

**City of Jonesboro, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**December 31, 2013**

LEGISLATIVE JOINT AUDITING COMMITTEE

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House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Jonesboro, Arkansas, as of and for the year ended December 31, 2013, as listed in the table of contents, and the related notes to the financial statements.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Jonesboro, Arkansas, as of December 31, 2013, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

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

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

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

In our opinion, except for the omission of the information described in the "Basis for Qualified Opinions on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Jonesboro, Arkansas, as of December 31, 2013, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of the Arkansas Code described in Note 1.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the omission of the information described above, the information 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.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
August 4, 2014  
LOM104913

Sen. Bryan B. King  
Senate Chair  
Rep. Kim Hammer  
House Chair  
Sen. Linda Chesterfield  
Senate Vice Chair  
Rep. John W. Walker  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Jonesboro, Arkansas, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 4, 2014. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit and investment risks.

#### Internal Control Over Financial Reporting

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

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

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

2013-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

### Compliance and Other Matters

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

### Entity's Response to Findings

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

### Other Issues

The commentary contained in this section relates to the following officials that held office during 2013:

Mayor: Harold Perrin  
Treasurer/Chief Financial Officer: Ben Barylske  
District Court Clerk: Joe Monroe  
Police Chief: Michael Yates  
Airport Commissioner: Vic Ditta

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

Our audit procedures indicated that the above Offices were in substantial compliance with Arkansas fiscal and financial laws.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



June M. Barron, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 4, 2014

CITY OF JONESBORO, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2013

Exhibit A

	General	Street	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,179,468	\$ 3,640,201	\$ 16,311,823
Investments			10,089,112
Accounts receivable	2,952,156	17,062	1,142,637
Interfund receivables	1,243,238		6,629
	<u>\$ 32,374,862</u>	<u>\$ 3,657,263</u>	<u>\$ 27,550,201</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 543,922	\$ 272,468	\$ 950,302
Interfund payables		49	1,249,818
Settlements pending			626,141
Total Liabilities	<u>543,922</u>	<u>272,517</u>	<u>2,826,261</u>
<b>Fund Balances:</b>			
Restricted	749,496	3,213,698	23,225,858
Committed			1,358,082
Assigned		171,048	140,000
Unassigned	31,081,444		
Total Fund Balances	<u>31,830,940</u>	<u>3,384,746</u>	<u>24,723,940</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 32,374,862</u>	<u>\$ 3,657,263</u>	<u>\$ 27,550,201</u>

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

CITY OF JONESBORO, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 2,713,349	\$ 3,153,603	\$ 765,632
Federal aid			2,080,888
Property taxes	3,213,600	1,210,628	
Franchise fees	1,693,327		
Sales taxes	27,224,597		7,703,118
Fines, forfeitures, and costs	2,062,358		73,633
Interest and dividends	339,257	43,121	210,890
Local permits and fees	2,015,392	102,507	38,582
Sanitation fees	62,647		
Advertising and promotion taxes			510,662
Water tax	590,043		
Employer/Employee contributions			220,925
Park fees, rentals, and sales	464,845		
911 fees			717,204
County aid			351,163
Hangar leases and rentals			211,767
Fuel commissions			27,987
Donations			459,263
Net increase in fair market value of investments			958,425
Other	1,127,005	72,067	193,665
	<u>41,506,420</u>	<u>4,581,926</u>	<u>14,523,804</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	4,320,232		4,437,987
Law enforcement	13,894,857		859,433
Highways and streets	4,699	4,261,028	1,822,056
Public safety	9,531,674		1,636,027
Sanitation	4,035,712		35,584
Health	412,000		
Recreation and culture	4,259,298		1,039,346
Social services	154,530		131,936
Public transit			866,405
Advertising and promotion			322,561
Economic development			438,962
Community development			299,741
Airport	11,503		237,365
Total Current	<u>36,624,505</u>	<u>4,261,028</u>	<u>12,127,403</u>



CITY OF JONESBORO, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Exhibit B

	General	Street	Other Funds in the Aggregate
EXPENDITURES (Continued)			
Debt Service:			
Contract payment			\$ 400,000
Loan principal			2,625,000
Loan interest			90,820
TOTAL EXPENDITURES	\$ 36,624,505	\$ 4,261,028	15,243,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,881,915	320,898	(719,419)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,310,301		70,000
Transfers out	(70,000)		(1,310,301)
Contributions from City Water and Light	321,038		178,962
Loan proceeds			4,200,000
Contributions to Local Police and Fire Retirement System			(11,042,449)
TOTAL OTHER FINANCING SOURCES (USES)	1,561,339		(7,903,788)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,443,254	320,898	(8,623,207)
FUND BALANCES - JANUARY 1	25,387,686	3,063,848	33,347,147
FUND BALANCES - DECEMBER 31	\$ 31,830,940	\$ 3,384,746	\$ 24,723,940

