

Jonesboro Target Golf Program

Trustee Grants 2018-2019

City of Jonesboro

Mayor Harold Perrin
300 South Church Street
Jonesboro, AR 72403

tcalloway@jonesboro.org
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Mrs Tiffany Calloway

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Application Form

Program Summary

Project Name*

Jonesboro Target Golf Program

Purpose of Grant*

Special Program / Project

Executive Summary of Request*

In a paragraph or two, please provide a concise summary of the proposal, including a brief statement of the need being addressed by the program and how your program addresses this need. Please note that this is only a summary. Complete program details should be inserted in the section below entitled "Details of the Proposed Grant."

Target Golf is an innovative program developed by the Jonesboro Parks and Recreation Department to get more youth into the life-long game of golf. Instead of having youth and their parents purchase equipment and paying greens fees, the Parks Department has come up with a way to introduce the game with little to no cost, for all those who wish to try it out. Jonesboro Park and Recreation depends on local volunteers and businesses to donate time and equipment to make sure all kids have the chance to play this great game. The City Water and Light Park is located in a low-income area that does not have direct access to recreational activity. The program will provide golfing equipment, team attire and a facility for play for these children. Jonesboro is also home to the Miracle League Park, a regional complex with the world's largest rubberized baseball field for children and adults with physical disabilities. With the addition of Target Golf to the CWL playground, Miracle league participants will now be able to participant in three sporting activities.

Funding Period*

Please note: The funding period must fall within January 1 - December 31, 2019.

START DATE

01/01/2019

Funding Period*

END DATE

12/31/2019

Amount Requested*

\$30,000.00

Sponsor*

Which National Recreation Foundation trustee is sponsoring this application?

Robert A. Stuart, Jr.

Conflict of Interest*

Does the sponsoring trustee, the trustee's spouse/partner or other relative serve as a director, officer or employee of your organization or an entity affiliated with your organization?

No

If "yes," please explain the nature of the relationship.

Verification*

Applicant is a registered 501(c)(3) or 509(a) nonprofit organization under the Internal Revenue Code?

Yes

Type of Support*

If funded, this grant will support:

An existing program

Type of Support - Other

If you selected "Other," please describe.

Target Audience*

Click all age ranges that apply. *Please note: National Recreation Foundation support is restricted to programs that serve at-risk youth between the ages of 6 and 24.*

- 6-11
- 11-14
- 14-18

Number of Youth Served - Existing Program*

How many youth are currently served through this program? (If this request is for a new program, mark "0" here.)

117

Increasing Number of Youth Served - Existing Program*

If this is an existing program, will NRF funding increase the number of youth served through this program?

Yes

Additional Youth Served - Existing Program*

How many additional youth will be served by the expansion of this program? (If the number of youth served does not increase through this program, mark "0" here.)

300

Number of Youth Served - New Program*

If this application is for a new program, how many youth do you anticipate will be served by this new program? (If this request is for an existing program, mark "0" here.)

0

Number of Sites - Existing*

How many sites currently are served by this program? (If this request is for a new program, mark "0" here.)

1

Number of Sites - If Funded*

Number of sites at which the program will run, if funded.

2

Location of Recreation Activities*

Please note the primary location where recreation activities are to be conducted.

Outdoors

Timeframe*

Please mark the primary timeframe for when recreation activities will take place.

During out-of-school time

TYPES OF RECREATION

- **Arts & Culture** (e.g. dance, film, music, visual arts, theater, poetry)
- **Education** (e.g. STEM classes, college prep)
- **Physical Activity** (e.g. sports, athletics, health, wellness, fitness)
- **Outdoor Education** (e.g. environmental education, outdoor recreation, adventure education, gardening/farming, summer camp, playgrounds, unstructured play, wilderness-based activities such as hiking and camping)
- **Other** (e.g. community service, prevention programs)

Type of Recreation*

Please select the type of recreation that best describes your program or project.

Physical Activity

Describe "Other"

If you selected "Other" for Type of Recreation, please describe below.

AUTHORIZED SIGNATURE

By typing your Name, Title and Date in the spaces below, you confirm that you are authorized to apply for grants on behalf of the applicant organization. The electronic signature below and its related fields are treated by National Recreation Foundation like a handwritten signature on a paper form.

Name*

Hillary Starnes

Title*

Grant Service Manager

Date*

07/13/2018

Organization Information

Mission Statement*

The City of Jonesboro's mission is to offer first class opportunities and foster relationships to promote quality community development to the citizens of Jonesboro, Arkansas. The vision 2030 PLAN is "Healthy People in a Healthy Community." The plan is a 30 page document that accounts for long range and sustainable planning in several areas, including, but not limited to built environment, public transit, economic development, public safety, technology and smart planning-all contributing factors to the health and wellness of the citizens.

Brief Summary of Organization's History*

Jonesboro, seat of Craighead County, is the largest city in Northeast Arkansas. It is known as the "City of Churches." Jonesboro was named after William A. Jones in recognition of his support in the legislature for the formation of Craighead County in 1859. In 1909, the Arkansas legislature established a regional agricultural training school in Jonesboro. That institution flourished and expanded over the years, and later became Arkansas State University in 1967. The St. Louis Southwestern Railway, known as the Cotton Belt Railroad was constructed through Jonesboro, with its tracks passing just north of the center of the City. It connected St. Louis to points in Arkansas and Texas and the rail systems is still functioning in the heart of the City. During the 20th century, Jonesboro began to diversify its economy, with industrial businesses that allowed it to grow beyond the cotton culture. The University attracts educated residents and a diverse population.

Description of current programs, activities and accomplishments*

Jonesboro this year officially opened a 3.2-mile walking trail with 12 workout stations around the lake at our 690-acre Craighead Forest Park, which has seen participation almost triple to 750,000 vehicle visitors per year. Our Miracle League field, the nation's largest ballfield serving special needs children and adults, now serves 12 teams after just two years of operation. That's upward of 150 people with special needs playing organized softball and soccer! It also contains a playground that has 28 handicap-accessible features, one of the largest in the country. It is regularly visited by representatives and guests of other cities and states as an example of what they hope to build for their communities.

Our largest youth sports facilities at Joe Mack Campbell Park have been expanded to 14 baseball fields and 19 soccer fields, with renovated concession and restroom facilities and new shade-top pavilions.

The city took over Southside softball complex in 2012. Since then, more than \$800,000 has been spent in capital improvement. First came new concession, restroom and office facilities. Then all fencing was replaced along with New LED scoreboards. Entrances were remodeled with brick pillars and wrought-iron fences and gates.

Notably, this has contributed to the vibrancy of City Stars, one of the last free city-sponsored youth league programs for soccer and basketball in the nation. It is operated by the City Parks Department, which serves upward of 10,000 youth.

Other Funding Sources*

Please list the top ten (10) funders to your organization over the past 12 months (foundation, corporate, government or organization) including dollar amounts:

The City of Jonesboro is funded by local sales tax revenue.

Purpose of Grant

Statement of Need*

Please include a brief statement of the issue your program or organization hopes to address. Be sure to include: societal issue of concern and need in community, how your program will address the identified need, population served (include number served), and how that target population will benefit.

This project will continue to address a need to a targeted population which is Jonesboro's low-income and special needs children. Typically, both groups have limited access to golfing. In 2017, The Target Golf program had 117 participants. More youth in Jonesboro have a desire to participate but the current location has been prohibitive. Providing a second location in downtown Jonesboro would make the sport accessible to children in the most distressed neighborhoods of Jonesboro. Jonesboro school district students will directly benefit from the Target Golf program. 90% of Jonesboro's 6,210 students are eligible for free or reduced lunch. A no-cost program would prove most beneficial to these students.

