

**City of Pine Bluff, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**December 31, 2014**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF PINE BLUFF, ARKANSAS  
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# Arkansas

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Sen. Linda Chesterfield  
Senate Vice Chair



Rep. Mary Broadaway  
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Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

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

#### ***Report on the Financial Statements***

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, 2014, as listed in the table of contents, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2014, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

### ***Basis for Adverse Opinion on Regulatory Basis of Accounting***

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 Ark. Code Ann. § 10-4-412 requires the Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission, and Aviation Commission 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 financial statements also do not disclose all the required information concerning deposit and investment risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

### ***Adverse Opinion on Regulatory Basis of Accounting***

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above do not present fairly, in conformity with the regulatory basis of accounting, as described in Note 1, the financial position of the other funds in the aggregate of the City of Pine Bluff, Arkansas, as of December 31, 2014, and the regulatory basis revenues, expenditures, and changes in net position for the year then ended.

### ***Basis for Qualified Opinions on Regulatory Basis of Accounting***

The City's financial statements do not disclose all the required information concerning deposit risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

### ***Qualified Opinions on Regulatory Basis of Accounting***

In our opinion, except for the omission of the information described in the "Basis for Qualified Opinions on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund and street fund of the City of Pine Bluff, Arkansas, as of December 31, 2014, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

### ***Supplementary and Other Information***

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

The other 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2015 on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
September 2, 2015  
LOM107614

# Arkansas

Sen. Jimmy Hickey, Jr.  
Senate Chair  
Sen. Linda Chesterfield  
Senate Vice Chair



Rep. Mary Broadaway  
House Chair  
Rep. Sue Scott  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS 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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the 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, 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2015. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 regulatory basis of accounting described in Note 1, 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. Our opinions on the general fund and street fund were qualified because required disclosures were not made concerning deposit risks.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control 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:

2014-1 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 from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Entity's Response to Finding

The City's response to the finding identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Other Issues

The following issue is not a significant deficiency, material weakness, or material instance of noncompliance, but is an issue that is 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 2014:

Mayor: Debe Hollingsworth  
City Collector: Sharon Johnson  
Finance Director: Steve Miller  
City Clerk: Loretta Whitfield  
District Court Clerk (Division 1): Debbie Drake  
District Court Clerk (Division 2): Veronica Young  
Police Chief: Jeff Hubanks

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 **City Collector**, **Finance Director**, **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 Office of **Mayor**.

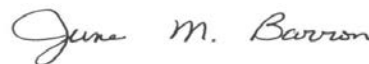
### **Mayor**

The Arts and Science Center of Southeast Arkansas agreed to sell its fine arts collection to the Arts and Science Center of Southeast Arkansas Endowment Fund, a non-profit entity, for \$314,827, to be paid in 10 annual installments of \$31,483. This transaction appears to conflict with Ark. Const. art. 12, § 5, which states in part, "No county, city, town or other municipal corporation, shall ... loan its credit to, any corporation, association, institution or individual."

### Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



June M. Barron, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
September 2, 2015

CITY OF PINE BLUFF, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014

Exhibit A

|                                         | <u>General</u>                 | <u>Street</u>                | <u>Other Funds<br/>in the<br/>Aggregate</u> |
|-----------------------------------------|--------------------------------|------------------------------|---------------------------------------------|
| ASSETS                                  |                                |                              |                                             |
| Cash and cash equivalents               | \$ 6,115,256                   | \$ 543,540                   | \$ 12,790,565                               |
| Investments                             |                                |                              | 34,887,993                                  |
| Accounts receivable                     | 1,428,501                      | 23,138                       | 1,188,157                                   |
| Interfund receivables                   | <u>640,166</u>                 | <u>285,040</u>               |                                             |
| <br>TOTAL ASSETS                        | <br><u><u>\$ 8,183,923</u></u> | <br><u><u>\$ 851,718</u></u> | <br><u><u>\$ 48,866,715</u></u>             |
| <br>LIABILITIES AND FUND BALANCES       |                                |                              |                                             |
| Liabilities:                            |                                |                              |                                             |
| Accounts payable                        | \$ 411,191                     | \$ 2,912                     | \$ 108,433                                  |
| Interfund payables                      | 285,040                        | 58,408                       | 581,758                                     |
| Settlements pending                     |                                |                              | <u>329,023</u>                              |
| Total Liabilities                       | <u>696,231</u>                 | <u>61,320</u>                | <u>1,019,214</u>                            |
| <br>Fund Balances:                      |                                |                              |                                             |
| Nonspendable                            |                                |                              | 476,857                                     |
| Restricted                              | 336,972                        | 415,625                      | 44,715,849                                  |
| Committed                               |                                |                              | 2,498,931                                   |
| Assigned                                | 101,137                        | 374,773                      | 212,700                                     |
| Unassigned                              | <u>7,049,583</u>               |                              | <u>(56,836)</u>                             |
| Total Fund Balances                     | <u>7,487,692</u>               | <u>790,398</u>               | <u>47,847,501</u>                           |
| <br>TOTAL LIABILITIES AND FUND BALANCES | <br><u><u>\$ 8,183,923</u></u> | <br><u><u>\$ 851,718</u></u> | <br><u><u>\$ 48,866,715</u></u>             |

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 -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit B

|                                 | General      | Street       | Other Funds<br>in the<br>Aggregate |
|---------------------------------|--------------|--------------|------------------------------------|
| REVENUES                        |              |              |                                    |
| State aid                       | \$ 1,949,319 | \$ 3,241,394 | \$ 582,294                         |
| Federal aid                     | 293,611      |              | 2,217,086                          |
| Property taxes                  | 2,807,533    | 551,783      | 365,172                            |
| Franchise fees                  | 2,458,880    |              | 993,931                            |
| Sales taxes                     | 15,650,892   | 285,040      | 1,157,098                          |
| Fines, forfeitures, and costs   | 607,828      |              | 338,572                            |
| Interest                        | 21,113       | 943          | 1,130,789                          |
| Local permits and fees          | 1,134,888    |              | 132,151                            |
| Sanitation fees                 | 2,653,250    |              |                                    |
| Transit fees                    |              |              | 63,295                             |
| Parks and recreation fees       | 217,328      |              |                                    |
| Employer contribution           |              |              | 480,090                            |
| Employee contribution           |              |              | 297,104                            |
| Donations                       | 5,000        |              | 259,269                            |
| Net gain on sale of investments |              |              | 1,221,954                          |
| Sale of fine art collection     |              |              | 31,483                             |
| Other                           | 253,960      | 148,131      | 208,027                            |
| TOTAL REVENUES                  | 28,053,602   | 4,227,291    | 9,478,315                          |
| EXPENDITURES                    |              |              |                                    |
| Current:                        |              |              |                                    |
| General government              | 3,974,239    |              | 4,306,570                          |
| Law enforcement                 | 11,030,461   |              | 2,369,316                          |
| Highways and streets            | 84,883       | 3,471,644    | 266,233                            |
| Public safety                   | 7,307,493    |              | 1,039,573                          |
| Sanitation                      | 2,633,364    |              |                                    |
| Health                          | 55,290       |              |                                    |
| Recreation and culture          | 2,944,151    |              | 1,246,775                          |
| Social services                 | 196,875      |              | 4,517                              |
| Airport                         | 198,712      |              |                                    |
| Transit                         |              |              | 1,408,712                          |
| Net loss on sale of investments |              |              | 322                                |
| Total Current                   | 28,425,468   | 3,471,644    | 10,642,018                         |
| Debt Service:                   |              |              |                                    |
| Bond principal                  |              |              | 990,000                            |
| Bond interest and other charges |              |              | 658,262                            |
| Lease principal                 |              |              | 266                                |
| Lease interest                  |              |              | 1                                  |
| Note principal                  | 82,124       | 52,561       | 33,396                             |
| Note interest                   | 4,269        | 2,421        | 1,035                              |
| TOTAL EXPENDITURES              | 28,511,861   | 3,526,626    | 12,324,978                         |

CITY OF PINE BLUFF, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit B

|                                                                                  | General      | Street     | Other Funds<br>in the<br>Aggregate |
|----------------------------------------------------------------------------------|--------------|------------|------------------------------------|
| EXCESS OF REVENUES OVER (UNDER)                                                  |              |            |                                    |
| EXPENDITURES                                                                     | \$ (458,259) | \$ 700,665 | \$ (2,846,663)                     |
| OTHER FINANCING SOURCES (USES)                                                   |              |            |                                    |
| Transfers in                                                                     | 147,306      |            | 5,203,628                          |
| Transfers out                                                                    | (345,436)    |            | (5,005,498)                        |
| Bond proceeds                                                                    |              |            | 6,015,000                          |
| Payment to escrow agent                                                          |              |            | (4,897,544)                        |
| Transfer to Arkansas Local Police and Fire Retirement System                     |              |            | (34,264)                           |
| Contribution from civic auditorium complex commission                            | 160,125      |            |                                    |
| TOTAL OTHER FINANCING SOURCES (USES)                                             | (38,005)     |            | 1,281,322                          |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | (496,264)    | 700,665    | (1,565,341)                        |
| FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED                                | 8,204,584    | 89,733     | 49,192,214                         |
| Restatement adjustment (Note 14)                                                 | (220,628)    |            | 220,628                            |
| FUND BALANCES - JANUARY 1, AS RESTATED                                           | 7,983,956    | 89,733     | 49,412,842                         |
| FUND BALANCES - DECEMBER 31                                                      | \$ 7,487,692 | \$ 790,398 | \$ 47,847,501                      |