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

CITY OF JONESBORO, 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, 2013

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,196,297	\$ 2,713,349	\$ 1,517,052	\$ 3,064,637	\$ 3,153,603	\$ 88,966
Property taxes	2,782,500	3,213,600	431,100	1,100,000	1,210,628	110,628
Franchise fees	1,475,000	1,693,327	218,327			
Sales taxes	25,440,696	27,224,597	1,783,901			
Fines, forfeitures, and costs	1,903,800	2,062,358	158,558			
Interest and dividends	170,000	339,257	169,257	45,000	43,121	(1,879)
Local permits and fees	1,757,500	2,015,392	257,892	52,500	102,507	50,007
Sanitation fees	45,800	62,647	16,847			
Water tax	580,000	590,043	10,043			
Park fees, rentals, and sales	389,700	464,845	75,145			
Other	807,658	1,127,005	319,347	9,000	72,067	63,067
<b>TOTAL REVENUES</b>	<b>36,548,951</b>	<b>41,506,420</b>	<b>4,957,469</b>	<b>4,271,137</b>	<b>4,581,926</b>	<b>310,789</b>
EXPENDITURES						
Current:						
General government	4,618,978	4,320,232	298,746			
Law enforcement	13,859,276	13,894,857	(35,581)			
Highways and streets	5,000	4,699	301	4,417,707	4,261,028	156,679
Public safety	9,521,318	9,531,674	(10,356)			
Sanitation	4,130,509	4,035,712	94,797			
Health	412,000	412,000				
Recreation and culture	4,236,328	4,259,298	(22,970)			
Social services	155,230	154,530	700			
Airport	10,000	11,503	(1,503)			
<b>TOTAL EXPENDITURES</b>	<b>36,948,639</b>	<b>36,624,505</b>	<b>324,134</b>	<b>4,417,707</b>	<b>4,261,028</b>	<b>156,679</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(399,688)</b>	<b>4,881,915</b>	<b>5,281,603</b>	<b>(146,570)</b>	<b>320,898</b>	<b>467,468</b>

CITY OF JONESBORO, 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, 2013

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,200,000	\$ 1,310,301	\$ 110,301			
Transfers out	(255,688)	(70,000)	185,688			
Contributions from City Water and Light	321,000	321,038	38			
TOTAL OTHER FINANCING SOURCES (USES)	1,265,312	1,561,339	296,027			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	865,624	6,443,254	5,577,630	\$ (146,570)	\$ 320,898	\$ 467,468
FUND BALANCES - JANUARY 1	22,728,180	25,387,686	2,659,506	3,605,334	3,063,848	(541,486)
FUND BALANCES - DECEMBER 31	\$ 23,593,804	\$ 31,830,940	\$ 8,237,136	\$ 3,458,764	\$ 3,384,746	\$ (74,018)

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

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Jonesboro 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.

**B. Basis of Presentation – Regulatory**

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

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

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

**General Fund** - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

**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, property taxes, and interest that are restricted or committed for maintaining and constructing highways and streets.

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

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Emergency 911, Advertising and Promotion, Federal Grants, Jonesboro Economical Transportation System, Community Development Block Grant, Airport Commission, State Forfeitures, Federal Forfeitures, Metropolitan Planning Organization, and Cemetery.

**Capital Projects Funds** - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Funds are reported with other funds in the aggregate: Miracle League and Capital Improvement.

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

**Agency Funds** - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Agency Funds are reported with other funds in the aggregate: District Court, Payroll, and Cafeteria Plan and Insurance.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

**C. Basis of Accounting - Regulatory**

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

**D. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand accounts and certificates of deposit.

Investments

Investments are reported at market value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, cafeteria plan payments, and unremitted payroll account balances that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. 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.
2. 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).
3. 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.
4. 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.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

**F. Budget Law**

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

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

**G. Fund Balance Classification Policies and Procedures**

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

The Municipality does 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 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.

The Municipality has a minimum fund balance policy for the general fund. The City will maintain a minimum unassigned fund balance in its general fund of at least 15% of budget year appropriated expenditures. This minimum fund balance is to protect against cash flow shortfalls related to the timing of projected revenue.

**NOTE 2: Cash and Investments**

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

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**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, 2013	
	Reported Amount	Cost
Trust	\$ 10,089,112	\$ 2,518,431

These investments are composed of the following:

Investment Type	December 31, 2013	
	Reported Amount	Cost
Mutual funds	\$ 9,087,229	\$ 1,536,699 *
Equities	227,306	193,574
Fixed income	774,577	788,158
Totals	\$ 10,089,112	\$ 2,518,431

\*Cost values for Nonuniformed Employee's Pension Fund investments, having a market value of \$7,547,268, were not maintained.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 5: Accounts Receivable**

