

City of Pine Bluff, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PINE BLUFF, ARKANSAS
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Arkansas

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Senate Chair
Sen. John Payton
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Rep. Jimmy Gazaway
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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 Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Pine Bluff, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2022, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas as of December 31, 2022; 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.

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 section of our report, the accompanying regulatory basis 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 general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 and pervasive.

Emphases of Matter

As discussed in Note 1 to the financial statements, in 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the City would have included some other funds under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The 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, CFF
Legislative Auditor

Little Rock, Arkansas
August 23, 2023
LOM107622

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 AND ON COMPLIANCE AND OTHER MATTERS 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 regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Pine Bluff, Arkansas (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated August 23, 2023. 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 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. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on 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) as a basis for designing 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

We also reported to management of the City in a separate letter dated August 23, 2023.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results 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

A handwritten signature in dark ink, appearing to read "Timothy R. Jones", written in a cursive style.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
August 23, 2023

Arkansas

Sen. David Wallace
Senate Chair
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2022:

Mayor: Shirley Washington
Finance Director: Gina Devers (Appointed Interim January 1, 2022 – January 2, 2022)
Yaminah Roberts (Hired January 3, 2022)
City Clerk: Janice Roberts
Treasurer: Greg Gustek
District Court Clerk: Veronica Young
Urban Renewal Agency Director: Chandra Griffin
Police Chief: Denise Richardson
Parks and Recreation Director: Samuel Glover (Resigned February 10, 2023)

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

Mayor and Urban Renewal Agency Director:

In July 2022, an Urban Renewal (Agency) employee discovered questionable transactions regarding a vendor being utilized by the Agency for asbestos and abatement services. Our review revealed the City paid the vendor \$667,384 from May 2019 through August 2021. After an investigation by Arkansas State Police, Maurice Taggart, who served as Agency Director from August 2018 until September 30, 2021, and an individual associated with the vendor were each charged with 46 counts of forgery and 38 counts of theft of property; Taggart was also charged with one count of abuse of office.

Mayor

The governing body did not review the prior audit report and accompanying comments at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code. Ann. § 10-4-418.

Parks and Recreation Director:

During our review of disbursements and debt payments, we noted the following:

- Proper authorization for two disbursements totaling \$56,095 were not obtained and City ordinance procedures were not followed.
- A short-term lease agreement totaling \$87,520 was entered into without the approval of the governing body.
- A lease agreement for 60 golf carts and global positioning system equipment totaling \$506,863 was entered into without proper approval of the governing body.
- The City entered into a lease agreement for more than 60 months, or 5 years, exceeding the legal restrictions per Ark. Const. Amendment 78, §2.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
August 23, 2023

CITY OF PINE BLUFF, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 34,075,022	\$ 1,934,409	\$ 14,459,082
Investments			27,321,452
Accounts receivable	2,602,788	35,643	1,581,238
Interfund receivables	1,336,934		390,544
	<u>38,014,744</u>	<u>1,970,052</u>	<u>43,752,316</u>
TOTAL ASSETS	<u>\$ 38,014,744</u>	<u>\$ 1,970,052</u>	<u>\$ 43,752,316</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,076,949	\$ 153,959	\$ 307,088
Interfund payables	2,580	412,382	1,312,516
Settlements pending			300,851
Total Liabilities	<u>1,079,529</u>	<u>566,341</u>	<u>1,920,455</u>
Fund Balances:			
Nonspendable			523,308
Restricted	651,759	1,403,711	40,400,894
Committed			183,011
Assigned	8,060,036		812,469
Unassigned	28,223,420		(87,821)
Total Fund Balances	<u>36,935,215</u>	<u>1,403,711</u>	<u>41,831,861</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,014,744</u>	<u>\$ 1,970,052</u>	<u>\$ 43,752,316</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, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 2,656,568	\$ 3,561,645	\$ 495,509
Federal aid	3,980	200,951	10,725,334
Property taxes	3,693,443	638,017	1,232,288
Franchise fees	132,991		3,109,337
Sales taxes	20,777,394		5,261,296
Fines, forfeitures, and costs	555,700		124,435
Investment income	160,114	12,256	946,821
Local permits and fees	1,434,960		100,635
Sanitation fees	2,897,555		
Casino gaming tax	4,169,433		
Parks and recreation fees	265,230		
Transit fees			40,868
Donations	1,310		524,676
Employer contributions			587,048
Employee contributions			297,274
Home program revenue			82,341
Reimbursement from Pine Bluff Jefferson County Library	115,000		
Net increase/(decrease) in fair value of investments			(3,638,234)
Other	624,170	171,418	267,112
TOTAL REVENUES	37,487,848	4,584,287	20,156,740
EXPENDITURES			
Current:			
General government	7,232,530		5,057,639
Law enforcement	5,100,325		6,106,387
Highways and streets		4,799,333	12,960
Public safety	4,899,581		4,339,182
Sanitation	3,081,968		
Health	47,000		
Recreation and culture	5,389,310		1,096,058
Social services	260,726		4,291
Economic development	1,453,125		
Public transit			1,126,210
Airport	159,193		
Total Current	27,623,758	4,799,333	17,742,727
Debt Service:			
Bond principal			1,883,289
Bond interest and other charges			967,491
Financed purchase principal	1,716,801		38,464
Financed purchase interest	180,107		2,814
TOTAL EXPENDITURES	29,520,666	4,799,333	20,634,785