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, 2014

Exhibit C

|                               | General           |                   |                                        | Street           |                  |                                        |
|-------------------------------|-------------------|-------------------|----------------------------------------|------------------|------------------|----------------------------------------|
|                               | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| REVENUES                      |                   |                   |                                        |                  |                  |                                        |
| State aid                     | \$ 1,858,375      | \$ 1,949,319      | \$ 90,944                              | \$ 2,237,313     | \$ 3,241,394     | \$ 1,004,081                           |
| Federal aid                   | 442,969           | 293,611           | (149,358)                              |                  |                  |                                        |
| Property taxes                | 2,195,858         | 2,807,533         | 611,675                                | 550,459          | 551,783          | 1,324                                  |
| Franchise fees                | 3,273,551         | 2,458,880         | (814,671)                              |                  |                  |                                        |
| Sales taxes                   | 17,129,202        | 15,650,892        | (1,478,310)                            | 841,773          | 285,040          | (556,733)                              |
| Fines, forfeitures, and costs | 979,641           | 607,828           | (371,813)                              |                  |                  |                                        |
| Interest                      | 8,742             | 21,113            | 12,371                                 | 2,000            | 943              | (1,057)                                |
| Local permits and fees        | 1,386,722         | 1,134,888         | (251,834)                              |                  |                  |                                        |
| Sanitation fees               | 2,759,114         | 2,653,250         | (105,864)                              |                  |                  |                                        |
| Parks and recreation fees     |                   | 217,328           | 217,328                                |                  |                  |                                        |
| Donations                     |                   | 5,000             | 5,000                                  |                  |                  |                                        |
| Other                         | 429,665           | 253,960           | (175,705)                              | 210,685          | 148,131          | (62,554)                               |
| <b>TOTAL REVENUES</b>         | <b>30,463,839</b> | <b>28,053,602</b> | <b>(2,410,237)</b>                     | <b>3,842,230</b> | <b>4,227,291</b> | <b>385,061</b>                         |
| EXPENDITURES                  |                   |                   |                                        |                  |                  |                                        |
| Current:                      |                   |                   |                                        |                  |                  |                                        |
| General government            | 4,394,487         | 3,974,239         | 420,248                                |                  |                  |                                        |
| Law enforcement               | 12,080,251        | 11,030,461        | 1,049,790                              |                  |                  |                                        |
| Highways and streets          | 167,570           | 84,883            | 82,687                                 | 4,457,640        | 3,471,644        | 985,996                                |
| Public safety                 | 7,873,168         | 7,307,493         | 565,675                                |                  |                  |                                        |
| Sanitation                    | 2,782,416         | 2,633,364         | 149,052                                |                  |                  |                                        |
| Health                        | 55,290            | 55,290            |                                        |                  |                  |                                        |
| Recreation and culture        | 2,523,217         | 2,944,151         | (420,934)                              |                  |                  |                                        |
| Social services               | 223,854           | 196,875           | 26,979                                 |                  |                  |                                        |
| Airport                       | 198,712           | 198,712           |                                        |                  |                  |                                        |
| Total Current                 | 30,298,965        | 28,425,468        | 1,873,497                              | 4,457,640        | 3,471,644        | 985,996                                |
| Debt Service:                 |                   |                   |                                        |                  |                  |                                        |
| Note principal                | 450,916           | 82,124            | 368,792                                |                  | 52,561           | (52,561)                               |
| Note interest                 |                   | 4,269             | (4,269)                                |                  | 2,421            | (2,421)                                |
| <b>TOTAL EXPENDITURES</b>     | <b>30,749,881</b> | <b>28,511,861</b> | <b>2,238,020</b>                       | <b>4,457,640</b> | <b>3,526,626</b> | <b>931,014</b>                         |

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, 2014

Exhibit C

|                                                                                  | General             |                     |                                        | Street              |                   |                                        |
|----------------------------------------------------------------------------------|---------------------|---------------------|----------------------------------------|---------------------|-------------------|----------------------------------------|
|                                                                                  | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) | Budget              | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| EXCESS OF REVENUES OVER (UNDER)<br>EXPENDITURES                                  | <u>\$ (286,042)</u> | <u>\$ (458,259)</u> | <u>\$ (172,217)</u>                    | <u>\$ (615,410)</u> | <u>\$ 700,665</u> | <u>\$ 1,316,075</u>                    |
| OTHER FINANCING SOURCES (USES)                                                   |                     |                     |                                        |                     |                   |                                        |
| Transfers in                                                                     | 856,366             | 147,306             | (709,060)                              | 456,575             |                   | (456,575)                              |
| Transfers out                                                                    | (1,105,537)         | (345,436)           | 760,101                                |                     |                   |                                        |
| Contribution from civic auditorium complex commission                            | <u>160,125</u>      | <u>160,125</u>      |                                        |                     |                   |                                        |
| TOTAL OTHER FINANCING SOURCES (USES)                                             | <u>(89,046)</u>     | <u>(38,005)</u>     | <u>51,041</u>                          | <u>456,575</u>      |                   | <u>(456,575)</u>                       |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | <u>(375,088)</u>    | <u>(496,264)</u>    | <u>(121,176)</u>                       | <u>(158,835)</u>    | <u>700,665</u>    | <u>859,500</u>                         |
| FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED                                |                     | 8,204,584           | 8,204,584                              |                     | 89,733            | 89,733                                 |
| Restatement adjustment (Note 14)                                                 |                     | <u>(220,628)</u>    | <u>(220,628)</u>                       |                     |                   |                                        |
| FUND BALANCES - JANUARY 1, AS RESTATED                                           |                     | <u>7,983,956</u>    | <u>7,983,956</u>                       |                     | <u>89,733</u>     | <u>89,733</u>                          |
| FUND BALANCES - DECEMBER 31                                                      | <u>\$ (375,088)</u> | <u>\$ 7,487,692</u> | <u>\$ 7,862,780</u>                    | <u>\$ (158,835)</u> | <u>\$ 790,398</u> | <u>\$ 949,233</u>                      |

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

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**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 Ark. Code Ann. § 10-4-412. 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, Sewer Improvement District Loan, Capital Projects, Public Safety Facility Building, Parks and Recreation Commission, Police Department Special Projects, Police Athletic League, and Summer Academic and Culture Enrichment Program.

**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 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, Jail Fee, Administration of Justice, Southeast Arkansas Arts and Science Center Commission, Vice Intelligence Narcotics, Grants, Emergency Vehicle, Department of Housing and Urban Development Storm Recovery Drainage Grant, and Transit.

**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 outlay, 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: Sales and Use Tax Capital Improvement Series 2012, Sales and Use Tax Capital Improvement Series 2011, and Capital Improvement Series 2014.

**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, Sales and Use Tax Improvement Bonds Series 2011-2012, and Franchise Fee Improvement Refunding and Improvement Series 2014.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation – Regulatory (Continued)**

**Other Funds in the Aggregate (Continued)**

Permanent Funds – Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. The following Permanent Fund is reported with other funds in the aggregate: Cemetery Trust.

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. The following Pension Trust Funds are reported with other funds in the aggregate: City Retirement, Firemen's Pension and Relief, and Policemen's Pension and Relief.

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Agency Funds are reported with other funds in the aggregate: 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 Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally 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. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. 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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Balances (Continued)**

Fund Balance Classifications (Continued)

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.

**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 ordinance or resolution 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 operating 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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**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**

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.

**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:

| Fund Type     | December 31, 2014 |            |
|---------------|-------------------|------------|
|               | Reported Amount   | Fair Value |
| Permanent     | \$ 118,641        | \$ 120,839 |
| Pension Trust | 34,769,352        | 41,448,728 |
| Total         | 34,887,993        | 41,569,567 |

These investments are composed of the following:

| Investment Type            | December 31, 2014 |               |
|----------------------------|-------------------|---------------|
|                            | Reported Amount   | Fair Value    |
| Federal agency obligations | \$ 4,931,510      | \$ 4,892,258  |
| Bonds                      | 10,750,604        | 11,302,260    |
| Stocks                     | 8,239,769         | 11,020,555    |
| Municipal obligations      | 551,119           | 568,582       |
| Mutual funds               | 10,414,991        | 13,785,912    |
| Totals                     | \$ 34,887,993     | \$ 41,569,567 |

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 5: Accounts Receivable**

The accounts receivable balance at December 31, 2014 is composed of the following:

| Description    | General Fund        | Street Fund      | Other Funds in the Aggregate |
|----------------|---------------------|------------------|------------------------------|
| Federal aid    |                     |                  | \$ 381,379                   |
| Property taxes | \$ 90,421           | \$ 23,138        | 15,062                       |
| Franchise fees | 255,041             |                  | 290,622                      |
| Sales taxes    | 1,020,238           |                  | 347,802                      |
| Interest       |                     |                  | 117,648                      |
| Other          | 62,801              |                  | 35,644                       |
| Totals         | <u>\$ 1,428,501</u> | <u>\$ 23,138</u> | <u>\$ 1,188,157</u>          |

**NOTE 6: Accounts Payable**

The accounts payable balance at December 31, 2014 is composed of the following:

| Description     | General Fund      | Street Fund     | Other Funds in the Aggregate |
|-----------------|-------------------|-----------------|------------------------------|
| Vendor payables | <u>\$ 411,191</u> | <u>\$ 2,912</u> | <u>\$ 108,433</u>            |

**NOTE 7: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

| Fund                                                       | December 31, 2014     |                    |
|------------------------------------------------------------|-----------------------|--------------------|
|                                                            | Interfund Receivables | Interfund Payables |
| General                                                    | \$ 640,166            | \$ 285,040         |
| Street                                                     | 285,040               | 58,408             |
| Other Funds in the Aggregate:                              |                       |                    |
| Special Revenue:                                           |                       |                    |
| Community Development                                      |                       | 299,754            |
| Jail Fee                                                   |                       | 60,467             |
| Transit                                                    |                       | 161,422            |
| Department of Housing and Urban Development Storm Recovery |                       |                    |
| Drainage Grant                                             |                       | 54,915             |
| Emergency Vehicle                                          |                       | 5,200              |
| Totals                                                     | <u>\$ 925,206</u>     | <u>\$ 925,206</u>  |

Interfund receivables and payables consist of errors in depositing restricted revenues, matching grant funds, and reimbursement for expenses paid by the General Fund. The General Fund received \$455,102 prior to August 12, 2015 and the remainder is expected to be repaid later in 2015. The General Fund is expected to repay the Street Fund in 2015.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**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, 2014, the legal debt limit for the bonded debt was \$72,001,658. There were no property tax secured bond issues.