The accounts receivable balance at December 31, 2013 is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid			\$ 251,677
Property taxes	\$ 53,952	\$ 14,905	
Franchise fees	325,750		
Sales taxes	2,253,620		637,026
Fines, forfeitures, and costs	150,940		1,752
Interest and dividends	2,700		
Local permits and fees	55,873	1,781	900
Sanitation fees	4,272		
Advertising and promotion taxes			33,947
Park fees, rentals, and sales	3,401		
911 fees			143,570
County aid			56,271
Contributions from City Water and Light			14,913
Other	101,648	376	2,581
Totals	<u>\$ 2,952,156</u>	<u>\$ 17,062</u>	<u>\$ 1,142,637</u>

**NOTE 6: Accounts Payable**

The accounts payable balance at December 31, 2013 is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 529,947	\$ 64,557	\$ 788,490
Payroll taxes payable	31		161,812
Customer deposits	13,944	207,911	
Totals	<u>\$ 543,922</u>	<u>\$ 272,468</u>	<u>\$ 950,302</u>

**NOTE 7: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2013	
	Interfund Receivables	Interfund Payables
General Fund	\$ 1,243,238	
Street Fund		\$ 49
Other Funds in the Aggregate:		
Special Revenue Funds:		
Federal Grants		7,650
State Forfeitures	6,629	
Federal Forfeitures		6,629
Cemetery		35,539
Capital Projects Fund:		
Capital Improvement		1,200,000
Totals	<u>\$ 1,249,867</u>	<u>\$ 1,249,867</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid in 2014.



CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 8: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2013, the legal debt limit for the bonded debt was \$206,540,064. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2013, the legal debt limit for short-term financing obligations was \$52,917,796. The amount of short-term financing obligations was \$8,675,000 leaving a legal debt margin of \$44,242,796.

**NOTE 9: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2013 are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
<u>Fund Balances</u>			
Restricted for:			
General government			\$ 100,832
Law enforcement	\$ 243,305		194,960
Highways and streets		\$ 3,213,698	
Public safety	506,191		460,502
Public transit			327,778
Advertising and promotion			474,073
Airport			343,379
Capital outlay			10,299,890
Pension benefits			10,157,420
Economic development			730,612
Community development			136,412
Total Restricted	<u>749,496</u>	<u>3,213,698</u>	<u>23,225,858</u>
Committed for:			
Social services			<u>1,358,082</u>
Assigned to:			
Highways and streets		171,048	
Airport			<u>140,000</u>
Total Assigned		<u>171,048</u>	<u>140,000</u>
Unassigned	<u>31,081,444</u>		
Totals	<u>\$ 31,830,940</u>	<u>\$ 3,384,746</u>	<u>\$ 24,723,940</u>

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 10: Commitments**

Total commitments consist of the following at December 31, 2013:

	December 31, 2013
Long-term liabilities	\$ 12,707,433
Landfill postclosure care costs	109,268
Construction contracts	1,534,166
Total Commitments	\$ 14,350,867

Long-term liabilities

Long-term liabilities at December 31, 2013 are comprised of the following:

	December 31, 2013
Contract payable dated April 5, 2005 with the Craighead County Solid Waste Disposal Authority to allow the City to use the County's landfill. The agreement called for one payment in 2005 of \$1,000,000 and annual payments thereafter of \$400,000 for ten years. Payments are to be made from the Capital Improvement Fund.	\$ 800,000
Line of credit in the amount of \$10,500,000 from Integrity First Bank of Jonesboro. The City drew \$2,900,000 , \$3,400,000 and \$4,200,000 in 2011, 2012, and 2013, respectively, to use for City Hall Expansion/Relocation and construction/capital improvements to Fire Station #4 and a Public Works facility. The last day to draw money and first principal payment was due on April 4, 2013. Payments are made from the Capital Improvement Fund.	7,875,000
Compensated absences	4,032,433
Total Long-term liabilities	\$ 12,707,433

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

Post Employment Benefits Other Than Pensions

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

Estimated Cost of Landfill Closure and Postclosure Care

State and federal laws require that the City of Jonesboro place a final cover on its Class IV landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. On March 29, 2007, FTN Associates, Ltd submitted a closure and postclosure plan for the City's Class IV landfill with an estimated cost of \$7,500 based on the most expensive costs of postclosure care for a two-year period. At the end of the two-year period, the Arkansas Department of Environmental Quality (ADEQ) confirmed the presence of methane gas and requires the City to monitor the gas and ascertain compliance with Regulation 22.415 Explosive Gas Control. Included in the postclosure care requirements, the landfill gas monitoring and landfill gas collection and control systems will be operated until such time that three consecutive quarterly monitoring events indicate no exceedances of the regulatory limits. Until the gas extraction and monitoring requirements of the postclosure care plan have been completed, the facility must remain in postclosure care status according to Regulation 22.1302(c) (4)(ii). On April 26, 2013, the City renewed a letter of credit from Liberty Bank in the amount of \$22,000 to satisfy financial assurance requirement of \$109,268 in estimated two year post closure costs for the Arkansas Department of Environmental Quality. The City now has permission from the ADEQ to monitor the methane gas and provide a report to ADEQ annually.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 10: Commitments (Continued)**