Purpose of Grant*

Please provide a description of the proposed project or program, including:

- a. Description of the goals of the project or program.
- b. Description of the activities you will perform to accomplish these goals; specify if this is a new or an ongoing project/program for your organization.
- c. Description of the intended long-term (5 years) impact of the project or program.

This program gives them access to a nice facility that is not on the golf course. With this access, the participating youth have made significant progress into learning the great yet frustrating game of golf. Jonesboro Parks and Recreation believes athletic programs have a positive effect on society when a city or community can provide athletic programs to the most vulnerable citizens, its children then it can have a positive influence. In today's social society there are many things that can influence a child such as drugs, violence, gangs, and sex. If athletics can capture their hearts then it can fill their minds with dreams and hopes and provide everyday life skills, such as leadership, teambuilding, and problem solving. With the help of those that Volunteer through coaching these sports programs, children have an opportunity to rise above the negative influences of life.

Process*

Please provide information on the timetable and mechanics of the program, including:

- a. Timetable for implementation (if for specific program or capital expenditure).
- b. Other organizations or partners, if any, participating in the activity.
- c. Long term sources or strategies for funding at the end of the grant period.

A. The Target Golf program has already been implemented for one season. The next session will begin in the Fall of 2019 at the original location at Craighead Forrest Park. A second location at City Water and Light Park will be operable Spring of 2019. The eight week sessions gives them enough time to practice basic skills.

B. At this time, we have not partnered with any other organizations. As the program grows, we will begin looking into those relationships to continue the success of this program.

C. The parks are maintained by the City Parks and Recreation department. Program funding will continue to be budgeted through the Parks and Recreation funds.

Key Staff*

Please list names and qualifications of key staff.

Jarrod Stroud - City Youth Sport Coordinator

Additional instructors certified through United State Golf Association would be hired through the grant opportunity

Budget

Program Budget*

Please upload the program budget setting forth specific line items that show how the proposed National Recreation Foundation grant funds would be spent. Be sure to include matching funds and/or in-kind contributions.

Target Golf Budget.pdf

Other Program Support*

Have you secured support from other sources for this program?

Yes

If yes, please list the other sources of support (with amounts and years) for this program:

If "no," skip to the next question.

The Parks and Recreation has budgeted \$8,000 to help offset league expenses and support staff salaries.

Volunteers and In-Kind Contributions

Please describe any volunteer involvement and/or in-kind contributions relating to this project:

Each team would be provided a volunteer team leader to help during practices and games.

Evaluation

The following are definitions and examples of goals, outputs and outcomes:

DEFINITIONS

Goal: High-level statement of the desired long-term impact of a project/program or a component of a project/program.

Outputs: Immediate-term results associated with a program or project (e.g., number of children who participated in a program, number of people trained).

Outcomes: Short-term and medium-term benefits or changes for participants after participating in a program (e.g., percent of kids who increased their life skills after participating in a program, percent of kids who lost weight after participating in a program).

DIRECTIONS

Please share information on one to three main goals for the project, including projected outputs and desired outcomes. This should provide information on expected results during the funding period. Please be as specific as possible. You will report back on these goals, outputs and outcomes in your final report.

EXAMPLE A

Goal: Provide at-risk youth in Oakland with opportunity to participate in a camp program

Projected output: 50 youth participate in 1 week camp program, 25 follow up reinforcement activities are performed with youth, 5 new instructors are trained in socio-emotional learning

Projected outcome: 80% of youth report having learned a new skill at camp, 80% of youth report feeling good about themselves as a result of the experience

If relevant, please make sure that one of the goals you select (with its corresponding outputs/outcomes) reflects youth successfully experiencing challenge, which is a major goal of NRF's work (see Example B below). And, please note, if the primary Type of Recreation for this project is PHYSICAL ACTIVITY, please make sure that one goal/output/outcome set captures an increase in youth physical activity (see Example C below).

EXAMPLE B

Goal: Youth from disadvantaged urban settings experience increased self-esteem

Projected Output: 50 youth will complete a high ropes course

Projected Outcome: 80% of youth report feeling they accomplished something significant

EXAMPLE C

Goal: Youth become more active through rock climbing

Projected Output: 60 youth will participate in the rock climbing clinic offered 3 times/year

Projected Outcome: 50% of rock climbing clinic participants report engaging in other activities where they can apply the skills they learned (at a local park or climbing wall)

GOAL ONE*

Summary:

To introduce the sport of golf to youth in low income areas of Jonesboro that wouldn't normally have access to the equipment and facilities.

GOAL ONE**Projected Outputs:*

Parks and Recreation department to provide another opportunity for inner city kids to participate in city recreational programs. The teams are made up of 5 players and 23 teams were formed last fall.

GOAL ONE**Projected Outcomes:*

To have an 80% return of children that participated last year, plus a huge increase in new participates in the upcoming fall program. 300 additional players are expected to start this fall. A total of 80 teams will be formed within two parks.

GOAL TWO*Summary:*

To provide a low impact sporting activity for children with disabilities.

GOAL TWO*Projected Outputs:*

The City of Jonesboro has on of the largest Miracle League ball fields serving special needs children and adults. The Parks department strives to find other avenues to give special needs and disabled citizens activities to stay engaged.

GOAL TWO*Projected Outcomes:*

To provide the 150 participants of the Miracle League another lifelong activity to enjoy.

GOAL THREE*Summary:*

To create an equal opportunity for all types of groups and evolve the sport of golf.

GOAL THREE*Projected Outputs:*

70% Caucasian, 20% African americans 10% others.

GOAL THREE*Projected Outcomes:*

We have seen the citywide increase in youth golf since the creation of Target golf. Already 40% of the golfers in our program have already joined their parents on the golf course this fall.

Attachments

Tax Exempt Status*

Please upload a copy of the original IRS determination letter indicating tax exempt status.

irs letter.pdf

Board of Directors*

Add or upload a list of your organization's Board of Directors, including occupations and/or community relations.

City-Council-Contact-Information.pdf

Anti-Discrimination Policy*

Has your Board of Directors adopted an Anti-Discrimination Policy?

Yes

Financial Statements*

Please upload the organization's most recent fiscal year-end financial statements (audited if available).

City of Jonesboro most recent independent audit.pdf

Organization's Budget*

Please upload the organization's current budget. NOTE: This is different than the program budget requested above.

2018 Parks Budget.pdf

Optional Attachment

Please feel free to use this upload option to add an additional document (annual report, flyer, brochure, image, etc.) important to your application.

File Attachment Summary

Applicant File Uploads

- Target Golf Budget.pdf
- irs letter.pdf
- City-Council-Contact-Information.pdf
- City of Jonesboro most recent independent audit.pdf
- 2018 Parks Budget.pdf

Target Golf Budget

Golf Clubs and Balls	\$ 6,000.00
Uniforms	\$ 4,500.00
Facility Equipment	\$ 3,000.00
Instructors for 16 week program	\$ 15,000.00
Participation awards	\$ 1,500.00
Total	\$ 30,000.00

ATLANTA GA 39901-0001

In reply refer to: 0750453698
Feb. 08, 2012 LTR 4076C 0
71-6013749 000000 00

00026348
BODC: TE

CITY OF JONESBORO
515 W WASHINGTON AVE
JONESBORO AR 72401-2782



028025

Federal Identification Number: 71-6013749
Person to Contact: Mrs. Minton
Toll Free Telephone Number: 1-877-829-5500

Dear City of Jonesboro:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

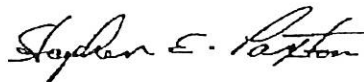
CITY OF JONESBORO
515 W WASHINGTON AVE
JONESBORO AR 72401-2782

Most entities must file a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, to request a determination that the organization is exempt from federal income tax under 501(c)(3) of the Code and that charitable contributions are tax deductible to contributors under section 170(c)(2). In addition, private foundations and other persons sometimes want assurance that their grants or contributions are made to a governmental unit or a public charity. Generally, grantors and contributors may rely on the status of governmental units based on State or local law. Form 1023 and Publication 4220, Applying for 501(c)(3) Tax-Exempt Status, are available online at www.irs.gov/eo.