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, 2014, the legal debt limit for short-term financing obligations was \$19,437,452. The amount of short-term financing obligations was \$135,262, leaving a legal debt margin of \$19,302,190.

**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 for 2014 federal funds. A separate report was issued for the 2013 federal funds. The following material instances of noncompliance were reported for the Supportive Housing Program:

Finding 2013-1 - Two monthly periods tested indicated excess cash balances were on hand. Funds are not being disbursed in a reasonable time period, i.e., three business days from receipt.

Finding 2013-2 - From a population of 24, two participants of the five tested were found to not have external verification documented in their file to support that they were homeless. In addition, one out of five participants tested did not have eligibility checklist in their file.

Finding 2013-3 - The budget approved by the City Council allowed for administrative expenses in excess of the earmarked limit.

Finding 2013-4 - The Annual Progress Report was submitted on September 9, 2014, which exceeded the 90-day deadline for timely submission.

The following material instance of noncompliance was reported for the COPS Hiring Recovery Program:

Finding 2013-5 - The City uses a spreadsheet to separately track salary and benefit expenses for officers hired under the COPS Hiring grant program to ensure salaries charged are within budgetary limits set forth by the grant. Seven officers were authorized for hire under the grant; however eight officers' salaries and benefits were being tracked and submitted for reimbursement.

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

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 10: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2014 are composed of the following:

| Description            | General Fund        | Street Fund       | Other Funds in the Aggregate |
|------------------------|---------------------|-------------------|------------------------------|
| Fund Balances:         |                     |                   |                              |
| Nonspendable:          |                     |                   | \$ 476,857                   |
| Restricted for:        |                     |                   |                              |
| General government     | \$ 146,000          |                   | 119,320                      |
| Law enforcement        | 190,553             |                   | 541,331                      |
| Highways and streets   |                     | \$ 415,625        |                              |
| Recreation and culture | 419                 |                   | 9,718                        |
| Capital outlay         |                     |                   | 4,599,633                    |
| Pension benefits       |                     |                   | 39,445,847                   |
| Total Restricted       | <u>336,972</u>      | <u>415,625</u>    | <u>44,715,849</u>            |
| Committed for:         |                     |                   |                              |
| Debt service           |                     |                   | 1,744,719                    |
| Recreation and culture |                     |                   | 227,230                      |
| Capital outlay         |                     |                   | 526,982                      |
| Total Committed        |                     |                   | <u>2,498,931</u>             |
| Assigned to:           |                     |                   |                              |
| General government     | 28,950              |                   | 200                          |
| Law enforcement        | 20,141              |                   |                              |
| Highways and streets   |                     | 374,773           |                              |
| Capital outlay         | 52,046              |                   |                              |
| Recreation and culture |                     |                   | 212,500                      |
| Total Assigned         | <u>101,137</u>      | <u>374,773</u>    | <u>212,700</u>               |
| Unassigned             | <u>7,049,583</u>    |                   | <u>(56,836)</u>              |
| Totals                 | <u>\$ 7,487,692</u> | <u>\$ 790,398</u> | <u>\$ 47,847,501</u>         |

**NOTE 11: Deficit Fund Balances**

The following funds have deficit fund balances as of December 31, 2014:

|                               | December 31,<br>2014 |
|-------------------------------|----------------------|
| Other Funds in the Aggregate: |                      |
| Special Revenue Funds:        |                      |
| Transit                       | \$ 51,602            |
| Emergency Vehicle             | 5,234                |

**NOTE 12: Commitments**

Total commitments consist of the following at December 31, 2014:

|                                                                           | December 31,<br>2014 |
|---------------------------------------------------------------------------|----------------------|
| Long-term liabilities                                                     | \$ 19,230,262        |
| United States Department of Housing and Urban Development Grant Repayment | 358,408              |
| Construction contracts                                                    | <u>3,289,711</u>     |
| Total Commitments                                                         | <u>\$ 22,878,381</u> |

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 12: Commitments (Continued)**

Long-term liabilities

Long-term liabilities at December 31, 2014 are comprised of the following:

|                                                                                                                                                                                                                                                                                                                                               | December 31,<br>2014 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Franchise Fee Revenue Refunding and Improvement Bonds, Series 2014; annual installments beginning May 1, 2015 with final installment due May 1, 2039, interest at 1.0% - 4.25%. Payments are to be made from the Debt Service Fund.                                                                                                           | \$ 6,015,000         |
| 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.                                                                                                                | 8,025,000            |
| Sales and Use Tax Improvement Bonds, Series 2012; annual installments beginning October 1, 2013 with the final installment due October 1, 2036, interest at 1.0% - 4.125%. Payments are to be made from the Debt Service Fund.                                                                                                                | 5,055,000            |
| 2013 promissory note with Simmons First National Bank for the purchase of one 2013 Ford Fusion, one 2013 Ford 150, and one 2013 Chevy Silverado; annual installments of \$26,468 for three years at 2.17% with the final installment due March 5, 2016. Payments are to be made from the General Fund.                                        | 51,181               |
| 2013 promissory note with Simmons First National Bank for the purchase of two 2014 Dodge Durangos, two 2013 Dodge Chargers, and one Dodge Ram pick-up; annual installments of \$40,561 on October 15, 2013, \$41,954 on October 15, 2014, and \$41,970 on October 15, 2015; interest at 2.25%. Payments are to be made from the General Fund. | 41,047               |
| 2014 promissory note with Simmons First National Bank for the purchase of two 2014 Dodge Chargers and one Dodge pick-up; annual installments of \$22,250 for two years at 2.23% interest with the final installment due on March 6, 2016. Payments are to be made from the General Fund.                                                      | 43,034               |
| Total                                                                                                                                                                                                                                                                                                                                         | <u>\$ 19,230,262</u> |

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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 12: Commitments (Continued)**

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2014:

| Years Ending<br>December 31, | Bonds                | Notes             | Total                |
|------------------------------|----------------------|-------------------|----------------------|
| 2015                         | \$ 1,498,408         | \$ 90,688         | \$ 1,589,096         |
| 2016                         | 1,585,475            | 48,634            | 1,634,109            |
| 2017                         | 1,591,955            |                   | 1,591,955            |
| 2018                         | 1,586,000            |                   | 1,586,000            |
| 2019                         | 1,508,362            |                   | 1,508,362            |
| 2020 through 2024            | 7,012,399            |                   | 7,012,399            |
| 2025 through 2029            | 6,262,210            |                   | 6,262,210            |
| 2030 through 2034            | 3,909,141            |                   | 3,909,141            |
| 2035 through 2039            | 1,768,319            |                   | 1,768,319            |
| Total Obligations            | 26,722,269           | 139,322           | 26,861,591           |
| Less Interest                | 7,627,269            | 4,060             | 7,631,329            |
| Total Principal              | <u>\$ 19,095,000</u> | <u>\$ 135,262</u> | <u>\$ 19,230,262</u> |

United States Department of Housing and Urban Development Grant Repayment

The City of Pine Bluff's Community Development Department received notification from the United States Department of Housing and Urban Development of instances of noncompliance within the City's Community Development Block Grant and Home Investment Partnerships (HOME) Program. These instances of noncompliance will result in repayment of non federal funds of \$358,408.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2014:

| Project Name                               | Estimated Completion Date | Contract Balance<br>December 31, 2014 |
|--------------------------------------------|---------------------------|---------------------------------------|
| Dew Drop Drainage                          | Completed May 1, 2015     | \$ 150,791                            |
| Animal Control Office                      | September 30, 2015        | 21,600                                |
| Joe Thomas Police Facility Renovation      | November 15, 2015         | 2,292,873                             |
| Joe Thomas Police Facility - Architectural | November 15, 2015         | 42,512                                |
| Pitts Drainage Improvement                 | Completed July 31, 2015   | 755,570                               |
| Townsend Park Lighting                     | Completed May 15, 2015    | 8,671                                 |
| Splash Park                                | Completed May 1, 2015     | 17,694                                |
| Total                                      |                           | <u>\$ 3,289,711</u>                   |

**NOTE 13: Interfund Transfers**

The General Fund transferred \$345,436 to Other Funds in the Aggregate for the following: \$85,655 to the Community Development Fund to provide matching funds for a community development grant; \$50,000 to supplement the Southeast Arkansas Arts and Science Center Commission Fund; and \$209,781 to supplement the Transit Fund. The Other Funds in the Aggregate transferred \$147,306 to the General Fund as reimbursement of expenses from the Jail Fee Fund and Emergency Vehicle Fund. Other Funds in the Aggregate transferred \$4,858,192 between debt service funds to refund the Equipment Acquisition and Improvement bond issue.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 14: Prior Year Restatement**

The fund balances for the General Fund and Other Funds in the Aggregate at January 1, 2014 decreased and increased, respectively, by \$220,628 to reflect the Transit, Grants, and Department of Housing and Urban Development Storm Recovery Drainage Grant Funds as part of the Other Funds in the Aggregate. These funds had previously been reflected in the General Fund.

