

CITY OF JACKSONVILLE, ARKANSAS



Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2015



Comprehensive Annual Financial Report

**City of Jacksonville,
Arkansas**

Fiscal Year Ended

December 31, 2015

Prepared by:

FINANCE DEPARTMENT

Cheryl Erkel, CGFM
DIRECTOR OF FINANCE



CITY OF JACKSONVILLE, ARKANSAS

YEAR ENDED DECEMBER 31, 2015

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YEAR ENDED DECEMBER 31, 2015

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Introductory Section



City of Jacksonville, Arkansas

#1 Municipal Drive
Jacksonville, AR 72076



September 30, 2016

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Jacksonville, Arkansas:

Introduction

We submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Jacksonville, Arkansas for the fiscal year ended December 31, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Jacksonville. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Jacksonville as measured by the financial activity of its various funds. We believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included. To provide a reasonable basis for making these representations, the management of the City of Jacksonville has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Jacksonville's financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Jacksonville's framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Report

In accordance with state law, this CAFR is presented in conformity with GAAP and audited in accordance with auditing standards generally accepted in the United States of America.

The CAFR is presented in four primary sections: Introductory, Financial, Statistical, and Compliance. The introductory section includes this transmittal letter, organization structure and a list of elected and appointed officials. The financial section includes management's discussion and analysis (MD&A), the basic financial statements, combining and individual fund financial statements and schedules, as well as the independent auditors' report on the basic financial statements and supplementary information. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and it should be read in conjunction with the MD&A. The statistical section includes financial and demographic information, usually presented on a multi-year basis, which is relevant to a financial statement reader.

The City of Jacksonville's financial statements have been audited by McAlister & Associates, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jacksonville for the fiscal year ended December 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Jacksonville's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

The City of Jacksonville was incorporated on September 6, 1941 as a political subdivision of the State of Arkansas and is located in the central part of the state. One unique feature in Jacksonville is that it is the home of the Little Rock Air Force Base, a major training facility for the Air Force's new C-130J. Jacksonville currently occupies a land area of 29 square miles and serves a population of 28,364. The City is empowered by state statute to extend its corporate limits by annexation when deemed appropriate by the governing council and to levy a property tax, by a vote of the public, on both real and personal properties located within its boundaries to a limit of 5 mills for general operations. In 1993, the voters approved a permanent one-cent sales and use tax and in return, the City rescinded its 5 mills property tax. Jacksonville is one of the few municipal governments in Arkansas that does not levy a property tax for general operations. In 2003, the voters approved an additional one-cent sales and use tax for capital improvements and operations.

The City of Jacksonville operates under the mayor-council form of government. Policymaking and legislative authority are vested in a governing body consisting of the Mayor and ten City Council members. The governing body is responsible, among other things, for adopting the annual budget, appointing committees, and for setting policy and enacting laws for the City. The Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the various department directors. The Mayor presides over the council meetings without voting rights. However, the mayor can cast a positive vote in order to break a tie, can be counted to establish a quorum, and has the authority to veto. The Mayor is elected by the voters at large for a term of four years. City council members are elected by the voters at large on staggered terms every four years.

The City of Jacksonville provides a full range of services including police and fire protection; emergency medical services; animal control; planning and zoning; construction and maintenance of streets and roads; sanitation and recycling services; parks and recreation services; district court; and general administrative services. In addition, water and sewer services are provided through legally separate authorities, the Jacksonville Municipal Water Works and the Jacksonville Wastewater Utility and, as such, have been included in the comprehensive annual financial report as discretely presented component units. Another separate legal entity reported as a component unit is the Jacksonville Advertising and Promotion Commission which administers the use of a 2% hotel/motel tax and a 2% prepared food tax collected in Jacksonville. Additional information on these component units can be found in Note 1 in the notes to the basic financial statements.

The annual operating budget serves as the City's financial planning document. Control over spending and allocation of resources are the main focus of the budget. The annual budget process begins in August of each year. Appropriations requests by fund, function, and department are submitted to the Mayor and resources are allocated based on priorities established by the City Council. The Mayor submits a proposed budget to the City Council. The City Council approves

and adopts a final budget before January 1. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The Mayor is authorized to transfer budgeted amounts within departments. Any revisions that alter the total expenditures must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These comparisons are part of the required supplementary information located in the financial section.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jacksonville operates.

Local Economy. The nation is in an economic recovery period that is finally improving after a long period of uncertainty. The national unemployment rate was 5.3% for 2015. The City of Jacksonville faces the challenge of providing services for its citizens in the midst of an uncertain but stabilizing economic climate. The City's unemployment rate went from 6.1% in 2014 to 5.7% in 2015. The first few months of 2016 have shown an increase in the economic climate with the national unemployment rate decreasing to 4.9% and the City's rate decreasing to 4.7%.

The City of Jacksonville has an increasing property tax base which includes appreciation and improvements on property, new subdivisions, new businesses, and annexations. Over the past 5 years, Jacksonville's levy has increased an average of 2.3% with the 2014 levy collectible in 2015 slightly increasing by 2.8%.

Sales tax revenue derived from the two-cent City sales and use tax and the City's portion (7.4%) of the Pulaski County sales and use tax has been growing at an average rate of 2% over the past 5 years which includes an increase of 1% for 2014 and an increase of 3% for 2015. On average, the sales tax revenue supports approximately 64% of the City's General Fund budget.

The City of Jacksonville receives intergovernmental revenues based on population. According to the 2010 U. S. Census, the population for the city decreased 5.2% while Pulaski County's population increased 5.9% compared to the 2000 Census data. However, the City has several projects in the development stage that should bring in more population. After 40 years, the City of Jacksonville finally has its own school district, the Jacksonville North Pulaski School District. The school district officially became independent in July 2016. All of the community's financial support will stay in our schools. The community will have local control to make decisions that will improve the children's education and make much needed renovations to the schools. We are confident this will bring citizens back to the City who moved due to the education system.

Long-Term Financial Planning. The City of Jacksonville firmly believes in the pay-as you-go philosophy when possible. We also recognize that the cost associated with borrowing consumes a recognizable portion of the potential to maintain and support infrastructure needs.

The City of Jacksonville's long-term Capital Improvement Plan is based on a comprehensive development plan established by citizen input and requests. The Capital Improvement Plan provides for the orderly replacement of capital facilities and equipment, including buildings and other improvements. Funding for these infrastructure improvements comes primarily from county and local sales and use tax revenue with some citizen donations dedicated to specific projects. The Capital Improvement Plan is updated annually to remove completed projects and to add new projects.

In July 2005, the citizens of Jacksonville voted to levy an annual ad valorem tax levy at the rate of one (1.0) mill for the acquisition, construction, and equipping of land and capital improvements for the City's public library. The ad valorem tax is pledged to a bond issue in the amount of \$2,500,000 used to finance the project. The tax will expire upon payment in full of the bonds to which it is pledged. The bonds were issued in April, 2006 at a very favorable interest rate.

In 2011, the City took out a five year sanitation services equipment loan for \$1.35 million. The loan paid for the purchase of three trash trucks along with trash cans to implement an automated collection system. The automated collection system allowed for a one day a week pickup for recycling, yard waste, and garbage. This loan is scheduled to be paid off in 2016.

In 2012, the City took out a five year capital improvement loan for \$2.97 million. This loan provided the funding to complete the 40,000 square foot Public Safety Building (which houses the Police Department, the 9-1-1 Communications Department, and a FEMA Safe Room) and other capital improvement projects. In addition to this loan, the City also entered into a capital lease with Motorola for \$2.5 million to upgrade our communication equipment to digital and join the AWIN (Arkansas Wireless Information Network) system. This loan and capital lease agreement were refunded with the 2015 Capital Improvement and Refunding Revenue Bonds.

In 2013, the City took out a five year loan for the purchase of 160 acres of land and construction of a public trap and skeet shooting range in the amount of \$3.0 million. The public trap and skeet shooting range is a joint effort between the City and the Arkansas Game and Fish Foundation. The Arkansas Game & Fish Foundation obligated \$2.0 million towards the funding of the project. This loan was refunded with the 2015 Capital Improvement and Refunding Revenue Bonds.

In 2015, the City pledged revenues from utility franchise fees to a bond issue in the amount of \$8,815,000 for the refunding of the previously mentioned notes payables and the cost of rehabilitation of the Central Fire Station, purchase of a new ladder truck and two pumper trucks, replacement of playground equipment for Parks and Recreation department, rehabilitation of Splash Zone Water Park, replacement of exercise equipment at the Community Center, and the construction of a roundabout at Harris and General Samuels Roads.

Relevant Financial Policies. The City of Jacksonville continues to seek additional revenues throughout the year to supplement the sales tax revenue. The majority of these additional revenues are generated through various grants that are restricted to specific purposes. The City uses one-time revenue on items that do not generate recurring expenditures. In 2015, the Police Department purchased tasers and body cameras with the revenues from grants and donations. The Fire Department purchased three RAD 57 Pulse Ox kits and four collapsible traffic cone sets with a trauma grant. The Animal Shelter funded several veterinary and adoption fees with money received through donations.

Major Initiatives. Jacksonville is continuously looking for ways to improve the city to ensure the safety of its citizens. In 2015, a deficient bridge on J.P. Wright Loop Road was replaced. The new bridge was designed and constructed for future growth. It was upgraded from a two lane bridge to a four lane bridge with sidewalk and bike lanes on both sides. The total cost of the bridge was \$650,000.

Jacksonville also strives to improve the quality of life for its citizens. With this in mind, the City joined forces with the Arkansas Game and Fish Foundation to construct the largest state of the art trap and skeet shooting range in the state. It opened February 1, 2014. It offers 14 trap

stations, 3 skeet ranges, a 5,000 square foot administration building and 2 pavilions with restroom facilities. In 2015, an RV park was created in order to draw larger tournaments to the City. Trees and shrubs were added for noise abatement and work began on a 3-D archery course that is scheduled to be completed this year.

Environment Consciousness. The City of Jacksonville is striving to educate the public on environmental awareness. Educational materials regarding recycling initiatives are on display at the recycling park in front of the recycling center. The Parks and Recreation Department has completed the construction of a wildlife observation trail at Paradise Park. The trail promotes wildlife observation, attracting and increasing tourism, promotes economic development as well as a healthy lifestyle.

Jacksonville is also doing its part to help the environment. The City is providing sidewalks throughout the city for easier mobility by foot or bicycle to reduce ozone pollution. Jacksonville also requires new commercial properties to have a 20' buffer area that is to be maintained in a natural state with dense undergrowth or have a perimeter planting strip 6'ft wide that contains one tree and four shrubs for every forty feet. These properties are also required to have interior planting areas of 100 - 200 feet with one tree for every 15 parking spaces. This increases the oxygen in the atmosphere as well as beautifying the city.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This was the eighteenth consecutive year that the City of Jacksonville has achieved this prestigious award. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report is a team effort by the entire City of Jacksonville Finance Department. We would like to express our sincere appreciation to each and every staff member with a big "Thank You" for a job well done. Special thanks go to Assistant Finance Director Laura Collie, Accountant Wendie Key, and Accounting Services Assistant I Rebecca South-Best. Their tenacious attention to detail makes this report an excellent communication tool.

We would like to acknowledge the thorough and professional manner in which McAlister & Associates, P.A. conducted the annual audit. Their technical proficiencies add measurably to the quality of the entire report.

Finally, we would like to acknowledge the contributions of the Mayor and City Council who have consistently and actively supported the City's goal of excellence in all aspects of financial management. Their interest, encouragement, and support are sincerely appreciated.

Respectfully submitted,



Gary Fletcher
Mayor



Cheryl Erkel, CGFM
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Jacksonville
Arkansas**

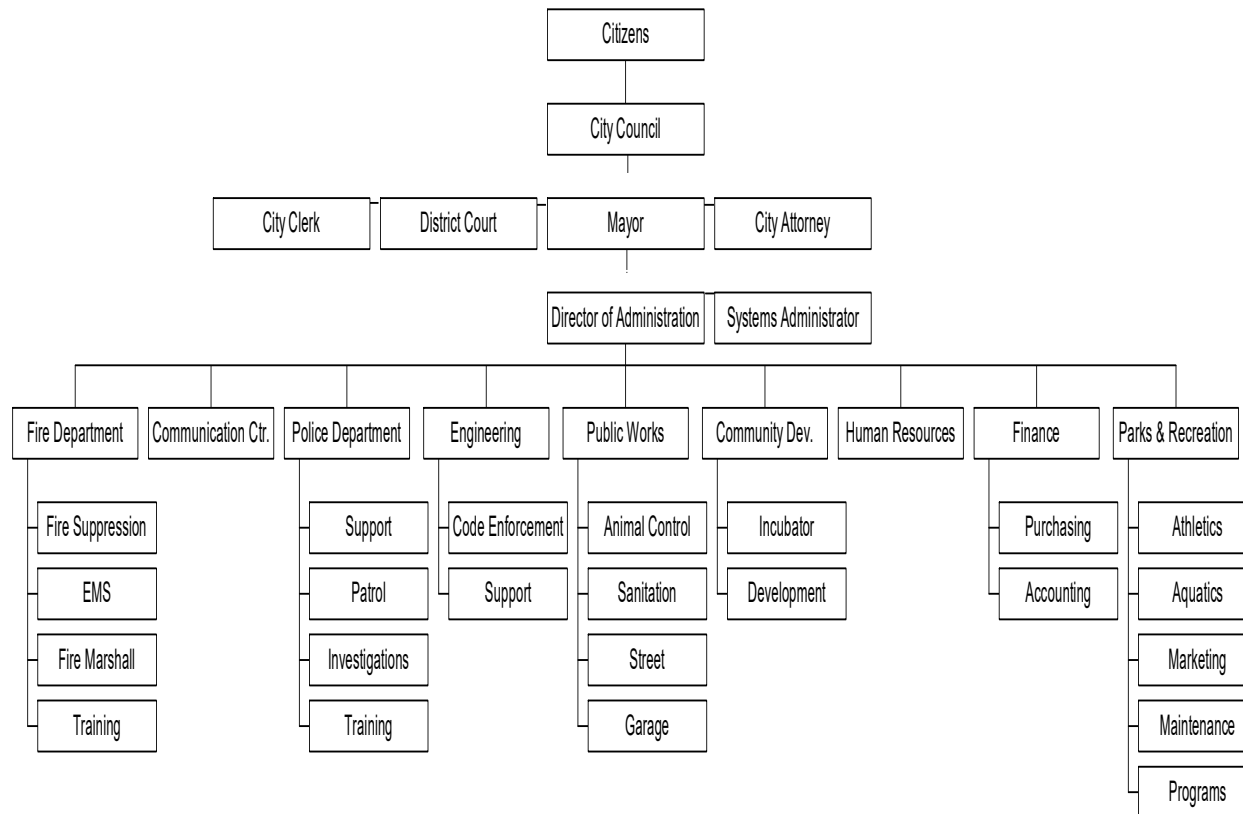
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



City of Jacksonville Organizational Structure



**City of Jacksonville, Arkansas
List of Elected and Appointed Officials
December 31, 2015**

Elected Officials

Gary Fletcher		Mayor	
Kenny Elliot	Ward 1, Position 1	James Bolden III	Ward 1, Position 2
Kevin McCleary	Ward 2, Position 1	Terry Sansing	Ward 2, Position 2
Reedie Ray	Ward 3, Position 1	Barbara Mashburn	Ward 3, Position 2
Mike Traylor	Ward 4, Position 1	Mary Twitty	Ward 4, Position 2
Tara Smith	Ward 5, Position 1	Bill Howard	Ward 5, Position 2
Robert Bamberg		City Attorney	
Susan Davitt		City Clerk/Treasurer	
Robert Batton		District Court Judge	

Appointed Officials

City Engineer	James Whisker
Director of Administration	Jim Durham
Director of Public Works	Jimmy Oakley
Community Development Director	Theresa Watson
Director of Finance	Cheryl Erkel
Fire Chief	Alan Laughy
Parks & Recreation Director	Kevin House
Human Resource Director	Jill Ross
Police Chief	Kenny Boyd
Sanitation Superintendent	Randy Watkins
Street Superintendent	Hal Toney
Superintendent of Emergency Services	Tabitha Hughes





**Financial
Section**



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic 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 accounting principles generally accepted in the United States of America; this includes 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 did not audit the financial statements of Jacksonville Municipal Water Works which represent 53%, 54%, and 53%, respectively of the total assets, net position, and total revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for Jacksonville Municipal Water, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

For the year ended December 31, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle on their governmental activities and business-type funds (See Note 14). Our auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary and pension/other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information including the combining and individual nonmajor and fiduciary fund financial statements, and the combining statement of cash flows-discretely presented component units as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas
Independent Auditor's Report
Page Three

The accompanying supplementary information including the combining and individual nonmajor and fiduciary fund financial statements, and the combining statement of cash flows-discretely presented component units, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
September 30, 2016



Management’s Discussion and Analysis

For the Year Ended December 31, 2015

Office of the Finance Director, Cheryl Erkel, CGFM
#1 Municipal Drive, Jacksonville, AR 72076
Phone: (501) 982-4502 Fax: (501) 985-9768
E-mail: cerkel@cityofjacksonville.net

As management of the City of Jacksonville, we offer readers of the City of Jacksonville’s financial statements this narrative overview and analysis of the financial activities of the City of Jacksonville for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information we have provided in our letter of transmittal, which can be found in the introductory section of this report, and the City’s financial statements that follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Figure A demonstrates how required parts of this annual report are arranged and shows how they relate to one another. Figure B summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the type of information they contain. The remainder of this overview section of the management’s discussion and analysis explains each of the statements.

Figure A: Required Components of the City's Annual Financial Report

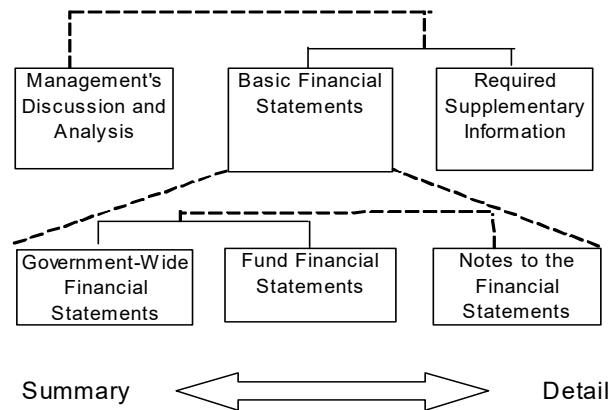


Figure B. Major features of the City's Government-wide and Fund Financial Statements

<i>Types of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire City (except fiduciary funds) including component units	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business.	Instances in which the City acts as fiduciary for someone else's resources
<i>Required Financial Statements</i>	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses & changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, although they can.
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as applicable, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include sanitation services and emergency medical services.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following discretely presented component units:

- Jacksonville Municipal Water Works
- Jacksonville Wastewater Utility

- Jacksonville Advertising and Promotion Commission

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on page 46 of this report.

The government-wide financial statements can be found on pages 28 through 31 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, Special Projects Fund, and 2015 Capital Improvement Construction Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 32 through 34 of this report.

Proprietary Funds - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains a single proprietary fund type, an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to

account for sanitation services activities and for emergency medical (ambulance) services provided by the City. The proprietary fund financial statements provide information for the Sanitation Services Enterprise Fund and the Emergency Medical Service Enterprise Fund, which are both major funds for the City.

The basic proprietary fund financial statements can be found on pages 36 through 38 of this report.

Fiduciary Funds - *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40 through 41 of this report.

Notes to the Basic Financial Statements - The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 47 through 84 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 86 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98 through 99 of this report.

Government-wide Financial Analysis

The City is presenting current and prior year comparative information in the Management's Discussion and Analysis to provide a means of analyzing its' financial condition and position as of December 31, 2015. The following table reflects the condensed Statement of Net Position.