We hope this general information will be of assistance to you. This letter, however, does not determine that you have any particular tax status. If you are unsure of your status as a governmental unit or state institution whose income is excluded under section 115(1) you may seek a private letter ruling by following the procedures specified in Revenue Procedure 2007-1, 2007-1 I.R.B. 1 (updated annually).

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Stephen E. Paxton
Operations Manager, AM Operations 3

City Council contact information

updated May 21, 2018

<u>Ward Position</u>	<u>Name</u>	<u>Phone number</u>	<u>Mailing address</u>	<u>E-mail address</u>
Ward 1 Position 1	Charles Frierson	932-6643 (w) 932-8153 (h)	1507 Frierson St. Jonesboro, AR 72401	cdfrierson3@hotmail.com
Ward 1 Position 2	Gene Vance	934-8900 (w) 935-9485 (h)	2911 Covey Road Jonesboro, AR 72401	gvance@jonesboro.org
Ward 2 Position 1	Dr. Charles Coleman	931-3178	300 N. Fisher Street Jonesboro, AR 72401	crcjab@sbcglobal.net
Ward 2 Position 2	Chris Moore	972-1365	1237 S. Madison Jonesboro, AR 72401	chrismooreplumbing@yahoo.com
Ward 3 Position 1	Ann Williams	932-3114 (w) 931-9889 (h)	1900 Aggie Road Jonesboro, AR 72401	edgecoffeehouse@hotmail.com
Ward 3 Position 2	Chris Gibson	243-1914	4516 Club House Drive Jonesboro, AR 72401	clgrehabman@yahoo.com
Ward 4 Position 1	John Street	972-5788 (w) 935-0108 (h)	4503 S. Culberhouse Jonesboro, AR 72404	jwstreet@sbcglobal.net
Ward 4 Position 2	Mitch Johnson	273-6795	3716 Partridge Circle Jonesboro, AR 72404	johnsons3@suddenlink.net
Ward 5 Position 1	L.J. Bryant	819-7218	1010 Wildberry Cove Jonesboro, AR 72404	lj@ljbryant.com
Ward 5 Position 2	Joe Hafner	680-0803 932-5171 (h)	920 Lombardy Jonesboro, AR 72401	joeforjonesboro@gmail.com
Ward 6 Position 1	Bobby Long	275-8134	4121 Oakhill Lane Jonesboro, AR 72401	blongjcc@gmail.com
Ward 6 Position 2	David McClain	351-6623	700 Laura Lea Jonesboro, AR 72401	david.mcclain@jonesboro.org

City of Jonesboro, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2016

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF JONESBORO, ARKANSAS
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Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS 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, 2016, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Jonesboro, Arkansas, as of December 31, 2016, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, 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, 2016, 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.

Emphasis of Matter

As discussed in Note 4 to the financial statements, in 2016 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

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, the supplementary 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
November 21, 2017
LOM104916

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

City of 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2017. 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.

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.

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. 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 may exist that have not been identified.

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*.

Other Issues

The following issue is not a significant deficiency, material weakness, or material instance of noncompliance, but is an issue that is presented to assist in the efficient operation of the City.

The commentary contained in this section relates to the following officials that held office during 2016:

Mayor: Harold Perrin
Treasurer/Chief Financial Officer: Suzanne Allen
Police Chief: Rick Elliot
Advertising and Promotion Commissioner: Thom Beasley

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

Our audit procedures indicated that the offices of **Mayor**, **Treasurer/Chief Financial Officer**, and **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law was noted in the office of **Advertising and Promotion Commissioner**.

Advertising and Promotion Commissioner

The Advertising and Promotion Commission paid the Red Wolf Foundation \$100,000 without a contract, which is suspect under the "public purpose" doctrine and Ark. Const. art. 12, § 5, which states, in part, "No City shall obtain or appropriate money for any corporation, association, institution or individual," and under Ark. Code Ann. § 26-75-606, which prohibits taxes to be used for "...general subsidy of any civic group...."

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 21, 2017

CITY OF JONESBORO, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 DECEMBER 31, 2016

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 26,733,031	\$ 6,600,130	\$ 12,424,194
Investments			10,370,056
Accounts receivable	3,280,838	124,712	591,064
Interfund receivables	209,878	244	9,230
	<u>30,223,747</u>	<u>6,725,086</u>	<u>23,394,544</u>
TOTAL ASSETS			
	<u>\$ 30,223,747</u>	<u>\$ 6,725,086</u>	<u>\$ 23,394,544</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,034,246	\$ 230,099	\$ 795,386
Interfund payables	7,808		211,544
Settlements pending			48,570
Total Liabilities	<u>1,042,054</u>	<u>230,099</u>	<u>1,055,500</u>
Fund Balances:			
Restricted	249,665	6,022,931	19,898,493
Committed	133,449		1,308,240
Assigned		472,056	1,132,311
Unassigned	28,798,579		
Total Fund Balances	<u>29,181,693</u>	<u>6,494,987</u>	<u>22,339,044</u>
	<u>\$ 30,223,747</u>	<u>\$ 6,725,086</u>	<u>\$ 23,394,544</u>
TOTAL LIABILITIES AND FUND BALANCES			

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, 2016

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,198,125	\$ 4,243,176	\$ 683,181
Federal aid			2,593,411
Property taxes	3,476,765	1,455,808	
Franchise fees	1,626,790		
Sales taxes	28,326,744		2,713,075
Fines, forfeitures, and costs	1,850,438		78,336
Interest and dividends	255,321	34,506	92,678
Local permits and fees	2,406,026	114,082	30,600
Sanitation fees	45,717		
Advertising and promotion taxes			688,623
Employer/Employee contributions			237,052
Park fees, rentals, and sales	607,807		9,196
911 fees			948,871
County aid			313,707
Hangar leases and rentals			313,905
Fuel commissions			76,144
Bus fares			78,787
Donations			59,986
Net increase in fair market value of investments			477,378
Other			40,135
	<u>1,215,250</u>	<u>51,751</u>	<u>40,135</u>
TOTAL REVENUES	<u>41,008,983</u>	<u>5,899,323</u>	<u>9,435,065</u>
EXPENDITURES			
Current:			
General government	4,925,700		1,348,532
Law enforcement	15,134,343		375,043
Highways and streets	4,833	5,216,303	4,042,031
Public safety	10,226,693		1,462,012
Sanitation	3,884,690		108,037
Health	430,000		
Recreation and culture	5,006,282		2,122,698
Social services	248,474		83,359
Advertising and promotion			664,192
Economic development			164,830
Community development			245,574
Public transit			1,280,639
Airport	28,628		667,002
Total Current	<u>39,889,643</u>	<u>5,216,303</u>	<u>12,563,949</u>
Debt Service:			
Loan principal			500,000
Loan interest			10,998
TOTAL EXPENDITURES	<u>39,889,643</u>	<u>5,216,303</u>	<u>13,074,947</u>

CITY OF JONESBORO, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,119,340	\$ 683,020	\$ (3,639,882)
OTHER FINANCING SOURCES (USES)			
Transfers in	297,433		8,990,311
Transfers out	(8,987,811)		(299,933)
Contributions from City Water and Light	521,038		178,962
Loan proceeds			400,000
TOTAL OTHER FINANCING SOURCES (USES)	(8,169,340)		9,269,340
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,050,000)	683,020	5,629,458
FUND BALANCES - JANUARY 1	36,231,693	5,811,967	16,709,586
FUND BALANCES - DECEMBER 31	\$ 29,181,693	\$ 6,494,987	\$ 22,339,044