**NOTE 15: 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. Principal and interest paid were \$275,000 and \$59,100, respectively. The remaining bonds of \$4,855,000 were refunded on May 1, 2014, and \$42,544 of related interest and fees were paid.

The City pledged future franchise fees to repay \$6,015,000 in capital improvement refunding and improvement bonds that were issued in 2014 to refund the 2009 series refunding and acquisition bonds and to provide funding for various capital improvements. Total principal and interest remaining on the bonds are \$6,015,000 and \$1,893,433, respectively, payable through May 2039. For 2014, interest paid was \$88,912.

Franchise fees in excess of debt service requirements are permitted to be used for other city expenditures. The City received \$3,452,811 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 and to repay \$5,355,000 bonds that were issued in 2012 for various capital improvements. Total principal and interest remaining on the bonds are \$8,025,000 and \$3,300,785 for the 2011 bond issue and \$5,055,000 and \$2,433,051 for the 2012 bond issue, respectively, payable October 1, 2012 through October 1, 2036. For 2014, principal and interest paid were \$550,000 and \$283,730, respectively, for the 2011 bond issue. For 2014, principal and interest paid were \$165,000 and \$175,065, respectively, for the 2012 bond issue.

Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures. The City received \$4,333,094 in sales taxes for the repayment of these bonds.

**NOTE 16: Joint Ventures**

**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   | <u>25.35%</u>  |
| Total              | <u>100.00%</u> |

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 16: Joint Ventures (Continued)**

A. Metropolitan Emergency Communications Association (Continued)

The City paid Metropolitan Emergency Communications Association \$633,604 in 2014. 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 Pine Bluff and Jefferson County Library 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 Pine Bluff and Jefferson County Library System. The Board shall fix the number and salaries of employees of the Pine Bluff and Jefferson County Library System. The City paid the Pine Bluff and Jefferson County Library System \$587,979 in 2014. Separate financial statements are available at 200 East Eighth Street, Pine Bluff, Arkansas 71601.

**NOTE 17: 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 office of the 11<sup>th</sup> Judicial District-East and the 11<sup>th</sup> Judicial District-West entered into an agreement to establish the Tri-County Drug Task Force. The agreement covers the period July 1, 2013 to June 30, 2014 and may be extended upon written mutual agreement. The City of Pine Bluff withdrew from the Tri-County Drug Task Force on June 30, 2014. 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 Tri-County Drug Task Force by the City. The 2014 financial statements of the Tri-County Drug Task Force have not been audited.

**NOTE 18: 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 were no settlements paid by the City in 2012 and 2013. Settlements paid by the City in excess of Arkansas Municipal Leagues' coverage totaled \$2,500 in 2014. 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 as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers motor 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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 18: Risk Management (Continued)**

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 \$2,500 deductible per occurrence.

**NOTE 19: 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. The City's contribution to the plan was \$275 for the year ended December 31, 2014. On December 31, 2013, administration of the plan was transferred to the Arkansas Local Police and Fire Retirement (LOPFI) system. Based on the December 31, 2013 actuarial valuation, the plan has a net pension liability of \$8,545,954.

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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 19: Firemen's Pension and Relief Plan (Continued)**

Deferred Retirement Option Plan (Continued)

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 20: 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.

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; all forfeitures and fines imposed upon any member of the police department by way of discipline; 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. The City's contribution to the plan was \$2,103 for the year ended December 31, 2014. Based on the December 31, 2013 actuarial valuation, the plan has a net pension liability of \$15,285,853.

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.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 21: 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, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

On December 31, 2013, administration of the City of Pine Bluff's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

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

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. The plan is also funded with state insurance tax. The City's contribution to the plan was \$611,265 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$664,084 for the year ended December 31, 2014.

**NOTE 22: 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 Court Clerk (Division 2). 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, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website [www.apers.org](http://www.apers.org).

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. The City's contribution to the plan on behalf of the District Court Clerk only was \$7,952 for the year ended December 31, 2014.

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**NOTE 23: 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. The City's contribution to the plan was \$479,815 for the year ended December 31, 2014. Based on the December 31, 2013 actuarial valuation, the plan has an unfunded actuarial liability of \$381,000.

**NOTE 24: Voluntary Grant Reductions in Lieu of Repayment**

The City voluntarily requested reductions in grant funding for the City's Community Development Block Grant and HOME Investment Partnership Program to resolve findings of noncompliance by the United States Department of Housing and Urban Development. These reductions will total \$317,805 and will be withheld over the next three years as follows:

| <u>Years Ending<br/>December 31,</u> | <u>Total</u>      |
|--------------------------------------|-------------------|
| 2015                                 | \$ 103,594        |
| 2016                                 | 108,828           |
| 2017                                 | <u>105,383</u>    |
| Total                                | <u>\$ 317,805</u> |

**NOTE 25: Debt Refunding**

On May 1, 2014, the City issued \$6,015,000 in Capital Improvement Refunding and Improvement Revenue Bonds (Franchise Fee Revenue Refunding and Improvement Bonds) with interest rates from 1 to 4.25 percent to advance refund \$4,855,000 of outstanding bonds dated October 1, 2009, with interest rates of 3.15 to 4.5 percent. Bond proceeds of \$4,897,544 were remitted to the escrow agent to refund the 2009 bonds (\$4,855,000) and pay related interest and fees of \$42,544. The remaining proceeds of \$1,058,696 (after payment of \$58,760 net bond issuance cost) were used to establish the 2014 Capital Projects Fund. The 2009 bonds were called on May 1, 2014.

**NOTE 26: Sale of Art Collection**

The Southeast Arkansas Arts and Science Center Commission sold a fine art collection during 2014 for \$314,827, terms of the agreement are 10 annual installments of \$31,483, beginning September 1, 2014. The balance of the agreement at December 31, 2014 is \$283,344.

CITY OF PINE BLUFF, ARKANSAS  
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
REGULATORY BASIS  
DECEMBER 31, 2014

Schedule 1

| SPECIAL REVENUE FUNDS                      |                          |                                 |                   |                              |                                                                |                                |                 |                      |
|--------------------------------------------|--------------------------|---------------------------------|-------------------|------------------------------|----------------------------------------------------------------|--------------------------------|-----------------|----------------------|
|                                            | Community<br>Development | Historic District<br>Commission | Jail Fee          | Administration of<br>Justice | Southeast<br>Arkansas Arts and<br>Science Center<br>Commission | Vice Intelligence<br>Narcotics | Grants          | Emergency<br>Vehicle |
| ASSETS                                     |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Cash and cash equivalents                  | \$ 176,505               | \$ 1,436                        | \$ 239,040        | \$ 190,279                   | \$ 421,180                                                     | \$ 172,479                     | \$ 9,918        | \$ 154               |
| Investments                                |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Accounts receivable                        | 241,133                  |                                 |                   |                              | 35,644                                                         |                                |                 |                      |
| <b>TOTAL ASSETS</b>                        | <b>\$ 417,638</b>        | <b>\$ 1,436</b>                 | <b>\$ 239,040</b> | <b>\$ 190,279</b>            | <b>\$ 456,824</b>                                              | <b>\$ 172,479</b>              | <b>\$ 9,918</b> | <b>\$ 154</b>        |
| LIABILITIES AND FUND BALANCES              |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Liabilities:                               |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Accounts payable                           |                          |                                 |                   |                              | \$ 17,094                                                      |                                |                 | \$ 188               |
| Interfund payables                         | \$ 299,754               |                                 | \$ 60,467         |                              |                                                                |                                |                 | 5,200                |
| Settlements pending                        |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Total Liabilities                          | 299,754                  |                                 | 60,467            |                              | 17,094                                                         |                                |                 | 5,388                |
| Fund Balances:                             |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Nonspendable                               |                          |                                 |                   |                              |                                                                |                                |                 |                      |
| Restricted                                 | 117,884                  | \$ 1,436                        | 178,573           | \$ 190,279                   |                                                                | \$ 172,479                     | \$ 9,718        |                      |
| Committed                                  |                          |                                 |                   |                              | 227,230                                                        |                                |                 |                      |
| Assigned                                   |                          |                                 |                   |                              | 212,500                                                        |                                | 200             |                      |
| Unassigned                                 |                          |                                 |                   |                              |                                                                |                                |                 | (5,234)              |
| Total Fund Balances                        | 117,884                  | 1,436                           | 178,573           | 190,279                      | 439,730                                                        | 172,479                        | 9,918           | (5,234)              |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 417,638</b>        | <b>\$ 1,436</b>                 | <b>\$ 239,040</b> | <b>\$ 190,279</b>            | <b>\$ 456,824</b>                                              | <b>\$ 172,479</b>              | <b>\$ 9,918</b> | <b>\$ 154</b>        |