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 7,967,182</u>	<u>\$ (215,046)</u>	<u>\$ (478,045)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,604,797		771,415
Transfers out	(376,816)	(387,604)	(6,611,792)
Contribution from civic auditorium complex commission	<u>111,321</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,339,302</u>	<u>(387,604)</u>	<u>(5,840,377)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	14,306,484	(602,650)	(6,318,422)
FUND BALANCES - JANUARY 1	<u>22,628,731</u>	<u>2,006,361</u>	<u>48,150,283</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 36,935,215</u></u>	<u><u>\$ 1,403,711</u></u>	<u><u>\$ 41,831,861</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 -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 2,110,008	\$ 2,656,568	\$ 546,560	\$ 3,225,157	\$ 3,561,645	\$ 336,488
Federal aid	1,080,184	3,980	(1,076,204)	200,951	200,951	0
Property taxes	2,770,000	3,693,443	923,443	575,000	638,017	63,017
Franchise fees	2,841,000	132,991	(2,708,009)			
Sales taxes	18,804,000	20,777,394	1,973,394			
Fines, forfeitures, and costs	651,199	555,700	(95,499)			
Investment income	79,100	160,114	81,014	6,000	12,256	6,256
Local permits and fees	1,589,500	1,434,960	(154,540)			
Sanitation fees	3,111,971	2,897,555	(214,416)			
Casino gaming tax	3,570,677	4,169,433	598,756			
Parks and recreation fees	377,500	265,230	(112,270)			
Donations		1,310	1,310			
Reimbursement from Pine Bluff Jefferson County Library		115,000	115,000			
Other	946,733	624,170	(322,563)	94,500	171,418	76,918
TOTAL REVENUES	37,931,872	37,487,848	(444,024)	4,101,608	4,584,287	482,679
EXPENDITURES						
Current:						
General government	14,942,393	7,232,530	7,709,863			
Law enforcement	7,286,225	5,100,325	2,185,900			
Highways and streets	88,856		88,856	6,431,562	4,799,333	1,632,229
Public safety	5,814,773	4,899,581	915,192			
Sanitation	3,019,356	3,081,968	(62,612)			
Health	47,000	47,000	0			
Recreation and culture	4,959,524	5,389,310	(429,786)			
Social services	269,675	260,726	8,949			
Economic development	15,164,000	1,453,125	13,710,875			
Airport	174,193	159,193	15,000			
Total Current	51,765,995	27,623,758	24,142,237	6,431,562	4,799,333	1,632,229
Debt Service:						
Bond principal	1,150,000		1,150,000			
Financed purchase principal		1,716,801	(1,716,801)			
Financed purchase interest		180,107	(180,107)			
TOTAL EXPENDITURES	52,915,995	29,520,666	23,395,329	6,431,562	4,799,333	1,632,229

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, 2022

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (14,984,123)</u>	<u>\$ 7,967,182</u>	<u>\$ 22,951,305</u>	<u>\$ (2,329,954)</u>	<u>\$ (215,046)</u>	<u>\$ 2,114,908</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	12,412,922	6,604,797	(5,808,125)	146,235		(146,235)
Transfers out	(7,658,554)	(376,816)	7,281,738		(387,604)	(387,604)
Contribution from civic auditorium complex commission	110,795	111,321	526			
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,865,163</u>	<u>6,339,302</u>	<u>1,474,139</u>	<u>146,235</u>	<u>(387,604)</u>	<u>(533,839)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(10,118,960)	14,306,484	24,425,444	(2,183,719)	(602,650)	1,581,069
FUND BALANCES - JANUARY 1	<u>22,624,228</u>	<u>22,624,228</u>		<u>2,006,361</u>	<u>2,006,361</u>	
FUND BALANCES - DECEMBER 31	<u><u>\$ (10,118,960)</u></u>	<u><u>\$ 36,935,215</u></u>	<u><u>\$ 47,054,175</u></u>	<u><u>\$ (2,183,719)</u></u>	<u><u>\$ 1,403,711</u></u>	<u><u>\$ 3,587,430</u></u>

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

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission, and Aviation Commission Funds. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

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.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

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, Public Safety Building Fund, 2017 Sales Tax, Urban Renewal, Police Special Projects, and Community Enhancement.

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. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

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. See Schedules 1 and 2 for Debt Service Funds as reported with other fund(s) in the aggregate.

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. See Schedules 1 and 2 for the Permanent Fund reported with other funds in the aggregate.

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. See Schedules 1 and 2 for the Pension Trust Fund reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

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. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. 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. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
4. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

- 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.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 4,224,269	\$ 4,232,055
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	41,258,864	42,050,119
Uncollateralized	4,963,235	4,963,235
	<u>\$ 50,446,368</u>	<u>\$ 51,245,409</u>
Total Deposits		

The above total deposits do not include cash on hand of \$22,145.

Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of December 31, 2022, \$4,963,235 of the City's bank balances of \$51,245,409 was exposed to custodial risk. The balances exposed to custodial risk were deposited in money market accounts consisting of federated treasury obligations, which are not insured or collateralized.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022 Fair Value
Pension Trust	\$ 27,242,130
Permanent	79,322
Total	<u>\$ 27,321,452</u>

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4: Public Fund Investments (Continued)

The City's investments are composed of the following:

<u>December 31, 2022</u>	Quoted Prices in Active Markets for Level I	Other Observable Level II	Total
Investment Type			
Mortaged-backed Bonds		\$ 3,135,843	\$ 3,135,843
Corporate Bonds		7,361,036	7,361,036
Stocks	\$ 4,402,237		4,402,237
Municipal Obligations		786,476	786,476
Mutual Funds	11,635,860		11,635,860
Totals	<u>\$ 16,038,097</u>	<u>\$ 11,283,355</u>	<u>\$ 27,321,452</u>

The fair value of stocks and mutual funds is measured on a recurring basis and is based on quoted marked prices obtained from independent pricing sources, and as a result, these were classified as Level I inputs. Mortgage-backed bonds, corporate bonds, and municipal obligations are valued at fair value using quoted market prices from third parties that use, as their basis readily observable market inputs, such as yields of similar instruments with comparable inputs. As a result, these were classified as Level II inputs.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2022, is composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
State aid			\$ 197,932
Federal aid			517,840
Property taxes	\$ 167,131	\$ 29,641	58,193
Franchise fees			283,035
Sales taxes	1,646,372		418,331
Investment income			93,655
Sanitation fees	235,366		
Casino gaming tax	332,080		
Donations			4,383
Other	221,839	6,002	7,869
Totals	<u>\$ 2,602,788</u>	<u>\$ 35,643</u>	<u>\$ 1,581,238</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2022, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 765,958	\$ 153,959	\$ 307,088
Retirement payable	310,991		
Totals	<u>\$ 1,076,949</u>	<u>\$ 153,959</u>	<u>\$ 307,088</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund	\$ 1,336,934	\$ 2,580
Street Fund		412,382
Other Funds in the Aggregate:		
Special Revenue Funds:		
Community Development		598,820
Historic District Commission		
Jail Fee		44,750
Administration of Justice (AOJ)	360	257
Vice Intelligence Narcotics (VIN)		
Grants		447,592
Emergency Vehicle	2,580	360
Transit	387,604	220,514
Arts & Science Center for Southeast Arkansas		223
Totals	<u>\$ 1,727,478</u>	<u>\$ 1,727,478</u>

Interfund receivables and payables consist of matching grants and reimbursements for expenditures paid by the General Fund. All interfund receivables and payables have been repaid as of report date except for \$814,600 to the General Fund, \$2,580 to the Emergency Vehicle Fund, and \$360 to the Administration of Justice Fund. These payables consist of the following: Transit Fund - \$211,135, Jail Fund - \$44,750, Community Development - \$198,677, Grant Fund - \$359,558, Administration of Justice Fund - \$257, and Arts & Science Center - \$223; General Fund - \$2,580; and Emergency Vehicle Fund - \$360, respectively. These balances are expected to be repaid when funds become available.