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, 2016

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,125,000	\$ 1,198,125	\$ 73,125	\$ 4,123,907	\$ 4,243,176	\$ 119,269
Property taxes	3,238,100	3,476,765	238,665	1,400,000	1,455,808	55,808
Franchise fees	1,640,000	1,626,790	(13,210)			
Sales taxes	25,996,208	28,326,744	2,330,536			
Fines, forfeitures, and costs	1,717,265	1,850,438	133,173			
Interest and dividends	165,000	255,321	90,321	23,000	34,506	11,506
Local permits and fees	1,957,300	2,406,026	448,726	33,200	114,082	80,882
Sanitation fees	42,400	45,717	3,317			
Park fees, rentals, and sales	466,500	607,807	141,307			
Other	765,623	1,215,250	449,627	23,500	51,751	28,251
TOTAL REVENUES	37,113,396	41,008,983	3,895,587	5,603,607	5,899,323	295,716
EXPENDITURES						
Current:						
General government	5,329,408	4,925,700	403,708			
Law enforcement	15,438,906	15,134,343	304,563			
Highways and streets	5,000	4,833	167	5,634,047	5,216,303	417,744
Public safety	10,226,411	10,226,693	(282)			
Sanitation	3,956,746	3,884,690	72,056			
Health	430,000	430,000				
Recreation and culture	4,953,242	5,006,282	(53,040)			
Social services	248,838	248,474	364			
Airport	10,000	28,628	(18,628)			
TOTAL EXPENDITURES	40,598,551	39,889,643	708,908	5,634,047	5,216,303	417,744
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,485,155)	1,119,340	4,604,495	(30,440)	683,020	713,460
OTHER FINANCING SOURCES (USES)						
Transfers in	95,000	297,433	202,433			
Transfers out	(9,008,299)	(8,987,811)	20,488			
Contributions from City Water and Light	521,000	521,038	38			
TOTAL OTHER FINANCING SOURCES (USES)	(8,392,299)	(8,169,340)	222,959			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(11,877,454)	(7,050,000)	4,827,454	(30,440)	683,020	713,460
FUND BALANCES - JANUARY 1	32,837,115	36,231,693	3,394,578	5,426,879	5,811,967	385,088
FUND BALANCES - DECEMBER 31	\$ 20,959,661	\$ 29,181,693	\$ 8,222,032	\$ 5,396,439	\$ 6,494,987	\$ 1,098,548

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

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

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

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

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 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.

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 the Capital Projects 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 Pension Trust Funds as reported with other funds in the aggregate.

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered 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, 2016

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 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 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 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)	\$ 1,250,000	\$ 1,250,000
Collateralized:		
Collateral held by the City's agent, pledging bank, or pledging bank's trust department or agent in the City's name	44,419,446	45,171,744
U.S. government guaranteed accounts	56,208	57,304
	_____	_____
Total Deposits	\$ 45,725,654	\$ 46,479,048
	=====	=====

The above total deposits do not include cash on hand of \$31,701.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, or in a local government joint investment trust. State law also provides that if the total assets of the pension trust funds exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law on pension and relief funds for nonuniformed employees.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2016	
	Fair Value	
Trust	\$	10,370,056

Trust Fund Investments

	December 31, 2016	
Investments in the Defined Benefit Pension Plan include:		
Separate Accounts	\$	7,600,532
Mutual Funds		1,173,047
Exchange Traded Funds (ETF)		560,130
Total Defined Benefit Investments		9,333,709
Investments in the Defined Contribution Pension Plan include:		
Mutual Funds		1,036,347
Total Trust Fund Investments	\$	10,370,056

Investments are reported at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is 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 JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4: Public Fund Investments (Continued)

The City's investments are composed of the following:

	December 31, 2016	Quoted Prices in Active Markets for Identical Investments Level I	Other Observable Inputs Level II	Other Unobservable Inputs (supported by little or no market activity) Level III
Investments by fair value level				
Mutual Funds	\$ 2,209,394	\$ 2,209,394		
Exchange Traded Funds	560,130	560,130		
Total investments by fair value level	<u>2,769,524</u>	<u>\$ 2,769,524</u>		

Investments measured at the net asset value (NAV)

Equity long/short hedge funds	2,942,302
Event-driven hedge funds	2,599,367
Global opportunities hedge funds	992,193
Multi-strategy hedge funds	455,890
Real estate funds	<u>610,780</u>
Total investment measured at the NAV	<u>7,600,532</u>
Total investments measured at fair value	<u>\$ 10,370,056</u>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds ⁽¹⁾	\$2,942,302	-	daily	one-day
Event-driven hedge funds ⁽²⁾	2,599,367	-	daily	one-day
Global opportunities hedge funds ⁽³⁾	992,193	-	daily	one-day
Multi-strategy hedge funds ⁽⁴⁾	455,890	-	daily	one-day
Real estate funds ⁽⁵⁾	<u>610,780</u>	-	daily	one-day
	<u>\$7,600,532</u>			

- Equity long/short hedge funds. This type includes investments in 8 hedge funds that invest both long and short term strategies primarily in U.S. common stocks and bonds. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- Event-driven hedge funds. This type includes 3 investment funds. One fund invests approximately 80% of its net assets, plus any borrowings for investment purposes, in debt securities held by the Barclays U.S. Aggregate Bond Index which includes investment grade, fixed rate debt issues. The second fund invests primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and U.S. government and agency backed securities. The third fund invests approximately 80% of its net assets, plus any borrowings for investment purposes, in below investment grade bonds (sometimes called "high yield bonds" or "junk bonds"). The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investments.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4: Public Fund Investments (Continued)

3. Global opportunities hedge. This type includes investments in 3 hedge funds. The first holds at least 80% of its net assets in value equity securities of small, medium, and large market capitalization companies outside the U.S. The second holds securities in companies with their principal place of business outside the U.S.; companies for which the principal securities market is outside the U.S.; or companies, regardless of where their securities are traded, derive 50% of their total revenue outside of the U.S. This hedge fund invests at least 80% in companies similar in size to companies included in the Citigroup Extended Market Index (EMI) World ex U.S. The third hedge fund invests in equity securities of companies with small to medium market capitalization in emerging market countries. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.
4. Multi-Strategy hedge funds. This type includes one fund that invests in a broad range of instruments including, but not limited to, equities, bonds, currencies, commodities, convertible securities, floating rate debt, and bank loans. It invests in securities of issuers located throughout the world, including the U.S., invests at least 30% of its net assets in foreign and emerging market securities, and holds investments tied economically to at least ten countries.
5. Real estate funds. This type includes two funds. One fund that invests primarily in commercial real estate holdings. It focuses on properties that return both lease income and appreciation of the buildings' marketable value. This investment option is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Investors may not be able to immediately withdraw funds contributed to the separate account. The second fund invests at least 80% of its net assets in investments related to real assets and real asset companies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

Other required disclosures for investments:

- Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments subject to credit risk at December 31, 2016 was \$3,427,676 (33%). Morningstar Rating Service rates the fixed income funds on five levels ranging from low to high. The Morningstar rating for these investments were rated as follows: 63% average, 23% below average, and 13% low.
- Interest Rate Risk –Interest rate risk is the risk that the value of investments will be reduced when market interest rates climb higher than the interest rate of the investment. The City invests in separate accounts and mutual funds which hold investments in both government and corporate bonds. The City had invested a total of \$3,427,676 (33%) in such funds at December 31, 2016.
- Foreign Currency Risk –This risk relates to the adverse effect on the fair value of an investment from changes in exchange rates. The City has investments totaling \$ 1,130,578 (11%) in mutual funds and separate accounts that may be affected by such changes in exchange rates.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2016, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			\$ 16,592
Federal aid			161,430
Property taxes	\$ 261,152	\$ 121,893	
Franchise fees	323,890		
Sales taxes	2,468,467		186,025
Fines, forfeitures, and costs	110,023		
Interest and dividends	3,298		
Local permits and fees	66,603	2,506	812
Sanitation fees	5,485		
Advertising and promotion taxes			45,638
Park fees, rentals, and sales	4,946		
911 fees			153,647
County aid			24,662
Bus fares			1,817
Donations			300
Other	36,974	313	141
Totals	<u>\$ 3,280,838</u>	<u>\$ 124,712</u>	<u>\$ 591,064</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2016, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 1,001,749	\$ 230,099	\$ 616,932
Payroll taxes payable			178,454
Customer deposits	32,497		
Totals	<u>\$ 1,034,246</u>	<u>\$ 230,099</u>	<u>\$ 795,386</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2016	
	Interfund Receivables	Interfund Payables
General Fund	\$ 209,878	\$ 7,808
Street Fund	244	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Emergency 911	59	
Federal Grants	8,592	150
Jonesboro Economical Transportation System	54	101,517
Community Development Block Grant	525	100,000
Cemetery		9,877
Totals	<u>\$ 219,352</u>	<u>\$ 219,352</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. These balances are expected to be repaid in 2017.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2016, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 79,727
Law enforcement	\$ 125,206		168,962
Highways and streets		\$ 6,022,931	
Public safety	121,539		177,501
Recreation and culture	2,920		35,929
Advertising and promotion			342,732
Economic development			49,662
Community development			55,279
Airport			789,673
Pension benefits			10,465,520
Capital outlay			<u>7,733,508</u>
Total Restricted	<u>249,665</u>	<u>6,022,931</u>	<u>19,898,493</u>
Committed for:			
General government	<u>133,449</u>		
Social services			<u>1,308,240</u>
Assigned to:			
Highways and streets		472,056	
Public safety			217,004
Public transit			108,643
Airport			350,000
Capital outlay			<u>456,664</u>
Total Assigned		<u>472,056</u>	<u>1,132,311</u>
Unassigned	<u>28,798,579</u>		
Totals	<u>\$ 29,181,693</u>	<u>\$ 6,494,987</u>	<u>\$ 22,339,044</u>

NOTE 9: 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, 2016, the legal debt limit for the bonded debt was \$225,143,410. 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, 2016, the legal debt limit for short-term financing obligations was \$57,689,276. The amount of short-term financing obligations was \$400,000, leaving a legal debt margin of \$57,289,276.

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2016:

	December 31, 2016
Long-term liabilities	\$5,393,326
Construction contracts	<u>1,910,110</u>
Total Commitments	<u>\$7,303,436</u>

CITY OF JONESBORO, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 10: Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2016 are comprised of the following:

	December 31, 2016
Promissory note with First Security Bank dated February 5, 2016, for the Miracle League Park Project with the principal and accrued interest at 1.55% due on February 5, 2017. Payments will be made from the Miracle League Fund.	\$ 400,000
Compensated absences	4,993,326
Total Long-term liabilities	\$ 5,393,326

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 Costs

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 post closure plan for the City's Class IV landfill with an estimated cost of \$7,500 based on the most expensive costs of post closure 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, 2016, the City renewed a letter of credit from Centennial Bank in the amount of \$23,000 to satisfy financial assurance requirement of \$113,107 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.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2016:

Years Ending December 31,	Note
2017	\$ 406,303
Less Interest	6,303
Total Principal	\$ 400,000

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10: Commitments (Continued)

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2016:

<u>Project Name</u>	<u>Estimated/Actual Completion Date</u>	<u>Contract Balance December 31, 2016</u>
Craighead Forest Park Trail Phase 2	May 22, 2017	\$ 27,349
Airport Hangar Development Phase D	July 31, 2017	408,353
Highway 18 and Main Street Improvements	October 31, 2017	57,135
Higginbottom Creek Ditch Rechanneling	February 9, 2018	979,103
Shooting Sports Complex	March 1, 2018	360,000
Craighead Forest Park Trail	March 31, 2018	78,170
		<u>\$ 1,910,110</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$8,770,123 to Other Funds in the Aggregate (\$957,179 to Federal Grants, \$2,944 to Metropolitan Planning Organization and \$7,810,000 to Capital Improvement) for the City's portion of various grants, reimbursement of expenses, and the City's portion of future statewide transportation improvement program projects, respectively. The General Fund also transferred \$217,688 to Other Funds in the Aggregate (\$147,688 to Jonesboro Economical Transit System and \$70,000 to Airport Commission) to supplement operations. The Other Funds in the Aggregate (Advertising and Promotion) transferred \$297,433 to the General Fund for reimbursement of expenses. Within Other Funds in the Aggregate Miracle League transferred \$2,500 to Federal Grants for reimbursement of expenses.

NOTE 12: Subsequent Events

On February 5, 2017, the City modified the promissory note with First Security Bank (Miracle League Park Project Refunding) to extend the maturity date to February 5, 2018.

On March 21, 2017, the City entered into a Contract with Sugg Construction for \$797,148 for the Craighead Forest Park road improvement project.

On September 5, 2017, the City entered into a contract with AWT Constructors, LLC for \$485,880 for the Cemetery Maintenance Building project.

NOTE 13: Related Party Transactions

- 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 2016, City Water and Light contributed a total of \$521,038 and \$178,962 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 \$2,013,557.
- B. The City paid \$383,332 to Delta Dental of Arkansas for dental insurance in 2016. 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.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 14: 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 \$2,313,519 to the Craighead County – Jonesboro Public Library for the year ending December 31, 2016.

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 15: 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 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.

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.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 15: Risk Management (Continued)

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.

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.

**NOTE 16: 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 October 1, 1997 and December 31, 2012, administration of the City of Jonesboro Firemen's Pension and Relief Fund and the City of Policemen's Pension and Relief Fund was transferred to LOPFI, respectively. The benefit structure of these plans was not changed.

Funding Policy

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

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$2,691,076 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$1,383,778 for the year ended December 31, 2016.

Net Pension Liability

The City's proportionate share of the collective net pension liability at December 31, 2016 (actuarial valuation date and measurement date) was \$24,229,128.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

**NOTE 17: Nonuniformed Employee's Pension Plan
(A Defined Benefit 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 fifty-five 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.

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).

Net Pension Liability

The City did not have a net pension liability at December 31, 2014 (actuarial valuation date and measurement date).

**NOTE 18: Nonuniformed Employee's Pension Plan
(A Defined Contribution 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.

The City's contribution to the plan was \$237,052 for the year ended December 31, 2016.