City of Jacksonville
Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 7,737,967	\$ 7,530,311	\$ 1,887,825	\$ 1,824,787	\$ 9,625,792	\$ 9,355,098
Noncurrent assets	3,968,223	393,386	-	-	3,968,223	393,386
Capital assets	49,238,976	50,431,628	1,583,417	1,465,190	50,822,393	51,896,819
Total assets	<u>60,945,166</u>	<u>58,355,325</u>	<u>3,471,242</u>	<u>3,289,977</u>	<u>64,416,408</u>	<u>61,645,303</u>
Deferred outflows of resources	1,772,866	569,337	222,703	-	1,995,569	569,337
Total deferred outflows	<u>1,772,866</u>	<u>569,337</u>	<u>222,703</u>	<u>-</u>	<u>1,995,569</u>	<u>569,337</u>
Total Assets and Deferred Outflows	<u>62,718,032</u>	<u>58,924,662</u>	<u>3,693,945</u>	<u>3,289,977</u>	<u>66,411,977</u>	<u>62,214,639</u>
Current Liabilities	2,142,601	3,424,444	352,540	432,611	2,495,141	3,857,055
Long-term liabilities outstanding	23,662,863	8,131,289	1,042,707	193,692	24,705,570	8,324,981
Total liabilities	<u>25,805,464</u>	<u>11,555,733</u>	<u>1,395,247</u>	<u>626,303</u>	<u>27,200,711</u>	<u>12,182,036</u>
Deferred inflows of resources	525,177	-	60,155	-	585,332	-
Total deferred inflows	<u>525,177</u>	<u>-</u>	<u>60,155</u>	<u>-</u>	<u>585,332</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>26,330,641</u>	<u>11,555,733</u>	<u>1,455,402</u>	<u>626,303</u>	<u>27,786,043</u>	<u>12,182,036</u>
Net Position:						
Net investment in capital assets	43,120,490	42,843,428	1,366,575	989,853	44,487,065	43,833,282
Restricted	6,086,120	1,831,423	-	-	6,086,120	1,831,423
Unrestricted	(12,819,219)	2,694,078	871,967	1,673,821	(11,947,253)	4,367,899
Total Net Position	<u>\$ 36,387,390</u>	<u>\$ 47,368,930</u>	<u>\$ 2,238,542</u>	<u>\$ 2,663,674</u>	<u>\$ 38,625,934</u>	<u>\$ 50,032,604</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,625,934 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure, and improvements other than buildings,) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited

pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Arkansas' statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefits of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Arkansas, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of the Arkansas General Assembly. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Arkansas, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operated to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or terminated payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net

pension liability reduced beginning of year net position by \$12,191,329 in governmental activities and \$905,563 in business-type activities.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 2,521,170	\$ 2,448,522	\$ 3,431,652	\$ 3,235,114	\$ 5,952,822	\$ 5,683,636
Operating grants and contributions	4,145,981	4,598,762	12,460	-	4,158,441	4,598,762
Capital grants and contributions	933,951	211,790	-	-	933,951	211,790
<i>General revenues:</i>						
Property taxes	845,840	838,864	-	-	845,840	838,864
Sales taxes	13,798,792	13,406,409	-	-	13,798,792	13,406,409
Franchise taxes	1,262,049	1,137,932	-	-	1,262,049	1,137,932
Investment earnings	15,644	5,059	993	908	16,637	5,967
Intergovernmental revenues	454,419	470,303	-	-	454,419	470,303
Gain/(loss) on sales of capital assets	(69,038)	-	74,831	-	5,793	-
Other	-	331,187	-	-	-	331,187
Total revenues	23,908,809	23,448,828	3,519,937	3,236,022	27,428,746	26,684,850
Expenses						
General government	2,913,629	2,954,075	-	-	2,913,629	2,954,075
Public works	2,832,455	2,247,748	-	-	2,832,455	2,247,748
Parks and recreation services	3,547,411	3,381,026	-	-	3,547,411	3,381,026
Public safety	12,391,619	13,360,106	-	-	12,391,619	13,360,106
Housing and neighborhood programs	200,669	239,470	-	-	200,669	239,470
Debt issuance costs	145,014	-	-	-	145,014	-
Agent fees on long-term debt	33,833	-	-	-	33,833	-
Interest on long-term debt	209,386	224,750	-	-	209,386	224,750
Sanitation services	-	-	1,459,139	1,522,422	1,459,139	1,522,422
Emergency medical services	-	-	2,005,367	1,876,427	2,005,367	1,876,427
Total expenses	22,274,017	22,407,175	3,464,506	3,398,849	25,738,523	25,806,024
Change in net position before transfers	1,634,792	1,041,653	55,431	(162,827)	1,690,223	878,826
Transfers	(425,000)	(459,677)	425,000	459,677	-	-
Change in net position	1,209,792	581,976	480,431	296,850	1,690,223	878,826
Net Position, Beginning of Year, as previously reported	47,368,930	46,786,954	2,663,674	2,366,824	50,032,604	49,153,778
Change in accounting principle	(12,191,329)	-	(905,563)	-	(13,096,892)	-
Net Position, Beginning of Year, as restated	35,177,601	46,786,954	1,758,111	2,366,824	36,935,712	49,153,778
Net Position - December 31	\$ 36,387,390	\$ 47,368,930	\$ 2,238,542	\$ 2,663,674	\$ 38,625,934	\$ 50,032,604

GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$500,405 for governmental activities and \$57,577 for business-type activities.

Governmental Activities - Governmental activities increased the City's net position by \$1,209,792. The decrease in net capital assets of \$1,192,652 and the increase in noncurrent liabilities of \$15,531,574 were partially offset by the decrease in current liabilities of \$1,281,843, an increase in current assets of \$207,656 and the increase in noncurrent assets of \$3,574,837.

Sales taxes represent 58% or \$13,798,792 of the City's governmental revenue in 2015. This is a 3% increase over \$13,406,409 in 2014, which is in line of the historical trend. The grants and contributions added \$5,079,932 or 22% to total revenues as compared to \$5,141,739 received in 2014. The majority of this decrease was from grants received for Parks and Recreation department. Charges for services added \$2,521,170 or 11% to total revenues compared to \$2,448,522 received in 2014. The majority of this increase was from increase in Parks and Recreation revenue.

Current year expenses were 94.2% of current year revenues, excluding transfers in.

Business-type Activities - Business-type activities increased the City's net position by \$480,431. Key elements of this increase are as follows:

- Operating income increased net position by \$3,431,652. Net nonoperating expenses, primarily interest expense, decreased net position by \$10,224. Contributions and donations of primarily capital assets increased net position by \$88,284. Net transfers increased net position by \$425,000.
- Sanitation Services accounts for about 65% of the business-type activities. Sanitation service fees are billed through Jacksonville Municipal Water Works (a component unit of the City), net of a billing fee. The charges for services were \$1,881,351 for 2015 compared to \$1,847,490 in 2014. Total expenses for 2015 were \$1,459,139 compared to \$1,522,422 in 2014. Revenues increased due to increases in Sanitation fees, recycling income and miscellaneous revenues. Expenses decreased due to reduction in number of employees and operating expenses.
- Emergency Medical Services accounts for about 35% of the business-type activities. Ambulance service fees are billed through the City's finance department. The charges for services were \$1,550,301 for 2015 compared to \$1,387,624 in 2014. Total expenses for 2015 were \$2,005,367 compared to \$1,876,427 in 2014. Revenues increased as a result of increased ambulance run volume. Expenses increased as a result of increases in employee salary, benefits, and training along with repair and maintenance on equipment and vehicles.

Current year operating expenses for business-type activities were 101% of current year operating revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the City's governmental funds reported combined ending fund balances of \$9,572,424 an increase of \$3,715,922 in comparison with the prior year. Approximately, \$6,086,119 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$35,247 of the governmental fund balance is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances

were \$3,301 and \$1,617,645, respectively. Approximately \$1,830,111 constitutes *unassigned fund balance* and is available for spending at the government’s discretion.

The General Fund is the chief operating fund for the City. As of December 31, 2015, the total fund balance of the General Fund was \$1,876,818 of which \$1,830,111 was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balances and total fund balance to total fund expenditures, (including transfers out). Unassigned fund balance represents 8.8% of total General Fund expenditures while total fund balances represents 9.1% of the same amount. The fund balances of the General Fund decreased by \$558,585 during 2015. The key factor in this decrease is that the transfers out exceeded transfers in by \$575,000.

The Street Fund had a total fund balance of \$1,317,875, which was an increase of \$97,359 from 2014. The total amount of the fund balance is classified as restricted. The majority of this increase was due to increase in miscellaneous income and a reduction in employee salary and benefits.

The Special Projects Funds had a total fund balance of \$1,617,645, which was an increase of \$19,808 from 2014. The total amount of the fund balance is classified as assigned. The increase in fund balance was due to a decrease in transfers out. The ending fund balances and net changes for the Special Projects Funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Capital Improvements	\$ 355,941	\$ (20,855)
Capital Drainage	425,485	821
Capital Equipment	836,219	39,842

The 2015 Capital Improvement Construction Fund had a total fund balance of \$4,002,691, which was an increase of \$4,002,691 from 2014. The total amount of fund balance is classified as restricted. This increase is the result of proceeds from a bond issue that occurred in 2015 for the refunding of notes payables and capital improvements.

The City maintains six non-major governmental funds in addition to the above mentioned major funds. These funds had a total fund balance of \$757,396. The net increase in the fund balances during 2015 for these funds was \$154,646. The ending fund balances and net changes for the non-major funds were:

<u>Fund</u>	<u>Ending Balance</u>	<u>Net Change</u>
Grants	\$ 14,573	\$ 1,386
CDBG	111,851	32,820
HOME	65,067	(6,089)
Asset Forfeiture	135,628	(6,611)
2006 Library Debt Service	301,195	4,059
2015 Capital Improvements Debt Service	129,081	129,081

Proprietary Funds - The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but with more detail.

Net position for the Sanitation Services Enterprise Fund was \$1,855,240 in 2015 which was an increase of \$115,930 compared to \$1,739,310 as reported in 2014. This increase is due to an increase in fees for sanitation services implemented in March 2011. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Net position for the Emergency Medical Services Enterprise Fund in 2015 was \$383,302 which was a decrease of \$541,062 compared to \$924,364 reported in 2014. This decrease was due to a reduction in supplemental support from the General Fund. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The 2015 General Fund amended budget appropriated \$20,457,218 as compared to the 2014 budget of \$20,494,176, a decrease of approximately 1%.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2015, amounts to \$50,822,393 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, improvements other than buildings, equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,074,427 net of depreciation, a 2.1% decrease.

Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 10,888,295	\$ 10,779,642	\$ -	\$ -	\$10,888,295	\$10,779,642
Land improvements	808,647	871,621	-	-	808,647	871,621
Infrastructure	10,700,869	10,720,793	-	-	10,700,869	10,720,793
Buildings	22,460,617	23,324,553	-	-	22,460,617	23,324,553
Vehicles	600,159	660,403	870,745	775,423	1,470,905	1,435,826
Equipment	3,377,380	3,772,065	712,673	689,768	4,090,053	4,461,833
Construction in progress	403,010	302,552	-	-	403,010	302,552
Total	\$ 49,238,976	\$ 50,431,628	\$ 1,583,417	\$ 1,465,190	\$50,822,393	\$51,896,820

Major capital asset events that occurred during 2015 included the following:

- Land and other improvements additions were \$45,679.
- There were some items that were reclassified between vehicles and equipment.
- Construction in progress additions were \$100,458.

Additional information on the City's capital assets can be found in *Note 3* on pages 59-60 of this report.

Long-term Debt. The City has two long-term bond issues. The first one was obtained in 2006 for the construction of the public library. The second one was obtained in 2015 for the refunding of a capital lease agreement and two short-term financing notes along with funding for capital

improvement projects. At December 31, 2015, the City's primary government had long-term general obligation bonds outstanding of \$10,043,938. These bonds are secured solely by specified revenue sources. The City's long-term debt on the Library decreased by \$210,000 during 2015. This resulted from the maturity of \$60,000 in long-term bonds outstanding plus \$150,000 long-term bonds redeemed with an early call provision. The City's long-term debt on the Capital Improvements was added at \$8,848,796 including premium.

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2015, of \$10,043,646 are well below the statutory limit of \$58,387,822. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. The City had no outstanding short-term financings at December 31, 2015.

Additional information regarding the City's long-term debt can be found in *Note 4* on pages 61-65 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials have an established practice of making annual budgetary decisions for the General and Street Fund by considering revenue growth, staffing needs, unassigned reserve levels as well as reviewing the performance of the local economy to determine continued economic expansion. During this process, they recognized the economy has improved at an incredibly slow pace when compared to past recessions. With stagnant growth in revenue in many areas, the City considered the impact on its primary revenue source which is sales tax.

The Mayor and City Council determined it was important to increase revenue without raising taxes to our citizens. They decided to focus on increasing our tax bases. Their first objective is to complete the expansion of the Arkansas Game & Fish Foundation Shooting Sports Complex. Next, they will be working to entice new businesses to relocate within our city limits. Additionally, the citizens of the City of Jacksonville voted to become its own school district. The City is confident these objectives will stimulate our economy to increase property values, reduce unemployment, and promote growth as well as increase our sales tax revenues.

The goal of the Mayor and City Council is to maintain financial stability by adopting budgets with a minimum unassigned fund balance of 16.6% of operating expenditures. With this in mind, the 2016 budgets were adopted for the General Fund at \$21,059,443 and the Street Fund at \$2,301,250.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Director's Office, #1 Municipal Drive, Jacksonville, Arkansas 72076.

General information relating to the City of Jacksonville, Arkansas can be found at the City's website, <http://www.cityofjacksonville.net>.



BASIC FINANCIAL STATEMENTS

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DECEMBER 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 1,335,691	\$ 608,930	\$ 1,944,621	\$ 12,867,772
Restricted cash and investments, current	587,281	-	587,281	1,986,643
Investments	1,175,428	150,025	1,325,453	1,432,816
Receivables, net of allowance for uncollectible accounts				
Taxes	1,337,230	-	1,337,230	-
Sales taxes	2,433,561	-	2,433,561	-
Accounts	369,343	1,128,745	1,498,088	2,537,074
Accrued interest	849	125	974	484
Grants and other governments	170,759	-	170,759	-
Other	292,578	-	292,578	-
Inventories	35,247	-	35,247	475,093
Prepaid expenses and other	-	-	-	49,609
Total current assets	7,737,967	1,887,825	9,625,792	19,349,491
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	4,555,504	-	4,555,504	585,767
Less amount required to meet current obligations	(587,281)	-	(587,281)	-
Total restricted assets	3,968,223	-	3,968,223	585,767
Capital assets				
Nondepreciable	11,291,305	-	11,291,305	915,608
Depreciable, net	37,947,671	1,583,417	39,531,088	73,534,524
Total capital assets	49,238,976	1,583,417	50,822,393	74,450,132
Other assets	-	-	-	151,862
Total noncurrent assets	53,207,199	1,583,417	54,790,616	75,187,761
Total assets	60,945,166	3,471,242	64,416,408	94,537,252
Deferred Outflows of Resources				
Pension items - Pension Trust Funds	701,921	-	701,921	-
Pension items - APERS & LOPFI	1,070,945	222,703	1,293,648	613,316
Total deferred outflows of resources	1,772,866	222,703	1,995,569	613,316
Total Assets and Deferred Outflows of Resources	\$ 62,718,032	\$ 3,693,945	\$ 66,411,977	\$ 95,150,568

See Accompanying Notes to Basic Financial Statements.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 363,987	\$ 34,300	\$ 398,287	\$ 1,668,878
Accrued wages payable and related liabilities	399,145	50,780	449,925	-
Accrued expenses and other	152,150	-	152,150	161,848
Accrued interest payable	22,281	1,674	23,955	87,786
Compensated absences, current	569,318	48,944	618,262	-
Bonds payable, current	565,000	-	565,000	1,164,723
Notes payable, current	-	216,842	216,842	-
Capital lease obligation, current	20,000	-	20,000	-
Due to fiduciary funds	27,260	-	27,260	-
Unearned revenue	23,460	-	23,460	-
Total current liabilities	<u>2,142,601</u>	<u>352,540</u>	<u>2,495,141</u>	<u>3,083,235</u>
Noncurrent liabilities				
Capital lease obligation	54,958	-	54,958	-
Bonds payable, net of unamortized premium and discount	9,478,938	-	9,478,938	30,478,815
Customer deposits	-	-	-	727,576
Compensated absences	76,091	-	76,091	-
Net pension liability	13,635,257	1,042,707	14,677,964	2,580,758
Other long-term liabilities	417,619	-	417,619	259,998
Total noncurrent liabilities	<u>23,662,863</u>	<u>1,042,707</u>	<u>24,705,570</u>	<u>34,047,147</u>
Total liabilities	<u>25,805,464</u>	<u>1,395,247</u>	<u>27,200,711</u>	<u>37,130,382</u>
Deferred Inflows of Resources				
Pension Items - APERS	520,900	59,813	580,713	304,681
Pension Items - LOPFI	4,277	342	4,619	-
Total liabilities and deferred inflows of resources	<u>26,330,641</u>	<u>1,455,402</u>	<u>27,786,043</u>	<u>37,435,063</u>
Net position				
Net investment in capital assets	<u>43,120,490</u>	<u>1,366,575</u>	<u>44,487,065</u>	<u>43,326,897</u>
Restricted - expendable				
Street maintenance	1,317,875	-	1,317,875	-
Capital projects	4,002,691	-	4,002,691	2,550,088
Debt service	430,276	-	430,276	-
Law enforcement activities	135,628	-	135,628	-
Housing and neighborhood programs	176,918	-	176,918	-
Grant funds	22,731	-	22,731	-
Total restricted - expendable	<u>6,086,120</u>	<u>-</u>	<u>6,086,120</u>	<u>2,550,088</u>
Unrestricted (deficit)	<u>(12,819,219)</u>	<u>871,967</u>	<u>(11,947,253)</u>	<u>11,838,520</u>
Total net position	<u>36,387,390</u>	<u>2,238,542</u>	<u>38,625,934</u>	<u>57,715,504</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 62,718,032</u>	<u>\$ 3,693,945</u>	<u>\$ 66,411,977</u>	<u>\$ 95,150,568</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 569,284	\$ 365,550	\$ 205,000	\$ -
City council	137,959	-	-	-
Office of the mayor	242,586	-	-	-
City clerk	133,400	-	-	-
City attorney	175,033	-	-	-
District court	339,984	561,363	-	-
Director of administration	108,044	-	-	-
Information technology	215,326	-	-	-
Finance	468,408	29,001	-	-
Human resources	223,741	-	-	-
Fleet services	142,922	35,338	-	-
Community programs	156,941	-	-	772,000
Public works	2,832,455	118,729	2,273,298	161,951
Parks and recreation services	3,547,411	1,024,897	412,811	-
Police	7,129,333	92,562	548,407	-
Fire	3,985,677	600	531,263	-
Emergency communication services	980,293	221,144	-	-
Animal control	296,316	18,770	388	-
Housing and neighborhood programs	200,669	53,217	174,814	-
Debt issuance costs	145,014	-	-	-
Agent fees on long-term debt	33,833	-	-	-
Interest expense on long-term debt	209,386	-	-	-
Total governmental activities	<u>22,274,017</u>	<u>2,521,170</u>	<u>4,145,981</u>	<u>933,951</u>
Business-type Activities				
Sanitation services	1,459,139	1,881,351	-	-
Emergency medical services	2,005,367	1,550,301	12,460	-
Total business-type activities	<u>3,464,506</u>	<u>3,431,652</u>	<u>12,460</u>	<u>-</u>
Total primary government	<u>\$ 25,738,523</u>	<u>\$ 5,952,822</u>	<u>\$ 4,158,441</u>	<u>\$ 933,951</u>
Component Units				
Municipal Water Works	\$ 7,586,718	\$ 6,731,018	\$ -	\$ 68,522
Wastewater Utility	6,671,686	5,003,956	-	-
Advertising and Promotion Commission	847,501	-	-	-
Total component units	<u>\$ 15,105,905</u>	<u>\$ 11,734,974</u>	<u>\$ -</u>	<u>\$ 68,522</u>

General revenues
 Property taxes
 Sales taxes
 Utility franchise fees
 Investment income
 Grants and contributions not restricted to specific programs
 Gain (loss) on sale of capital assets
 Other
 Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year

