal	245,000						245,000
Bond interest and other charges	223,601						223,601
Lease principal							1,362
Lease interest							246
TOTAL EXPENDITURES	468,601		2,455,933	1,812,397	1,968,291	4,400	10,395,707

Schedule 2

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	DEBT SERVICE FUNDS		TRUST FUNDS				
	Franchise Fee Revenue Refunding and Acquisition Bonds	Sales and Use Tax Improvement Bonds, Series 2011	City Retirement	Firemen's Pension and Relief	Policemen's Pension and Relief	Cemetery Trust	Totals
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (468,595)	$ 1,452,725	$ (1,022,933)	$ (901,629)	$ (731,217)	$ 6,820	$ (2,834,186)
OTHER FINANCING SOURCES (USES)							
Transfers in	468,601						697,270
Transfers out		(891,149)					(891,149)
Bond proceeds		463,569					9,640,000
Bond issuance costs		(46,704)					(196,516)
Net gain/loss on sale of investments			109,672	(157,322)	453,616	(412)	405,554
TOTAL OTHER FINANCING SOURCES (USES)	468,601	(474,284)	109,672	(157,322)	453,616	(412)	9,655,159
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6	978,441	(913,261)	(1,058,951)	(277,601)	6,408	6,820,973
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	51		26,468,092	10,896,430	14,417,670	453,611	53,755,202
Restatement adjustment							(13,248)
FUND BALANCES - JANUARY 1, AS RESTATED	51		26,468,092	10,896,430	14,417,670	453,611	53,741,954
FUND BALANCES - DECEMBER 31	$ 57	$ 978,441	$ 25,554,831	$ 9,837,479	$ 14,140,069	$ 460,019	$ 60,562,927

CITY OF PINE BLUFF, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2011

The following funds and descriptions represent all funds reported as other funds in the aggregate.

Fund Name	Fund Description
Community Development	City established fund to process grants for low-income housing construction and rehabilitation.
Historic District Commission	Ark. Code Ann. § 14-172-206 and Pine Bluff Ordinance no. 6133 (March 21, 2005) established fund to process grants to support the historic significance of the buildings, structures, features, sites, and surroundings of the City.
Administration of Justice	Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.
Southeast Arkansas Arts and Science Center Commission	Pine Bluff Ordinance no. 4139 (May 5, 1969) established fund to provide recreational services and promote cultural growth to the residents of the City.
Jail Fee	Ark. Code Ann. § 16-17-129 and Pine Bluff Ordinance no. 6286 (June 15, 2009) established fund to impose an additional fine of twenty dollars to help defray the cost of incarcerating city prisoners.
Equipment Acquisition and Improvements	Pine Bluff Ordinance no. 6290 (September 21, 2009) authorizes the issuance of franchise fee revenue refunding and acquisition bonds. Trustee established fund to account for the disbursement of debt proceeds for equipment acquisition and improvements.
Sales and Use Tax Capital Improvements, Series 2011	Pine Bluff Ordinance no. 6363 (September 19, 2011) authorizes the issuance of sales and use tax improvement bonds as approved by referendum on February 8, 2011. Trustee established fund to account for the disbursement of debt proceeds for capital improvements.
Franchise Fee Revenue Refunding and Acquisition Bonds	Pine Bluff Ordinance no. 6290 (September 21, 2009) authorizes the issuance of franchise fee revenue refunding and acquisition bonds. Trustee established fund to process the payments on the bonded debt.

The following funds and descriptions represent all funds reported as other funds in the aggregate.

Fund Name	Fund Description
Sales and Use Tax Improvement Bonds, Series 2011	Pine Bluff Ordinance no. 6363 (September 19, 2011) authorizes the issuance of sales and use tax improvement bonds as approved by referendum on February 8, 2011. Trustee established fund to process the payments on the bonded debt.
City Retirement	Pine Bluff City Code § 19-36 (1993) established fund to process the self-supported retirement plan for nonuniformed employees.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive millages, state insurance turnback, and other revenues allowed by law for support of firefighter retirement programs.
Policemen's Pension and Relief	Ark. Code Ann. § 24-11-403 established fund to receive millages, state insurance turnback, and other revenues allowed by law for support of police retirement programs.
Cemetery Trust	Ark. Code Ann. §§ 20-17-1013 - 20-17-1016 established fund to invest 20% of revenue generated from plot sales to provide permanent maintenance of the City's cemetery.
District Court (Division 1)	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court.
District Court (Division 2)	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court.
Payroll	City established fund to process the payroll of all employees.
Health Insurance Premium	City established fund to process insurance premiums withheld from employees' earnings and forwarded to the insurance provider.

Schedule 3

CITY OF PINE BLUFF, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2011
(Unaudited)

	December 31, 2011
Land	$ 435,354
Buildings	17,862,116
Infrastructure	16,628,485
Improvements	2,205,415
Heavy equipment	8,072,297
Vehicles	5,746,958
Equipment	3,677,105
Total	$ 54,627,730

Schedule 4

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2011
(Unaudited)

General	2011	2010	2009	2008	2007
Total Assets	$ 6,831,167	$ 6,314,189	$ 6,526,749	$ 6,896,561	$ 2,685,820
Total Liabilities	246,755	565,325	614,759	974,783	128,972
Total Fund Balances	6,584,412	5,748,864	5,911,990	5,921,778	2,556,848
Total Revenues	29,074,106	27,805,755	28,549,262	28,335,664	26,023,975
Total Expenditures	28,605,810	26,871,078	27,743,825	26,145,060	24,813,001
Total Other Financing Sources/Uses	354,004	(1,097,804)	(815,225)	(896,853)	(218,678)
Street					
Total Assets	$ 1,038,188	$ 1,108,325	$ 814,685	$ 610,200	$ 687,193
Total Liabilities	14,707	89,581	8,655	10,722	
Total Fund Balances	1,023,481	1,018,744	806,030	599,478	687,193
Total Revenues	3,384,678	3,496,034	3,262,972	3,302,057	3,437,211
Total Expenditures	3,379,941	3,283,320	3,296,432	3,601,575	3,449,853
Total Other Financing Sources/Uses			240,012		
Other Funds in the Aggregate					
Total Assets	$ 61,052,939	$ 54,424,156	$ 57,592,551	$ 57,698,381	$ 62,284,142
Total Liabilities	490,012	668,954	500,448	360,052	564,874
Total Fund Balances	60,562,927	53,755,202	57,092,103	57,338,329	61,719,268
Total Revenues	7,561,521	6,158,541	6,591,991	8,615,570	11,106,552
Total Expenditures	10,395,707	11,458,413	9,202,796	11,465,866	10,007,290
Total Other Financing Sources/Uses	9,655,159	1,938,769	2,364,579	(1,956,661)	875,548

The financial statements are prepared on the regulatory basis of accounting as reported in Note 1(C) of the audit reports.