CITY OF JONESBORO, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2016

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
ASSETS									
Cash and cash equivalents	\$ 215,102	\$ 297,814	\$ 103,754	\$ 165,975	\$ 137,137	\$ 1,121,943	\$ 24,995	\$ 65,211	\$ 61,691
Investments									
Accounts receivable	195,117	45,638	60,874	55,085	27,005	19,283			20,283
Interfund receivables	59		8,592	54	525				
TOTAL ASSETS	\$ 410,278	\$ 343,452	\$ 173,220	\$ 221,114	\$ 164,667	\$ 1,141,226	\$ 24,995	\$ 65,211	\$ 81,974
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 15,773	\$ 720	\$ 44,251	\$ 10,954	\$ 9,388	\$ 1,553	\$ 401		\$ 2,247
Interfund payables			150	101,517	100,000				
Settlements pending									
Total Liabilities	15,773	720	44,401	112,471	109,388	1,553	401		2,247
Fund Balances:									
Restricted	177,501	342,732	128,819		55,279	789,673	24,594	\$ 65,211	79,727
Committed									
Assigned	217,004			108,643		350,000			
Total Fund Balances	394,505	342,732	128,819	108,643	55,279	1,139,673	24,594	65,211	79,727
TOTAL LIABILITIES AND FUND BALANCES	\$ 410,278	\$ 343,452	\$ 173,220	\$ 221,114	\$ 164,667	\$ 1,141,226	\$ 24,995	\$ 65,211	\$ 81,974

CITY OF JONESBORO, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2016

Schedule 1

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TRUST FUNDS		AGENCY FUNDS		Totals
	Cemetery	Miracle League	Capital Improvement	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	Payroll	Cafeteria Plan and Insurance	
ASSETS								
Cash and cash equivalents	\$ 1,318,205	\$ 35,808	\$ 8,420,437	\$ 74,681	\$ 20,783	\$ 338,206	\$ 22,452	\$ 12,424,194
Investments				9,333,709	1,036,347			10,370,056
Accounts receivable	812	300	166,667					591,064
Interfund receivables								9,230
TOTAL ASSETS	\$ 1,319,017	\$ 36,108	\$ 8,587,104	\$ 9,408,390	\$ 1,057,130	\$ 338,206	\$ 22,452	\$ 23,394,544
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 900	\$ 179	\$ 396,932			\$ 312,088		\$ 795,386
Interfund payables	9,877							211,544
Settlements pending						26,118	\$ 22,452	48,570
Total Liabilities	<u>10,777</u>	<u>179</u>	<u>396,932</u>			<u>338,206</u>	<u>22,452</u>	<u>1,055,500</u>
Fund Balances:								
Restricted		35,929	7,733,508	\$ 9,408,390	\$ 1,057,130			19,898,493
Committed	1,308,240							1,308,240
Assigned			456,664					1,132,311
Total Fund Balances	<u>1,308,240</u>	<u>35,929</u>	<u>8,190,172</u>	<u>9,408,390</u>	<u>1,057,130</u>			<u>22,339,044</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,319,017	\$ 36,108	\$ 8,587,104	\$ 9,408,390	\$ 1,057,130	\$ 338,206	\$ 22,452	\$ 23,394,544

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, 2016

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
REVENUES									
State aid			\$ 84,528	\$ 263,119		\$ 228,590			
Federal aid			768,904	752,151	\$ 656,398	309,056			\$ 106,902
Sales taxes	\$ 217,004					30,141			
Fines, forfeitures, and costs							\$ 23,783	\$ 54,553	
Interest and dividends	739	\$ 1,219	1,211	657		4,279	23	276	433
Local permits and fees									
Advertising and promotion taxes		688,623							
Employer/Employee contributions									
Park fees, rentals, and sales									
911 fees	948,871								
County aid	313,707								
Hangar leases and rentals						313,905			
Fuel commissions						76,144			
Bus fares				78,787					
Donations									
Net increase in fair market value of investments									
Other	374		5,905	11,270		3,366			795
TOTAL REVENUES	1,480,695	689,842	860,548	1,105,984	656,398	965,481	23,806	54,829	108,130
EXPENDITURES									
Current:									
General government			21,662		387,120				134,948
Law enforcement			346,752				15,210	13,081	
Highways and streets			123,802						
Public safety	1,462,012								
Sanitation									
Recreation and culture			1,205,389		59,017				
Social services					11,698				
Advertising and promotion		664,192							
Economic development			164,830						
Community development			8,823		236,751				
Public transit				1,280,639					
Airport						667,002			
Total Current	1,462,012	664,192	1,871,258	1,280,639	694,586	667,002	15,210	13,081	134,948
Debt Service:									
Loan principal									
Loan interest									
TOTAL EXPENDITURES	1,462,012	664,192	1,871,258	1,280,639	694,586	667,002	15,210	13,081	134,948

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, 2016

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
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 18,683	\$ 25,650	\$ (1,010,710)	\$ (174,655)	\$ (38,188)	\$ 298,479	\$ 8,596	\$ 41,748	\$ (26,818)
OTHER FINANCING SOURCES (USES)									
Transfers in			959,679	147,688		70,000			2,944
Transfers out		(297,433)							
Contributions from City Water and Light									
Loan proceeds									
TOTAL OTHER FINANCING SOURCES (USES)		(297,433)	959,679	147,688		70,000			2,944
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	18,683	(271,783)	(51,031)	(26,967)	(38,188)	368,479	8,596	41,748	(23,874)
FUND BALANCES - JANUARY 1	375,822	614,515	179,850	135,610	93,467	771,194	15,998	23,463	103,601
FUND BALANCES - DECEMBER 31	<u>\$ 394,505</u>	<u>\$ 342,732</u>	<u>\$ 128,819</u>	<u>\$ 108,643</u>	<u>\$ 55,279</u>	<u>\$ 1,139,673</u>	<u>\$ 24,594</u>	<u>\$ 65,211</u>	<u>\$ 79,727</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, 2016

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS	TRUST FUNDS		Totals
	Cemetery	Miracle League	FUND Capital Improvement	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution	
REVENUES						
State aid			\$ 106,944			\$ 683,181
Federal aid						2,593,411
Sales taxes			2,465,930			2,713,075
Fines, forfeitures, and costs						78,336
Interest and dividends		\$ 205	23,853	\$ 40,159	\$ 19,624	92,678
Local permits and fees	\$ 30,600					30,600
Advertising and promotion taxes						688,623
Employer/Employee contributions					237,052	237,052
Park fees, rentals, and sales		9,196				9,196
911 fees						948,871
County aid						313,707
Hangar leases and rentals						313,905
Fuel commissions						76,144
Bus fares						78,787
Donations		59,986				59,986
Net increase in fair market value of investments				440,048	37,330	477,378
Other		45	17,951	429		40,135
TOTAL REVENUES	30,600	69,432	2,614,678	480,636	294,006	9,435,065
EXPENDITURES						
Current:						
General government			310,089	430,854	63,859	1,348,532
Law enforcement						375,043
Highways and streets			3,918,229			4,042,031
Public safety						1,462,012
Sanitation			108,037			108,037
Recreation and culture		46,508	811,784			2,122,698
Social services	71,661					83,359
Advertising and promotion						664,192
Economic development						164,830
Community development						245,574
Public transit						1,280,639
Airport						667,002
Total Current	71,661	46,508	5,148,139	430,854	63,859	12,563,949
Debt Service:						
Loan principal		500,000				500,000
Loan interest		10,998				10,998
TOTAL EXPENDITURES	71,661	557,506	5,148,139	430,854	63,859	13,074,947

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, 2016

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TRUST FUNDS		Totals
	Cemetery	Miracle League	Capital Improvement	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (41,061)	\$ (488,074)	\$ (2,533,461)	\$ 49,782	\$ 230,147	\$ (3,639,882)
OTHER FINANCING SOURCES (USES)						
Transfers in			7,810,000			8,990,311
Transfers out		(2,500)				(299,933)
Contributions from City Water and Light			178,962			178,962
Loan proceeds		400,000				400,000
TOTAL OTHER FINANCING SOURCES (USES)		397,500	7,988,962			9,269,340
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(41,061)	(90,574)	5,455,501	49,782	230,147	5,629,458
FUND BALANCES - JANUARY 1	1,349,301	126,503	2,734,671	9,358,608	826,983	16,709,586
FUND BALANCES - DECEMBER 31	\$ 1,308,240	\$ 35,929	\$ 8,190,172	\$ 9,408,390	\$ 1,057,130	\$ 22,339,044

CITY OF JONESBORO, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2016

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 account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of 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	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 - 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.
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	Established to account for grant revenue from the United States 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	Established to account for donations for 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. Voters approved to remove the sales and use tax restriction on August 12, 2014. Sales and use tax is now assigned by the City for financing capital improvement expenditures.
Nonuniformed Employee's Pension	Established to account for employee retirement plan established pursuant to Internal Revenue Service code § 401(a).