Change in accounting principle

Net Position, Beginning of Year, Restated

Net Position, End of Year

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-type Activities	Total		
\$ 1,266	\$ -	\$ 1,266	\$ -	
(137,959)	-	(137,959)	-	
(242,586)	-	(242,586)	-	
(133,400)	-	(133,400)	-	
(175,033)	-	(175,033)	-	
221,379	-	221,379	-	
(108,044)	-	(108,044)	-	
(215,326)	-	(215,326)	-	
(439,407)	-	(439,407)	-	
(223,741)	-	(223,741)	-	
(107,584)	-	(107,584)	-	
615,059	-	615,059	-	
(278,477)	-	(278,477)	-	
(2,109,703)	-	(2,109,703)	-	
(6,488,364)	-	(6,488,364)	-	
(3,453,813)	-	(3,453,813)	-	
(759,149)	-	(759,149)	-	
(277,158)	-	(277,158)	-	
27,362	-	27,362	-	
(145,014)	-	(145,014)	-	
(33,833)	-	(33,833)	-	
(209,386)	-	(209,386)	-	
<u>(14,672,914)</u>	<u>-</u>	<u>(14,672,914)</u>	<u>-</u>	
-	422,212	422,212	-	
-	<u>(442,606)</u>	<u>(442,606)</u>	-	
-	(20,394)	(20,394)	-	
\$ (14,672,914)	\$ (20,394)	\$ (14,693,308)	\$ -	
\$ -	\$ -	\$ -	\$ (787,178)	
-	-	-	(1,667,730)	
-	-	-	<u>(847,501)</u>	
-	-	-	(3,302,409)	
845,840	-	845,840	-	
13,798,792	-	13,798,792	826,314	
1,262,049	-	1,262,049	-	
15,644	993	16,637	32,644	
454,419	-	454,419	446,006	
(69,038)	74,831	5,793	-	
-	-	-	247,971	
<u>(425,000)</u>	<u>425,000</u>	<u>-</u>	<u>-</u>	
<u>15,882,706</u>	<u>500,825</u>	<u>16,383,531</u>	<u>1,552,935</u>	
<u>1,209,792</u>	<u>480,431</u>	<u>1,690,223</u>	<u>(1,749,474)</u>	
<u>47,368,930</u>	<u>2,663,674</u>	<u>50,032,604</u>	<u>61,461,834</u>	
<u>(12,191,329)</u>	<u>(905,563)</u>	<u>(13,096,892)</u>	<u>(1,996,856)</u>	
<u>35,177,601</u>	<u>1,758,111</u>	<u>36,935,712</u>	<u>59,464,978</u>	
<u>\$ 36,387,390</u>	<u>\$ 2,238,542</u>	<u>\$ 38,625,934</u>	<u>\$ 57,715,504</u>	

CITY OF JACKSONVILLE, ARKANSAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

	General	Street	Special Projects	2015 Capital Improvements Construction	Other Governmental Funds	Total
Assets						
Cash	55,342	\$ 909,315	\$ 226,825	\$ -	\$ 144,209	\$ 1,335,691
Restricted cash	-	-	-	4,039,340	516,164	4,555,504
Investments	-	425,151	750,277	-	-	1,175,428
Accounts receivable						
Taxes	772,690	564,540	-	-	-	1,337,230
Sales taxes	2,433,561	-	-	-	-	2,433,561
Accounts	-	3	-	-	369,340	369,343
Accrued interest	-	306	543	-	-	849
Grants and other governments	170,759	-	-	-	-	170,759
Other	292,338	240	-	-	-	292,578
Due from other funds	2,795	-	640,000	-	36,649	679,444
Inventories	35,247	-	-	-	-	35,247
Total Assets	\$ 3,762,732	\$ 1,899,555	\$ 1,617,645	\$ 4,039,340	\$ 1,066,362	\$ 12,385,634
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	246,027	\$ 115,828	\$ -	\$ -	\$ 2,132	363,987
Due to other funds	667,260	-	-	36,649	2,795	706,704
Accrued wages payable and related liabilities	376,598	20,554	-	-	1,993	399,145
Unearned revenue	23,460	-	-	-	-	23,460
Other liabilities	47,732	64,790	-	-	39,628	152,150
Total liabilities	1,361,077	201,172	-	36,649	46,548	1,645,446
Deferred Inflows of Resources						
Unavailable revenues - property taxes	524,837	380,508	-	-	262,419	1,167,764
Total deferred inflows of resources	524,837	380,508	-	-	262,419	1,167,764
Fund Balances						
Nonspendable						
Inventories	35,247	-	-	-	-	35,247
Restricted						
Street maintenance	-	1,317,875	-	-	-	1,317,875
Capital projects	-	-	-	4,002,691	-	4,002,691
Debt service	-	-	-	-	430,276	430,276
Law enforcement activities	-	-	-	-	135,628	135,628
Housing & neighborhood programs	-	-	-	-	176,918	176,918
Grant funds	8,158	-	-	-	14,573	22,731
Committed						
Equipment	3,301	-	-	-	-	3,301
Assigned						
Capital projects	-	-	1,617,645	-	-	1,617,645
Unassigned	1,830,111	-	-	-	-	1,830,111
Total fund balances	1,876,818	1,317,875	1,617,645	4,002,691	757,396	9,572,424
Total liabilities, deferred inflows of resources and fund balances	\$ 3,762,732	\$ 1,899,555	\$ 1,617,645	\$ 4,039,340	\$ 1,066,362	\$ 12,385,634

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

Total fund balances per statement \$ 9,572,424

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 49,238,976

Net pension liability is shown as a liability on the statement of net position.

Policemen's Pension and Relief Fund	(715,062)
Firemen's Pension and Relief Fund	(3,260,768)
Arkansas Public Employees' Retirement System	(3,648,161)
Arkansas Local Police and Fire Retirement System	(6,011,266)

Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources on the statement of net position.

Policemen's Pension and Relief Fund	350,222
Firemen's Pension and Relief Fund	351,699
Arkansas Public Employees' Retirement System	429,053
Arkansas Local Police and Fire Retirement System	116,715

Liabilities that are not due and payable in the current period and are not reported in the funds including:

Capital leases	(74,958)
Bonds payable	(10,043,938)
Accrued interest payable	(22,281)
Accrued compensated absences	(645,409)
Other post employment benefits	(417,619)

Certain amounts reported as unearned revenue and deferred inflows of resources are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.

1,167,764

Net position of governmental activities \$ 36,387,390

Capital assets	\$ 49,238,976
Capital lease obligation	(54,958)
General obligation bonds net of premiums and discounts	(10,043,938)
Accrued interest	(22,281)
Unspent bond proceeds	<u>4,002,691</u>

Net investment in capital assets \$ 43,120,490

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2015

	General	Street	Special Projects	2015 Capital Improvements Construction	Other Governmental Funds	Total
Revenues						
Property taxes	\$ 555,862	\$ -	\$ -	\$ -	\$ 277,973	\$ 833,835
Sales taxes	13,798,792	-	-	-	-	13,798,792
Licenses and permits	136,274	-	-	-	-	136,274
Intergovernmental	1,963,681	2,273,298	62,737	-	276,119	4,575,835
Charges for services	1,150,933	-	-	-	-	1,150,933
Fines and fees	651,626	-	-	-	-	651,626
Utility franchise taxes	1,262,049	-	-	-	-	1,262,049
Investment income	6,085	5,756	2,742	266	795	15,644
Contributions and donations	772,000	-	-	-	-	772,000
Miscellaneous	522,624	35,723	53,748	-	53,217	665,312
Total revenues	20,819,926	2,314,777	119,227	266	608,104	23,862,300
Expenditures						
General government						
General government and administration	304,247	-	75,000	-	-	379,247
City council	135,216	-	-	-	-	135,216
Mayor	245,508	-	-	-	-	245,508
City clerk	134,736	-	-	-	-	134,736
City attorney	176,147	-	-	-	-	176,147
District court	349,090	-	-	-	-	349,090
Director of administration	109,109	-	-	-	-	109,109
Information technology	201,279	-	-	-	-	201,279
Finance	474,480	-	-	-	-	474,480
Human resources	225,769	-	-	-	-	225,769
Fleet services	159,525	-	-	-	-	159,525
Community programs	118,142	-	-	-	-	118,142
Total general government	2,633,248	-	75,000	-	-	2,708,248
Public works						
Public works coordinator	125,841	-	-	-	-	125,841
Engineering	282,079	-	-	-	-	282,079
Code enforcement	177,377	-	-	-	-	177,377
Streets and drainage	-	2,217,418	-	-	-	2,217,418
Total public works	585,297	2,217,418	-	-	-	2,802,715
Parks and recreation services						
Parks and recreation services	3,136,618	-	24,419	131,308	-	3,292,345
Police	7,240,699	-	-	-	106,543	7,347,242
Fire	4,472,701	-	-	-	-	4,472,701
Emergency communication services	675,758	-	-	-	-	675,758
Animal control	287,637	-	-	-	-	287,637
Housing and neighborhood programs	-	-	-	-	202,067	202,067
Debt Service						
Principal	1,678,293	-	-	4,501,414	210,000	6,389,707
Interest	93,259	-	-	7,017	115,484	215,760
Agent fees	-	-	-	27,821	6,013	33,833
Issuance costs	-	-	-	145,014	-	145,014
Total expenditures	20,803,511	2,217,418	99,419	4,812,574	640,107	28,573,027
Excess (Deficiency) of Revenues Over Expenditures	16,416	97,359	19,808	(4,812,308)	(32,003)	(4,710,727)
Other Financing Sources (Uses)						
Long-term debt issuance	-	-	-	8,815,000	36,649	8,851,649
Transfers in	-	-	-	-	150,000	150,000
Transfers out	(575,000)	-	-	-	-	(575,000)
Total other financing sources (uses)	(575,000)	-	-	8,815,000	186,649	8,426,649
Net Change in Fund Balances	(558,585)	97,359	19,808	4,002,691	154,646	3,715,922
Fund Balances, Beginning of Year	2,435,403	1,220,516	1,597,837	-	602,749	5,856,505
Fund Balances, End of Year	\$ 1,876,818	\$ 1,317,875	\$ 1,617,645	\$ 4,002,691	\$ 757,396	\$ 9,572,424

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds \$ 3,715,922

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	1,842,288
Depreciation expense	(3,040,860)
Loss on disposal of capital assets	(69,038)

Revenues that do not provide current financial resources, such as property taxes, are not reported as revenues for the funds but are reported as revenues in the statement of activities. 12,005

Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.

Bonds issued	(8,815,000)
Premium	(36,649)

The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 6,391,799

Expenses that do not require current financial resources are not reported as expenses for the funds but are reported as expenses in the statement of activities.

Accrued interest	4,282
Compensated absences	(31,032)
Other post employment benefits	(48,819)

The change in the net pension liability is reported only in the statement of activities.

Policemen's Pension and Relief Fund	121,830
Firemen's Pension and Relief Fund	270,256
Arkansas Public Employees' Retirement System	112,778
Arkansas Local Police and Fire Retirement System	78,110

The change in deferred inflows and outflows of resources is reported only in the statement of activities

Policemen's Pension and Relief Fund	350,222
Firemen's Pension and Relief Fund	351,699

Change in net position of governmental activities \$ 1,209,792

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation	Emergency	Total
	Services	Medical Services	
Assets and Deferred Outflows of Resources			
Current assets			
Cash	\$ 606,461	\$ 2,469	\$ 608,930
Investments	150,025	-	150,025
Accounts receivable, net of allowance for uncollectible accounts	460,404	668,341	1,128,745
Accrued interest	125	-	125
Total current assets	<u>1,217,015</u>	<u>670,810</u>	<u>1,887,825</u>
Noncurrent assets			
Capital assets			
Vehicles	1,918,315	521,746	2,440,061
Furniture and equipment	1,236,580	121,792	1,358,372
	3,154,895	643,538	3,798,433
Less accumulated depreciation	<u>(1,857,652)</u>	<u>(357,364)</u>	<u>(2,215,016)</u>
Net capital assets	<u>1,297,243</u>	<u>286,174</u>	<u>1,583,417</u>
Total noncurrent assets	<u>1,297,243</u>	<u>286,174</u>	<u>1,583,417</u>
Total assets	<u>2,514,258</u>	<u>956,984</u>	<u>3,471,242</u>
Deferred outflows of resources			
Pension items- APERS	109,779	-	109,779
Pension items - LOPFI	-	112,924	112,924
Total deferred outflows of resources	<u>109,779</u>	<u>112,924</u>	<u>222,703</u>
Total assets and deferred outflow of resources	<u>\$ 2,624,037</u>	<u>\$ 1,069,908</u>	<u>\$ 3,693,945</u>
Liabilities, Deferred Inflows of Resources, and Net Position			
Current liabilities			
Accounts payable	\$ 28,217	\$ 6,083	\$ 34,300
Accrued interest	1,674	-	1,674
Note payable	216,842	-	216,842
Accrued wages payable	22,923	27,857	50,780
Compensated absences	20,236	28,708	48,944
Total current liabilities	<u>289,892</u>	<u>62,648</u>	<u>352,540</u>
Noncurrent liabilities			
Net pension liability	<u>419,090</u>	<u>623,617</u>	<u>1,042,707</u>
Total liabilities	<u>708,982</u>	<u>686,265</u>	<u>1,395,247</u>
Deferred inflows of resources			
Pension items- APERS	59,813	-	59,813
Pension items- LOPFI	-	342	342
Total deferred inflows of resources	<u>59,813</u>	<u>342</u>	<u>60,155</u>
Net Position			
Net investment in capital assets	1,080,401	286,174	1,366,575
Unrestricted (deficit)	<u>774,839</u>	<u>97,127</u>	<u>871,967</u>
Total net position	<u>1,855,240</u>	<u>383,302</u>	<u>2,238,542</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,624,037</u>	<u>\$ 1,069,908</u>	<u>\$ 3,693,945</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation Services	Emergency Medical Services	Total
Operating Revenues			
Charges for services	\$ 1,753,280	\$ 1,550,161	\$ 3,303,441
Miscellaneous	128,071	140	128,211
Total operating revenues	<u>1,881,351</u>	<u>1,550,301</u>	<u>3,431,652</u>
Operating Expenses			
Salaries, wages and employee benefits	712,621	846,581	1,559,202
Supplies and materials	180,668	115,362	296,030
Services	86,361	76,987	163,348
Repairs and maintenance	79,297	12,445	91,742
Landfill fees	190,613	-	190,613
Other	-	887,283	887,283
Depreciation	199,355	66,709	266,064
Total operating expenses	<u>1,448,915</u>	<u>2,005,367</u>	<u>3,454,282</u>
Operating Income (Loss)	432,436	(455,066)	(22,630)
Nonoperating Revenues (Expenses)			
Interest income	987	7	993
Gain on sale of capital assets	74,831	-	74,831
Grant revenues	-	12,460	12,460
Interest expense	(10,224)	-	(10,224)
Total nonoperating revenues	<u>65,594</u>	<u>12,467</u>	<u>78,061</u>
Income (Loss) Before Transfers	498,030	(442,599)	55,431
Transfers in	-	425,000	425,000
Changes in Net Position	498,030	(17,599)	480,431
Net Position, Beginning of Year	<u>1,739,310</u>	<u>924,364</u>	<u>2,663,674</u>
Change in accounting principle	<u>(382,100)</u>	<u>(523,463)</u>	<u>(905,563)</u>
Net Position, Beginning of Year - as restated	<u>1,357,210</u>	<u>400,901</u>	<u>1,758,111</u>
Net Position, End of Year	<u>\$ 1,855,240</u>	<u>\$ 383,302</u>	<u>\$ 2,238,542</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Business-type Activities - Enterprise Funds		
	Sanitation Services	Emergency Medical Services	Total
Operating Activities			
Receipts from customers	\$ 1,703,184	\$ 609,930	\$ 2,313,114
Other receipts	128,071	140	128,211
Payments to employees	(725,141)	(843,532)	(1,568,673)
Payments to suppliers	(184,446)	(113,294)	(297,740)
Payments to service providers	(85,058)	(76,987)	(162,044)
Other payments	(301,093)	(12,425)	(313,518)
Net cash provided by (used in) operating activities	535,517	(436,167)	99,350
Noncapital Financing Activities			
Operating grants	-	12,460	12,460
Transfers from other funds	-	425,000	425,000
Net cash provided by noncapital financing activities	-	437,460	437,460
Capital and Related Financing Activities			
Proceeds from sale of capital assets	95,550	-	95,550
Purchases of capital assets	(405,010)	-	(405,010)
Principal paid on long-term debt	(258,495)	-	(258,495)
Interest paid on long-term debt	(9,857)	-	(9,857)
Net cash used in capital and related financing activities	(577,812)	-	(577,812)
Investing Activities			
Proceeds from maturities of cash investments	250,187	-	250,187
Purchase of cash investments	(200,278)	-	(200,278)
Interest income	988	7	994
Net cash provided by investing activities	50,897	7	50,903
Net Increase in Cash	8,601	1,301	9,902
Cash, Beginning of Year	597,859	1,168	599,027
Cash, End of Year	\$ 606,461	\$ 2,469	\$ 608,930

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation Services (Major Fund)	Emergency Medical Services (Major Fund)	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating income (loss)	\$ 432,436	\$ (455,066)	\$ (22,630)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	199,355	66,709	266,064
Changes in assets and liabilities			
Receivables, net	(50,096)	(52,948)	(103,044)
Due from other funds	-	-	-
Accounts payable	(33,658)	2,090	(31,568)
Accrued expenses	(62,486)	(109,533)	(172,019)
Pension items	49,966	112,582	162,548
Net cash provided by (used in) operating activities	<u>\$ 535,517</u>	<u>\$ (436,167)</u>	<u>\$ 99,350</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2015

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 604,051	\$ 85,921
Investments		
U.S. Treasury obligations	3,859,984	-
Corporate bonds	1,657,510	-
Corporate stocks	287,954	-
Mutual funds	6,130,477	-
Receivables		
Due from other funds	27,260	-
Accrued interest	27,911	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 12,595,147</u></u>	<u><u>\$ 85,921</u></u>
Liabilities		
Other liabilities	<u>\$ -</u>	<u>\$ 85,921</u>
Net Position		
Net position restricted for pension benefits	<u><u>\$ 12,595,147</u></u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2015

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 71,468
Plan members	7,017
Contributed from General Fund	
Property taxes	537,462
State insurance turnback and supplements	212,341
	<hr/>
Total contributions	828,288
	<hr/>
Investment income	
Net decrease in fair value of investments	(316,827)
Interest and dividends	229,556
Other investment income	601
	<hr/>
	(86,670)
Less investment expense	141,838
	<hr/>
Net investment income (loss)	(228,508)
	<hr/>
Total additions	599,780
	<hr/>
Deductions	
Benefits paid directly to participants	1,568,306
Administrative expenses	3,000
	<hr/>
Total deductions	1,571,306
	<hr/>
Net Decrease in Net Position	(971,526)
	<hr/>
Net Position Restricted for Pension Benefits, Beginning of Year	13,566,673
	<hr/>
Net Position Restricted for Pension Benefits, End of Year	<u>\$ 12,595,147</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS DECEMBER 31, 2015

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 6,305,651	\$ 6,367,190	\$ 194,931	\$ 12,867,772
Investments	1,131,808	-	301,008	1,432,816
Receivables, net of allowance for uncollectible accounts				
Accounts	1,449,339	814,507	73,489	2,337,335
Revenues earned and unbilled	-	199,739	-	199,739
Accrued interest	332	-	152	484
Inventories	355,753	119,340	-	475,093
Prepaid expenses	38,587	11,022	-	49,609
Restricted Current Assets				
Cash and cash equivalents	1,876,486	109,677	-	1,986,163
Interest receivable	480	-	-	480
Total current assets	11,158,436	7,621,475	569,580	19,349,491
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	585,767	-	585,767
Total restricted noncurrent assets	-	585,767	-	585,767
Capital assets				
Land	505,673	409,935	-	915,608
Buildings and improvements	2,474,696	2,400,655	-	4,875,351
Machinery and equipment	2,231,244	2,469,757	-	4,701,001
Water system	44,828,208	-	-	44,828,208
Sewer system	-	58,963,198	-	58,963,198
Construction in progress	6,216,583	-	-	6,216,583
	56,256,404	64,243,545	-	120,499,949
Less accumulated depreciation	(17,501,680)	(28,548,137)	-	(46,049,817)
Net capital assets	38,754,724	35,695,408	-	74,450,132
Other assets	151,862	-	-	151,862
Total noncurrent assets	38,906,586	36,281,175	-	75,187,761
Total Assets	50,065,022	43,902,650	569,580	94,537,252
Deferred Outflows of Resources				
Pension Items - APERS	279,551	333,765	-	613,316
Total Assets and Deferred Outflows of Resources	\$ 50,344,573	\$ 44,236,415	\$ 569,580	\$ 95,150,568

See Accompanying Notes to Basic Financial Statements.