NOTE 8: Federal Funds Program Compliance

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

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Nonspendable:			
Social services			\$ 523,308
Restricted for:			
General government	\$ 651,759		4,091,913
Law enforcement			191,484
Highw ays and streets		\$ 1,403,711	
Public transit			531,481
Pension benefits			31,431,938
Capital outlay			1,268,875
Debt service			2,885,203
Total Restricted	<u>651,759</u>	<u>1,403,711</u>	<u>40,400,894</u>
Committed for:			
Recreation and culture			110,313
Capital outlay			72,698
Total Committed			<u>183,011</u>
Assigned to:			
General government	7,788,665		
Law enforcement	37,000		
Recreation and culture			793,831
Economic development	234,371		
Capital outlay			18,638
Total Assigned	<u>8,060,036</u>		<u>812,469</u>
Unassigned	<u>28,223,420</u>		<u>(87,821)</u>
Totals	<u>\$ 36,935,215</u>	<u>\$ 1,403,711</u>	<u>\$ 41,831,861</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2022:

	December 31, 2022
Other Funds in the Aggregate:	
Special Revenue Funds:	
Jail Fee	\$ (25,028)
Grants	(62,793)
	<hr/>
Total	\$ (87,821)
	<hr/>

NOTE 11: 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, 2022, the legal debt limit for the bonded debt was \$84,500,657. There were no property tax secured bond issues. As discussed in Note 14, the City approved an additional 3 mills property tax to secure payment for certain library bonds; however, these are payable solely from the special millage and are not subject to any constitutional or statutory limitation.

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, 2022, the legal debt limit for short-term financing obligations was \$23,076,355. The amount of short-term financing obligations was \$2,388,607, leaving a legal debt margin of \$20,687,748.

NOTE 12: Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 36,419,282
Lease	483,061
Construction contracts	1,205,890
	<hr/>
Total Commitments	\$ 38,108,233
	<hr/>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
<u>Bonds</u>	
Sales and Use Tax Improvement Bonds, Series 2016, issued October 1, 2016, for \$6,805,000; 20 annual installments beginning October 1, 2017, with the final settlement due October 1, 2036, interest at 2.0% - 3.5%. Payments are to be made from the Debt Service Fund.	\$ 5,855,000
Library Property Tax Construction Bonds, Series 2017, issued May 9, 2017, for \$13,355,000; 30 annual installments beginning February 1, 2018, with the final settlement due February 1, 2046, interest at 2.0 - 3.625%. Payments are to be made from the Debt Service Fund.	9,710,000
Sales and Use Tax Refunding Bonds, Series 2017, issued July 27, 2017, for \$6,450,000; 20 annual installments beginning October 1, 2017, with the final settlement due October 1, 2036, interest at 2.0 - 3.8%. Payments are to be made from the Debt Service Fund.	3,995,000
Sales and Use Tax Refunding Bonds, Series 2017B, issued November 28, 2017, for \$4,480,000; 19 annual installments beginning October 1, 2018, with the final settlement due October 1, 2036, interest at 2.0 - 3.75%. Payments are to be made from the Debt Service Fund.	3,515,000
Franchise Fee Revenue Refunding and Improvement Bonds, Series 2019, issued September 10, 2019, for \$3,828,800; 11 annual installments beginning May 1, 2020, with the final settlement due May 1, 2030, interest at 2.79%. Payments are to be made from the Debt Service Fund.	2,978,432
Franchise Fee Revenue Refunding and Improvement Bonds, Series 2021, issued December 28, 2021, for \$3,585,000; 25 annual installments beginning May 1, 2022, with the final settlement due May 1, 2046, interest at 2.0 - 2.625%. Payments are to be made from the Debt Service Fund.	3,555,000
Total Bonds	<u>29,608,432</u>

Direct Borrowings

Financed purchase with Relyance Bank for the purchase of computer equipment for various City offices, police patrol car, 146 police radios, and 42 fire department radios; issued October 4, 2018, for \$545,088; due in four annual installments of \$120,707 and one irregular payment of \$123,641 at 3.9% interest with first payment due November 4, 2019, and final payment November 4, 2023. Payments are to be made from the General Fund and Emergency Vehicle Fund.	119,404
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CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: Commitments (Continued)

Long-term liabilities (Continued)

Financed purchase with Simmons Bank to finance the acquisition, construction, and installation of improvements for the City's aquatic center; issued November 1, 2018, for \$4,081,115; due in three annual payments of \$570,755, \$1,167,403, and \$3,021,864, at 3.49% interest with the first payment due on December 1, 2021, and final payment due December 1, 2023. Payments are to be made from the General Fund.	1,847,261
Financed purchase with Relyance Bank for the purchase of a police van; issued on August 1, 2019, for \$27,985; monthly installments of \$510 for five years at 3.5% interest with the first payment due September 1, 2019, and final payment due August 1, 2024. Payments are to be made from the General Fund.	11,758
Financed purchase agreement with Wells Fargo Equipment leasing for the acquisition of golf course mowing and utility equipment; issued November 6, 2019, for \$146,293 at 5.51%; initial payment of \$19,659 due January 2020, followed by 46 monthly installments of \$3,089, with final payment due November 6, 2023. Payments are to be made from the General Fund.	30,125
Financed purchase with Simmons Bank for the purchase of 14 police vehicles; authorized on August 17, 2020, for \$469,984 at 2.37%, annual installments of \$101,064 beginning January 6, 2021, with the final payment due January 6, 2026. Payments are to be made from the General Fund.	380,059
Total Direct Borrowings	<u>2,388,607</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>4,422,243</u>
Total Long-term liabilities	<u>\$ 36,419,282</u>