CITY OF JONESBORO, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2016

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

<u>Fund Name</u>	<u>Fund Description</u>
Nonuniformed Employee's Defined Contribution Pension	Established to account for employee retirement plan established pursuant to Internal Revenue Service code §§ 401(a) and 457(b).
Payroll	Established to facilitate payment of payroll expenditures and related tax liabilities.
Cafeteria Plan and Insurance	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, 2016
(Unaudited)

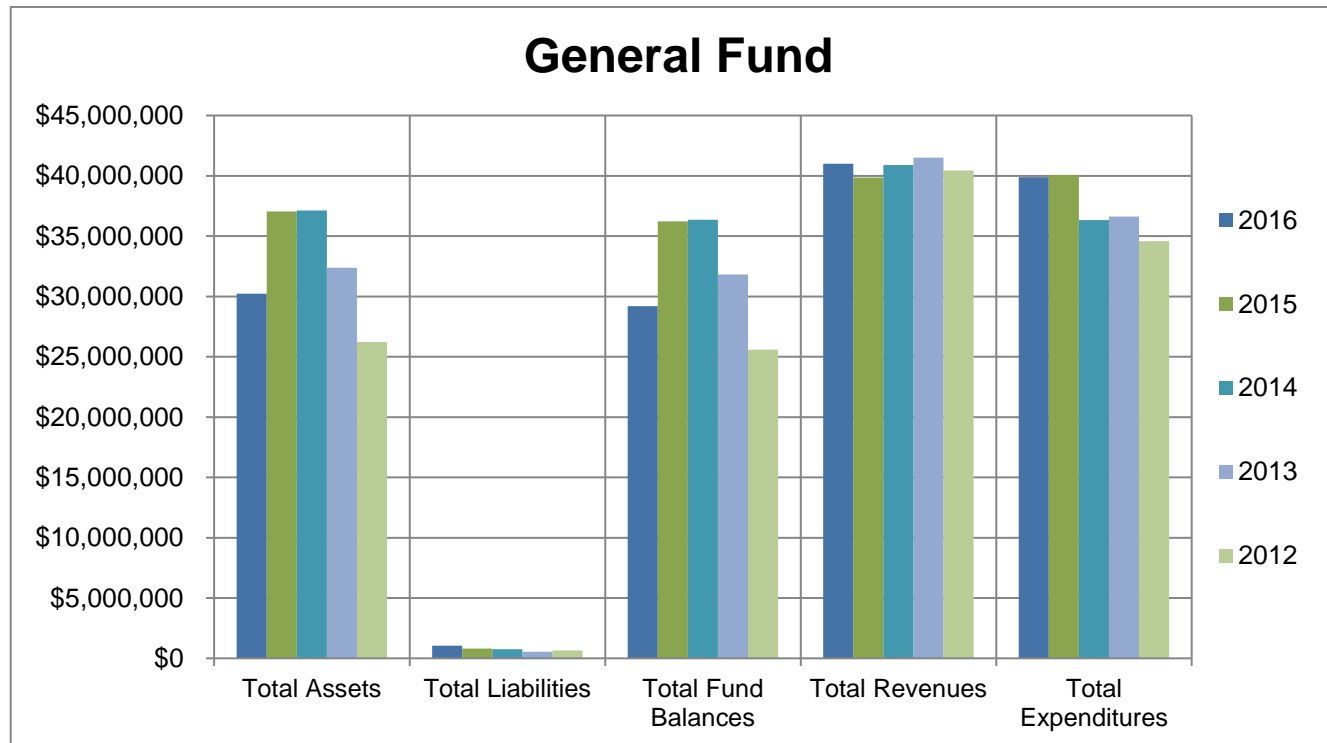
Schedule 3

	<u>December 31, 2016</u>
Land	\$ 18,986,710
Buildings	51,328,661
Equipment	41,096,982
Construction in progress	<u>13,277</u>
Total	<u>\$ 111,425,630</u>

CITY OF JONESBORO, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2016
 (Unaudited)

Schedule 4-1

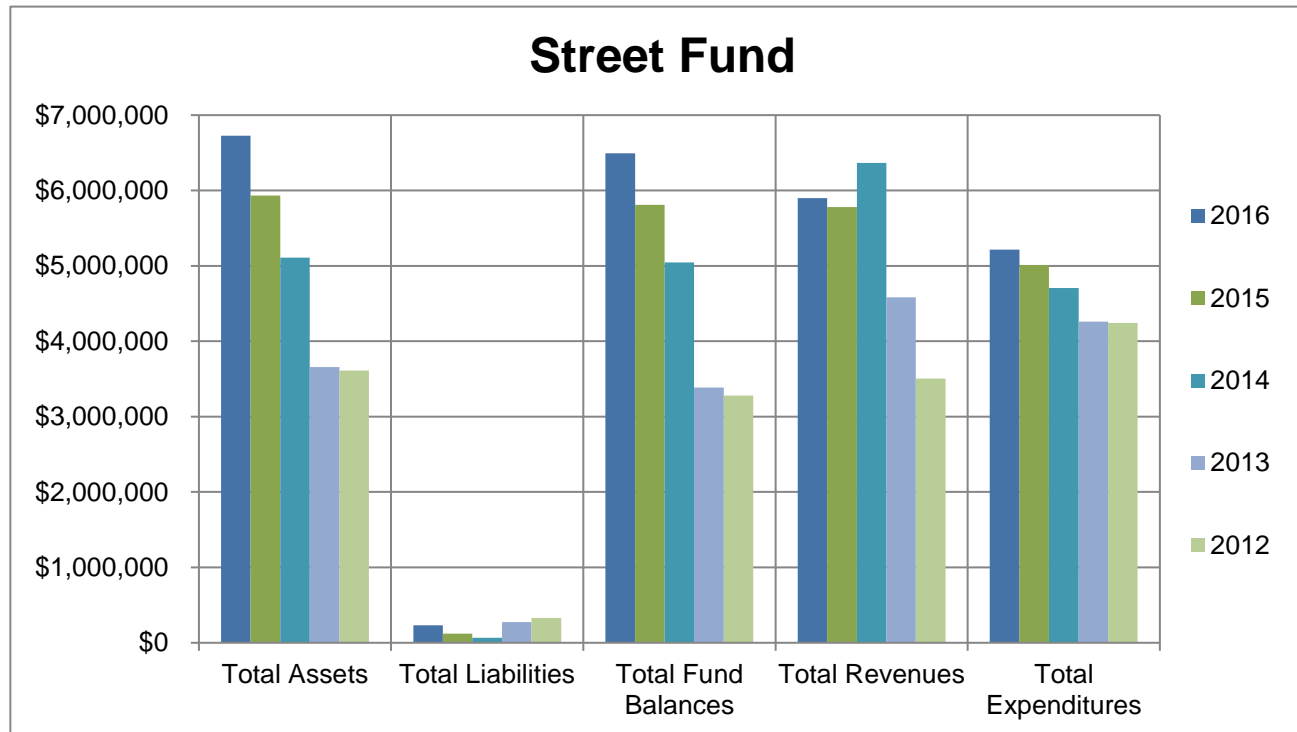
<u>General</u>	2016	2015	2014	2013	2012
Total Assets	\$ 30,223,747	\$ 37,039,487	\$ 37,119,967	\$ 32,374,862	\$ 26,230,495
Total Liabilities	1,042,054	807,794	767,219	543,922	649,799
Total Fund Balances	29,181,693	36,231,693	36,352,748	31,830,940	25,580,696
Total Revenues	41,008,983	39,870,725	40,886,083	41,506,420	40,448,481
Total Expenditures	39,889,643	40,069,336	36,343,371	36,624,505	34,570,534
Total Other Financing Sources/Uses	(8,169,340)	77,556	(20,904)	1,561,339	1,358,336