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2013:

Years Ending December 31,	Contract	Line of Credit	Total
2014	\$ 400,000	\$ 2,750,396	\$ 3,150,396
2015	400,000	2,750,396	3,150,396
2016		2,750,397	2,750,397
Total Obligations	800,000	8,251,189	9,051,189
Less Interest		376,189	376,189
Total Principal	<u>\$ 800,000</u>	<u>\$ 7,875,000</u>	<u>\$ 8,675,000</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2013:

Project Name	Completion Date	Contract Balance December 31, 2013
Crowley's Ridge Parkway (Greenway)	December 15, 2014 (estimated)	\$ 115,515
Splash Pad at Parker Park	May 28, 2014	19,550
Police Station remodel (Armory)	September 24, 2014 (estimated)	1,308,432
Fire Station #5	December 4, 2014 (estimated)	26,012
Airport and Aggie Roundabout	November 30, 2015 (estimated)	64,657
Total Construction Contracts		<u>\$ 1,534,166</u>

**NOTE 11: Interfund Transfers**

The General Fund transferred \$70,000 to the Airport Commission Fund (Other Funds in the Aggregate) primarily for operating expenses. The Advertising and Promotion, Capital Improvement, and Federal Forfeitures Funds (Other Funds in the Aggregate) transferred \$110,000, \$1,200,000, and \$301, respectively to the General Fund for reimbursement of expenses.

**NOTE 12: Subsequent Events**

On February 6, 2014, the City entered into a \$1,858,000 contract with Construction Network, Inc, for the construction of Fire Station #5.

On May 6, 2014, the City entered into a \$519,143 contract with Lakeside Contractors for the Race Street Drainage Improvements.

**NOTE 13: Joint Ventures**

A. Craighead County – Jonesboro Public Library

Craighead County and the City of Jonesboro entered into an agreement in July 1941 in accordance with Ark. Code Ann. § 13-2-401 to establish the Craighead County – Jonesboro Public Library. The agreement stated that resources would be consolidated in order to provide more complete, efficient and economical service. The County and City were given equal representation on the library board and each entity retained title to all books, bookcases, shelves, desks, etc. that were moved to the Craighead County – Jonesboro Public Library location. Separate financial statements are available at 315 West Oak Avenue, Jonesboro Arkansas 72401. The City of Jonesboro paid \$2,147,455 to the Craighead County – Jonesboro Public Library for the year ending December 31, 2013.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 13: Joint Ventures (Continued)**

B. Crowley's Ridge Regional Library

The Craighead County - Jonesboro Public Library and the Poinsett County Library entered into an agreement in February 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Crowley's Ridge Regional Library. The agreements states that each county shall provide its own quarters and county and branch library staff members are to be employed by the county library boards with salaries to be paid from county library funds. Regional staff members are to be selected by the regional board and the approval of the Arkansas Library Commission. The Craighead County librarian shall serve as the regional librarian and may employ a regional staff with the salaries being provided from the regional funds. The Arkansas Library Commission shall supervise the Crowley's Ridge Regional Library for the period of this agreement. Separate financial statements are available at 315 West Oak Avenue, Jonesboro, Arkansas 72401.

**NOTE 14: 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. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. 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 area:

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.

The City participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for coverage in the following areas:

Building and Contents Program - This program is a blanket policy with coverage up to \$100,000,000 for any one loss with a \$500 deductible. Even though the APERMA property program limits are blanket, the City's property limits are tied back to the insurance statement of values. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city property.

Vehicle Program

- A. Liability - This program may pay all sums the City legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered city vehicle and for which the City is liable. The limit of payment for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city vehicles owned or leased by the City.
- B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating city. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Police Department vehicles and \$500 for all other covered vehicles and mobile equipment. The City agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the city government of a participating city and pay judgments imposed on City officials and employees and the city government and city-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 14: Risk Management (Continued)**

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

**NOTE 15: Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

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 \$1,699,613 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$1,508,068 for the year ended December 31, 2013.

**NOTE 16: Nonuniformed Employee's Pension Plan  
(A Defined Benefit Pension Plan)**

Plan Description

Paid nonuniformed employees participate in the Nonuniformed Employee's Pension Plan, a single employer pension plan. Any pension plan member who has attained the age of sixty-five years and has served as an employee for at least five years is entitled to receive a monthly pension. Benefits are based on years of service and is equal to 1.5% for each year of service times the career average earnings. Retired employees shall receive a monthly benefit of not less than \$50. The plan allows for early retirement at age 55 with reduced benefits.

The plan also provides for similar benefits upon the physical or mental disability of participant. The plan provides for survivor benefits equal to the employee's contribution plus interest.