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 1,488,573	\$ 78,329	\$ 101,976	\$ 1,668,878
Accrued interest payable	22,322	65,464	-	87,786
Bonds payable-current portion	779,723	385,000	-	1,164,723
Accrued expenses and other	98,939	62,909	-	161,848
Total current liabilities	<u>2,389,557</u>	<u>591,702</u>	<u>101,976</u>	<u>3,083,235</u>
Noncurrent liabilities				
Bonds payable, net of unamortized discount	14,950,260	15,528,555	-	30,478,815
Customer deposits	727,576	-	-	727,576
Accrued pension liability	1,181,192	1,399,566	-	2,580,758
Other long-term liabilities	7,059	252,939	-	259,998
Total noncurrent liabilities	<u>16,866,087</u>	<u>17,181,060</u>	<u>-</u>	<u>34,047,147</u>
Total liabilities	<u>19,255,644</u>	<u>17,772,762</u>	<u>101,976</u>	<u>37,130,382</u>
Deferred Inflows of Resources	<u>139,608</u>	<u>165,073</u>	<u>-</u>	<u>304,681</u>
Net Position				
Net investment in capital assets	23,024,741	20,302,156	-	43,326,897
Restricted-expendable	1,854,644	695,444	-	2,550,088
Unrestricted	6,069,936	5,300,980	467,604	11,838,520
Total net position	<u>30,949,321</u>	<u>26,298,580</u>	<u>467,604</u>	<u>57,715,504</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 50,344,573</u>	<u>\$ 44,236,415</u>	<u>\$ 569,580</u>	<u>\$ 95,150,568</u>

CITY OF JACKSONVILLE, ARKANSAS

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Advertising and Promotion Commission	\$ 847,501	\$ -	\$ -	\$ -
Total governmental activities	847,501	-	-	-
Business-type Activities				
Municipal Water Works	7,586,718	6,731,018	-	68,522
Wastewater Utility	6,671,686	5,003,956	-	-
Total business-type activities	14,258,404	11,734,974	-	68,522
Total component units	<u>\$ 15,105,905</u>	<u>\$ 11,734,974</u>	<u>\$ -</u>	<u>\$ 68,522</u>
General revenues				
Sales taxes				
Investment income				
Grants and contributions not restricted to specific programs				
Other				
Total general revenues				
Change in Net Position				
Cumulative effect of change in accounting principle - GASB 68				
Net Position, Beginning of Year				
Net Position, End of Year				

See Accompanying Notes to Basic Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Advertising and Promotion Commission	Total
\$ -	\$ -	\$ (847,501)	\$ (847,501)
-	-	(847,501)	(847,501)
(787,178)	-	-	(787,178)
-	(1,667,730)	-	(1,667,730)
(787,178)	(1,667,730)	-	(2,454,908)
(787,178)	(1,667,730)	(847,501)	(3,302,409)
-	-	826,314	826,314
11,951	19,918	775	32,644
-	446,006	-	446,006
247,971	-	-	247,971
259,922	465,924	827,090	1,552,935
(527,256)	(1,201,806)	(20,411)	(1,749,474)
(916,267)	(1,080,589)	-	(1,996,856)
32,392,844	28,580,975	488,015	61,461,834
<u>\$ 30,949,321</u>	<u>\$ 26,298,580</u>	<u>\$ 467,604</u>	<u>\$ 57,715,504</u>



CITY OF JACKSONVILLE, ARKANSAS

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Jacksonville, Arkansas (the “City”), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under the Mayor-City Council form of government. Citizens elect the Mayor at large and ten council members by wards. The Mayor and City Council are responsible for setting City policy.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Jacksonville and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City’s substantive appointment of the majority of the component unit’s governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City’s employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

The City’s primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under this criterion, the following are included in the primary government reporting entity:

Blended Component Units

Major Component Unit:

Sanitation Services Fund (“Sanitation Services”) – The Sanitation Services Fund is a legally separate fund which has the same governing body as the City. The City has the power to impose its will on Sanitation Services and has a financial benefit or burden relationship with Sanitation Services. Sanitation Services primarily serves the City’s solid waste collection and disposal requirements.

Other Component Units:

Community Development Block Grant Fund (“CDBG”) – The City Council and Mayor act as the governing body of the CDBG Fund. CDBG resources are used primarily for street improvements, housing programs and various community services that benefit the City. Management of the City has operational responsibility for the CDBG Fund.

Emergency Medical Services Fund (“Emergency Services”) – The Emergency Medical Services Fund has the same governing body as the City. The City has the power to impose its will on Emergency Services and has a financial benefit or burden relationship with Emergency Services. Emergency Services primarily serves the City’s emergency medical transportation services requirements.

Discretely Presented Component Units

Major Component Units:

Jacksonville Municipal Water Works (“JMWW”) – The City’s Mayor appoints, with City Council approval, a five member Water Commission which acts as the governing body of JMWW. JMWW receives no financial benefit from the City; however, the City has the power to impose its will on JMWW. Rate changes must be approved by the Mayor and City Council. JMWW provides commercial and residential water services that primarily benefit the residents of Jacksonville.

Jacksonville Wastewater Utility (“JWWU”) – JWWU is governed by a five member commission appointed by the Mayor and approved by the City Council. The City has the power to impose its will on JWWU. Rate changes must be approved by the Mayor and City Council. JWWU provides waste water treatment services that primarily benefit the residents of Jacksonville.

There were no significant transactions between the major component units and the City or its other component units in 2015.

Other Component Unit:

Jacksonville Advertising and Promotion Commission (“Commission”) – The seven member governing body is appointed by the City Council. The City has the power to impose its will on the Commission. The Commission has the authority to authorize and disburse expenditures of the City’s hotel/motel tax and prepared food tax.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

Jacksonville Municipal Water Works
1900 Marshall Road
Jacksonville, Arkansas 72076

Jacksonville Wastewater Utility
248 Cloverdale Road
Jacksonville, Arkansas 72076

Jacksonville Advertising and Promotion Commission
1 Municipal Drive
Jacksonville, Arkansas 72076

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City’s own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Street Fund* is a special revenue fund which accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets, sidewalks and traffic control signals as well as street lighting.

The *Special Projects Fund* is a capital projects fund used to account for the accumulation of financial resources utilized for construction, renovation, expansion and major improvements of various City facilities, acquisition of land, and new acquisitions and replacements of capital equipment used in City operations. The fund is perpetual.

The *2015 Capital Improvements Construction Fund* (capital projects fund) accounts for the proceeds of the 2015 Capital Improvement and Refunding Revenue Bonds issued to refinance outstanding debt obligations and to finance various capital improvements for the City.

The City reports the following proprietary (enterprise) funds:

The *Sanitation Services Fund*, a blended component unit of the City, is a major enterprise fund which accounts for the activities of providing solid waste collection and disposal and for operations of the City's waste recycling center.

The *Emergency Medical Services Fund*, a blended component unit of the City, is a nonmajor enterprise fund which accounts for the activities of providing emergency medical transportation services.

Additionally the City reports the following fund types:

Special Revenue Funds – The special revenue funds, which include federal and state grants, are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

Pension Trust Funds – Accounts for assets held in trust for the Policemen’s Pension and Relief Fund and the Firemen’s Pension and Relief Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Agency Funds – Accounts for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements, and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included in the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within sixty (60) days after year-end. Principal revenue sources considered susceptible to accrual include property taxes, sales taxes, franchise taxes, grant revenues and investment earnings. Other revenues, such as fines and forfeitures, are considered measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are contributed to a plan or when expected to be liquidated with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Cash and cash equivalents include demand deposits and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into common bank accounts.

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposits are carried at amortized cost. Fair value is determined using quoted market prices for all investments.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Interest earned on investments is recorded in the funds in which the investments are recorded.

Inventories

Inventories, consisting of merchandise, material, and supplies, are valued at cost. Cost is determined using the first-in, first-out method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include infrastructure, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

The City's capitalization policy defines capital assets as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than or equal to \$100,000. Renewal and betterments of property and equipment are capitalized, whereas normal repairs and maintenance are charged to expense as incurred.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 15 – 50 years for infrastructure, 10 – 40 years for buildings and 3 – 25 years for land improvements, vehicles and equipment.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums and discounts are deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Compensated Absences

The City allows nonuniformed employees to accumulate unused vacation of up to 80 hours, police to accumulate unused vacation of up to 84 hours, and firefighters to accumulate unused vacation of up to 144 hours for one year. Upon termination, any accumulated unused vacation time will be paid to the employees. Generally, City employees are allowed to accumulate unused sick leave up to a maximum of 90 days. Any accumulated unused sick leave up to 60 days is paid upon employee retirement from service with the City. At the end of term of service, police officers will be paid for any accumulated unused sick leave upon retirement up to 60 days. At the end of term of service, firefighters will be paid for any accumulated unused sick leave upon retirement up to 60 days, provided that payment does not exceed three months salary. Historically, employees have been compensated for unused sick and vacation time from the General Fund, the Street and CDBG Special Revenue Funds and the Sanitation Services Enterprise Fund as well as the Emergency Medical Services Fund based on the assignment of the employee at termination.

The City records a liability for compensated absences as the employee earns benefits attributable to services rendered that is not contingent on a specific event that is outside the control of the City. Additionally, the City accrues benefits for earned sick leave only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured such as a result of employee resignations and retirements.

Unearned Revenue

Unearned revenue consists mainly of business licenses received in advance.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows for pension related items.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include pension related items and property taxes in the governmental funds.

Pension items represent the changes in total pension liability related to the differences in actual and expected experience, or changes in assumptions regarding future events recognized over the expected remaining service life of all employees and differences in projected and actual earnings over the measurement period recognized over a five year period.

Net Position/Fund Balance

Net position of the government-wide financial statements and proprietary funds of the City are classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

The fund balances of the City's governmental funds are classified in five components:

Nonspendable fund balance – not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - expendable net position may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – amounts that can only be used for specific purposes as a result of constraints imposed by an ordinance passed by City Council. Commitments may be changed by issuance of an ordinance by City Council.

Assigned fund balance – amounts that are intended to be used for a specific purpose as determined by the Mayor. In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance - are the remaining assets less remaining liabilities for the General Fund that are not contained in other classifications.

The City considers restricted amounts to have been spent when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end.

Adoption of Accounting Standards

During the year ended December 31, 2015, the City implemented the following financial accounting and reporting standards issued by GASB:

GASB Statement No.68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.27

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

GASB Statement No.71 - Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and

deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68.

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2015:

GASB Statement No.72 – Fair Value Measurement and Application

This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes. It also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements for this statement are effective for financial statements for periods beginning after June 15, 2015.

GASB Statement No.73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

GASB Statement No.76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement NO. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

GASB Statement No.77 – Tax Abatement Disclosures

For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenue and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefit the government or its citizens. This Statement requires disclosures of

tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No.78 – Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No.79 – Certain External Investment Pools and Pool Participants

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

City statute requires that deposits in financial institutions be collateralized with federal depository insurance or other interest bearing securities of the United States, the State of Arkansas, Arkansas political subdivisions or agencies or instrumentalities of these entities at 102 percent. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

At December 31, 2015, the City's primary government bank balances were \$8,648,476. Of this amount, \$3,729,454 was uninsured and collateralized with securities held by the pledging financial institution's agent in the City's name. At December 31, 2015, none of the City's component units' bank balances were exposed to custodial credit risk. The bank balances and carrying amount of the City's deposits held as of December 31, 2015 were as follows:

	Primary Government	Component Units
Carrying value		
Demand deposits	\$ 6,949,664	\$ 14,422,254
Certificates of deposit	1,325,453	2,450,621
	<u>\$ 8,275,117</u>	<u>\$ 16,872,875</u>
Bank balance		
Demand deposits	\$ 7,323,022	\$ 14,490,297
Certificates of deposit	1,325,454	2,450,227
	<u>\$ 8,648,476</u>	<u>\$ 16,940,524</u>

	Primary Government	Component Units
Carrying value of deposits	\$ 8,275,117	\$ 16,872,875
Cash on hand	4,090	123
Investments classified as cash	236,344	-
	<u>\$ 8,515,550</u>	<u>\$ 16,872,998</u>
As reported on the government-wide statement of net position:		
Cash	\$ 1,944,621	\$ 12,867,772
Restricted cash, current	587,281	1,986,643
Investments	1,325,453	1,432,816
Restricted cash, noncurrent	3,968,223	585,767
As reported on the statement of fiduciary net position:		
Cash - Employee Benefit Plans	604,051	-
Cash - Agency Fund	85,921	-
	<u>\$ 8,515,550</u>	<u>\$ 16,872,998</u>

Investments

Arkansas statutes authorizes the City to invest in direct obligations of the U.S. Government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. Government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue such securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. Government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. State or any political subdivision thereof; securities of or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposits.

Arkansas statutes also authorizes the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issue of any state, municipality or political subdivisions; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds and other appropriate securities.

The pension trust funds' investments, carried at fair value, and maturities as of December 31, 2015 were as follows:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasury obligations	\$ 3,859,985	\$ 1,174,838	\$ 2,685,146	\$ -	\$ -
Corporate bonds	1,657,509	166,596	1,047,550	290,911	152,452
Money market mutual funds	236,344	236,344	-	-	-
		<u>\$ 1,577,778</u>	<u>\$ 3,732,696</u>	<u>\$ 290,911</u>	<u>\$ 152,452</u>
Corporate stocks	287,954				
Bond mutual fund	3,066,487				
Stock mutual fund	3,063,990				
Total	<u>\$ 12,172,269</u>				

The following schedule reconciles the carrying amount of investments as disclosed above to the fiduciary statement of net position:

Carrying value of investments	\$ 12,172,269
Investments classified as cash	(236,344)
	<u>\$ 11,935,925</u>
Investments as reported on the statement of fiduciary net position:	
U.S. Treasury obligations	\$ 3,859,984
Corporate bonds	1,657,510
Corporate stocks	287,954
Mutual funds	6,130,477
	<u>\$ 11,935,925</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures evenly over time as needed to provide the cash flow and liquidity necessary for operations. The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of five years, unless the investment funds are defined for use after five years.

The pension trust funds investment policies address interest rate risk by managing asset allocation. The Policemen's Pension and Relief Fund allows for 2% to 30% in cash and cash equivalents, 35% to 75% in fixed income investments and 20% to 50% in equities. The Firemen's Pension and Relief Fund allows 5% to 15% in cash and cash equivalents, 25% to 40% in fixed income investments and 40% to 70% in equities.

Credit Risk – Credit risk of investments is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City's policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies, and FDIC insured certificates of deposit. At December 31, 2015 the City, exclusive of the pension trust funds, had approximately \$4,419,022 invested in a U. S. government money market mutual fund with a rating of AAA by Standard and Poor's.

The investment policy of the Firemen's Pension and Relief Fund states that plan assets may be invested in investment grade bonds rated by Standard and Poor's of BBB+ or better and in commercial paper rated A1 or better. The Policemen's Pension and Relief Fund investment policy requires a credit analysis of each debt instrument prior to inclusion in the portfolio. The following reports the credit ratings by investment type for the pension trust funds at December 31, 2015.

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
U.S. Treasury	\$ 3,859,985	AAA
Corporate bonds		
	119,987	A
	208,731	A-
	44,475	A+
	21,177	AA
	72,966	AA-
	23,014	AA+
	48,221	B
	67,271	B-
	130,765	B+
	8,779	BA2
	87,972	BB
	91,033	BB-
	119,733	BB+
	74,676	BBB
	29,341	BBB-
	223,702	BBB+
	285,665	Unrated
Money market mutual funds	236,344	AAA
Stock and bond mutual funds	6,130,477	Not rated

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the City’s name. Exclusive of the pension trust funds, at December 31, 2015, investments held by the City were limited to certificates of deposit which were FDIC insured or collateralized at 102% of the deposits fair value and U.S. Treasury Fund money market accounts. The City’s collateral is held by third party financial institutions. Monthly and quarterly collateral reports are sent to the City’s finance department.

Concentration of Credit Risk – The City’s investment policy limits investments in securities from any one issuer to 5% of the City’s portfolio at the time of purchase, and limits investment in any one business sector to 15% of the portfolio. The City had no investments that exceeded these parameters at December 31, 2015.

The Policemen’s Pension and Relief Fund limits investments in any one equity issuer to 7% of the market value of the total portfolio. No single industry may exceed 20% of the portfolio. The Firemen’s Pension and Relief Fund limits investments in the securities of any one company or government agency to 5% of the portfolio, and allows no more than 10% of the portfolio to be invested in any one industry. The portfolios of the pension trust funds had no investments that exceeded these limitations at December 31, 2015.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2015 is presented as follows:

Governmental Activities	Balance December 31, 2014	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2015
Capital Assets, non-depreciable				
Land	\$ 10,779,642	\$ 108,653	\$ -	\$ 10,888,295
Construction in progress	302,552	100,458		403,010
Total capital assets, non-depreciable	<u>11,082,194</u>	<u>209,111</u>	<u>-</u>	<u>11,291,305</u>
Capital Assets, depreciable				
Land improvements	1,496,253	-	-	1,496,253
Infrastructure	33,981,278	548,730	-	34,530,008
Buildings	30,580,470	-	48,304	30,532,166
Vehicles	5,966,598	150,168	1,021,151	5,095,616
Equipment	8,432,602	1,009,237	79,511	9,362,328
Total capital assets, depreciable	<u>80,457,202</u>	<u>1,708,135</u>	<u>1,148,965</u>	<u>81,016,372</u>
Less accumulated depreciation				
Land improvements	624,631	62,974	-	687,605
Infrastructure	23,260,484	568,654	-	23,829,137
Buildings	7,255,918	835,330	19,698	8,071,550
Vehicles	5,306,194	169,980	980,718	4,495,456
Equipment	4,660,538	1,403,922	79,511	5,984,950
Total accumulated depreciation	<u>41,107,765</u>	<u>3,040,860</u>	<u>1,079,927</u>	<u>43,068,698</u>
Total capital assets, depreciable, net	<u>39,349,434</u>	<u>(1,332,725)</u>	<u>69,038</u>	<u>37,947,671</u>
Total governmental activities, net	<u>\$ 50,431,628</u>	<u>\$ (1,123,614)</u>	<u>\$ 69,038</u>	<u>\$ 49,238,976</u>
Business-type activities	Balance December 31, 2014	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2015
Capital Assets, depreciable				
Vehicles	\$ 2,432,751	\$ 16,500	\$ 9,191	\$ 2,440,060
Equipment	1,029,058	388,510	59,196	1,358,372
Total capital assets, depreciable	<u>3,461,809</u>	<u>405,010</u>	<u>68,387</u>	<u>3,798,432</u>
Less accumulated depreciation				
Vehicles	1,657,329	135,313	9,191	1,783,451
Equipment	339,290	130,751	38,477	431,564
Total accumulated depreciation	<u>1,996,619</u>	<u>266,064</u>	<u>47,668</u>	<u>2,215,016</u>
Total business-type activities, net	<u>\$ 1,465,190</u>	<u>\$ 138,946</u>	<u>\$ 20,719</u>	<u>\$ 1,583,417</u>

Component Units	Balance, December 31, 2014	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2015
Capital Assets, non-depreciable				
Land	\$ 914,842	\$ 766	\$ -	\$ 915,608
Construction in progress	12,906,371	2,378,287	9,068,075	6,216,583
Total capital assets, non-depreciable	<u>13,821,213</u>	<u>2,379,053</u>	<u>9,068,075</u>	<u>7,132,191</u>
Capital Assets, depreciable				
Utility system	95,101,480	1,275,255	(7,414,671)	103,791,406
Buildings and improvements	4,795,210	80,971	830	4,875,351
Furniture and equipment	4,546,516	187,471	32,986	4,701,001
Total capital assets, depreciable	<u>104,443,206</u>	<u>1,543,697</u>	<u>(7,380,855)</u>	<u>113,367,758</u>
Less accumulated depreciation	<u>41,823,283</u>	<u>4,596,130</u>	<u>369,596</u>	<u>46,049,817</u>
Total capital assets, depreciable, net	<u>62,619,923</u>	<u>(3,052,433)</u>	<u>(7,750,451)</u>	<u>67,317,941</u>
Total component units, net	<u>\$ 76,441,136</u>	<u>\$ (673,380)</u>	<u>\$ 1,317,624</u>	<u>\$ 74,450,132</u>