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

The City's outstanding franchise fee revenue bonds series 2019 and 2021 payable of \$2,978,432 and \$3,555,000, respectively, contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding sales and use tax revenue bond series 2016, 2017, and 2017B payable of \$5,855,000, \$3,995,000, and \$3,515,000, respectively, contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding library property tax bonds payable of \$9,710,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 25% in principal amount of the bonds then outstanding, shall declare with notice in writing to the City and the Board the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such principal and interest shall be immediately due and payable.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding financed purchases from direct borrowings of \$119,404 and \$11,758 with Relyance Bank contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law. The direct borrowings of \$380,059 with Simmons Bank and \$30,125 with Wells Fargo contain similar provisions; however, the acceleration is limited to amounts to become due during the City's then current fiscal period. No default was located in the outstanding direct borrowings of \$1,847,261 with Simmons Bank.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Bonds</u>					
10/1/16	10/1/36	2-3.5%	\$ 6,805,000	\$ 5,855,000	\$ 950,000
5/9/17	2/1/46	2-3.625%	13,355,000	9,710,000	3,645,000
7/27/17	10/1/36	2-3.8%	6,450,000	3,995,000	2,455,000
11/28/17	10/1/36	2-3.75%	4,480,000	3,515,000	965,000
9/10/19	5/1/30	2.79%	3,828,800	2,978,432	850,368
12/28/21	5/1/46	2-2.625%	3,585,000	3,555,000	30,000
Total Bonds			<u>38,503,800</u>	<u>29,608,432</u>	<u>8,895,368</u>
<u>Direct Borrowings</u>					
10/4/18	10/4/23	3.50%	545,088	119,404	425,684
11/1/18	11/1/23	3.90%	4,081,115	1,847,261	2,233,854
8/1/19	8/1/24	3.50%	27,985	11,758	16,227
11/6/19	11/6/23	5.51%	146,293	30,125	116,168
8/13/20	1/6/26	2.37%	469,984	380,059	89,925
Total Direct Borrowings			<u>5,270,465</u>	<u>2,388,607</u>	<u>2,881,858</u>
Total Long-Term Debt			<u>\$ 43,774,265</u>	<u>\$ 31,997,039</u>	<u>\$ 11,777,226</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	<u>\$ 31,491,721</u>		<u>\$ 1,883,289</u>	<u>\$ 29,608,432</u>
<u>Direct Borrowings</u>				
Financed purchases	<u>4,143,872</u>		<u>1,755,265</u>	<u>2,388,607</u>
Total Long-Term Debt	<u>\$ 35,635,593</u>	<u>\$ 0</u>	<u>\$ 3,638,554</u>	<u>\$ 31,997,039</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,502,448	\$ 936,311	\$ 2,438,759	\$ 2,094,646	\$ 116,236	\$ 2,210,882
2024	1,531,863	901,350	2,433,213	100,198	6,938	107,136
2025	1,576,540	864,501	2,441,041	96,472	4,592	101,064
2026	1,626,488	821,331	2,447,819	97,291	2,306	99,597
2027	1,526,712	776,434	2,303,146			
2028 through 2032	7,524,381	3,172,284	10,696,665			
2033 through 2037	6,590,000	1,991,143	8,581,143			
2038 through 2042	4,900,000	1,074,669	5,974,669			
2043 through 2046	2,830,000	227,781	3,057,781			
Totals	<u>\$ 29,608,432</u>	<u>\$ 10,765,804</u>	<u>\$ 40,374,236</u>	<u>\$ 2,388,607</u>	<u>\$ 130,072</u>	<u>\$ 2,518,679</u>

Lease

The City entered into a lease agreement for 60 golf carts and global positioning system equipment on June 7, 2022. Terms of the lease are monthly rental payments of \$5,950 for 63 months with the final 64th month payment of \$132,000. At the end of the lease term, the City has the option to purchase the equipment leased at a price equal to fair market value. The City is obligated for the following amounts for the next five years:

Year	December 31, 2022
2023	\$ 71,403
2024	71,402
2025	71,402
2026	71,402
2027	197,452
Total	<u>\$ 483,061</u>

Lease expense for 2022 was \$23,801.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: Commitments (Continued)

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2022:

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2022
Main Street/Downtown Streetscape Project	January 2024	\$ 170,704
Pine Bluff Comprehensive Plan	November 2023	53,063
Pine Bluff Main Library	October 2023	443,583
Harding Channelization Project	December 2023	51,381
Regional Park Electrical Replacement Project	September 2023	61,687
P.B. PED/Bike Infrastructure Improvement Project	November 2023	287,154
Plum Street Improvement Trail Project	December 2023	16,459
34th Street Bridge over Interceptor Project	December 2023	46,748
Townsend Park Pavilion	August 2023	75,111
Total Construction Contracts		<u>\$ 1,205,890</u>

NOTE 13: Interfund Transfers

The General Fund transferred \$376,816 to the Other Funds in the Aggregate for the following: \$226,953 to the Community Development Fund to provide matching grant funds and \$149,863 to supplement the Arts and Science Center of Southeast Arkansas Commission Fund. The Street Fund transferred \$387,604 to the Other Funds in the Aggregate, Transit Fund, for matching federal transportation funds. The Other Funds in the Aggregate transferred \$6,604,797 to the General Fund for the following: \$2,497,271 from the Franchise Fee Bonds Debt Service Fund for franchise fees collected in excess of debt service requirements, and \$4,107,526 from the Sales and Use Tax Bonds Debt Service Fund for sales tax collected in excess of debt service requirements. Within Other Funds in the Aggregate, the Library Property Tax Debt Service Fund transferred \$6,995 to the Library Construction Capital Projects Fund, in accordance with bond terms, for construction period interest.

NOTE 14: Pledged Revenues

A. Franchise Fees

The City pledged future franchise fees to repay \$3,828,800 of capital improvement and refunding bonds issued in 2019 and \$3,585,000 of capital improvement and refunding bonds issued in 2021. The total principal and interest remaining on the bonds are \$2,978,432 and \$344,388, respectively, payable through May 20230 for the 2019 series; and \$3,555,000 and \$1,026,025, respectively, payable through May 2046 for the 2021 series. For the year ended December 31, 2022, principal and interest paid for each of the 2019 and 2021 series were \$328,289 and \$87,678; and \$30,000 and \$67,886, respectively.

The Debt Service Fund received \$3,109,337 in franchise fees in 2022. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

B. Sales and Use Tax

The City pledged future five-eighths percent sales and use taxes to repay \$6,805,000 in bonds that were issued in 2016 to provide funding for various capital improvements, and to repay \$10,930,000 in refunding bonds that were issued in 2017 to refund capital improvement bonds issued in 2011 and 2012. Total principal and interest remaining on the bonds are \$5,855,000 and \$2,755,821, respectively, for the 2016 issue, and \$7,510,000 and \$1,964,156, respectively for the 2017 issues, payable through October, 2036 for both the 2016 and 2017 issue. For 2022, principal and interest paid were \$170,000 and \$189,945, respectively, for the 2016 issue and \$535,000 and \$255,120, respectively, for the 2017 issues.