CITY OF PINE BLUFF, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2014

Schedule 1

|                                            | SPECIAL REVENUE FUNDS                                                                    |                   | CAPITAL PROJECTS FUNDS                                      |                                                             |                                       | DEBT SERVICE FUNDS                                             |                                                                                  |
|--------------------------------------------|------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                            | Department of<br>Housing and<br>Urban<br>Development<br>Storm Recovery<br>Drainage Grant | Transit           | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2012 | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2011 | Capital<br>Improvement<br>Series 2014 | Sales and Use<br>Tax Improvement<br>Bond Series<br>2011 - 2012 | Franchise Fee<br>Improvement<br>Refunding and<br>Improvement<br>Bond Series 2014 |
| ASSETS                                     |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Cash and cash equivalents                  | \$ 100                                                                                   | \$ 29,459         | \$ 3,373,237                                                | \$ 1,226,396                                                | \$ 526,982                            | \$ 866,351                                                     | \$ 239,944                                                                       |
| Investments                                |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Accounts receivable                        | 54,815                                                                                   | 85,431            |                                                             |                                                             |                                       | 347,802                                                        | 290,622                                                                          |
| <b>TOTAL ASSETS</b>                        | <b>\$ 54,915</b>                                                                         | <b>\$ 114,890</b> | <b>\$ 3,373,237</b>                                         | <b>\$ 1,226,396</b>                                         | <b>\$ 526,982</b>                     | <b>\$ 1,214,153</b>                                            | <b>\$ 530,566</b>                                                                |
| LIABILITIES AND FUND BALANCES              |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Liabilities:                               |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Accounts payable                           |                                                                                          | \$ 5,070          |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Interfund payables                         | \$ 54,915                                                                                | 161,422           |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Settlements pending                        |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Total Liabilities                          | 54,915                                                                                   | 166,492           |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Fund Balances:                             |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Nonspendable                               |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Restricted                                 |                                                                                          |                   | \$ 3,373,237                                                | \$ 1,226,396                                                |                                       |                                                                |                                                                                  |
| Committed                                  |                                                                                          |                   |                                                             |                                                             | \$ 526,982                            | \$ 1,214,153                                                   | \$ 530,566                                                                       |
| Assigned                                   |                                                                                          |                   |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Unassigned                                 |                                                                                          | (51,602)          |                                                             |                                                             |                                       |                                                                |                                                                                  |
| Total Fund Balances                        |                                                                                          | (51,602)          | 3,373,237                                                   | 1,226,396                                                   | 526,982                               | 1,214,153                                                      | 530,566                                                                          |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 54,915</b>                                                                         | <b>\$ 114,890</b> | <b>\$ 3,373,237</b>                                         | <b>\$ 1,226,396</b>                                         | <b>\$ 526,982</b>                     | <b>\$ 1,214,153</b>                                            | <b>\$ 530,566</b>                                                                |

CITY OF PINE BLUFF, ARKANSAS  
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
REGULATORY BASIS  
DECEMBER 31, 2014

Schedule 1

|                                            | PERMANENT<br>FUND | TRUST FUNDS          |                                      |                                | AGENCY FUNDS                   |                   |                             |                      |
|--------------------------------------------|-------------------|----------------------|--------------------------------------|--------------------------------|--------------------------------|-------------------|-----------------------------|----------------------|
|                                            | Cemetery Trust    | City Retirement      | Policemen's<br>Pension and<br>Relief | District Court<br>(Division 1) | District Court<br>(Division 2) | Payroll           | Health Insurance<br>Premium | Totals               |
| ASSETS                                     |                   |                      |                                      |                                |                                |                   |                             |                      |
| Cash and cash equivalents                  | \$ 358,216        | \$ 3,346,567         | \$ 1,283,299                         | \$ 138,989                     | \$ 46,031                      | \$ 137,360        | \$ 6,643                    | \$ 12,790,565        |
| Investments                                | 118,641           | 22,076,490           | 12,692,862                           |                                |                                |                   |                             | 34,887,993           |
| Accounts receivable                        |                   | 78,233               | 54,477                               |                                |                                |                   |                             | 1,188,157            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 476,857</b> | <b>\$ 25,501,290</b> | <b>\$ 14,030,638</b>                 | <b>\$ 138,989</b>              | <b>\$ 46,031</b>               | <b>\$ 137,360</b> | <b>\$ 6,643</b>             | <b>\$ 48,866,715</b> |
| LIABILITIES AND FUND BALANCES              |                   |                      |                                      |                                |                                |                   |                             |                      |
| Liabilities:                               |                   |                      |                                      |                                |                                |                   |                             |                      |
| Accounts payable                           |                   | \$ 86,081            |                                      |                                |                                |                   |                             | \$ 108,433           |
| Interfund payables                         |                   |                      |                                      |                                |                                |                   |                             | 581,758              |
| Settlements pending                        |                   |                      |                                      | \$ 138,989                     | \$ 46,031                      | \$ 137,360        | \$ 6,643                    | 329,023              |
| Total Liabilities                          |                   | 86,081               |                                      | 138,989                        | 46,031                         | 137,360           | 6,643                       | 1,019,214            |
| Fund Balances:                             |                   |                      |                                      |                                |                                |                   |                             |                      |
| Nonspendable                               | \$ 476,857        |                      |                                      |                                |                                |                   |                             | 476,857              |
| Restricted                                 |                   | 25,415,209           | \$ 14,030,638                        |                                |                                |                   |                             | 44,715,849           |
| Committed                                  |                   |                      |                                      |                                |                                |                   |                             | 2,498,931            |
| Assigned                                   |                   |                      |                                      |                                |                                |                   |                             | 212,700              |
| Unassigned                                 |                   |                      |                                      |                                |                                |                   |                             | (56,836)             |
| Total Fund Balances                        | 476,857           | 25,415,209           | 14,030,638                           |                                |                                |                   |                             | 47,847,501           |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 476,857</b> | <b>\$ 25,501,290</b> | <b>\$ 14,030,638</b>                 | <b>\$ 138,989</b>              | <b>\$ 46,031</b>               | <b>\$ 137,360</b> | <b>\$ 6,643</b>             | <b>\$ 48,866,715</b> |

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, 2014

Schedule 2

|                                 | SPECIAL REVENUE FUNDS    |                                 |            |                              |                                                                |                                |                      |
|---------------------------------|--------------------------|---------------------------------|------------|------------------------------|----------------------------------------------------------------|--------------------------------|----------------------|
|                                 | Community<br>Development | Historic District<br>Commission | Jail Fee   | Administration of<br>Justice | Southeast<br>Arkansas Arts and<br>Science Center<br>Commission | Vice Intelligence<br>Narcotics | Emergency<br>Vehicle |
| REVENUES                        |                          |                                 |            |                              |                                                                |                                |                      |
| State aid                       |                          |                                 |            |                              | \$ 67,334                                                      |                                |                      |
| Federal aid                     | \$ 1,277,349             |                                 |            |                              |                                                                | \$ 53,526                      |                      |
| Property taxes                  |                          |                                 |            |                              |                                                                |                                |                      |
| Franchise fees                  |                          |                                 |            |                              |                                                                |                                |                      |
| Sales taxes                     |                          |                                 |            |                              |                                                                |                                |                      |
| Fines, forfeitures, and costs   |                          |                                 | \$ 107,780 | \$ 63,654                    |                                                                |                                | \$ 72,076            |
| Interest                        |                          |                                 | 325        | 247                          | 189                                                            | 211                            | 52                   |
| Local permits and fees          |                          |                                 |            |                              | 132,151                                                        |                                |                      |
| Transit fees                    |                          |                                 |            |                              |                                                                |                                |                      |
| Employer contribution           |                          |                                 |            |                              |                                                                |                                |                      |
| Employee contribution           |                          |                                 |            |                              |                                                                |                                |                      |
| Donations                       |                          |                                 |            |                              | 259,269                                                        |                                |                      |
| Net gain on sale of investments |                          |                                 |            |                              |                                                                |                                |                      |
| Sale of fine art collection     |                          |                                 |            |                              | 31,483                                                         |                                |                      |
| Other                           | 122,138                  |                                 |            |                              | 74,983                                                         |                                |                      |
| TOTAL REVENUES                  | 1,399,487                |                                 | 108,105    | 63,901                       | 565,409                                                        | 53,737                         | 72,128               |
| EXPENDITURES                    |                          |                                 |            |                              |                                                                |                                |                      |
| Current:                        |                          |                                 |            |                              |                                                                |                                |                      |
| General government              | 1,439,292                | \$ 1,341                        |            |                              |                                                                |                                |                      |
| Law enforcement                 |                          |                                 | 15,070     | 12,439                       |                                                                | 15,069                         | 198                  |
| Highways and streets            |                          |                                 |            |                              |                                                                |                                |                      |
| Public safety                   |                          |                                 |            |                              |                                                                |                                |                      |
| Recreation and culture          |                          |                                 |            |                              | 507,361                                                        |                                |                      |
| Social services                 |                          |                                 |            |                              |                                                                |                                | 151,134              |
| Transit                         |                          |                                 |            |                              |                                                                |                                |                      |
| Net loss on sale of investments |                          |                                 |            |                              |                                                                |                                |                      |
| Total Current                   | 1,439,292                | 1,341                           | 15,070     | 12,439                       | 507,361                                                        | 15,069                         | 198                  |
| Debt Service:                   |                          |                                 |            |                              |                                                                |                                |                      |
| Bond principal                  |                          |                                 |            |                              |                                                                |                                |                      |
| Bond interest and other charges |                          |                                 |            |                              |                                                                |                                |                      |
| Lease principal                 | 266                      |                                 |            |                              |                                                                |                                |                      |
| Lease interest                  | 1                        |                                 |            |                              |                                                                |                                |                      |
| Note principal                  |                          |                                 |            |                              |                                                                |                                | 33,396               |
| Note interest                   |                          |                                 |            |                              |                                                                |                                | 1,035                |
| TOTAL EXPENDITURES              | 1,439,559                | 1,341                           | 15,070     | 12,439                       | 507,361                                                        | 15,069                         | 34,629               |