The City contributes the annual required contribution necessary to fund the unfunded actuarial accrued liability over 30 years.

CITY OF JONESBORO, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**NOTE 16: Nonuniformed Employee's Pension Plan  
(A Defined Benefit Pension Plan) (Continued)**

On December 20, 2011, the Jonesboro City Council approved resolution no. 11:228 to freeze the Nonuniformed Employee's Defined Benefit Pension Plan. Employees will not earn any additional benefits after the effective date (December 31, 2011), and the employees' service with the City after the effective date will not be included in the determination of the employees benefits under the Plan. Employees who are first hired after December 31, 2011 will not be eligible to participate in the Plan. Employees that have accrued a benefit under the Plan will continue to have their service with the City counted for purposes of vesting under the plan. This means that if an employee has less than five years of service, then their service after December 31, 2011, will still be counted towards the employee becoming 100% vested in their accrued benefits under the Plan (i.e., attaining five years of service).

**NOTE 17: Nonuniformed Employee's Pension Plan  
(A Defined Contribution Pension Plan)**

On December 6, 2011 the Jonesboro City Council approved Resolution no. 11:212 authorizing a contract to provide services for the Nonuniformed Employees 401 (a) Defined Contribution Plan and 457 (b) Retirement Savings Plan and Trust to be effective January 1, 2012.

Plan Description

The current plan consists of the employer's discretionary matching contribution to the 401(a) plan and the employee's contribution to the 457(b) plan. Employees become eligible to enter the plan once they have reached age 21 and have completed 90 days of service. Vesting is the portion of the City's discretionary matching contributions to the 401(a) plan that the employee has the right to receive and is based upon years of service with the City; one year – 25%, two years – 50%, three years 75%, and four years – 100%. Currently, the discretionary matching contribution made by the City is \$1 for each \$1 deferred up to 5% of the employee's compensation.

Distribution of benefits: Upon termination of employment, attainment of retirement age, death, or disability, participants may take their benefits in a lump sum or rollover.

**NOTE 18: Related Party Transaction**

- A. City Water and Light provides residents of the City of Jonesboro electrical, water, and wastewater services. Although City Water and Light operates as a separate organization, the City Council appoints six of its sixteen board members. Separate financial statements are available at 400 East Monroe Avenue, Jonesboro, Arkansas 72401. During 2013, City Water and Light contributed a total of \$590,043 to the City's General Fund for water tax and a total of \$321,038, and \$178,692 to the City's General and Capital Improvement Funds for the purchase of a fire truck and capital expenditures, respectively. City Water and Light also provided street lights, fire hydrants, free utility service to city buildings, and other services totaling approximately \$1,836,176.
- B. The City paid \$346,553 to Delta Dental of Arkansas for dental insurance in 2013. The Mayor is on the Board of Directors of Delta Dental of Arkansas. Jonesboro Ordinance no. 11-060 (August 16, 2011) allows the City to conduct business with this related party.

**NOTE 19: Policemen's Pension and Relief Plan**

On October 8, 2012, the City entered into an irrevocable agreement with the Arkansas Local Police and Fire Retirement System (LOPFI) for the administration of its Policemen's Pension Plan. Pursuant to this agreement the City transferred all assets of the Policemen's Pension Fund to LOPFI on January 11, 2013.

**NOTE 20: Federal Funds Program Compliance**

The federal grants of the City have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. However, a federal compliance audit is currently being conducted for 2013 federal funds. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF JONESBORO, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2013

Schedule 1

SPECIAL REVENUE FUNDS										
	Emergency 911	Advertising and Promotion	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	State Forfeitures	Federal Forfeitures	Metropolitan Planning Organization	Cemetery
<b>ASSETS</b>										
Cash and cash equivalents	\$ 261,197	\$ 443,356	\$ 1,068,531	\$ 281,442	\$ 211,669	\$ 484,765	\$ 27,145	\$ 12,537	\$ 89,984	\$ 1,392,761
Investments										
Accounts receivable	199,841	33,947	76,166	88,531	81,011		1,752		11,254	900
Interfund receivables							6,629			
<b>TOTAL ASSETS</b>	<b><u>\$ 461,038</u></b>	<b><u>\$ 477,303</u></b>	<b><u>\$ 1,144,697</u></b>	<b><u>\$ 369,973</u></b>	<b><u>\$ 292,680</u></b>	<b><u>\$ 484,765</u></b>	<b><u>\$ 35,526</u></b>	<b><u>\$ 12,537</u></b>	<b><u>\$ 101,238</u></b>	<b><u>\$ 1,393,661</u></b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 536	\$ 3,230	\$ 252,909	\$ 42,195	\$ 156,268	\$ 1,386			\$ 406	\$ 40
Interfund payables			7,650					\$ 6,629		35,539
Settlements pending										
<b>Total Liabilities</b>	<b><u>536</u></b>	<b><u>3,230</u></b>	<b><u>260,559</u></b>	<b><u>42,195</u></b>	<b><u>156,268</u></b>	<b><u>1,386</u></b>		<b><u>6,629</u></b>	<b><u>406</u></b>	<b><u>35,579</u></b>
<b>Fund Balances:</b>										
Restricted	460,502	474,073	884,138	327,778	136,412	343,379	\$ 35,526	5,908	100,832	
Committed										1,358,082
Assigned						140,000				
<b>Total Fund Balances</b>	<b><u>460,502</u></b>	<b><u>474,073</u></b>	<b><u>884,138</u></b>	<b><u>327,778</u></b>	<b><u>136,412</u></b>	<b><u>483,379</u></b>	<b><u>35,526</u></b>	<b><u>5,908</u></b>	<b><u>100,832</u></b>	<b><u>1,358,082</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 461,038</u></b>	<b><u>\$ 477,303</u></b>	<b><u>\$ 1,144,697</u></b>	<b><u>\$ 369,973</u></b>	<b><u>\$ 292,680</u></b>	<b><u>\$ 484,765</u></b>	<b><u>\$ 35,526</u></b>	<b><u>\$ 12,537</u></b>	<b><u>\$ 101,238</u></b>	<b><u>\$ 1,393,661</u></b>