The Debt Service Fund received \$5,261,296 in sales taxes in 2022. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14: Pledged Revenues (Continued)

C. Property Tax

The City pledged future proceeds of a three-mil property tax to repay \$13,355,000 in bonds that were issued in 2017 for the construction of a new library. The total principal and interest remaining on the bonds are \$9,710,000 and \$4,675,414, respectively, payable through February 1, 2046. For 2022, principal and interest paid were \$820,000 and \$320,113.

The Debt Service Fund received \$1,232,288 in property taxes in 2022. The proceeds of the tax levy cannot be used for any purpose other than payment of debt service on the bonds.

NOTE 15: Joint Ventures

A. Metropolitan Emergency Communications Association

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

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

The City paid MECA \$561,391 in 2022. Financial information may be obtained at 101 East Barraque Street, Pine Bluff, Arkansas 71601.

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 (System) is composed of five members appointed by the Mayor of Pine Bluff and ratified by the City Council. Title to fixed assets held by the constituent governmental units and used for library purposes at the time of the execution of this agreement shall remain unchanged although additional assets may be acquired in the name of the System. The Board shall fix number and salaries of employees of the System. The City paid the System \$678,355 in 2022. Separate financial statements are available at 600 South Main Street, Pine Bluff, Arkansas 71601.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 16: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. Payments made by the City in 2020 in excess of Arkansas Municipal League's coverage totaled \$4,000. There were no settlements in 2021 or 2022. 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.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

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 \$300,000 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.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**NOTE 17: 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. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

On July 27, 2017, administration of the City of Pine Bluff Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of this plan 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 \$2,476,681 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$1,383,081 for the year ended December 31, 2022.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022, (actuarial valuation date and measurement date) was \$27,266,839.

NOTE 18: Arkansas Public Employees Retirement System

Plan Description

The City, for its district court clerks, contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, 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 APERS. 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.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 18: Arkansas Public Employees Retirement System (Continued)

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law 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 was \$8,574 for the year ended June 30, 2022.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$72,192.

NOTE 19: City Non-Uniformed Retirement

Plan Description

The City Retirement Plan for the City of Pine Bluff is a single-employer defined 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/Contributions

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 \$587,048 for the year ended December 31, 2022. Based on the December 32, 2022 actuarial valuation, the plan has a net pension asset of \$437,090.

NOTE 20: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City was awarded \$16,044,400 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$16,044,400 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS									
	Community Development	Historic District Commission	Jail Fee	Administration of Justice (AOJ)	Vice Intelligence Narcotics (VIN)	Grants	Emergency Vehicle	Transit	Arts & Science Center for Southeast Arkansas	American Rescue Plan Act
ASSETS										
Cash and cash equivalents	\$ 609,396	\$ 579	\$ 19,722	\$ 23,543	\$ 156,380	\$ 237,510	\$ 12,676	\$ 74,928	\$ 920,193	\$ 4,077,310
Investments										
Accounts receivable	64,561					341,981		317,099	4,383	
Interfund receivables				360			2,580	387,604		
TOTAL ASSETS	<u>\$ 673,957</u>	<u>\$ 579</u>	<u>\$ 19,722</u>	<u>\$ 23,903</u>	<u>\$ 156,380</u>	<u>\$ 579,491</u>	<u>\$ 15,256</u>	<u>\$ 779,631</u>	<u>\$ 924,576</u>	<u>\$ 4,077,310</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 34,113			\$ 3,250		\$ 194,692	\$ 188	\$ 27,636	\$ 20,209	\$ 27,000
Interfund payables	598,820		\$ 44,750	257		447,592	360	220,514	223	
Settlements pending										
Total Liabilities	<u>632,933</u>		<u>44,750</u>	<u>3,507</u>		<u>642,284</u>	<u>548</u>	<u>248,150</u>	<u>20,432</u>	<u>27,000</u>
Fund Balances:										
Nonspendable										
Restricted	41,024	\$ 579		20,396	\$ 156,380		14,708	531,481		4,050,310
Committed									110,313	
Assigned									793,831	
Unassigned			(25,028)			(62,793)				
Total Fund Balances	<u>41,024</u>	<u>579</u>	<u>(25,028)</u>	<u>20,396</u>	<u>156,380</u>	<u>(62,793)</u>	<u>14,708</u>	<u>531,481</u>	<u>904,144</u>	<u>4,050,310</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 673,957</u>	<u>\$ 579</u>	<u>\$ 19,722</u>	<u>\$ 23,903</u>	<u>\$ 156,380</u>	<u>\$ 579,491</u>	<u>\$ 15,256</u>	<u>\$ 779,631</u>	<u>\$ 924,576</u>	<u>\$ 4,077,310</u>

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	CAPITAL PROJECTS FUNDS					DEBT SERVICE FUNDS			PERMANENT FUND	TRUST FUND
	Capital Projects	Sales & Use Tax Capital Improvement Series 2012	Sales & Use Tax Capital Improvement Series 2016	Capital Improvement Series 2016	Library Construction Series 2017	Sales & Use Tax Bonds	Franchise Fee Bonds	Library Property Tax Bonds 2017	Cemetery Trust	City Retirement
ASSETS										
Cash and cash equivalents	\$ 22,575	\$ 73,016	\$ 222,188	\$ 72,698	\$ 969,734	\$ 484,387	\$ 402,973	\$ 1,238,284	\$ 443,986	\$ 4,096,153
Investments									79,322	27,242,130
Accounts receivable						418,331	283,035	58,193		93,655
Interfund receivables										
TOTAL ASSETS	\$ 22,575	\$ 73,016	\$ 222,188	\$ 72,698	\$ 969,734	\$ 902,718	\$ 686,008	\$ 1,296,477	\$ 523,308	\$ 31,431,938
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable										
Interfund payables										
Settlements pending										
Total Liabilities										
Fund Balances:										
Nonspendable									\$ 523,308	
Restricted	\$ 3,937	\$ 73,016	\$ 222,188		\$ 969,734	\$ 902,718	\$ 686,008	\$ 1,296,477		\$ 31,431,938
Committed				\$ 72,698						
Assigned	18,638									
Unassigned										
Total Fund Balances	22,575	73,016	222,188	72,698	969,734	902,718	686,008	1,296,477	523,308	31,431,938
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,575	\$ 73,016	\$ 222,188	\$ 72,698	\$ 969,734	\$ 902,718	\$ 686,008	\$ 1,296,477	\$ 523,308	\$ 31,431,938