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, 2014

Schedule 2

|                                                                                  | SPECIAL REVENUE FUNDS    |                                 |            |                              |                                                                |                                |          |                      |
|----------------------------------------------------------------------------------|--------------------------|---------------------------------|------------|------------------------------|----------------------------------------------------------------|--------------------------------|----------|----------------------|
|                                                                                  | Community<br>Development | Historic District<br>Commission | Jail Fee   | Administration of<br>Justice | Southeast<br>Arkansas Arts and<br>Science Center<br>Commission | Vice Intelligence<br>Narcotics | Grants   | Emergency<br>Vehicle |
| EXCESS OF REVENUES OVER (UNDER)<br>EXPENDITURES                                  | \$ (40,072)              | \$ (1,341)                      | \$ 93,035  | \$ 51,462                    | \$ 58,048                                                      | \$ 38,668                      | \$ 9,718 | \$ 37,499            |
| OTHER FINANCING SOURCES (USES)                                                   |                          |                                 |            |                              |                                                                |                                |          |                      |
| Transfers in                                                                     | 85,655                   |                                 |            |                              | 50,000                                                         |                                |          |                      |
| Transfers out                                                                    |                          |                                 | (83,760)   |                              |                                                                |                                |          | (63,546)             |
| Bond proceeds                                                                    |                          |                                 |            |                              |                                                                |                                |          |                      |
| Payment to escrow agent                                                          |                          |                                 |            |                              |                                                                |                                |          |                      |
| Transfer to Arkansas Local Police and Fire Retirement System                     |                          |                                 |            |                              |                                                                |                                |          |                      |
| TOTAL OTHER FINANCING SOURCES (USES)                                             | 85,655                   |                                 | (83,760)   |                              | 50,000                                                         |                                |          | (63,546)             |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | 45,583                   | (1,341)                         | 9,275      | 51,462                       | 108,048                                                        | 38,668                         | 9,718    | (26,047)             |
| FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED                                | 72,301                   | 2,777                           | 169,298    | 138,817                      | 331,682                                                        | 133,811                        |          | 20,813               |
| Restatement adjustment (Note 14)                                                 |                          |                                 |            |                              |                                                                |                                | 200      |                      |
| FUND BALANCES - JANUARY 1, AS RESTATED                                           | 72,301                   | 2,777                           | 169,298    | 138,817                      | 331,682                                                        | 133,811                        | 200      | 20,813               |
| FUND BALANCES - DECEMBER 31                                                      | \$ 117,884               | \$ 1,436                        | \$ 178,573 | \$ 190,279                   | \$ 439,730                                                     | \$ 172,479                     | \$ 9,918 | \$ (5,234)           |

CITY OF PINE BLUFF, ARKANSAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
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FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

|                                 | SPECIAL REVENUE FUNDS                                                                 |                  | CAPITAL PROJECTS FUNDS                                      |                                                             |                                       | DEBT SERVICE FUNDS                                             |                                                                |                                                                                  |
|---------------------------------|---------------------------------------------------------------------------------------|------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                 | Department of<br>Housing and Urban<br>Development Storm<br>Recovery Drainage<br>Grant | Transit          | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2012 | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2011 | Capital<br>Improvement<br>Series 2014 | Franchise Fee<br>Revenue<br>Refunding and<br>Acquisition Bonds | Sales and Use<br>Tax Improvement<br>Bond Series 2011 -<br>2012 | Franchise Fee<br>Improvement<br>Refunding and<br>Improvement Bond<br>Series 2014 |
| REVENUES                        |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| State aid                       |                                                                                       | \$ 119,590       |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Federal aid                     | \$ 148,894                                                                            | 737,317          |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Property taxes                  |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Franchise fees                  |                                                                                       |                  |                                                             |                                                             |                                       | \$ 375,644                                                     |                                                                | \$ 618,287                                                                       |
| Sales taxes                     |                                                                                       |                  |                                                             |                                                             |                                       |                                                                | \$ 1,157,098                                                   |                                                                                  |
| Fines, forfeitures, and costs   |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Interest                        |                                                                                       | 99               | \$ 390                                                      | \$ 241                                                      | \$ 39                                 | 125                                                            | 1,954                                                          | 10                                                                               |
| Local permits and fees          |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Transit fees                    |                                                                                       | 63,295           |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Employer contribution           |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Employee contribution           |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Donations                       |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Net gain on sale of investments |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Sale of fine art collection     |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Other                           |                                                                                       | 6,700            |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| <b>TOTAL REVENUES</b>           | <b>148,894</b>                                                                        | <b>927,001</b>   | <b>390</b>                                                  | <b>241</b>                                                  | <b>39</b>                             | <b>375,769</b>                                                 | <b>1,159,052</b>                                               | <b>618,297</b>                                                                   |
| EXPENDITURES                    |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Current:                        |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| General government              | 148,994                                                                               |                  | 527,001                                                     |                                                             | 563,451                               |                                                                |                                                                |                                                                                  |
| Law enforcement                 |                                                                                       |                  | 27,702                                                      | 119,456                                                     | 27,062                                |                                                                |                                                                |                                                                                  |
| Highways and streets            |                                                                                       |                  | 70,871                                                      | 195,362                                                     |                                       |                                                                |                                                                |                                                                                  |
| Public safety                   |                                                                                       |                  | 109,036                                                     | 930,537                                                     |                                       |                                                                |                                                                |                                                                                  |
| Recreation and culture          |                                                                                       |                  | 4,200                                                       | 584,080                                                     |                                       |                                                                |                                                                |                                                                                  |
| Social services                 |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Transit                         |                                                                                       | 1,408,712        |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Net loss on sale of investments |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| <b>Total Current</b>            | <b>148,994</b>                                                                        | <b>1,408,712</b> | <b>738,810</b>                                              | <b>1,829,435</b>                                            | <b>590,513</b>                        |                                                                |                                                                |                                                                                  |
| Debt Service:                   |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Bond principal                  |                                                                                       |                  |                                                             |                                                             |                                       | 275,000                                                        | 715,000                                                        |                                                                                  |
| Bond interest and other charges |                                                                                       |                  |                                                             |                                                             |                                       | 59,100                                                         | 469,695                                                        | 129,467                                                                          |
| Lease principal                 |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Lease interest                  |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Note principal                  |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Note interest                   |                                                                                       |                  |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| <b>TOTAL EXPENDITURES</b>       | <b>148,994</b>                                                                        | <b>1,408,712</b> | <b>738,810</b>                                              | <b>1,829,435</b>                                            | <b>590,513</b>                        | <b>334,100</b>                                                 | <b>1,184,695</b>                                               | <b>129,467</b>                                                                   |

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, 2014

Schedule 2

|                                                                                  | SPECIAL REVENUE FUNDS                                                                 |              | CAPITAL PROJECTS FUNDS                                      |                                                             |                                       | DEBT SERVICE FUNDS                                             |                                                                |                                                                                  |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                                                                  | Department of<br>Housing and Urban<br>Development Storm<br>Recovery Drainage<br>Grant | Transit      | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2012 | Sales and Use<br>Tax Capital<br>Improvements<br>Series 2011 | Capital<br>Improvement<br>Series 2014 | Franchise Fee<br>Revenue<br>Refunding and<br>Acquisition Bonds | Sales and Use<br>Tax Improvement<br>Bond Series 2011 -<br>2012 | Franchise Fee<br>Improvement<br>Refunding and<br>Improvement Bond<br>Series 2014 |
| EXCESS OF REVENUES OVER (UNDER)<br>EXPENDITURES                                  | \$ (100)                                                                              | \$ (481,711) | \$ (738,420)                                                | \$ (1,829,194)                                              | \$ (590,474)                          | \$ 41,669                                                      | \$ (25,643)                                                    | \$ 488,830                                                                       |
| OTHER FINANCING SOURCES (USES)                                                   |                                                                                       |              |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| Transfers in                                                                     |                                                                                       | 209,781      |                                                             |                                                             |                                       | 4,857,000                                                      |                                                                | 1,192                                                                            |
| Transfers out                                                                    |                                                                                       |              |                                                             |                                                             |                                       | (1,192)                                                        |                                                                | (4,857,000)                                                                      |
| Bond proceeds                                                                    |                                                                                       |              |                                                             |                                                             | 1,117,456                             |                                                                |                                                                | 4,897,544                                                                        |
| Payment to escrow agent                                                          |                                                                                       |              |                                                             |                                                             |                                       | (4,897,544)                                                    |                                                                |                                                                                  |
| Transfer to Arkansas Local Police and Fire Retirement System                     |                                                                                       |              |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| TOTAL OTHER FINANCING SOURCES (USES)                                             |                                                                                       | 209,781      |                                                             |                                                             | 1,117,456                             | (41,736)                                                       |                                                                | 41,736                                                                           |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | (100)                                                                                 | (271,930)    | (738,420)                                                   | (1,829,194)                                                 | 526,982                               | (67)                                                           | (25,643)                                                       | 530,566                                                                          |
| FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED                                |                                                                                       |              | 4,111,657                                                   | 3,055,590                                                   |                                       | 67                                                             | 1,239,796                                                      |                                                                                  |
| Restatement adjustment (Note 14)                                                 | 100                                                                                   | 220,328      |                                                             |                                                             |                                       |                                                                |                                                                |                                                                                  |
| FUND BALANCES - JANUARY 1, AS RESTATED                                           | 100                                                                                   | 220,328      | 4,111,657                                                   | 3,055,590                                                   |                                       | 67                                                             | 1,239,796                                                      |                                                                                  |
| FUND BALANCES - DECEMBER 31                                                      | \$ 0                                                                                  | \$ (51,602)  | \$ 3,373,237                                                | \$ 1,226,396                                                | \$ 526,982                            | \$ 0                                                           | \$ 1,214,153                                                   | \$ 530,566                                                                       |