CITY OF JONESBORO, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2013

Schedule 1

	CAPITAL PROJECTS FUNDS		TRUST FUNDS		AGENCY FUNDS			Totals
	Miracle League	Capital Improvement	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	District Court	Payroll	Cafeteria Plan and Insurance	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 400,255	\$ 10,783,306	\$ 58,551	\$ 9,757	\$ 578,532	\$ 185,980	\$ 22,055	\$ 16,311,823
Investments			9,647,465	441,647				10,089,112
Accounts receivable		649,235						1,142,637
Interfund receivables								6,629
<b>TOTAL ASSETS</b>	<b>\$ 400,255</b>	<b>\$ 11,432,541</b>	<b>\$ 9,706,016</b>	<b>\$ 451,404</b>	<b>\$ 578,532</b>	<b>\$ 185,980</b>	<b>\$ 22,055</b>	<b>\$ 27,550,201</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 38,808	\$ 294,098				\$ 160,426		\$ 950,302
Interfund payables		1,200,000						1,249,818
Settlements pending					\$ 578,532	25,554	\$ 22,055	626,141
<b>Total Liabilities</b>	<b>38,808</b>	<b>1,494,098</b>			<b>578,532</b>	<b>185,980</b>	<b>22,055</b>	<b>2,826,261</b>
<b>Fund Balances:</b>								
Restricted	361,447	9,938,443	\$ 9,706,016	\$ 451,404				23,225,858
Committed								1,358,082
Assigned								140,000
<b>Total Fund Balances</b>	<b>361,447</b>	<b>9,938,443</b>	<b>9,706,016</b>	<b>451,404</b>				<b>24,723,940</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 400,255</b>	<b>\$ 11,432,541</b>	<b>\$ 9,706,016</b>	<b>\$ 451,404</b>	<b>\$ 578,532</b>	<b>\$ 185,980</b>	<b>\$ 22,055</b>	<b>\$ 27,550,201</b>



CITY OF JONESBORO, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 2

SPECIAL REVENUE FUNDS										
	Emergency 911	Advertising and Promotion	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	State Forfeitures	Federal Forfeitures	Metropolitan Planning Organization	Cemetery
REVENUES										
State aid			\$ 403,942	\$ 359,070		\$ 2,620				
Federal aid			777,759	477,986	\$ 650,268	23,310			\$ 92,265	
Sales taxes									32,692	
Fines, forfeitures, and costs							\$ 62,858	\$ 10,775		
Interest and dividends	\$ 5,513	\$ 4,518	12,313	3,436		1,556	29	72	1,028	
Local permits and fees										\$ 38,582
Advertising and promotion taxes		510,662								
Employer/Employee contributions										
911 fees	717,204									
County aid	351,163									
Hangar leases and rentals						211,767				
Fuel commissions						27,987				
Donations										
Net increase in fair market value of investments										
Other	3,595	177	77,494	84,105	535	3,743			4,602	
<b>TOTAL REVENUES</b>	<b>1,077,475</b>	<b>515,357</b>	<b>1,271,508</b>	<b>924,597</b>	<b>650,803</b>	<b>270,983</b>	<b>62,887</b>	<b>10,847</b>	<b>130,587</b>	<b>38,582</b>
EXPENDITURES										
Current:										
General government					185,447				115,800	
Law enforcement			392,164				36,409	5,500		
Highways and streets			380,216							
Public safety	1,345,840		85,234							
Sanitation			35,584							
Recreation and culture			234,848		321,349					
Social services			102,151							29,785
Public transit				866,405						
Advertising and promotion		322,561								
Economic development			438,962							
Community development					299,741					
Airport						237,365				
Total Current	1,345,840	322,561	1,669,159	866,405	806,537	237,365	36,409	5,500	115,800	29,785
Debt Service:										
Contract payment										
Loan principal										
Loan interest										
<b>TOTAL EXPENDITURES</b>	<b>1,345,840</b>	<b>322,561</b>	<b>1,669,159</b>	<b>866,405</b>	<b>806,537</b>	<b>237,365</b>	<b>36,409</b>	<b>5,500</b>	<b>115,800</b>	<b>29,785</b>