CITY OF PINE BLUFF, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	CUSTODIAL FUNDS			
	Payroll	Health Insurance Premium	District Court (Division II)	Totals
ASSETS				
Cash and cash equivalents	\$ 18,944	\$ 237,744	\$ 44,163	\$ 14,459,082
Investments				27,321,452
Accounts receivable				1,581,238
Interfund receivables				390,544
TOTAL ASSETS	<u>\$ 18,944</u>	<u>\$ 237,744</u>	<u>\$ 44,163</u>	<u>\$ 43,752,316</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 307,088
Interfund payables				1,312,516
Settlements pending	\$ 18,944	\$ 237,744	\$ 44,163	300,851
Total Liabilities	<u>18,944</u>	<u>237,744</u>	<u>44,163</u>	<u>1,920,455</u>
Fund Balances:				
Nonspendable				523,308
Restricted				40,400,894
Committed				183,011
Assigned				812,469
Unassigned				(87,821)
Total Fund Balances				<u>41,831,861</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,944</u>	<u>\$ 237,744</u>	<u>\$ 44,163</u>	<u>\$ 43,752,316</u>

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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS									
	Community Development	Historic District Commission	Jail Fee	Administration of Justice (AOJ)	Vice Intelligence Narcotics (VIN)	Grants	Emergency Vehicle	Transit	Arts & Science Center for Southeast Arkansas	American Rescue Plan Act
REVENUES										
State aid	\$ 111,848					\$ 239,295		\$ 106,120	\$ 38,246	
Federal aid	764,465				\$ 47,920	1,017,894		872,855		\$ 8,022,200
Property taxes										
Franchise fees										
Sales taxes										
Fines, forfeitures, and costs			\$ 65,352	\$ 21,716			\$ 37,367			
Investment income			228	2	601		124	896		60,099
Local permits and fees									100,635	
Transit fees								40,868		
Donations									524,676	
Employer contributions										
Employee contributions										
Home program revenue	82,341									
Net increase/(decrease) in fair value of investments										
Other	11,264	\$ 5,035		277	19,710	96,381		963	131,348	
TOTAL REVENUES	969,918	5,035	65,580	21,995	68,231	1,353,570	37,491	1,021,702	794,905	8,082,299
EXPENDITURES										
Current:										
General government	1,292,744	5,650				707,366				1,255,412
Law enforcement			74,250	11,099	24,578	335,642				5,660,818
Highways and streets						12,960				
Public safety										4,339,182
Recreation and culture						51,584			979,718	
Social services										
Public transit								1,126,210		
Total Current	1,292,744	5,650	74,250	11,099	24,578	1,107,552		1,126,210	979,718	11,255,412
Debt Service:										
Bond principal										
Bond interest and other charges										
Financed purchase principal							38,464			
Financed purchase interest							2,814			
TOTAL EXPENDITURES	1,292,744	5,650	74,250	11,099	24,578	1,107,552	41,278	1,126,210	979,718	11,255,412
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(322,826)	(615)	(8,670)	10,896	43,653	246,018	(3,787)	(104,508)	(184,813)	(3,173,113)
OTHER FINANCING SOURCES (USES)										
Transfers in	226,953							387,604	149,863	
Transfers out										
TOTAL OTHER FINANCING SOURCES (USES)	226,953							387,604	149,863	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(95,873)	(615)	(8,670)	10,896	43,653	246,018	(3,787)	283,096	(34,950)	(3,173,113)
FUND BALANCES - JANUARY 1	136,897	1,194	(16,358)	9,500	112,727	(308,811)	18,495	248,385	939,094	7,223,423
FUND BALANCES - DECEMBER 31	\$ 41,024	\$ 579	\$ (25,028)	\$ 20,396	\$ 156,380	\$ (62,793)	\$ 14,708	\$ 531,481	\$ 904,144	\$ 4,050,310

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, 2022

Schedule 2

	CAPITAL PROJECTS FUNDS					DEBT SERVICE FUNDS		
	Capital Projects	Sales & Use Tax Capital Improvement Series 2012	Sales & Use Tax Capital Improvement Series 2016	Capital Improvement Series 2016	Library Construction Series 2017	Sales & Use Tax Bonds	Franchise Fee Bonds	Library Property Tax Bonds 2017
REVENUES								
State aid								
Federal aid								
Property taxes								\$ 1,232,288
Franchise fees							\$ 3,109,337	
Sales taxes						\$ 5,261,296		
Fines, forfeitures, and costs								
Investment income	\$ 124	\$ 1,337	\$ 2,676	\$ 778	\$ 10,081	7,757	2,789	7,043
Local permits and fees								
Transit fees								
Donations								
Employer contributions								
Employee contributions								
Home program revenue								
Net increase/(decrease) in fair value of investments								
Other								
TOTAL REVENUES	124	1,337	2,676	778	10,081	5,269,053	3,112,126	1,239,331
EXPENDITURES								
Current:								
General government		162,483	87,608					
Law enforcement								
Highways and streets								
Public safety								
Recreation and culture				9,950	54,806			
Social services								
Public transit								
Total Current		162,483	87,608	9,950	54,806			
Debt Service:								
Bond principal						705,000	358,289	820,000
Bond interest and other charges						454,865	189,063	323,563
Financed purchase principal								
Financed purchase interest								
TOTAL EXPENDITURES		162,483	87,608	9,950	54,806	1,159,865	547,352	1,143,563
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	124	(161,146)	(84,932)	(9,172)	(44,725)	4,109,188	2,564,774	95,768
OTHER FINANCING SOURCES (USES)								
Transfers in					6,995			
Transfers out						(4,107,526)	(2,497,271)	(6,995)
TOTAL OTHER FINANCING SOURCES (USES)					6,995	(4,107,526)	(2,497,271)	(6,995)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	124	(161,146)	(84,932)	(9,172)	(37,730)	1,662	67,503	88,773
FUND BALANCES - JANUARY 1	22,451	234,162	307,120	81,870	1,007,464	901,056	618,505	1,207,704
FUND BALANCES - DECEMBER 31	\$ 22,575	\$ 73,016	\$ 222,188	\$ 72,698	\$ 969,734	\$ 902,718	\$ 686,008	\$ 1,296,477