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, 2014

Schedule 2

|                                 | PERMANENT FUND | TRUST FUNDS     |                                 |                                      |            |
|---------------------------------|----------------|-----------------|---------------------------------|--------------------------------------|------------|
|                                 | Cemetery Trust | City Retirement | Firemen's Pension<br>and Relief | Policemen's<br>Pension and<br>Relief | Totals     |
| REVENUES                        |                |                 |                                 |                                      |            |
| State aid                       |                |                 |                                 | \$ 234,518                           | \$ 582,294 |
| Federal aid                     |                |                 |                                 |                                      | 2,217,086  |
| Property taxes                  |                |                 |                                 | 365,172                              | 365,172    |
| Franchise fees                  |                |                 |                                 |                                      | 993,931    |
| Sales taxes                     |                |                 |                                 |                                      | 1,157,098  |
| Fines, forfeitures, and costs   |                |                 |                                 | 95,062                               | 338,572    |
| Interest                        | \$ 13,421      | \$ 647,301      | \$ 1,084                        | 465,101                              | 1,130,789  |
| Local permits and fees          |                |                 |                                 |                                      | 132,151    |
| Transit fees                    |                |                 |                                 |                                      | 63,295     |
| Employer contribution           |                | 479,815         | 275                             |                                      | 480,090    |
| Employee contribution           |                | 296,829         | 275                             |                                      | 297,104    |
| Donations                       |                |                 |                                 |                                      | 259,269    |
| Net gain on sale of investments |                | 431,953         |                                 | 790,001                              | 1,221,954  |
| Sale of fine art collection     |                |                 |                                 |                                      | 31,483     |
| Other                           |                |                 |                                 | 4,206                                | 208,027    |
|                                 |                |                 |                                 |                                      |            |
| TOTAL REVENUES                  | 13,421         | 1,855,898       | 1,634                           | 1,954,060                            | 9,478,315  |
| EXPENDITURES                    |                |                 |                                 |                                      |            |
| Current:                        |                |                 |                                 |                                      |            |
| General government              |                | 1,626,491       |                                 |                                      | 4,306,570  |
| Law enforcement                 |                |                 |                                 | 2,152,320                            | 2,369,316  |
| Highways and streets            |                |                 |                                 |                                      | 266,233    |
| Public safety                   |                |                 |                                 |                                      | 1,039,573  |
| Recreation and culture          |                |                 |                                 |                                      | 1,246,775  |
| Social services                 | 4,517          |                 |                                 |                                      | 4,517      |
| Transit                         |                |                 |                                 |                                      | 1,408,712  |
| Net loss on sale of investments | 322            |                 |                                 |                                      | 322        |
| Total Current                   | 4,839          | 1,626,491       |                                 | 2,152,320                            | 10,642,018 |
| Debt Service:                   |                |                 |                                 |                                      |            |
| Bond principal                  |                |                 |                                 |                                      | 990,000    |
| Bond interest and other charges |                |                 |                                 |                                      | 658,262    |
| Lease principal                 |                |                 |                                 |                                      | 266        |
| Lease interest                  |                |                 |                                 |                                      | 1          |
| Note principal                  |                |                 |                                 |                                      | 33,396     |
| Note interest                   |                |                 |                                 |                                      | 1,035      |
|                                 |                |                 |                                 |                                      |            |
| TOTAL EXPENDITURES              | 4,839          | 1,626,491       |                                 | 2,152,320                            | 12,324,978 |

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, 2014

Schedule 2

|                                                                                  | PERMANENT FUND | TRUST FUNDS     |                                 |                                      |                |
|----------------------------------------------------------------------------------|----------------|-----------------|---------------------------------|--------------------------------------|----------------|
|                                                                                  | Cemetery Trust | City Retirement | Firemen's Pension<br>and Relief | Policemen's<br>Pension and<br>Relief | Totals         |
| EXCESS OF REVENUES OVER (UNDER)<br>EXPENDITURES                                  | \$ 8,582       | \$ 229,407      | \$ 1,634                        | \$ (198,260)                         | \$ (2,846,663) |
| OTHER FINANCING SOURCES (USES)                                                   |                |                 |                                 |                                      |                |
| Transfers in                                                                     |                |                 |                                 |                                      | 5,203,628      |
| Transfers out                                                                    |                |                 |                                 |                                      | (5,005,498)    |
| Bond proceeds                                                                    |                |                 |                                 |                                      | 6,015,000      |
| Payment to escrow agent                                                          |                |                 |                                 |                                      | (4,897,544)    |
| Transfer to Arkansas Local Police and Fire Retirement System                     |                |                 | (34,264)                        |                                      | (34,264)       |
| TOTAL OTHER FINANCING SOURCES (USES)                                             |                |                 | (34,264)                        |                                      | 1,281,322      |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | 8,582          | 229,407         | (32,630)                        | (198,260)                            | (1,565,341)    |
| FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED                                | 468,275        | 25,185,802      | 32,630                          | 14,228,898                           | 49,192,214     |
| Restatement adjustment (Note 14)                                                 |                |                 |                                 |                                      | 220,628        |
| FUND BALANCES - JANUARY 1, AS RESTATED                                           | 468,275        | 25,185,802      | 32,630                          | 14,228,898                           | 49,412,842     |
| FUND BALANCES - DECEMBER 31                                                      | \$ 476,857     | \$ 25,415,209   | \$ 0                            | \$ 14,030,638                        | \$ 47,847,501  |

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2014

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.                                                                                                                                                                                      |
| Jail Fee                                              | Ark. Code Ann. § 16-17-129 and Pine Bluff Ordinance no. 6286 (June 15, 2009) allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; construction, maintenance, and operation of the county jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and deputy sheriffs. |
| Administration of Justice                             | Ark. Code Ann. § 16-17-126 authorizes District Court 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.                                                                                                                                                                                                                                                                  |
| Vice Intelligence Narcotics                           | City established fund to process the Department of Justice and the Department of the Treasury's Federal Equitable sharing grants for law enforcement purposes.                                                                                                                                                                                                                                                           |
| Grants                                                | City established fund to process various state and federal grants. This fund was moved from the General Fund to a Special Revenue Fund as of January 1, 2014.                                                                                                                                                                                                                                                            |
| Emergency Vehicle                                     | Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.                                                                          |

CITY OF PINE BLUFF, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2014

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

| Fund Name                                                                 | Fund Description                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Department of Housing and Urban Development Storm Recovery Drainage Grant | City established fund to process the United States Department of Housing and Urban Development's Storm Recovery Grant. This fund was moved from the General Fund to a Special Revenue Fund as of January 1, 2014.                                                                                            |
| Transit                                                                   | The City established fund to process revenues and expenditures of the City Transit Department including grants issued under the United States Department of Transportation Urban Mass Transportation Act of 1964. This fund was moved from the General Fund to a Special Revenue Fund as of January 1, 2014. |
| Sales and Use Tax Capital Improvements Series 2012                        | Pine Bluff Ordinance no. 6400 (July 16, 2012) authorized 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.                                              |
| Sales and Use Tax Capital Improvements Series 2011                        | Pine Bluff Ordinance no. 6363 (September 19, 2011) authorized 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.                                         |
| Capital Improvement Series 2014                                           | Pine Bluff Ordinance no. 6481 (March 17, 2014) authorized the issuance of franchise fee revenue refunding and improvement bonds. Trustee established fund to account for the disbursement of proceeds for capital improvements.                                                                              |
| Franchise Fee Revenue Refunding and Acquisition Bonds                     | Pine Bluff Ordinance no. 6290 (September 21, 2009) authorized the issuance of franchise fee revenue refunding and acquisition bonds. Trustee established fund to process the payments on the bonded debt.                                                                                                    |
| Sales and Use Tax Improvement Bond Series 2011 - 2012                     | Pine Bluff Ordinance no. 6363 (September 19, 2011) and no. 6400 (July 16, 2012) authorized 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 OF PINE BLUFF, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2014

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

| Fund Name                                                            | Fund Description                                                                                                                                                                                      |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Franchise Fee Improvement Refunding and Improvement Bond Series 2014 | Pine Bluff Ordinance no. 6481 (March 17, 2014) authorized the issuance of franchise fee revenue refunding and improvement bonds. Trustee established fund to process the payments on the bonded debt. |
| Cemetery Trust                                                       | Ark. Code Ann. §§ 20-17-1013 - 1016 established fund to invest 20% of revenue generated from plot sales to provide permanent maintenance of the City's cemetery.                                      |
| 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 property taxes, state aid, 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 property taxes, state aid, and other revenues allowed by law for support of police retirement programs.                                        |
| 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.                                                                        |

CITY OF PINE BLUFF, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2014  
(Unaudited)