Construction in progress is composed of the following:

	Expended to December 31, 2015	Estimated Amount To Complete
Primary Government		
General Government		
Oneida Street extension	\$ 189,279	\$ 2,000,000
Emma Street extension	45,875	500,000
Main Street alignment	67,397	1,000,000
RV Park at Shooting Range	94,958	10,800
Archery Range -walking trail	5,500	4,840
	<u>\$ 403,010</u>	<u>\$ 3,515,640</u>
Component Unit		
Jacksonville Municipal Water Works		
South Source water main/meter station	\$ 6,216,583	\$ 283,417
	<u>\$ 6,216,583</u>	<u>\$ 283,417</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	
General administration	\$ 196,530
Director of administration	2,260
Information technology	15,864
Community programs	38,799
Total general government	<u>253,454</u>
Public works	
Engineering	3,508
Streets and drainage	1,412,723
Total public works	<u>1,416,231</u>
Parks and recreation services	475,547
Police	351,123
Fire	218,315
Emergency services	313,756
Animal control	12,435
Total depreciation expense - governmental activities	<u>3,040,860</u>
Business-type Activities	
Sanitation services	199,355
Emergency medical services	66,709
Total depreciation expense - business-type activities	<u>266,064</u>
Total depreciation expense - primary government	<u>\$ 3,306,924</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2015 were as follows:

Governmental Activities	Balance December 31, 2014	Increases	Decreases	Balance December 31, 2015	Amounts Due In One Year
Bonds payable-					
2006 Library Construction	\$ 1,405,000	\$ -	\$ 210,000	\$ 1,195,000	\$ 65,000
2015 Capital Improvement and Refunding	-	8,815,000	-	8,815,000	500,000
Less: issuance discount	(619)	606	467	(480)	-
Add: issuance premium	-	36,649	2,231	34,418	\$ -
Bonds payable, net	1,404,381	8,852,255	212,698	10,043,938	565,000
Notes payable	4,104,899	-	4,104,899	-	-
Capital lease	2,075,153	94,958	2,095,153	74,958	20,000
Compensated absences	614,377	50,854	19,822	645,409	569,318
Net pension obligation	2,050,470	-	2,050,470	-	-
Net pension liability - Policemen's Pension and Relief Fund	-	836,892	121,830	715,062	-
Net pension liability - Firemen's Pension and Relief Fund	-	3,531,024	270,256	3,260,768	-
Net pension liability - Arkansas Public Employee Retirement System	-	4,261,344	613,183	3,648,161	-
Net pension liability - Arkansas Local Police and Fire Retirement System	-	7,328,455	1,317,189	6,011,266	-
Net OPEB obligation	368,800	48,819	-	417,619	-
Total governmental activities long-term liabilities	<u>\$ 10,618,081</u>	<u>\$ 25,004,601</u>	<u>\$ 10,805,501</u>	<u>\$ 24,817,182</u>	<u>\$ 1,154,318</u>
Business-type Activities	Balance December 31, 2014	Increases	Decreases	Balance December 31, 2015	Amounts Due In One Year
Note payable	\$ 475,337	\$ -	\$ 258,495	\$ 216,842	\$ 216,842
Compensated absences	45,767	4,821	1,644	48,944	48,944
Net pension liability - Arkansas Public Employee Retirement System	-	489,643	70,553	419,090	-
Net pension liability - Arkansas Local Police and Fire Retirement System	-	743,607	119,990	623,617	-
Total business-type activities long-term liabilities	<u>\$ 559,090</u>	<u>\$ 1,238,071</u>	<u>\$ 450,682</u>	<u>\$ 1,308,493</u>	<u>\$ 265,786</u>
Component Units	Balance December 31, 2014	Increases	Decreases	Balance December 31, 2015	Amounts Due In One Year
Jacksonville Municipal					
Water Works					
Water revenue bonds	\$ 14,432,117	\$ 2,207,292	\$ 909,426	\$ 15,729,983	\$ 779,723
Customer deposits	711,163	152,825	136,412	727,576	-
Net pension liability - Arkansas Public Employee Retirement System	-	1,181,192	-	1,181,192	-
Other liabilities	2,648	4,411	-	7,059	-
	<u>15,145,928</u>	<u>3,545,720</u>	<u>1,045,838</u>	<u>17,645,810</u>	<u>779,723</u>
Jacksonville Wastewater					
Utility					
Wastewater revenue bonds	16,720,000	-	655,000	16,065,000	385,000
Less: issuance discount	(161,032)	-	(9,587)	(151,445)	-
Note payable	31,916	-	31,916	-	-
Net pension liability - Arkansas Public Employee Retirement System	-	1,399,566	-	1,399,566	-
Post closure landfill costs	-	252,939	-	252,939	-
	<u>16,590,884</u>	<u>1,652,505</u>	<u>677,329</u>	<u>17,566,060</u>	<u>385,000</u>
Total component units long-term liabilities	<u>\$ 31,736,812</u>	<u>\$ 5,198,225</u>	<u>\$ 1,723,167</u>	<u>\$ 35,211,870</u>	<u>\$ 1,164,723</u>

Governmental Activities

2006 Library Construction and Improvement Bonds – Bonds in the amount of \$2,500,000 were issued to finance the cost of acquiring, constructing and equipping of land and additional capital improvements for the public city library operated by the City and the Central Arkansas Library System, and to pay the costs of issuance of the bonds. The bonds are limited obligations of the City, payable solely from the Library Tax (a 1.0 mill ad valorem tax levied on all taxable real and personal property located within the jurisdictional limits of the City), and the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution. Principal payments are due annually beginning March 1, 2008. Interest payments are due semiannually on March 1 and September 1, beginning March 1, 2007. The bonds are subject to mandatory redemption, in whole or in part, on any March 1 from Surplus Tax Receipts, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. On March 1, 2015 an additional \$150,000 in bonds were redeemed under this provision. Bond interest rates range from 3.625% to 4.70% and final maturity is scheduled to be March 1, 2030.

2015 Capital Improvement and Refunding Revenue Bonds – Bonds in the amount of \$8,815,000 were issued to finance the cost of (1) financing various capital improvements, including the rehabilitation of the Central Fire Station, the purchase of a new ladder truck and two additional fire trucks; replacement of playground equipment for City Parks and Recreation; roundabout construction at General Samuels and Harris Road; rehabilitation of “Splash Zone”(city water activity park); replacement of exercise equipment at the Community Center; and for related purposes (together, the “Capital Improvements”), (2) refunding outstanding obligations including the 2012 short-term financing note to First Arkansas Bank and Trust, the 2013 short-term financing note to BancorpSouth Bank, and a promissory note to Motorola Solutions, Inc., (3) funding a debt service reserve, and (4) paying the costs associated with the issuance of the bonds. These bonds are limited obligations of the City, payable solely from the revenues received by the City from all franchise fees collected from public utilities for the privilege of using the City’s streets, rights-of-way and other public places in the City. Principal payments are due annually beginning June 1, 2016. Interest payments are due semiannually on June 1 and December 1, beginning December 1, 2015. The bonds are subject to extraordinary, optional and special redemption, in whole or in part, on any interest payment date from bond proceeds not needed, additional monies received from Arkansas Game and Fish Foundation, or additional monies from franchise fees, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. Bond interest rates range from 2.00% to 3.50% and final maturity is scheduled to be June 1, 2030.

The following schedule shows the annual debt-service requirements to pay principal and interest on the general obligation bonds outstanding at December 31, 2015.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 560,000	\$ 316,861
2017	575,000	304,164
2018	585,000	291,069
2019	600,000	277,666
2020	615,000	263,849
2021-2025	3,300,000	1,077,721
2026-2030	3,775,000	505,832
2031-2034	-	-
2035-2039	-	-
Total	<u>\$ 10,010,000</u>	<u>\$ 3,037,162</u>

Notes Payable

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, allowing cities and counties to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. These financing agreements may not mature over a period to exceed five years and may have fixed or variable interest rates to be repaid with general fund revenues. During 2015, the short-term financing agreements were as follows:

2012 Short-term Financing Note - In June 2012, the City of Jacksonville obtained a loan from First Arkansas Bank & Trust to finance the completion of the Public Safety Building, the construction of a safe room at the Jacksonville Senior Wellness and Activity Center, and other capital improvement projects. The loan was for \$3,100,000 with an interest rate of 2.249% to be repaid over a five year period from general revenues. This note was refunded with proceeds from the 2015 Capital Improvement and Refunding Revenue Bonds.

2013 Short-term Financing Note – In December 2013, the City of Jacksonville obtained a loan from BancorpSouth Bank to finance the purchase of property and construction of the Arkansas Game and Fish Foundation Shooting Complex. The note was for \$3,000,000 at 1.8% interest to be repaid over a five year period from general revenues. This note was refunded with proceeds from the 2015 Capital Improvement and Refunding Revenue Bonds.

Capital Lease Obligations

The City entered into an equipment lease/purchase agreement with Motorola Solutions, Inc. on December 20, 2011 for the purpose of upgrading and replacing the existing radio system of the City and to provide infrastructure site improvements to the City's emergency 911 communications system. The lease was recorded at the present value of the future lease payments as of the inception date. The original lease was for \$2,516,526 at 0% interest. The obligation was refinanced in January 2014. The new financing was in the amount of \$2,429,113 for a five year term at an interest rate of 3.196%. This lease/purchase agreement was refunded with proceeds from the 2015 Capital Improvement and Refunding Revenue Bonds.

The City entered into a capital lease agreement with Sharp Properties on March 19, 2015 for the purpose of construction of the RV park at the shooting range. The lease agreement was for \$100,000 or the cost of the construction, whichever is less, to be paid back in \$20,000 annual increments over the next five years with 0% interest. Actual construction costs were \$94,958 and first payment of \$20,000 was made on September 18, 2015.

Business-Type Activities

Sanitation Services

Sanitation Services Equipment Note Payable - In July 2011, the City of Jacksonville entered into an agreement with BancorpSouth Bank for the financing of automated sanitation equipment. The loan was for \$1,357,676 with an interest rate of 3% to be repaid over a five year period from sanitation services revenues. As of December 31, 2015, the principal balance was \$216,842. This note matures in September 2016.

Discretely Presented Component Units**Municipal Water Works Revenue Bonds**

Water Capital Improvement Revenue Bonds, Series 2011 – In October 2011, the City of Jacksonville, Arkansas issued \$25,000,000 in Water Capital Improvement Revenue Bonds, with an interest rate of 2.25% and servicing fee rate of 1% for the purpose of financing the cost of the planning, design, and construction of improvements to the City's water system, fund a debt service reserve, and pay expenses of issuing the bonds. The series 2011 Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of Jacksonville Municipal Water Works. As work is completed, bond funds are advanced to the utility to reimburse eligible project costs incurred, through the disbursement cut-off date of October 15, 2014. Beginning April 15, 2015, principle payments are due semi-annually on April 15 and October 15, with the final payment scheduled at the maturity date of October 15, 2034. Interest and service fee payments are due semiannually on April 15 and October 15 beginning April 15, 2012. At December 31, 2015, the principal balance outstanding was \$15,729,983. Maturities of the revenue bond as of December 31, 2015, assuming maximum use of the \$25,000,000 bond issued, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 779,723	\$ 422,619	\$ 1,202,342
2017	964,768	744,968	1,709,736
2018	996,378	713,358	1,709,736
2019	1,029,024	680,712	1,709,736
2020	1,062,739	646,997	1,709,736
2021-2025	5,859,374	2,689,306	8,548,680
2026-2030	6,884,255	1,664,425	8,548,680
2031-2034	6,364,774	2,183,906	8,548,680
Total	<u>\$ 23,941,035</u>	<u>\$ 9,746,291</u>	<u>\$ 33,687,326</u>

Wastewater Utility Revenue Bonds

Wastewater Refunding Revenue Bonds, Series 2009A – In December, 2009, the City of Jacksonville, Arkansas issued \$3,970,000 in Wastewater Refunding Revenue Bonds with an interest rate of 5.0% for the purpose of refunding a short-term loan owed to Centennial Bank in the amount of \$3,750,883, fund a debt service reserve, and pay expenses of issuing the bonds. The short-term loan was obtained for the benefit of the Utility and was used to finance the cost of sewer improvements to the system. The Series 2009A Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of the City's Wastewater Utility system. Principal payments are due annually on December 1 with the final payment scheduled in 2020. Interest payments are due semiannually on June 1 and December 1. Maturity dates are 2010 to 2020. The bonds are subject to redemption in part by sinking fund installments due on December 1. Bonds maturing on or after June 1, 2015 are also subject to optional redemption at the direction of the City. Extraordinary redemption may occur in the event that excess project funds exist.

Wastewater Construction Revenue Bonds, Series 2009B – In December, 2009, the City of Jacksonville, Arkansas issued \$14,330,000 in Wastewater Construction Revenue Bonds with an interest rate ranging from 4.0% to 5.0% for the purpose of financing the cost of extensions, betterments and improvements to the City's sewer system, fund a debt service reserve, and pay expenses of issuing the bonds. The Series 2009B Bonds are special obligations secured by the pledge of and payable from revenues derived from the operations of the City's Wastewater Utility system. Principal payments are due annually on December 1 with the final payment scheduled in 2039. Interest payments are due semiannually on June 1 and December 1. Maturity dates are 2020 to 2039. Bonds maturing on or after June 1, 2015 are also subject to optional redemption at the direction of the City. Extraordinary redemption may occur in the event that excess project funds exist. Term bonds due December 1, 2034

and 2039 are subject to redemption in part by mandatory sinking fund installments due annually on December 1, beginning in 2030.

Bond discount associated with the Series 2009B issue in the amount of \$208,969 is being amortized as a component of interest expense.

The following schedule shows the annual debt service requirements to pay principal and interest on the revenue bonds payable outstanding at December 31, 2015:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 385,000	\$ 785,568	\$ 1,170,568
2017	405,000	766,317	1,171,317
2018	425,000	746,067	1,171,067
2019	445,000	724,818	1,169,818
2020	465,000	702,567	1,167,567
2021-2025	2,650,000	3,187,033	5,837,033
2026-2030	3,280,000	2,552,680	5,832,680
2031-2034	4,160,000	1,679,000	5,839,000
2035-2039	3,850,000	515,500	4,365,500
Total	<u>\$ 16,065,000</u>	<u>\$ 11,659,550</u>	<u>\$ 27,724,550</u>

Wastewater Utility Note Payable

Arkansas Soil and Water Conservation Commission – The \$50,000 promissory note was used to finance the costs of sewer improvements to the Valentine-Wooten Road sewer system to allow acceptance by Jacksonville Wastewater Utility. The note bears interest at 5% and is due in annual installments of \$4,132 including interest. The note was fully retired in 2015.

Note 5: Interfund Balances and Transfers

Interfund receivables and payables result from transactions between various funds within the City. The balances by fund at December 31, 2015 are as follows:

Fund	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General Fund	\$ 2,795	\$ -
CDBG	-	2,795
Capital Improvements Construction Fund	-	36,649
Capital Improvements Debt Service Fund	36,649	-
	<u>39,444</u>	<u>39,444</u>
Governmental Funds to/from Fiduciary Funds		
General Fund	-	27,260
Total governmental funds	<u>39,444</u>	<u>66,704</u>
Fiduciary Funds		
Policemen's Pension	13,630	-
Firemen's Pension	13,630	-
Total fiduciary funds	<u>27,260</u>	<u>-</u>
Total	<u>\$ 66,704</u>	<u>\$ 66,704</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Policemen's and Firemen's Pension Plans. For the year ended December 31, 2015, the interfund transfers in and transfers out are as follows:

Fund	Interfund Transfers	
	In	Out
Governmental Funds:		
Major Funds:		
General Fund	\$ -	\$ 575,000
Nonmajor Funds	150,000	-
Total Governmental Funds	150,000	575,000
Proprietary Fund:		
Emergency Medical Services	425,000	-
Total	\$ 575,000	\$ 575,000

The transfers out of \$575,000 from the General Fund are transfers out to supplement the Emergency Medical Services Fund for operational expenses in the amount of \$425,000 and to meet debt service requirements in the 2015 Capital Improvements Debt Service Fund in the amount of \$150,000.

Note 6: Pension Plans

Pension Trust Funds

Substantially all of the City's employees receive retirement benefits. The City sponsors two single employer defined benefit plans, the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. The City also contributes to the Arkansas Public Employees Retirement System (APERS) and to the Arkansas Local Police and Fire Retirement System (LOPFI), which are statewide cost sharing multiple-employer defined benefit pension plans. The assets of the Plans are maintained in legally separate trusts and each Plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the Plan.

Policemen's Pension and Relief Fund and Firemen's Pension and Relief Fund

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Jacksonville's financial statements for its single-employer defined benefit plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices. The fair value of investments in mutual funds is determined using the fund's current per share.

B. Membership Information

Membership of each plan consisted of the following at December 31, 2015:

	<u>Policemen's Fund</u>	<u>Firemen's Fund</u>
Retirees and beneficiaries receiving benefits	21	37
Active plan members	-	-
Members on Deferred Retirement Option Plan (DROP)	-	1
Total	<u>21</u>	<u>38</u>

C. Financial Information

Separate financial reports are not issued on each plan. The following is the condensed financial information of the pension trust funds:

	<u>Statement of Fiduciary Net Position</u>	
	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>
Assets		
Cash and cash equivalents	\$ 256,027	\$ 348,024
Investments	5,422,332	6,513,593
Receivables	20,061	35,110
Total assets	<u>5,698,420</u>	<u>6,896,727</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>
	<u>Statement of Changes in Fiduciary Net Position</u>	
	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>
Additions		
Contributions	\$ 369,781	\$ 458,507
Net investment income (loss)	(145,595)	(82,913)
Total additions	<u>224,186</u>	<u>375,594</u>
Deductions		
Benefits paid directly to participants	576,386	991,920
Administrative expenses	2,000	1,000
Total deductions	<u>578,386</u>	<u>992,920</u>
Change in Net Position	(354,200)	(617,326)
Net Position Restricted For Pension Benefits, Beginning of Year	<u>6,052,620</u>	<u>7,514,053</u>
Net Position Restricted For Pension Benefits, End of Year	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>

D. Plan Descriptions and Funding Information

The ***Policemen's Pension and Relief Fund (Policemen's Fund)*** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen's Fund assets are administered by a Board of Trustees.

The Policemen's Fund provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the police department. The Policemen's Fund also provides benefits for surviving spouses and dependent children of deceased policemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan ("DROP") for up to 5 years. All policemen hired after January 1, 1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Policemen's Fund is effectively closed to new members.

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2015 to the Policemen's Fund were \$369,781. The City's share of contributions was \$369,781 and included \$268,731 in property taxes and \$35,910 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2015, the City's total payroll for all employees amounted to \$10,675,392 including police and fire personnel. Total police personnel payroll amounted to \$3,795,289. There are no active police employees covered by this plan.

As of December 31, 2015, the most recent actuarial valuation date, the Policemen's Pension and Relief Fund was 88.9% funded. The actuarial accrued liability for benefits was \$6,413,482 and the actuarial value of assets was \$5,698,420, resulting in an unfunded actuarial accrued liability (UAAL) of \$715,062. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees covered by this plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The ***Firemen's Pension and Relief Fund (Firemen's Fund)*** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #14, as amended. Fund assets are administered by a Board of Trustees.

The Firemen's Fund provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the result of gainful employment performed outside of the fire department. The Firemen's Fund also provides benefits for surviving spouses and dependent children of deceased firemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to 5 years. All firemen hired after January 1,

1983 participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries which amounted to 6% during 2015. The participants contributed 7% of their salaries in 2015. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6%. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total contributions for 2015 to the Firemen's Fund were \$458,507. The City's share of contributions was \$451,490 and included \$268,731 in property taxes and \$176,431 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2015, the City's total payroll for all employees amounted to \$10,675,392 including police and fire personnel. Total fire personnel payroll amounted to \$2,394,379. There are no active fire employees covered by this plan.