CITY OF JONESBORO, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 2

SPECIAL REVENUE FUNDS										
	Emergency 911	Advertising and Promotion	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	State Forfeitures	Federal Forfeitures	Metropolitan Planning Organization	Cemetery
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (268,365)	\$ 192,796	\$ (397,651)	\$ 58,192	\$ (155,734)	\$ 33,618	\$ 26,478	\$ 5,347	\$ 14,787	\$ 8,797
OTHER FINANCING SOURCES (USES)										
Transfers in						70,000				
Transfers out		(110,000)						(301)		
Contribution from City Water and Light Loan proceeds										
Contributions to Local Police and Fire Retirement System										
TOTAL OTHER FINANCING SOURCES (USES)		(110,000)				70,000		(301)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(268,365)	82,796	(397,651)	58,192	(155,734)	103,618	26,478	5,046	14,787	8,797
FUND BALANCES - JANUARY 1	728,867	391,277	1,281,789	269,586	292,146	379,761	9,048	862	86,045	1,349,285
FUND BALANCES - DECEMBER 31	<u>\$ 460,502</u>	<u>\$ 474,073</u>	<u>\$ 884,138</u>	<u>\$ 327,778</u>	<u>\$ 136,412</u>	<u>\$ 483,379</u>	<u>\$ 35,526</u>	<u>\$ 5,908</u>	<u>\$ 100,832</u>	<u>\$ 1,358,082</u>

CITY OF JONESBORO, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 2

	CAPITAL PROJECTS FUNDS		TRUST FUNDS			Totals
	Miracle League	Capital Improvement	Policemen's Pension	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	
REVENUES						
State aid						\$ 765,632
Federal aid		\$ 59,300				2,080,888
Sales taxes		7,670,426				7,703,118
Fines, forfeitures, and costs						73,633
Interest and dividends	\$ 1,831	119,392	\$ 521	\$ 47,168	\$ 13,513	210,890
Local permits and fees						38,582
Advertising and promotion taxes						510,662
Employer/Employee contributions					220,925	220,925
911 fees						717,204
County aid						351,163
Hangar leases and rentals						211,767
Fuel commissions						27,987
Donations	459,263					459,263
Net increase in fair market value of investments				936,925	21,500	958,425
Other		18,599		815		193,665
<b>TOTAL REVENUES</b>	<b>461,094</b>	<b>7,867,717</b>	<b>521</b>	<b>984,908</b>	<b>255,938</b>	<b>14,523,804</b>
EXPENDITURES						
Current:						
General government		3,786,412		335,846	14,482	4,437,987
Law enforcement		327,704	97,656			859,433
Highways and streets		1,441,840				1,822,056
Public safety		204,953				1,636,027
Sanitation						35,584
Recreation and culture	121,266	361,883				1,039,346
Social services						131,936
Public transit						866,405
Advertising and promotion						322,561
Economic development						438,962
Community development						299,741
Airport						237,365
<b>Total Current</b>	<b>121,266</b>	<b>6,122,792</b>	<b>97,656</b>	<b>335,846</b>	<b>14,482</b>	<b>12,127,403</b>
Debt Service:						
Contract payment		400,000				400,000
Loan principal		2,625,000				2,625,000
Loan interest		90,820				90,820
<b>TOTAL EXPENDITURES</b>	<b>121,266</b>	<b>9,238,612</b>	<b>97,656</b>	<b>335,846</b>	<b>14,482</b>	<b>15,243,223</b>

CITY OF JONESBORO, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 2

	CAPITAL PROJECTS FUNDS		TRUST FUNDS			Totals
	Miracle League	Capital Improvement	Policemen's Pension	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 339,828	\$ (1,370,895)	\$ (97,135)	\$ 649,062	\$ 241,456	\$ (719,419)
OTHER FINANCING SOURCES (USES)						
Transfers in						70,000
Transfers out		(1,200,000)				(1,310,301)
Contribution from City Water and Light		178,962				178,962
Loan proceeds		4,200,000				4,200,000
Contributions to Local Police and Fire Retirement System			(11,042,449)			(11,042,449)
TOTAL OTHER FINANCING SOURCES (USES)		3,178,962	(11,042,449)			(7,903,788)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	339,828	1,808,067	(11,139,584)	649,062	241,456	(8,623,207)
FUND BALANCES - JANUARY 1	21,619	8,130,376	11,139,584	9,056,954	209,948	33,347,147
FUND BALANCES - DECEMBER 31	\$ 361,447	\$ 9,938,443	\$ 0	\$ 9,706,016	\$ 451,404	\$ 24,723,940