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, 2022

Schedule 2

	<u>PERMANENT FUND</u>	<u>TRUST FUND</u>	
	<u>Cemetery Trust</u>	<u>City Retirement</u>	<u>Totals</u>
REVENUES			
State aid			\$ 495,509
Federal aid			10,725,334
Property taxes			1,232,288
Franchise fees			3,109,337
Sales taxes			5,261,296
Fines, forfeitures, and costs			124,435
Investment income	\$ 9,562	\$ 842,724	946,821
Local permits and fees			100,635
Transit fees			40,868
Donations			524,676
Employer contributions		587,048	587,048
Employee contributions		297,274	297,274
Home program revenue			82,341
Net increase/(decrease) in fair value of investments	(9,488)	(3,628,746)	(3,638,234)
Other		2,134	267,112
	<u>74</u>	<u>(1,899,566)</u>	<u>20,156,740</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government		1,546,376	5,057,639
Law enforcement			6,106,387
Highways and streets			12,960
Public safety			4,339,182
Recreation and culture			1,096,058
Social services	4,291		4,291
Public transit			1,126,210
Total Current	4,291	1,546,376	17,742,727
Debt Service:			
Bond principal			1,883,289
Bond interest and other charges			967,491
Financed purchase principal			38,464
Financed purchase interest			2,814
	<u>4,291</u>	<u>1,546,376</u>	<u>20,634,785</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(4,217)	(3,445,942)	(478,045)
OTHER FINANCING SOURCES (USES)			
Transfers in			771,415
Transfers out			(6,611,792)
			<u>(5,840,377)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)			
EXPENDITURES AND OTHER USES	(4,217)	(3,445,942)	(6,318,422)
FUND BALANCES - JANUARY 1	527,525	34,877,880	48,150,283
FUND BALANCES - DECEMBER 31	<u>\$ 523,308</u>	<u>\$ 31,431,938</u>	<u>\$ 41,831,861</u>

CITY OF PINE BLUFF, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Community Development	Established 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.
Administration of Justice (AOJ)	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.
Vice Intelligence Narcotics (VIN)	Established to process the Department of Justice and the Department of the Treasury's Federal Equitable sharing grants for law enforcement purposes.
Grants	Established to process various state and federal grants.
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.
Transit	Established 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.
Arts & Science Center for Southeast Arkansas	Pine Bluff Ordinance No. 4139 (May 5, 1969) established fund to provide recreational services and promote cultural growth to the residents of the City.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Capital Projects	Pine Bluff Ordinance No. 6615 (October 15, 2018) authorized the issuance of a promissory note for the construction and installation of improvements to the city's aquatic center. Established to account for the disbursements of the debt proceeds for the aquatic center construction.
Sales & Use Tax Capital Improvement 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 & Use Tax Capital Improvement Series 2016	Pine Bluff Ordinance No. 6545 (July 18, 2016) 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 2016	Pine Bluff Ordinance No. 6547 (August 15, 2016) authorized the issuance of franchise fee revenue refunding and improvement bonds. Trustee established fund to account for the disbursement of debt proceeds for capital improvements.
Library Construction Series 2017	Pine Bluff Ordinance Nos. 6549 (August 26, 2016) and 6566 (April 3, 2017) authorized the issuance of library property tax revenue construction bonds. Established to account for the disbursement of debt proceeds for library construction.
Sales & Use Tax Bonds	Pine Bluff Ordinance Nos. 6545 (July 18, 2016), 6576 (June 19, 2017), and 6582 (October 16, 2017), authorized the issuance of sales and use tax bonds. Established to account for the accumulation of resources to retire bonded debt secured by a pledge of future sales and use taxes.
Franchise Fee Bonds	Pine Bluff Ordinance Nos. 6481 (March 17, 2014), 6547 (August 15, 2016), 6634 (August 5, 2019), and 6728 (December 28, 2021) authorized the issuance of franchise fee revenue bonds. Established to account for the accumulation of resources to retire the debt.
Library Property Tax Bonds 2017	Pine Bluff Ordinance Nos. 6549 (August 26, 2016) and 6566 (April 3, 2017) authorized the issuance of library property tax revenue construction bonds. Established to account for the accumulation of resources to retire the 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 OF PINE BLUFF, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
City Retirement	Pine Bluff City Code § 19-36 (1993) established fund to process the self-supported retirement plan for nonuniformed employees.
Payroll	Established to process the payroll of all employees.
Health Insurance Premium	Established to process insurance premiums withheld from employees' earnings and forwarded to the insurance provider.
District Court (Division II)	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF PINE BLUFF, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)