As of December 31, 2015, the most recent actuarial valuation date, the Firemen's Pension and Relief Fund was 67.9% funded. The actuarial accrued liability for benefits was \$10,157,495 and the actuarial value of assets was \$6,896,727 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,260,768. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees covered by this plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Contributions to the plans were made as follows:

	Fiscal Year Ending	Employer Contributions		Employee Contributions		Total	
		Amount	Stated % of Covered Payroll	Amount	Stated % of Covered Payroll	Amount	Stated % of Covered Payroll
Policemen's Pension and Relief Fund	12/31/2015	\$ 369,781	N/A	\$ -	N/A	\$ 369,781	N/A
Firemen's Pension and Relief Fund	12/31/2015	\$ 451,490	N/A	\$ 7,017	N/A	\$ 458,507	N/A

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial evaluations are performed annually and the last evaluation was as of December 31, 2015.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The amortization period at December 31, 2015, was thirty years.

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund
Actuarial valuation date	12/31/2015	12/31/2015
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Market Value	Market Value
Investment rate of return	5.0%	5.0%
Salary increases	4.2 - 8.0%	4.2 - 8.0%
Inflation	3.0%	3.0%
Cost of living benefit increases	None	None

Net Pension Liability

The components of the net pension liability were as follows as of 12/31/15:

	Policemen's Fund	Firemen's Fund
Total pension liability	\$ 6,413,482	\$ 10,157,495
Plan's fiduciary net position	5,698,420	6,896,727
City's net pension liability	<u>\$ 715,062</u>	<u>\$ 3,260,768</u>
Plan's fiduciary net position as a percentage of total pension liability	88.85%	67.90%

Changes in Net Pension Liability

Changes in the net pension liability for the year ended December 31, 2015 were as follows:

	Policemen's Pension and Relief Fund			Firemen's Pension and Relief Fund		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$6,889,512	\$6,052,620	\$836,892	\$11,045,076	\$7,514,052	\$3,531,024
Changes for the year:						
Service costs	-	-	-	-	-	-
Interest	330,964	-	330,964	528,688	-	528,688
Differences between expected and actual experience	(266,517)	-	(266,517)	(473,629)	-	(473,629)
Changes in assumptions	-	-	-	-	-	-
Employee contributions	-	-	-	-	7,017	(7,017)
Employer contributions	-	334,472	(334,472)	-	399,410	(399,410)
Net investment income	-	(140,490)	140,490	-	(77,487)	77,487
Benefit payments and refunds	(540,476)	(540,476)	-	(942,640)	(942,640)	-
Administrative expenses	-	(7,706)	7,706	-	(6,425)	6,425
Other/reconciliation	-	-	-	-	2,800	(2,800)
Net changes	(476,029)	(354,200)	(121,829)	(887,581)	(617,325)	(270,256)
Balances at December 31, 2015	<u>\$6,413,482</u>	<u>\$5,698,420</u>	<u>\$715,062</u>	<u>\$10,157,495</u>	<u>\$6,896,727</u>	<u>\$3,260,768</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended December 31, 2015, the City recognized pension expenses of \$145,286 for the Policemen's Pension and Relief Fund and \$221,953 for the Firemen's Pension and Relief Fund. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Policemen's Fund		Firemen's Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	350,222	-	351,699	-
Totals	\$ 350,222	\$ -	\$ 351,699	\$ -

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Policemen's Fund	Firemen's Fund
2016	\$ 87,556	\$ 87,925
2017	87,556	87,925
2018	87,556	87,925
2019	87,556	87,925
2020	-	-
Total thereafter	-	-
	\$ 350,222	\$ 351,699

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Asset Class	Policemen's Fund	Firemen's Fund
Domestic fixed income	2.25%	2.25%
Domestic equity	4.75%	4.75%
Foreign equity	6.25%	6.25%
Cash & equivalents	0.25%	0.25%

Discount Rate

A single discount rate of 5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5% for the Policemen's and Firemen's Pension and Relief Funds as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.0%) or one percentage point higher (6.0%) than the current rate:

		1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Policemen's Pension and Relief Fund	Net pension liability	\$ 1,324,288	\$ 715,062	\$ 193,990
Firemen's Pension and Relief Fund	Net pension liability	\$ 4,251,451	\$ 3,260,768	\$ 2,417,069

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Policemen's Pension and Relief Fund	12/31/2015	(2.36%)
Firemen's Pension and Relief Fund	12/31/2015	(1.07%)

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

Arkansas Public Employees Retirement System

Plan Description and Funding Information

The ***Arkansas Public Employees Retirement System ("APERS")*** is a statewide cost-sharing, multiple employer pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957 to provide retirement, disability, and survivor benefits for eligible employees and elected officials of state and local governmental entities in Arkansas. The plan covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under the system, college and university employees and certain non-teaching school employees and other public entities specifically defined by law.

The general administration and responsibility for the proper operation of APERS is vested in a nine-member board of trustees, which includes the State Auditor, State Treasurer, Director of the State Department of Finance and Administration, and three state and three non-state employees appointed by the Governor of Arkansas.

APERS was originally established as a contributory plan. However with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone joining the System subsequent to January 1, 1978, and had not previously been a member, was automatically enrolled as a non-contributory member. Act 2084 of 2005 provided for a new contributory program mandatory for APERS members first hired on or after July 1, 2005 and those non-contributory members who elected to become contributory. Members participating in the contributory

program contribute 5% of their annual compensation. Active APERS members employed before July 1, 2005 were given until December 31, 2005 to elect coverage under the contributory program, or remain in the non-contributory program.

Benefit provisions are established by state law and may be amended by the Arkansas General Assembly. Members are eligible for full retirement benefits (1) at age sixty-five with five years of actual service, (2) at any age with twenty-eight years of actual service, or (3) under the old contributory plan (prior to 7/1/05), at age sixty with twenty years of actual service, or at age fifty-five with thirty-five years of credited service. The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and the number of years of service. A member may retire with a reduced benefit at age fifty-five with at least five years of actual service or at any age with twenty-five years of actual service. Members are eligible for disability benefits with five years of service. Disability benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A.24-2-701)(a). Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees, and are based on the actuary's determination of the rate required to fund the plan. Contributory member contribution rates were 5% for fiscal year 2015.

Detailed information about APERS's fiduciary net position is available in a separately issued APERS financial report, which may be obtained at <http://www.apers.org/annualreports>.

The City was required to contribute at an actuarially determined rate which was 14.76% for the period January 1, 2015 to June 30, 2015 and 14.50% for the period July 1, 2015 to December 31, 2015. For 2015, participating members' contributions were \$160,120 and the City's contributions were \$683,736.

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to APERS

APERS's collective net pension liability of \$1,841,733,376 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At June 30, 2015, the City's proportionate share of APERS's collective net pension liability was 0.2593006%. The City's collective share of the net pension liability at June 30, 2014 (beginning of year) and at June 30, 2015 (end of year) were \$3,709,709 and \$4,775,626, respectively. These amounts were allocated in the financial statements between the City's governmental activities and the Sanitation Services Fund within the business-type activities based on employer contributions.

For the year ended December 31, 2015, the City recognized pension expense of \$557,982. At December 31, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (236,942)
Differences between expected and actual economic experience	-	(313,083)
Changes in actuarial assumptions	704,781	-
Changes in proportion and differences between employer contributions and proportionate share	-	(30,688)
Contributions subsequent to measurement date	358,228	-
	<u>\$ 1,063,009</u>	<u>\$ (580,713)</u>

The \$358,228 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of pension liability in the year ended December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	
2016	\$ (19,247)
2017	(19,247)
2018	(62,814)
2019	225,376
2020	-
Total thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level of percent of payroll closed
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market; 25% corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.25 - 9.85% including inflation at 3.75%
Post-retirement cost of living increases	3% annual compounded increase
Mortality table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.5972

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	42%	6.82%
International Equity	25%	6.88%
Real Assets	12%	3.07%
Absolute Return	5%	3.35%
Domestic Fixed	16%	0.83%
Total	100%	

Discount Rate

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease (6.5%)	Current Single Rate Assumed (7.5%)	1% Increase (8.5%)
\$ 7,866,688	\$ 4,775,626	\$ 2,204,949

Arkansas Local Police and Fire Retirement System

Plan Description and Funding Information

The ***Arkansas Local Police and Fire Retirement System ("LOPFI")*** is a statewide retirement plan for police officers and fire fighters of a political subdivision of the State of Arkansas. It was established under the authority of Act 364 of 1981 and bears a fiduciary obligation to the participants of the system. LOPFI maintains a cost-sharing multiple employer defined pension plan for participants hired by the respective local government unit after January 1, 1983.

LOPFI is established by a 7 member Board of Trustees: 2 trustees who are active members of the system, 1 police officer and 1 firefighter, nominated by their respective employee groups, and appointed by the Governor; 2 employer representatives from governing bodies of the participating political subdivisions and appointed by the Governor from a list submitted by the Arkansas Municipal League; 2

retired members, 1 police officer and 1 firefighter, appointed by the Governor from a list provided by the Joint Committee on Public Retirement and Social Security Programs; and 1 citizen who is neither an employee nor employer of the system appointed by the Governor from a list submitted by the Joint Committee on Public Retirement and Social Security Programs. An Executive Director is appointed by the Board and administers the System in a manner consistent with law and Board policy.

Detailed information about LOPFI's fiduciary net position is available in a separately issued LOPFI financial report, which may be obtained at www.lopfi-prb.com.

The benefit terms for the cost-sharing multiple-employer plan are established in accordance with the provision of the Arkansas Code.

The employee contribution rate depends on the type of service being rendered whether or not the service is also covered by social security. Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 2.5% for participating policemen and 8.5% for participating firemen.

The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to insure that the individual system employers can honor their benefit commitments to covered employees. The City's contribution rate during 2014 was 22.69% for participating policemen and 18.71% for participating firemen.

Total contributions to the Pension Plans for the year ended December 31, 2014, were \$1,304,685 of which \$1,287,667 was contributed by the City and \$17,018 was contributed by employees. On behalf payments from a state insurance tax of \$345,966 for Policemen and \$ 246,565 for Firemen were received by the City from the Arkansas Local Police and Fire Retirement System.

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to LOPFI

The components of the net pension liability of paid entities participating in the cost-sharing pension plan at December 31, 2014 was as follows:

Total pension liability	\$ 1,735,124,657
Plan's fiduciary net position	<u>1,373,115,475</u>
Net pension liability	<u><u>\$ 362,009,182</u></u>
 Plan's fiduciary net position as a percentage of total pension liability	 79.14%

At December 31, 2014, the City's proportionate share of LOPFI's collective net pension liability was 0.946396% for Jacksonville Fire and 1.254789% for Jacksonville Police. The City's collective share of the net pension liability at December 31, 2014 was \$3,426,039 for Jacksonville Fire and \$4,542,451 for Jacksonville Police. These amounts were allocated in the financial statements between the City's governmental activities and the Emergency Medical Services Fund within the business-type activities based on employer contributions.

For the year ended December 31, 2015, the City recognized pension expense of \$1,287,667. At December 31, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Jacksonville Fire		Jacksonville Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,647	\$ -	\$ 3,509
Changes in assumptions	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share	-	-	-	-
Net difference between projected and actual earnings on plan investments	72,233	-	95,771	-
Subtotal	72,233	2,647	95,771	3,509
Contributions subsequent to measurement date	-	-	-	-
Total	\$ 72,233	\$ 2,647	\$ 95,771	\$ 3,509

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Jacksonville Fire	Jacksonville Police
2015	\$ 17,370	\$ 23,030
2016	17,370	23,030
2017	17,370	23,030
2018	17,476	23,172
2019	-	-
Total thereafter	-	-
	\$ 69,586	\$ 92,262

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level of percent of payroll closed
Remaining amortization period	17.3 years
Asset valuation method	5-year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.5 - 19.0% including inflation at 4.0%
Post-retirement cost of living increases	3% annual compounded increase
Mortality table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2014 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	30%	2.97%
International Fixed Income	6%	1.50%
Domestic Equity	33%	5.88%
Foreign Equity	7%	6.25%
Index	11%	6.73%
Alternative Investments	10%	6.13%
Cash	3%	-0.40%
Total	100%	

Discount Rate

A single discount rate of 8% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Plan assets are expected to be invested using a strategy to achieve the expected rate of return. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability using the discount rate of 8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Single Rate Assumed (8%)	1% Increase (9%)
Fire	\$ 6,033,464	\$ 3,426,039	\$ 1,289,928
Police	\$ 7,999,534	\$ 4,542,451	\$ 1,710,265
	<u>\$ 14,032,998</u>	<u>\$ 7,968,490</u>	<u>\$ 3,000,193</u>

Note 7: Deferred Compensation Plan

The City offers its employees the option to participate in a deferred compensation plan. The purpose of the plan is to provide retirement income and other deferred benefits to the City of Jacksonville employees in accordance with the provisions of Section 457 of the Internal Revenue Code, as amended. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The employee provides all amounts of compensation under the plan. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the plan in these basic financial statements. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

At December 31, 2015, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust by external administrators for the exclusive benefit of participants and their beneficiaries.

Note 8: Other Postemployment Benefits

Plan Description: The City of Jacksonville participates in the Municipal Health Benefit Fund (MHBF), a statewide cost-sharing, multiple employer defined benefit postemployment healthcare plan administered by the Arkansas Municipal League. The MHBF provides medical benefits to retired employees of participating municipalities. Arkansas statute provides that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. The retiree may then continue to participate in the MHBF, receiving the same medical benefits and paying the same premium as active employees, as long as the retiree pays the total premium due to the MHBF. A member retiring under this status will be eligible for all provisions of the standard benefit plan as described in the Fund Booklet, with the exception of life insurance, accidental death and dismemberment, and disability income benefits. There are 310 active covered employees, 2 retirees under age 65, and 2 retirees age 65 and above.

The City does not issue stand alone financial statements of the plan. However, all required information is presented in this report.

Funding Policy: The contribution requirements of plan members are established by terms and conditions as set forth in the MHBF Funding Booklet. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the MHBF insurance plan. The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. The plan has three participants who pay monthly premiums of \$367 for single coverage and one participant who pay monthly premiums of \$817 for family coverage.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 70,595
Interest on net OPEB obligation	20,284
Adjustments to ARC	<u>24,053</u>
Annual OPEB cost	66,826
Total annual employer contribution	<u>18,007</u>
Increase in net OPEB obligation	48,819
Net OPEB obligation - beginning of year	<u>368,800</u>
Net OPEB obligation - end of year	<u><u>\$ 417,619</u></u>

The components of the annual required contribution (ARC) calculation reflecting a 30 year amortization period of the unfunded actuarial accrued liability (UAAL) as follows:

Service cost	\$ 33,870
Amortization of unfunded obligation	33,045
Interest to end of year	<u>3,680</u>
Total annual required contribution (ARC)	<u><u>\$ 70,595</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2015 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2012	\$ 106,224	62.5%	\$ 261,236
12/31/2013	94,586	30.8%	326,662
12/31/2014	93,682	55.0%	368,800
12/31/2015	66,826	26.9%	417,619

Funded Status and Funding Progress: As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$506,680, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$506,680. The covered payroll (annual payroll of active employees covered by the plan) was \$10,675,392, and the ratio of the UAAL to the covered payroll was 4.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 5.5% and an annual healthcare cost trend rate of 10% for 2012, 9% for 2011, and then reduced by decrements of 0.5% over time to an ultimate rate of 5% in the 9th year. Additional assumptions also include a medical subsidy of \$409 per retiree and 80% of eligible retirees will select the coverage when they initially retire and 0% will continue past age 65. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

Note 9: Interlocal Agreement: Central Arkansas Library System

The cities of Little Rock, Jacksonville, Maumelle and Sherwood and Pulaski and Perry Counties entered into an agreement on January 28, 1998, to establish the public library system for the Central Arkansas area which will offer library services to the public within the communities of each of the participating entities. The agreement states that the funding will be derived from tax millage assessed by the participating entities, state formula distribution, fees and fines and endowment fund earnings and gifts. The Board of Directors shall consist of seven directors for the City of Little Rock, one each for the Cities of Jacksonville, Maumelle and Sherwood, two directors from Pulaski County and one director representing Perry County. The City provided a building and paid \$36,634 for operating expenses in 2015. Separate financial statements of the Central Arkansas Library System are available at 100 Rock Street, Little Rock, Arkansas.

Note 10: Risk Management

The City and its component units have various insurance policies to cover their potential liability risk areas (i.e., automobile, personal property, contents and outside structures, and worker's compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. Coverage under these policies meets statutory liability limits and requirements, and the City's risk of loss is effectively transferred. Additionally, the City has instituted various safety programs to reduce losses. The budgeting process includes provisions for accumulating funds to cover deductibles and any minor items which would not be covered by commercially purchased policies. There have been no significant reductions in insurance coverage from 2014 to 2015 and there were no settlements that exceeded insurance coverage in the past three fiscal years.

Note 11: Property Taxes

City property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes which remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Pulaski County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2015 property taxes receivable and related deferred inflows of resources of \$1,167,764 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value and applies the statutory rate of 20 % to arrive at assessed value.

The City is permitted by Arkansas state law to levy taxes up to \$0.50 per \$100 of assessed valuation on real and personal property for general government services, \$0.50 per \$100 of assessed valuation on real and personal property for the payment of principal and interest on long-term debt, \$0.10 per \$100 of assessed valuation on real and personal property for the police pension funds and \$0.10 per \$100 of assessed valuation on real and personal property for the fire pension funds. The combined tax rate levied by the City in 2015 to finance the above operations was \$0.30 per \$100 of assessed valuation on real and personal property, leaving a tax margin of \$0.90 per \$100 of assessed valuation on real and personal property. Approximately \$2,627,452 of additional taxes could be raised per year based on the current year's assessed value of \$214,553,993 for real property and \$77,385,115 for personal property before the limit is reached.

Millages available to finance City operations and for other purposes are as follows:

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2014 for 2015 Collections</u>
General purpose	5.00	-
Library capital improvement bonds	5.00	1.00
Firemen's Pension and Relief Fund	1.00	1.00
Policemen's Pension and Relief Fund	1.00	1.00
Roads	1.45	1.45
	<u>13.45</u>	<u>4.45</u>

Note 12: Sales Taxes

In April 1982, Pulaski County began assessing a 1% sales and use tax on retail sales in the county. Each city within Pulaski County receives a portion of the tax based upon population of the city. Currently the City receives approximately 7.41% of the county tax. The tax is collected by the state and remitted to the City, net of a collection fee. County sales taxes remitted to the City or in control of the collecting agent totaled \$6,040,849 for 2015. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

In March 1993, the City began assessing a 1% sales and use tax on retail sales in the City. Upon approval of the tax by the City's voters, the City rescinded its five (5) mill general property tax assessment. Revenues from the tax are used to fund capital improvements and general municipal services within the City. In November 2003, City voters approved an additional 1% sales and use tax. The City began assessing the tax in January, 2004. Revenues from the additional 1% tax are to be used to construct, develop, maintain, and operate a joint education center, an outdoor family aquatics center, a training facility for the Jacksonville Police and Fire departments, other City capital improvements and for the general operation and improvement of City facilities and services. The tax is collected by the state and remitted to the City, net of a collection fee. Taxes for this purpose remitted to the City or in control of the collecting agent totaled \$7,646,395 for 2015. These taxes are included in the General Fund's sales tax revenues in the accompanying financial statements.

Note 13: Contingencies

The City has received federal and state financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management such disallowances, if any, will not be significant.

The City, its agencies, and its employees are defendants in legal proceedings, many of which normally occur in governmental operations. Most of these matters are subject to the legal representation and coverage of the Arkansas Municipal League Legal Defense Program ("Program").

The Program, a pooled risk, funded trust, provides coverage for legal defense, expenses, and damages in suits against City officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and employees. The maximum coverage of any one loss cannot exceed 25% of the Program's funded reserves at the time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less.

The City is represented in all other actions by the City attorney. The City appropriates funds as necessary to meet settlements and awards. The City accrues a liability when it is incurred and when the contingency is probable and reasonably estimable.

In the opinion of the City's management and legal counsel, the amount of potential financial exposure as a result of these matters would not have a material adverse impact on the financial position of the City. However, events could occur in the near term that would cause these estimates to change materially.