CITY OF JONESBORO, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2016
 (Unaudited)

Schedule 4-2

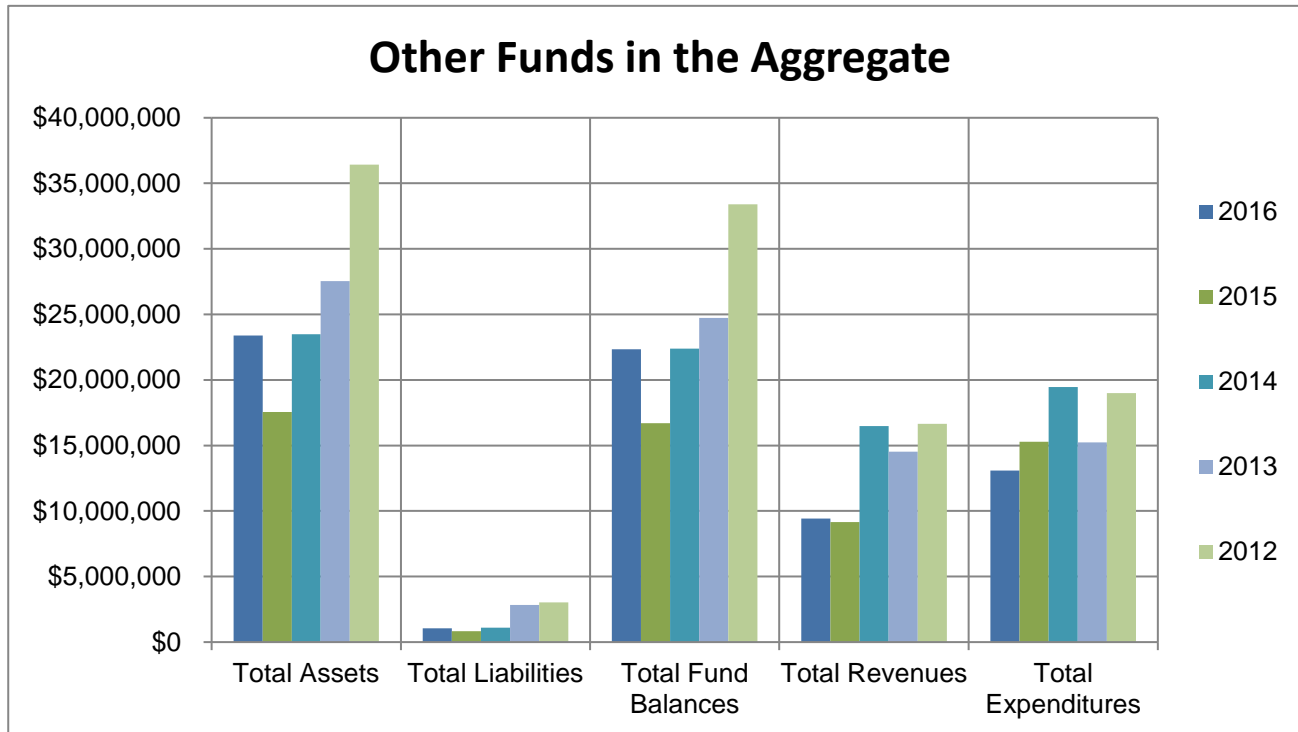
<u>Street</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Assets	\$ 6,725,086	\$ 5,933,829	\$ 5,111,542	\$ 3,657,263	\$ 3,610,365
Total Liabilities	230,099	121,862	64,722	272,517	330,251
Total Fund Balances	6,494,987	5,811,967	5,046,820	3,384,746	3,280,114
Total Revenues	5,899,323	5,778,884	6,366,607	4,581,926	3,503,915
Total Expenditures	5,216,303	5,013,737	4,704,533	4,261,028	4,241,747
Total Other Financing Sources/Uses					



CITY OF JONESBORO, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2016
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2016	2015	2014	2013	2012
Total Assets	\$ 23,394,544	\$ 17,549,132	\$ 23,482,497	\$ 27,550,201	\$ 36,417,802
Total Liabilities	1,055,500	839,546	1,100,451	2,826,261	3,031,094
Total Fund Balances	22,339,044	16,709,586	22,382,046	24,723,940	33,386,708
Total Revenues	9,435,065	9,145,615	16,467,705	14,523,504	16,657,744
Total Expenditures	13,074,947	15,290,519	19,465,590	15,243,223	18,996,333
Total Other Financing Sources/Uses	9,269,340	472,444	655,991	(7,903,788)	4,422,855



City of Jonesboro, Arkansas
Fiscal Year 2018 Budget
Presented by Mayor Harold Perrin

Operating Budget FY 2018						
Fund: General			Department: Parks			
Account Name	2015 Actual	2016 Actual	2017 Projected	2017 Budget	2018 Budget	Difference
Salaries- Parks	575,356	622,127	689,526	696,891	712,571	15,680
Holiday Pay	8,852	10,555	10,721	10,721	11,023	302
Group Insurance	87,183	94,954	84,449	93,581	96,500	2,919
Pension - City's Contribution	22,813	23,978	27,090	21,918	25,078	3,160
Payroll Taxes	57,841	61,407	65,988	66,998	69,784	2,786
Uniforms	4,593	7,505	7,500	7,000	8,000	1,000
Travel & Training	6,308	8,065	4,738	4,000	1,000	(3,000)
Part-Time Salaries	360,471	366,396	350,000	325,000	350,000	25,000
Overtime Salaries	26,386	17,127	21,823	17,000	20,000	3,000
Accrued Balance Payout	-	-	75	-	-	-
Unemployment/Wkms.Comp.	15,411	29,013	18,831	20,157	17,125	(3,032)
Medicare Contributions	13,528	14,362	15,433	15,669	16,320	651
Longevity Pay	-	10,725	3,000	3,000	3,000	-
O&M Personnel Accounts Sub-Total	1,178,743	1,266,215	1,299,175	1,281,935	1,330,401	48,466
Telephone Expense	11,237	16,197	13,736	16,000	16,000	-
Utilities	1,140	1,121	1,240	1,500	1,200	(300)
Insurance and Licenses	42,854	44,862	35,931	37,898	36,352	(1,546)
Professional Services	925	926	1,975	1,000	1,500	500
Postage	494	425	432	500	500	-
Advertising and Printing	12,414	11,014	8,382	9,000	9,000	-
Maint Bldg & Grns	158,401	152,261	102,399	150,000	85,000	(65,000)
Equipment Maintenance	48,655	40,254	25,469	50,000	25,000	(25,000)
Auto Expense	28,914	37,180	25,903	20,000	20,000	-
Supplies	144,891	136,792	140,000	125,000	102,476	(22,524)
Office Supplies	5,617	8,855	6,712	7,500	7,500	-
Fuel	31,076	29,114	34,563	40,000	62,775	22,775
Dues & Subscriptions	1,155	1,130	1,200	965	1,223	258
Fixed Assets	79,800	99,385	111,129	141,150	55,000	(86,150)
Minor Equipment & Furniture	17,167	23,087	18,773	7,900	8,900	1,000
Rentals/ Contracts	9,075	10,361	8,500	5,000	7,000	2,000
Concessions- Cost of Goods	13,573	13,977	15,000	14,000	15,000	1,000
Mobile Data Services	-	-	2,718	-	3,000	3,000
Maintenance Contracts	-	1,273	1,333	3,000	-	(3,000)
O&M Operations Accounts Sub-Total	607,391	628,215	555,395	630,413	457,426	(172,987)
Total	\$ 1,786,134	\$ 1,894,430	\$ 1,854,569	\$ 1,912,348	\$ 1,787,827	\$ (124,521)