CITY OF JONESBORO, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2013

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, etc. Jonesboro Ordinance no. 73:2435 (May 21, 1973) established fund to collect hotel or motel accommodations tax to be used exclusively for advertising and promoting the City and its environs; construction, maintenance and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Federal Grants	Fund established to account for federal grants to be used for specific purposes.
Jonesboro Economical Transportation System	Jonesboro Ordinance no. 05:211 (July 19, 2005) established fund to receive federal grant funds to provide community transportation system.
Community Development Block Grant	Jonesboro Ordinance no. 05:240 (April 5, 2005) established fund to receive grant funds for various city departments.
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 14-359-121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
State Forfeitures	Ark. Code Ann. 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.

CITY OF JONESBORO, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2013

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

<u>Fund Name</u>	<u>Fund Description</u>
Federal Forfeitures	Ark. Code Ann. 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Metropolitan Planning Organization	Fund established to receive grant revenue from the United State Department of Transportation that provides transportation planning for this region, which includes Jonesboro, Brookland, Bay, and Bono.
Cemetery	Jonesboro Ordinance no. 10-020 (May 4, 2010) established fund for cemetery maintenance.
Miracle League	Fund established to receive donations for the construction of the Miracle League Field and playground site.
Capital Improvement	Voters approved a 0.5% sales and use tax for financing capital improvements and Jonesboro Ordinance no. 00:1021 (May 15, 2000) established fund to account for the taxes and expenditures.
Policemen's Pension	Ark. Code Ann. § 24-11-403 established fund to receive property taxes, state aid, and other revenues allowed by law for support of police retirement programs.
Nonuniformed Employee's Pension	Fund established to account for employee retirement plan established pursuant to Internal Revenue Service code § 401(a).
Nonuniformed Employee's Defined Contribution Pension	Fund established to account for employee retirement plan established pursuant to Internal Revenue Service code §§ 401(a) and 457(b).
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court.

CITY OF JONESBORO, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2013

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

<u>Fund Name</u>	<u>Fund Description</u>
Payroll	Fund established to facilitate payment of payroll expenditures and related tax liabilities.
Cafeteria Plan and Insurance	Fund established to account for employee benefit plan withholdings and payments and to account for health insurance collections and payments for retirees and COBRA eligible former employees.

CITY OF JONESBORO, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2013  
(Unaudited)

Schedule 3

	<u>December 31, 2013</u>
Land	\$ 16,370,287
Buildings	45,009,644
Equipment	37,304,775
Construction in progress	<u>696,714</u>
Total	<u>\$ 99,381,420</u>



CITY OF JONESBORO, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
DECEMBER 31, 2013  
(Unaudited)

Schedule 4

<b><u>General</u></b>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Assets	\$ 32,374,862	\$ 26,230,495	\$ 18,745,306	\$ 12,944,004	\$ 12,290,370
Total Liabilities	543,922	649,799	400,893	985,576	755,396
Total Fund Balances	31,830,940	25,580,696	18,344,413	11,958,428	11,534,974
Total Revenues	41,506,420	40,448,481	36,048,297	28,235,540	25,296,056
Total Expenditures	36,624,505	34,570,534	30,394,413	28,438,449	33,067,506
Total Other Financing Sources/Uses	1,561,339	1,358,336	1,272,101	626,363	3,750,026
<b><u>Street</u></b>					
Total Assets	\$ 3,657,263	\$ 3,610,365	\$ 4,378,468	\$ 3,879,364	\$ 3,539,428
Total Liabilities	272,517	330,251	360,522	407,812	347,209
Total Fund Balances	3,384,746	3,280,114	4,017,946	3,471,552	3,192,219
Total Revenues	4,581,926	3,503,915	4,742,755	4,160,001	4,543,092
Total Expenditures	4,261,028	4,241,747	4,250,802	3,869,016	4,925,147
Total Other Financing Sources/Uses			54,441	21,943	(485,854)
<b><u>Other Funds in the Aggregate</u></b>					
Total Assets	\$ 27,550,201	\$ 36,417,802	\$ 33,021,724	\$ 32,756,485	\$ 27,870,926
Total Liabilities	2,826,261	3,031,094	1,719,282	2,946,482	1,364,998
Total Fund Balances	24,723,940	33,386,708	31,302,442	29,810,003	26,505,928
Total Revenues	14,523,804	16,657,744	18,612,163	17,227,707	21,529,484
Total Expenditures	15,243,223	18,996,333	19,100,121	14,051,977	1,819,145
Total Other Financing Sources/Uses	(7,903,788)	4,422,855	1,980,397	134,295	(2,941,178)