Note 14: Change in Accounting Principle

In 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension, an amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB Statement No. 68*. The provisions of these statements were effective for financial statements for fiscal years beginning after June 15, 2014. The implementation of GASB Statements No. 68 and 71 resulted in a cumulative effect of change in accounting principle which reduced the net position of the governmental activities, the business-type activities, and the component units of the City. Additionally, implementation of the new GASB statements also resulted in the recording of related deferred outflows and inflows of resources, and unfunded pension liabilities which is further discussed in Note 6.

	<u>Increase (Decrease)</u>
CHANGE IN ACCOUNTING PRINCIPLE – GOVERNMENTAL ACTIVITIES	
To eliminate the Policemen's Pension Plan net pension asset	\$ (569,337)
To record the Policemen's Pension Plan net pension liability	(836,892)
To eliminate the Firemen's Pension Plan net pension obligation	2,050,471
To record the Firemen's Pension Plan net pension liability	(3,531,024)
To record the APERS net pension liability	(3,327,609)
To record the LOPFI net pension liability	<u>(5,976,938)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (12,191,329)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
Sanitation Services Fund:	
To record the APERS net pension liability	\$ (382,100)
Emergency Medical Services Fund:	
To record the LOPFI net pension liability	<u>(523,463)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (905,563)</u>
CHANGE IN ACCOUNTING PRINCIPLE - COMPONENT UNITS	
To record the APERS net pension liability	<u>\$ (1,996,856)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - COMPONENT UNITS	<u>\$ (1,996,856)</u>

Note 15: Subsequent Event

On March 2, 2016, Wastewater Utility issued \$15,880,000 in refunding revenue bonds to refund the Series 2009A and 2009B Series bonds. The interest rates on the bonds are 2.5 – 4.0%. The bonds mature from 2016 through 2039.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSONVILLE, ARKANSAS

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 536,000	\$ 536,000	\$ 555,862	\$ 19,862
Sales taxes	13,589,760	13,589,760	13,798,792	209,032
Licenses and permits	137,070	137,070	136,274	(796)
Intergovernmental	2,284,783	2,284,783	1,963,681	(321,102)
Charges for services	911,686	911,686	1,150,933	239,247
Fines and fees	842,697	842,697	651,626	(191,071)
Utility franchise taxes	1,216,428	1,216,428	1,262,049	45,621
Investment income	300	300	6,085	5,785
Contributions	-	-	772,000	772,000
Miscellaneous	710,805	710,805	522,624	(188,181)
Total revenues	<u>20,229,529</u>	<u>20,229,529</u>	<u>20,819,926</u>	<u>590,397</u>
Expenditures				
General government				
General administration	368,723	368,723	304,247	64,476
City council	131,792	131,792	135,216	(3,424)
Mayor	241,769	241,769	245,508	(3,739)
City clerk	143,683	143,683	134,736	8,947
City attorney	193,172	193,172	176,147	17,025
District court	333,457	333,457	349,090	(15,633)
Director of administration	107,453	107,453	109,109	(1,656)
Director of information technology	201,758	201,758	201,279	479
Finance	471,152	471,152	474,480	(3,328)
Human resources	224,270	224,270	225,769	(1,499)
Fleet services	138,899	138,899	159,525	(20,626)
Community programs	178,955	178,955	118,142	60,813
Total general government	<u>2,735,083</u>	<u>2,735,083</u>	<u>2,633,248</u>	<u>101,835</u>
Public works				
Public works coordinator	128,467	128,467	125,841	2,626
Engineering	297,717	297,717	282,079	15,638
Code enforcement	165,048	165,048	177,377	(12,329)
Total public works	<u>591,232</u>	<u>591,232</u>	<u>585,297</u>	<u>5,935</u>
Parks and recreation services				
Police	2,919,671	2,919,671	3,136,618	(216,947)
Fire	6,919,026	6,919,026	7,240,699	(321,673)
Emergency communication services	4,809,385	4,809,385	4,472,701	336,684
Animal control	744,300	744,300	675,758	68,542
Debt Service	308,690	308,690	287,637	21,053
Principal	1,316,706	1,316,706	1,678,293	(361,587)
Interest	113,125	113,125	93,259	19,866
Total expenditures	<u>20,457,218</u>	<u>20,457,218</u>	<u>20,803,511</u>	<u>(346,293)</u>
Excess (Deficiency) of Revenues Over Expenditures				
	(227,689)	(227,689)	16,416	244,105
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(575,000)	(375,000)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(575,000)</u>	<u>(375,000)</u>
Net Change in Fund Balances				
	(427,689)	(427,689)	(558,585)	(130,896)
Fund Balances, Beginning of Year				
	2,480,549	2,480,549	2,435,403	(45,146)
Fund Balances, End of Year				
	<u>\$ 2,052,860</u>	<u>\$ 2,052,860</u>	<u>\$ 1,876,818</u>	<u>\$ (176,042)</u>

CITY OF JACKSONVILLE, ARKANSAS

**BUDGETARY COMPARISON SCHEDULE
STREET FUND
YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 2,231,496	\$ 2,231,496	\$ 2,273,298	\$ 41,802
Investment income	1,000	1,000	2,196	1,196
Miscellaneous	2,250	2,250	39,283	37,033
Total revenues	<u>2,234,746</u>	<u>2,234,746</u>	<u>2,314,777</u>	<u>80,031</u>
Expenditures				
Public works				
Streets and drainage	<u>2,234,746</u>	<u>2,234,746</u>	<u>2,217,418</u>	<u>17,328</u>
Total expenditures	<u>2,234,746</u>	<u>2,234,746</u>	<u>2,217,418</u>	<u>17,328</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	97,359	97,359
Fund Balances, Beginning of Year	<u>1,220,515</u>	<u>1,220,515</u>	<u>1,220,515</u>	-
Fund Balances, End of Year	<u>\$ 1,220,515</u>	<u>\$ 1,220,515</u>	<u>\$ 1,317,875</u>	<u>\$ 97,359</u>

CITY OF JACKSONVILLE, ARKANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2015

Budgets and Budgetary Accounting

By December 1 of each year, the City's Mayor is required to submit to the City Council ("Council") a proposed budget for the fiscal year beginning on the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted prior to adoption of the budget to allow citizen input. The state statute governing adoption of annual budgets requires the Council to approve the budget prior to February 1. For practical purposes, the Council usually adopts the budget in December. Annual budgets are legally adopted for the General Fund and the Street Fund, a special revenue fund.

The Mayor is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Council.

Appropriations for special projects are made each year by the City Council to finance specific projects and capital outlays. These projects are carried forward each year until they are fully expended or repealed by the City Council.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedules* for the General Fund and for the Street Fund present the original and revised budget amounts in comparison to the actual revenues and expenditures for the current year.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS YEAR ENDED DECEMBER 31, 2015

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
Policemen's Pension and Relief Fund	12/31/11	\$ 5,646,710	\$ 7,331,455	\$ 1,684,745	77%	-	N/A
	12/31/12	5,741,231	7,595,561	1,854,330	76%	-	N/A
	12/31/13	6,037,838	7,025,744	987,906	86%	-	N/A
	12/31/14	6,052,620	6,889,512	836,892	88%	-	N/A
	12/31/15	5,698,420	6,413,482	715,062	89%	-	N/A
Firemen's Pension and Relief Fund	12/31/11	7,789,339	12,096,178	4,306,839	64%	-	N/A
	12/31/12	7,513,240	11,648,526	4,135,286	64%	-	N/A
	12/31/13	7,800,314	11,105,807	3,305,493	70%	-	N/A
	12/31/14	7,514,052	11,045,076	3,531,024	68%	-	N/A
	12/31/15	6,896,727	10,157,495	3,260,768	68%	-	N/A

CITY OF JACKSONVILLE, ARKANSAS

OTHER POST-EMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS YEAR ENDED DECEMBER 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2008	\$ -	\$ 767,549	\$ 767,549	0.0%	\$ 8,995,904	8.5%
1/1/2010	-	876,361	876,361	0.0%	9,633,787	9.1%
1/1/2011	-	709,644	709,644	0.0%	10,221,888	6.9%
1/1/2013	-	610,696	610,696	0.0%	10,916,296	5.6%
1/1/2015	-	506,680	506,680	0.0%	10,675,392	4.7%

The required contributions was determined as part of the latest actuarial evaluation using the projected unit credit actuarial cost method. The actuarial assumptions used included (1) 5.5% rate of return on investments, (2) an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 5% after nine years, (3) Retiree pays the entire premium for healthcare coverage which results in a subsidy of \$409 for the retiree. This subsidy was developed from retiree claim costs from other public entities., (4) assumed that 80% of eligible retirees would select health coverage when they initially retired and 0% would continue it past age 65, (5) mortality rates based on the 1994 Uninsured Pensioners Mortality Table, and (6) assumptions for voluntary termination and disability rates are the same as those used by Arkansas Teachers Retirement System.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2015

Policemen's Pension and Relief Fund

Fiscal year ending December 31, Total pension liability:	2015	2014
Service cost	\$ -	\$ -
Interest	330,964	337,775
Changes of benefit terms	-	-
Difference between expected and actual experience	(266,517)	66,469
Changes in assumptions	-	-
Benefit payments, including refunds of plan member contributions	(540,476)	(540,476)
Net change in total pension liability	(476,029)	(136,232)
Total pension liability, beginning of year	6,889,512	7,025,744
Total pension liability, end of year	\$ 6,413,483	\$ 6,889,512
Plan fiduciary net position:		
Employer contributions	\$ 334,472	\$ 341,169
Plan member contributions	-	-
Net investment income	(140,490)	221,025
Benefit payments, including refunds of plan member contributions	(540,476)	(540,476)
Administrative expense	(7,706)	(6,936)
Net change in plan fiduciary net position	(354,200)	14,782
Plan fiduciary net position, beginning of year	6,052,620	6,037,838
Plan fiduciary net position, end of year	\$ 5,698,420	\$ 6,052,620
City's net pension liability, end of year	\$ 715,063	\$ 836,892
Plan's fiduciary net position as a percentage of the total pension liability	88.85%	87.85%
Covered-employee payroll	-	-
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN PENSION FUND NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2015

Firemen's Pension and Relief Fund

Fiscal year ending December 31, Total pension liability:	2015	2014
Service cost	\$ -	\$ -
Interest	528,688	533,082
Changes of benefit terms	-	-
Difference between expected and actual experience	(473,629)	294,534
Changes in assumptions	-	-
Benefit payments, including refunds of plan member contributions	(942,640)	(888,346)
Net change in total pension liability	(887,581)	(60,730)
Total pension liability, beginning of year	11,045,076	11,105,807
Total pension liability, end of year	\$ 10,157,495	\$ 11,045,076
Plan fiduciary net position:		
Employer contributions	\$ 399,410	\$ 395,673
Plan member contributions	7,017	11,203
Net investment income	(77,487)	195,297
Benefit payments, including refunds of plan member contributions	(942,640)	(888,346)
Administrative expense	(6,425)	(6,265)
Other	2,800	6,175
Net change in plan fiduciary net position	(617,325)	(286,262)
Plan fiduciary net position, beginning of year	7,514,052	7,800,314
Plan fiduciary net position, end of year	\$ 6,896,727	\$ 7,514,052
City's net pension liability, end of year	\$ 3,260,768	\$ 3,531,024
Plan's fiduciary net position as a percentage of the total pension liability	67.90%	68.03%
Covered-employee payroll	-	-
Plan's net pension liability as a percentage of covered-employee payroll	N/A	N/A

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2015

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

	<u>2015</u>
City's portion of the net pension liability	0.2593006%
City's proportionate share of the net pension liability	\$ 4,775,626
City's covered-employee payroll	\$ 7,835,744
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.95%
Plan fiduciary net position as a percentage of the total pension liability	80.39%

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM

	<u>2014*</u>
Jacksonville Fire	
City's portion of the net pension liability	0.946396%
City's proportionate share of the net pension liability	\$ 3,426,039
City's covered-employee payroll	\$ 2,980,986
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	114.93%
Plan fiduciary net position as a percentage of the total pension liability	79.14%
Jacksonville Police	
City's portion of the net pension liability	1.254789%
City's proportionate share of the net pension liability	\$ 4,542,451
City's covered-employee payroll	\$ 3,500,411
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	129.77%
Plan fiduciary net position as a percentage of the total pension liability	79.14%

* Latest information available

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2015

	Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
Policemen's Pension and Relief Fund	2010	\$ 364,120	\$ 320,173	\$ 43,947	\$ -	N/A
	2011	291,321	334,955	(43,634)	-	N/A
	2012	379,869	344,819	35,050	-	N/A
	2013	429,671	342,309	87,362	-	N/A
	2014	222,748	341,169	(118,421)	-	N/A
	2015	188,699	334,472	(145,773)	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Five Years
Asset Valuation	Market Value of Assets
Investment Return/Discount	5.00%
Mortality	1983 GAM

Firemen's Pension and Relief Fund	2010	\$ 1,024,910	\$ 311,822	\$ 713,088	\$ -	N/A
	2011	889,248	382,144	507,104	-	N/A
	2012	971,086	395,646	575,441	-	N/A
	2013	932,406	396,407	535,999	-	N/A
	2014	745,307	395,673	349,634	-	N/A
	2015	796,158	399,410	396,748	-	N/A

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Five Years
Asset Valuation	Market Value of Assets
Investment Return/Discount	5.00%
Mortality	1983 GAM

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JACKSONVILLE, ARKANSAS

COST SHARING PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2015

	Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
Arkansas Public Employees Retirement Sys	2015	\$ 566,513	\$ 683,736	\$ (117,222)	\$ 7,835,744	8.73%

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization	Twenty-Five Years
Asset Valuation	4-year smoothed market; 25% corridor
Investment Return/Discount	7.50%
Salary Increases	3.25 - 9.85% including inflation
Post - Retirement Cost of Living Increases	3% Annual Compounded Increase
Mortality	Based on RP-2000 Combined Health mortality table
Average service life of all members	4.5972

Arkansas Local Police and Fire Retirement System

Jacksonville Fire	2014	\$ 561,616	\$ 562,621	\$ (1,004)	\$ 2,980,986	18.87%
Jacksonville Police	2014	\$ 744,625	\$ 742,064	\$ 2,562	\$ 3,500,411	21.20%

Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization	17.3 Years
Asset Valuation	5-year smoothed market; 20% corridor
Investment Return/Discount	8.00%
Salary Increases	4.5-19.0% including inflation
Post - Retirement Cost of Living Increases	3% Annual Compounded Increase
Mortality	Based on RP-2000 Combined Health mortality table

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JACKSONVILLE, ARKANSAS

DEFINED BENEFIT PENSION PLANS - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF INVESTMENT RETURNS YEAR ENDED DECEMBER 31, 2015

	<u>Fiscal Year Ending</u>	<u>Annual Money-weighted Rate of Return</u>
Policemen's Pension and Relief Fund	12/31/2014	3.72%
	12/31/2015	(2.36%)
Firemen's Pension and Relief Fund	12/31/2014	2.58%
	12/31/2015	(1.07%)

NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

Community Development Block Grant Fund (CDBG) – Accounts for CDBG grant funds received from the U.S. Department of Housing and Urban Development (“HUD”). These revenues are restricted to expenditure for providing housing or housing assistance provided to qualified citizens, improvements to neighborhood streets and drainage.

HOME Investment Partnership Program Fund (HOME) – Accounts for HOME grant funds received from the Arkansas Development Finance Authority. These revenues provide assistance for affordable housing to qualified citizens.

Grants Fund – Accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal or state program.

Asset Forfeiture Fund – Accounts for funds received from drug forfeiture programs. These monies are restricted to be expended for assistance in drug enforcement activities.

The **Debt Service Fund** accounts for the accumulation of resources for the payment of principal and interest on general long-term debt.

2006 Library Debt Service – The 2006 Library Construction Bonds were issued for the purpose of acquiring, constructing, and equipping capital improvements to the public city library operated by the City and the Central Arkansas Library System. The Series 2006 bonds are limited tax general obligations, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution.

2015 Capital Improvements Debt Service – The 2015 Capital Improvement and Refunding Bonds were issued for the purpose of rehabilitation of the Central Fire Station, purchase of a new ladder truck and two additional fire trucks, replacement of playground equipment and exercise equipment for parks and recreation, rehabilitation of Splash Zone and refunding short term financing notes. The Series 2015 bonds are limited tax general obligations, payable solely from franchise fees collected from public utilities for the privilege of using the City’s streets’ right-of-way and other public places in the City.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS - NONMAJOR
DECEMBER 31, 2015

	Special Revenue				Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Assets							
Cash	\$ 38,864	\$ 89,987	\$ 15,358	\$ -	\$ -	\$ -	\$ 144,209
Restricted cash	-	-	-	136,483	278,338	101,343	516,164
Accounts receivable	78,267	5,797	-	-	285,276	-	369,340
Due from other funds	-	-	-	-	-	36,649	36,649
Total Assets	\$ 117,131	\$ 95,784	\$ 15,358	\$ 136,483	\$ 563,614	\$ 137,992	\$ 1,066,362
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 492	\$ -	\$ 785	\$ 855	\$ -	\$ -	\$ 2,132
Due to other funds	2,795	-	-	-	-	-	2,795
Accrued wages payable	1,993	-	-	-	-	-	1,993
Other liabilities	-	30,717	-	-	-	8,911	39,628
Total liabilities	5,280	30,717	785	855	-	8,911	46,548
Deferred Inflows of Resources							
Unavailable revenues - property taxes	-	-	-	-	262,419	-	262,419
Total deferred inflows of resources	-	-	-	-	262,419	-	262,419
Fund Balances							
Restricted:							
Debt service	-	-	-	-	301,195	129,081	430,276
Law enforcement activities	-	-	-	135,628	-	-	135,628
Housing and neighborhood programs	111,851	65,067	-	-	-	-	176,918
Grant funds	-	-	14,573	-	-	-	14,573
Total fund balances	111,851	65,067	14,573	135,628	301,195	129,081	757,396
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 117,131	\$ 95,784	\$ 15,358	\$ 136,483	\$ 563,614	\$ 137,992	\$ 1,066,362

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS - NONMAJOR
 YEAR ENDED DECEMBER 31, 2015

	Special Revenue				Debt Service		Total
	CDBG	HOME	Grants	Asset Forfeiture	2006 Library Debt Service	2015 Capital Improvements Debt Service	
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 277,973	\$ -	\$ 277,973
Intergovernmental	174,384	430	21,742	79,563	-	-	276,119
Investment income	767	-	13	-	11	4	795
Miscellaneous	53,217	-	-	-	-	-	53,217
Total revenues	228,368	430	21,755	79,563	277,984	4	608,104
Expenditures							
Police	-	-	20,369	86,174	-	-	106,543
Housing and neighborhood programs	195,548	6,519	-	-	-	-	202,067
Debt service							
Principal	-	-	-	-	210,000	-	210,000
Interest	-	-	-	-	58,200	57,284	115,484
Agent Fees	-	-	-	-	5,725	288	6,013
Total expenditures	195,548	6,519	20,369	86,174	273,925	57,572	640,107
Excess (Deficiency) of Revenues Over Expenditures	32,820	(6,089)	1,386	(6,611)	4,059	(57,568)	(32,003)
Other Financing Sources (Uses)							
Long-term debt issuance	-	-	-	-	-	36,649	36,649
Transfers in	-	-	-	-	-	150,000	150,000
Total other financing sources (uses)	-	-	-	-	-	186,649	186,649
Net Change in Fund Balances	32,820	(6,089)	1,386	(6,611)	4,059	129,081	154,646
Fund Balances, Beginning of Year	79,031	71,156	13,187	142,239	297,136	-	602,749
Fund Balances, End of Year	\$ 111,851	\$ 65,067	\$ 14,573	\$ 135,628	\$ 301,195	\$ 129,081	\$ 757,396



FIDUCIARY FUNDS

Pension Trust Funds

Pension Trust Funds account for assets held in the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

Agency Funds

The **Agency Funds** account for activities associated with collecting and disbursing fines, court costs, forfeitures and restitution monies for the District Court.