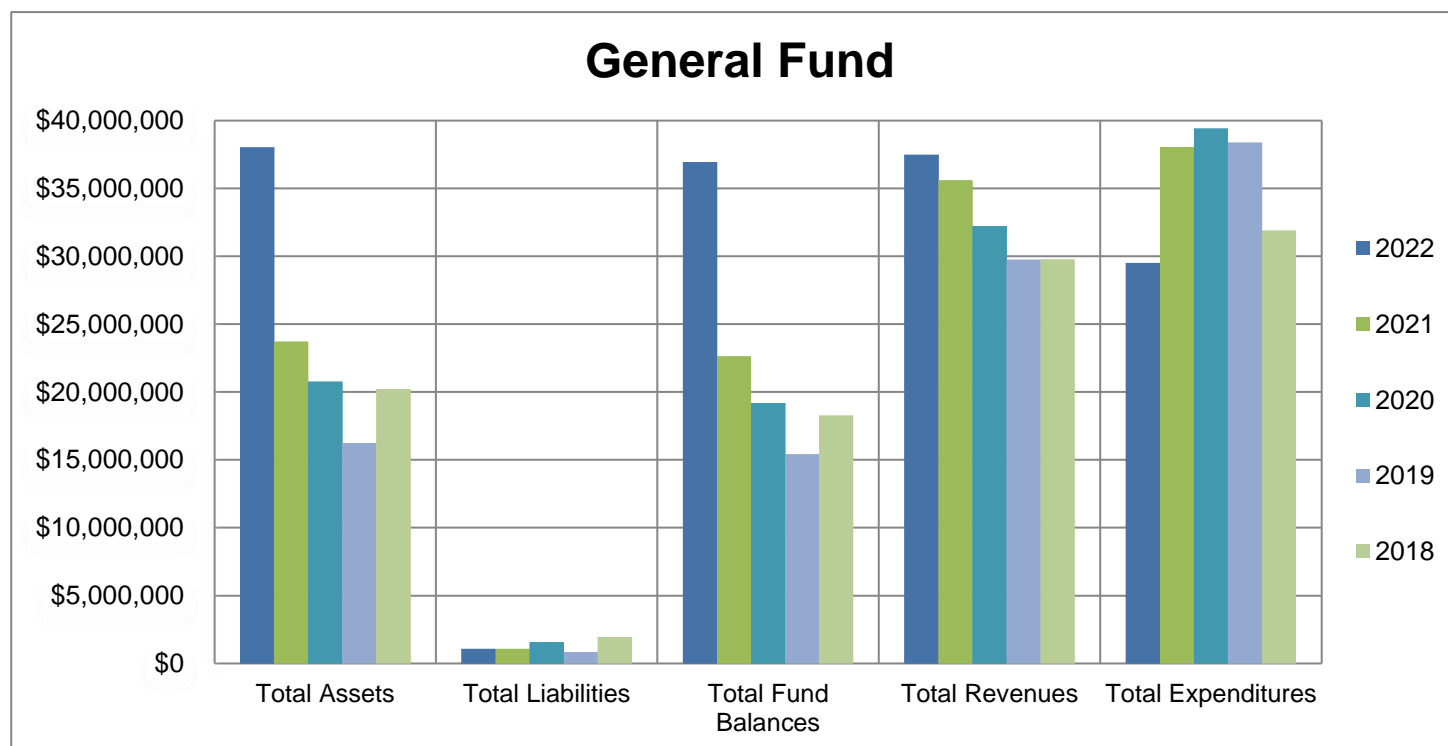
Schedule 3

	December 31, 2022
	<hr/>
Land	\$ 1,109,904
Buildings	48,935,656
Infrastructure	21,094,550
Improvements	13,680,718
Heavy Equipment	12,663,614
Vehicles	6,537,286
Equipment	<hr/> 5,225,471
	<hr/>
Total	<hr/> <hr/> \$ 109,247,199

CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-1

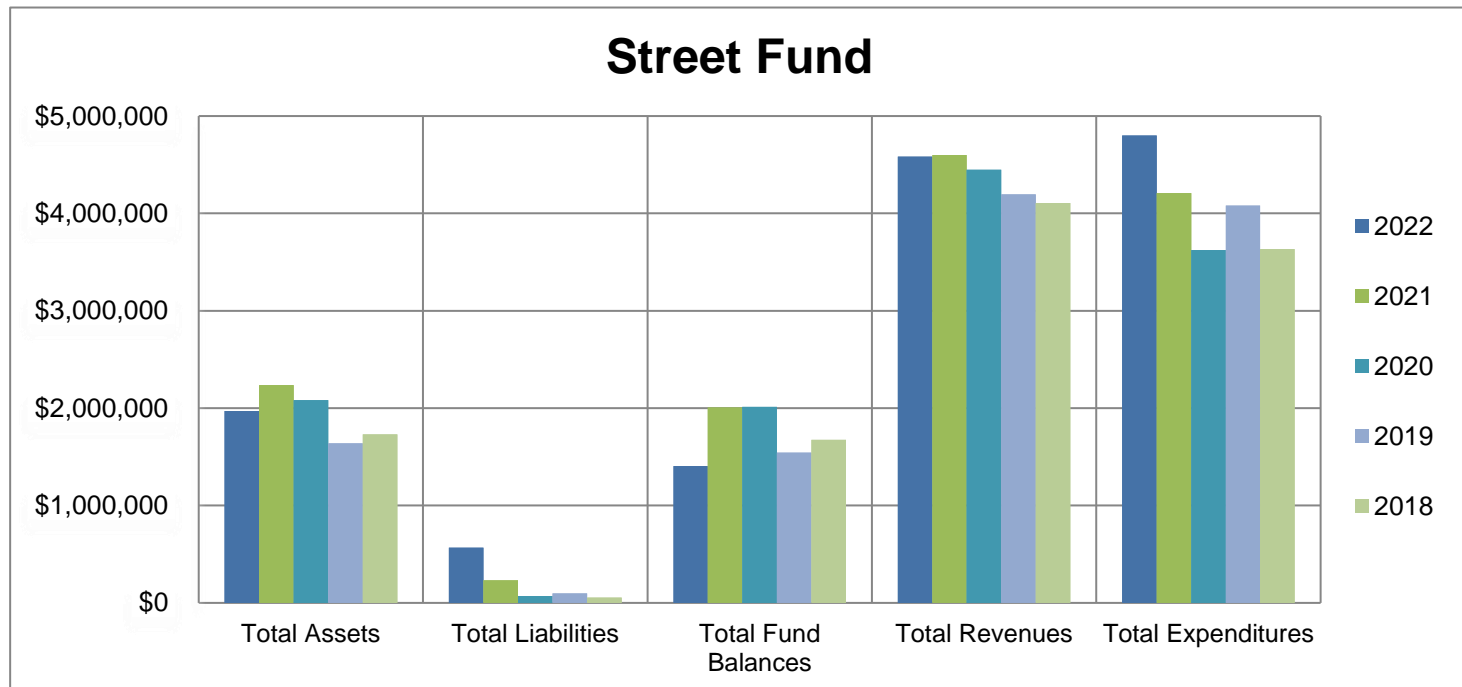
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 38,014,744	\$ 23,709,970	\$ 20,752,208	\$ 16,246,420	\$ 20,210,634
Total Liabilities	1,079,529	1,085,742	1,564,051	834,417	1,940,423
Total Fund Balances	36,935,215	22,624,228	19,188,157	15,412,003	18,270,211
Total Revenues	37,487,848	35,585,798	32,218,877	29,741,069	29,768,977
Total Expenditures	29,520,666	38,057,076	39,424,079	38,384,222	31,894,454
Total Other Financing Sources/Uses	6,339,302	5,918,114	10,981,356	5,784,945	11,510,738



CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-2

<u>Street</u>	2022	2021	2020	2019	2018
Total Assets	\$ 1,970,052	\$ 2,238,013	\$ 2,083,116	\$ 1,639,937	\$ 1,731,753
Total Liabilities	566,341	231,652	70,344	96,042	55,747
Total Fund Balances	1,403,711	2,006,361	2,012,772	1,543,895	1,676,006
Total Revenues	4,584,287	4,600,213	4,447,228	4,196,269	4,105,925
Total Expenditures	4,799,333	4,207,083	3,623,177	4,079,547	3,633,452
Total Other Financing Sources/Uses	(387,604)	(399,541)	(355,174)	(248,833)	(256,228)



CITY OF PINE BLUFF, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 43,752,316	\$ 50,016,590	\$ 40,928,710	\$ 47,506,713	\$ 53,313,589
Total Liabilities	1,920,455	1,894,707	2,198,642	3,340,729	1,195,815
Total Fund Balances	41,831,861	48,121,883	38,730,068	44,165,984	52,117,774
Total Revenues	20,156,740	27,146,795	17,574,617	16,529,149	11,943,560
Total Expenditures	20,634,785	12,098,509	17,770,380	20,020,549	15,595,980
Total Other Financing Sources/Uses	(5,840,377)	(5,442,923)	(5,240,153)	(4,460,390)	(522,202)