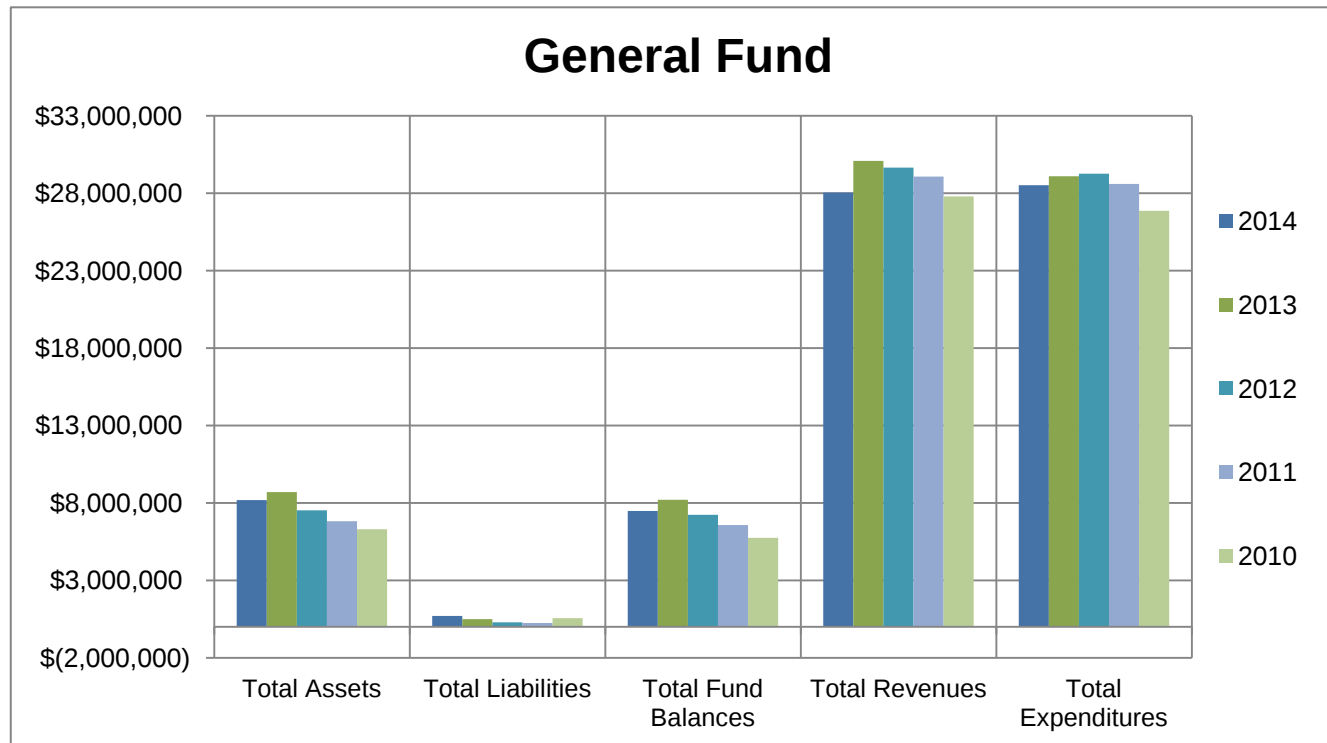
Schedule 3

|                 | December 31,<br>2014 |
|-----------------|----------------------|
| Land            | \$ 439,970           |
| Buildings       | 20,400,540           |
| Infrastructure  | 18,154,734           |
| Improvements    | 3,527,649            |
| Heavy equipment | 9,478,308            |
| Vehicles        | 6,255,452            |
| Equipment       | 3,623,796            |
| Total           | <u>\$ 61,880,449</u> |

CITY OF PINE BLUFF, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
DECEMBER 31, 2014  
(Unaudited)

Schedule 4-1

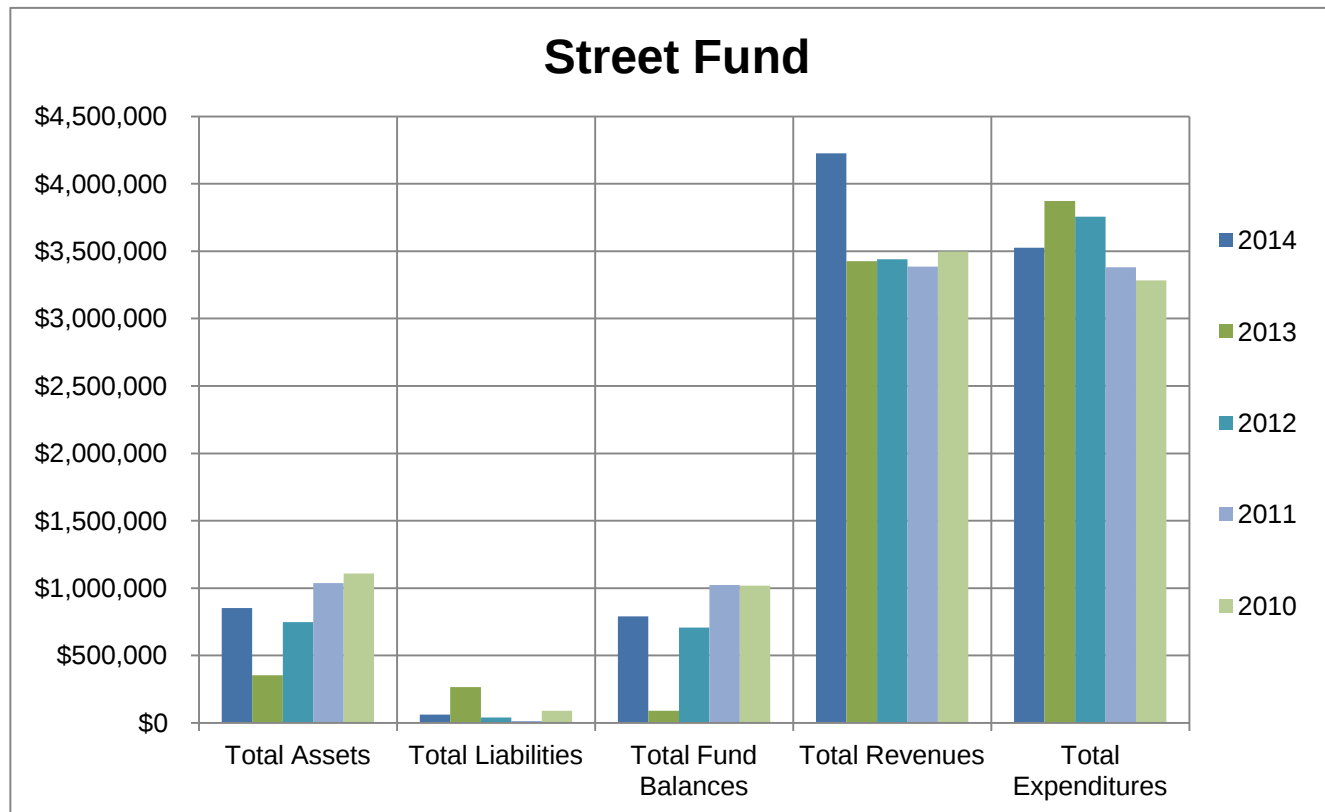
| <b>General</b>                     | <b>2014</b>  | <b>2013</b>  | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets                       | \$ 8,183,923 | \$ 8,713,056 | \$ 7,534,522 | \$ 6,831,167 | \$ 6,314,189 |
| Total Liabilities                  | 696,231      | 508,472      | 301,655      | 246,755      | 565,325      |
| Total Fund Balances                | 7,487,692    | 8,204,584    | 7,232,867    | 6,584,412    | 5,748,864    |
| Total Revenues                     | 28,053,602   | 30,084,182   | 29,653,407   | 29,074,106   | 27,805,755   |
| Total Expenditures                 | 28,511,861   | 29,092,205   | 29,270,290   | 28,605,810   | 26,871,078   |
| Total Other Financing Sources/Uses | (38,005)     | 306,427      | 265,338      | 354,004      | (1,097,804)  |



CITY OF PINE BLUFF, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
DECEMBER 31, 2014  
(Unaudited)

Schedule 4-2

| <b><u>Street</u></b>               | <b><u>2014</u></b> | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Assets                       | \$ 851,718         | \$ 354,642         | \$ 748,675         | \$ 1,038,188       | \$ 1,108,325       |
| Total Liabilities                  | 61,320             | 264,909            | 40,736             | 14,707             | 89,581             |
| Total Fund Balances                | 790,398            | 89,733             | 707,939            | 1,023,481          | 1,018,744          |
| Total Revenues                     | 4,227,291          | 3,426,927          | 3,441,064          | 3,384,678          | 3,496,034          |
| Total Expenditures                 | 3,526,626          | 3,871,433          | 3,756,606          | 3,379,941          | 3,283,320          |
| Total Other Financing Sources/Uses |                    |                    |                    |                    |                    |



CITY OF PINE BLUFF, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
DECEMBER 31, 2014  
(Unaudited)

Schedule 4-3

| <b><u>Other Funds in the Aggregate</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> | <b><u>2012</u></b> | <b><u>2011</u></b> | <b><u>2010</u></b> |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Assets                               | \$ 48,866,715      | \$ 50,538,938      | \$ 63,169,796      | \$ 61,052,939      | \$ 54,424,156      |
| Total Liabilities                          | 1,019,214          | 1,346,724          | 721,220            | 490,012            | 668,954            |
| Total Fund Balances                        | 47,847,501         | 49,192,214         | 62,448,576         | 60,562,927         | 53,755,202         |
| Total Revenues                             | 9,478,315          | 6,748,247          | 7,862,158          | 7,561,521          | 6,158,541          |
| Total Expenditures                         | 12,324,978         | 14,163,268         | 11,575,608         | 10,395,707         | 11,458,413         |
| Total Other Financing Sources/Uses         | 1,281,322          | (6,015,669)        | 5,599,099          | 9,655,159          | 1,938,769          |