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2015

	<u>Employee Retirement Plans</u>		
	<u>Policemen's Pension And Relief Fund</u>	<u>Firemen's Pension And Relief Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 256,027	\$ 348,024	\$ 604,051
Investments			
U.S. Treasury obligations	735,052	3,124,932	3,859,984
Corporate bonds	1,332,839	324,671	1,657,510
Corporate stocks	287,954	-	287,954
Mutual funds	3,066,487	3,063,990	6,130,477
Receivables			
Due from other funds	13,630	13,630	27,260
Accrued interest	6,431	21,480	27,911
	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>	<u>\$ 12,595,147</u>
Total assets	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>	<u>\$ 12,595,147</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>	<u>\$ 12,595,147</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS YEAR ENDED DECEMBER 31, 2015

	Employee Retirement Plans		
	Policemen's Pension And Relief Fund	Firemen's Pension And Relief Fund	Total
Additions			
Contributions			
Employer	\$ 65,140	\$ 6,328	\$ 71,468
Plan members	-	7,017	7,017
Contributed from General Fund			
Property taxes	268,731	268,731	537,462
State insurance turnback and guarantee fund	35,910	176,431	212,341
Total contributions	<u>369,781</u>	<u>458,507</u>	<u>828,288</u>
Investment income			
Net decrease in fair value of investments	(187,745)	(129,082)	(316,827)
Interest and dividends	104,823	124,733	229,556
Other investment income	601	-	601
	<u>(82,321)</u>	<u>(4,349)</u>	<u>(86,670)</u>
Less investment expense	63,274	78,564	141,838
Net investment income	<u>(145,595)</u>	<u>(82,913)</u>	<u>(228,508)</u>
Total additions	<u>224,186</u>	<u>375,594</u>	<u>599,780</u>
Deductions			
Benefits paid directly to participants	576,386	991,920	1,568,306
Administrative expenses	2,000	1,000	3,000
Total deductions	<u>578,386</u>	<u>992,920</u>	<u>1,571,306</u>
Net Decrease in Net Position	(354,200)	(617,326)	(971,526)
Net Position Restricted for Pension Benefits Beginning of Year	<u>6,052,620</u>	<u>7,514,053</u>	<u>13,566,673</u>
Net Position Restricted for Pension Benefits End of Year	<u>\$ 5,698,420</u>	<u>\$ 6,896,727</u>	<u>\$ 12,595,147</u>

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2015

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
<u>District Court Fines and Forfeitures Fund</u>				
Assets				
Cash	\$ 92,545	\$ 1,069,958	\$ 1,078,321	\$ 84,182
Liabilities				
Other liabilities	\$ 92,545	\$ 1,069,958	\$ 1,078,321	\$ 84,182
<u>District Court Restitution Fund</u>				
Assets				
Cash	\$ 10,271	\$ 5,218	\$ 13,750	\$ 1,739
Liabilities				
Other Liabilities	\$ 10,271	\$ 5,218	\$ 13,750	\$ 1,739
<u>Total Agency Funds</u>				
Assets				
Cash	\$ 102,816	\$ 1,075,176	\$ 1,092,071	\$ 85,921
Liabilities				
Other liabilities	102,816	1,075,176	1,092,071	85,921
Total Liabilities	\$ 102,816	\$ 1,075,176	\$ 1,092,071	\$ 85,921

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF JACKSONVILLE, ARKANSAS

COMBINING STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNITS YEAR ENDED DECEMBER 31, 2015

	Jacksonville Municipal Water Works	Jacksonville Wastewater Utility	Nonmajor Component Unit Advertising and Promotion Commission	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 6,919,206	\$ 4,852,136	\$ -	\$ 11,771,342
Other receipts	542,465	9,198	-	551,663
Payments to employees	(1,996,289)	(2,041,586)	-	(4,037,875)
Payments to suppliers	(905,747)	(573,188)	(934)	(1,479,869)
Payments to service providers	(88,102)	(207,191)	(846,345)	(1,141,638)
Other payments	(2,055,740)	-	-	(2,055,740)
Net cash provided by (used in) operating activities	2,415,793	2,039,369	(847,279)	3,607,883
Noncapital Financing Activities				
Local tax levy supporting operations	-	-	823,700	823,700
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(2,502,866)	(588,376)	-	(3,091,242)
Contributions-in-aid of construction	-	344,741	-	344,741
Proceeds from issuance of long-term debt	1,297,866	-	-	1,297,866
Principal paid on long-term debt	-	(686,916)	-	(686,916)
Interest paid on long-term debt	(503,245)	(798,162)	-	(1,301,407)
Net cash provided by (used in) capital and related financing activities	(1,708,245)	(1,728,713)	-	(3,436,958)
Cash Flows from Investing Activities				
Proceeds from maturities of cash investments	2,142,698	-	150,399	2,293,097
Purchase of cash investments	(2,149,133)	-	(100,509)	(2,249,642)
Decrease (increase) in restricted cash	(452)	-	-	(452)
Interest received	11,948	19,918	689	32,555
Net cash provided by (used in) investing activities	5,061	19,918	50,579	75,558
Net Increase in Cash	712,609	330,574	27,000	1,070,183
Cash, Beginning of Year	5,593,042	6,732,060	167,930	12,493,032
Cash, End of Year	\$ 6,305,651	\$ 7,062,634	\$ 194,931	\$ 13,563,216
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ (855,700)	\$ (205,597)	\$ (846,600)	\$ (1,907,897)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	2,546,832	2,049,298	-	4,596,130
Closure and post-closure care costs	-	119,911	-	119,911
Amortization of deferred expenses	26,527	-	-	26,527
Other income, net	542,465	-	-	542,465
Changes in operating assets and liabilities				
Receivables, net	18,541	(129,950)	-	(111,409)
Revenues earned and unbilled	-	(12,673)	-	(12,673)
Prepaid expenses	(64,798)	230	-	(64,568)
Inventories	(46,691)	30,674	-	(16,017)
Due to other entities	153,234	-	-	153,234
Accounts payable	55,356	36,594	(679)	91,271
Accrued expenses	(105,779)	150,882	-	45,103
Customer deposits	16,413	-	-	16,413
Deferrals related to pensions	124,982	-	-	124,982
Other liabilities	4,411	-	-	4,411
Net cash provided by (used in) operating activities	\$ 2,415,793	\$ 2,039,369	\$ (847,279)	\$ 3,607,883
Presented on the Statement of Fund Net Position- Proprietary Funds as Follows:				
Current Assets				
Cash and cash equivalents	\$ 6,305,651	\$ 6,367,190	\$ 194,931	\$ 12,867,772
Restricted for bond requirements-cash and cash equivalents	-	109,677	-	109,677
Non current assets				
Restricted for bond requirements-cash and cash equivalents	-	585,767	-	585,767
Total Cash and Cash equivalents	\$ 6,305,651	\$ 7,062,634	\$ 194,931	\$ 13,563,216

Supplemental Disclosure of Noncash, Capital and Financing Activities

Jacksonville Municipal Water Works accepted utility property constructed by private developers. The fair value of this donated property in 2015 was \$68,522.

Jacksonville Wastewater Utility accepted sewer lines constructed by private developers. The fair value of this donated property in 2015 was \$101,265.



**Statistical
Section**



City of Jacksonville, Arkansas
STATISTICAL SECTION

This section of the City of Jacksonville, Arkansas' comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the City's overall financial health.

Contents	Page
Financial Trends (Tables 1-5)	108
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity (Tables 6-10)	118
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	
Debt Capacity (Tables 11-15)	123
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information (Tables 16-17)	130
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information (Tables 18-20)	132
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Except where noted, the information in these pages is derived from the City of Jacksonville's comprehensive annual financial report for the relevant year.

CITY OF JACKSONVILLE, ARKANSAS

NET POSITION BY COMPONENT LAST TEN YEARS (Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 27,499,419	\$ 27,879,856	\$ 28,763,585	\$ 32,145,339
Restricted	8,503,883	10,886,550	5,506,038	4,381,589
Unrestricted (deficit)	13,310,801	14,532,889	16,594,722	15,151,670
Total governmental activities net position	<u>\$ 49,314,103</u>	<u>\$ 53,299,294</u>	<u>\$ 50,864,345</u>	<u>\$ 51,678,598</u>
Business-type activities				
Net investment in capital assets	\$ 829,617	\$ 805,482	\$ 739,316	\$ 590,355
Unrestricted	1,117,417	1,065,041	1,294,837	467,345
Total business-type activities net position	<u>\$ 1,947,034</u>	<u>\$ 1,870,523</u>	<u>\$ 2,034,153</u>	<u>\$ 1,057,700</u>
Primary government				
Net investment in capital assets	\$ 28,329,036	\$ 28,685,338	\$ 29,502,901	\$ 32,735,694
Restricted	8,503,883	10,886,550	5,506,038	4,381,589
Unrestricted (deficit)	14,428,218	15,597,930	17,889,559	15,619,015
Total primary government net position	<u>\$ 51,261,137</u>	<u>\$ 55,169,818</u>	<u>\$ 52,898,498</u>	<u>\$ 52,736,298</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental activities.

Table 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
\$ 34,751,804	\$ 36,800,745	\$ 41,063,504	\$ 42,058,114	\$ 42,843,186	\$ 43,120,490
2,384,498	2,052,401	1,798,969	1,184,762	1,831,423	6,086,120
13,387,422	10,824,395	5,937,438	3,544,078	2,694,078	(12,819,219)
<u>\$ 50,523,724</u>	<u>\$ 49,677,541</u>	<u>\$ 48,799,911</u>	<u>\$ 46,786,954</u>	<u>\$ 47,368,688</u>	<u>\$ 36,387,390</u>
\$ 469,824	\$ 653,790	\$ 821,873	\$ 887,393	\$ 989,853	\$ 1,366,575
238,833	825,120	1,107,844	1,479,431	1,673,821	871,967
<u>\$ 708,657</u>	<u>\$ 1,478,910</u>	<u>\$ 1,929,717</u>	<u>\$ 2,366,824</u>	<u>\$ 2,663,674</u>	<u>\$ 2,238,542</u>
\$ 35,221,628	\$ 37,454,535	\$ 41,885,377	\$ 42,945,507	\$ 43,833,040	\$ 44,487,065
2,384,498	2,052,401	1,798,969	1,184,762	1,831,423	6,086,120
13,626,255	11,649,515	7,045,282	5,023,509	4,367,899	(11,947,253)
<u>\$ 51,232,381</u>	<u>\$ 51,156,451</u>	<u>\$ 50,729,628</u>	<u>\$ 49,153,778</u>	<u>\$ 50,032,362</u>	<u>\$ 38,625,934</u>

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN NET POSITION, LAST TEN YEARS (Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental activities:				
General administration	\$ 455,047	\$ 388,618	\$ 5,407,369	\$ 516,564
City council	102,118	109,397	113,241	119,018
Office of the mayor	176,115	172,041	177,483	197,782
City clerk	127,270	126,718	124,092	146,559
City attorney	119,183	128,678	137,970	144,430
District court	291,750	234,382	358,017	312,140
Director of administration	142,448	196,038	290,775	263,454
Information technology	-	-	-	-
Finance	310,096	318,849	366,577	503,902
Human resources	187,502	150,571	198,196	231,641
Fleet services	133,133	128,445	128,695	143,039
Community programs	215,705	144,884	227,567	225,281
Public works	2,538,869	2,270,571	2,487,309	3,084,831
Parks and recreation services	2,303,225	2,395,010	2,586,954	2,688,917
Police	5,163,602	5,215,852	5,844,669	7,027,162
Fire	3,695,985	4,021,861	4,245,680	3,548,000
Emergency communication services	721,985	732,347	826,476	846,094
Animal control	274,976	290,335	301,775	301,371
Housing and neighborhood programs	356,252	592,536	361,111	433,766
Interest expense on long term debt	80,355	119,049	104,386	99,042
Agent fees on long-term debt	2,654	-	-	-
Debt issuance costs	-	-	-	-
Total governmental activities expenses	<u>17,500,249</u>	<u>17,843,986</u>	<u>24,400,837</u>	<u>20,832,993</u>
Business-type activities				
Sanitation services	1,377,442	1,489,290	1,574,915	1,579,466
Emergency medical services	748,841	775,627	888,257	1,716,980
Total business-type activities expenses	<u>2,126,283</u>	<u>2,264,917</u>	<u>2,463,172</u>	<u>3,296,446</u>
Total primary government expenses	<u>\$ 19,626,532</u>	<u>\$ 20,108,903</u>	<u>\$ 26,864,009</u>	<u>\$ 24,129,439</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$ 188,519	\$ 193,711	\$ 163,211	\$ 143,871
District court	282,379	264,714	259,415	263,377
Finance	8,001	8,001	8,068	8,068
Fleet services	29,230	27,410	27,161	75,221
Public works	70,804	71,392	67,097	66,674
Parks and recreation services	570,584	610,718	581,325	651,836
Police	305,785	281,212	273,923	277,110
Fire	3,406	3,500	5,771	4,418
Emergency communication services	163,256	152,357	169,641	187,703
Animal control	17,542	27,593	35,629	32,715
Housing and neighborhood programs	2,877	2,408	1,931	2,065
Operating grants and contributions	3,500,439	3,920,326	3,839,457	3,684,503
Capital grants and contributions	-	-	317,671	512,854
Total governmental activities program revenues	<u>5,142,822</u>	<u>5,563,342</u>	<u>5,750,300</u>	<u>5,910,415</u>
Business-type activities				
Sanitation services	1,210,204	1,246,743	1,290,468	1,255,037
Emergency medical services	531,252	598,883	665,113	645,163
Operating grants and contributions	12,000	12,000	12,000	12,000
Capital grants and contributions	-	-	93,676	-
Total business-type activities program revenues	<u>1,753,456</u>	<u>1,857,626</u>	<u>2,061,257</u>	<u>1,912,200</u>
Total primary government program revenues	<u>\$ 6,896,278</u>	<u>\$ 7,420,968</u>	<u>\$ 7,811,557</u>	<u>\$ 7,822,615</u>

(1) During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. The adoption of GASB 68 resulted in a significant decrease of unrestricted net position of the governmental activities.

Table 2

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
\$ 1,754,213	\$ 389,238	\$ 454,301	\$ 614,247	\$ 538,999	\$ 569,284
115,831	120,634	112,915	143,817	129,174	137,959
231,562	230,970	240,152	245,782	239,117	242,586
144,722	212,357	143,434	140,796	137,910	133,400
184,094	180,478	190,970	192,214	177,245	175,033
308,593	303,536	336,932	342,963	340,907	339,984
317,955	125,806	112,868	114,376	114,063	108,044
-	177,839	216,749	241,131	233,713	215,326
535,466	478,674	659,988	541,303	470,372	468,408
202,575	245,038	228,913	236,759	227,865	223,741
176,543	186,396	165,871	144,176	151,582	142,922
14,139	173,030	198,400	94,705	193,128	156,941
2,866,092	2,585,034	2,872,093	3,605,742	2,247,748	2,832,455
2,515,033	2,602,790	2,748,589	2,953,709	3,381,026	3,547,411
7,025,994	8,510,214	7,782,731	7,928,822	7,507,452	7,129,333
4,500,852	3,998,521	4,882,380	4,840,219	4,498,167	3,985,677
800,722	563,861	894,851	962,308	1,035,881	980,293
313,564	308,039	306,344	320,102	318,606	296,316
543,274	273,097	365,162	588,290	239,470	200,669
92,912	102,070	79,563	154,499	224,992	209,386
-	-	-	-	-	33,833
-	-	-	-	-	145,014
<u>22,644,136</u>	<u>21,767,622</u>	<u>22,993,206</u>	<u>24,405,960</u>	<u>22,407,416</u>	<u>22,274,017</u>
1,629,285	1,628,388	1,531,003	1,585,114	1,522,422	1,459,139
1,224,188	1,094,031	1,460,366	1,615,704	1,876,427	2,005,367
<u>2,853,473</u>	<u>2,722,419</u>	<u>2,991,369</u>	<u>3,200,818</u>	<u>3,398,849</u>	<u>3,464,506</u>
<u>\$ 25,497,609</u>	<u>\$ 24,490,041</u>	<u>\$ 25,984,575</u>	<u>\$ 27,606,778</u>	<u>\$ 25,806,265</u>	<u>\$ 25,738,523</u>
\$ 181,945	\$ 162,959	\$ 178,388	\$ 156,458	\$ 183,919	365,550
307,641	311,855	730,677	766,291	812,509	561,363
8,001	8,026	8,001	20,001	20,001	29,001
73,845	51,060	37,225	28,368	22,950	35,338
105,706	67,005	73,871	79,073	87,505	118,729
732,000	672,790	751,295	797,053	980,103	1,024,897
362,790	363,469	59,193	33,670	25,464	92,562
2,912	2,512	800	822	1,968	600
225,154	205,394	-	212,769	221,994	221,144
32,350	24,420	20,865	19,365	24,415	18,770
17,007	535	1,036	486	67,693	53,217
3,916,198	3,731,153	4,236,786	4,428,410	4,598,762	4,145,981
419,836	709,285	1,013,992	685,232	211,790	933,951
<u>6,385,386</u>	<u>6,310,463</u>	<u>7,112,129</u>	<u>7,227,997</u>	<u>7,259,074</u>	<u>7,601,103</u>
1,277,118	1,812,390	1,816,769	1,908,726	1,847,490	1,881,351
709,812	1,009,118	1,062,331	1,132,011	1,387,624	1,550,301
12,000	13,500	13,000	6,500	-	12,460
-	305,495	59,196	-	-	-
<u>1,998,930</u>	<u>3,140,503</u>	<u>2,951,296</u>	<u>3,047,237</u>	<u>3,235,114</u>	<u>3,444,112</u>
<u>\$ 8,384,316</u>	<u>\$ 9,450,966</u>	<u>\$ 10,063,425</u>	<u>\$ 10,275,234</u>	<u>\$ 10,494,188</u>	<u>\$ 11,045,215</u>

(continued)

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN NET POSITION, LAST TEN YEARS (Continued) (Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (expense)/revenue				
Governmental activities	\$ (12,357,427)	\$ (12,280,643)	\$ (18,650,537)	\$ (14,922,578)
Business-type activities	(372,827)	(407,291)	(401,915)	(1,384,246)
Total primary government net expense	<u>\$ (12,730,254)</u>	<u>\$ (12,687,933)</u>	<u>\$ (19,052,452)</u>	<u>\$ (16,306,824)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 978,416	\$ 602,363	\$ 755,482	\$ 711,289
Sales taxes	13,028,273	13,128,674	13,660,175	13,170,622
Utility franchise taxes	1,071,469	1,053,657	1,144,223	1,131,386
Investment earnings	772,483	1,038,961	648,896	247,304
Grants and contributions not restricted to specific programs	467,394	722,811	516,721	511,033
Other	16,775	13,600	41,316	365,197
Transfers	(254,750)	(294,231)	(551,226)	(400,000)
Total governmental activities	<u>16,080,060</u>	<u>16,265,834</u>	<u>16,215,587</u>	<u>15,736,831</u>
Business-type activities:				
Investment earnings	43,633	36,551	14,319	7,793
Grants and contributions not restricted	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers	254,750	294,231	551,226	400,000
Total business-type activities	<u>298,383</u>	<u>330,782</u>	<u>565,545</u>	<u>407,793</u>
Total primary government	<u>\$ 16,378,443</u>	<u>\$ 16,596,616</u>	<u>\$ 16,781,132</u>	<u>\$ 16,144,624</u>
Changes in Net Position				
Governmental activities	\$ 3,722,633	\$ 3,985,191	\$ (2,434,950)	\$ 814,253
Business-type activities	(74,444)	(76,509)	163,630	(976,453)
Change in accounting principle	-	-	-	-
Total primary government	<u>\$ 3,648,189</u>	<u>\$ 3,908,683</u>	<u>\$ (2,271,320)</u>	<u>\$ (162,200)</u>

Table 2

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
\$ (16,258,750)	\$ (15,457,159)	\$ (15,881,077)	\$ (17,177,963)	\$ (15,148,342)	\$ (14,672,914)
(854,543)	418,084	(40,073)	(153,581)	(163,735)	(20,394)
<u>\$ (17,113,294)</u>	<u>\$ (15,039,075)</u>	<u>\$ (15,921,150)</u>	<u>\$ (17,331,544)</u>	<u>\$ (15,312,077)</u>	<u>\$ (14,693,308)</u>
\$ 768,342	\$ 777,265	\$ 784,180	\$ 826,033	\$ 838,864	\$ 845,840
13,157,342	12,612,511	13,138,610	13,164,041	13,406,409	13,798,792
1,097,960	1,057,234	1,031,798	1,292,667	1,137,932	1,262,049
79,823	38,014	21,136	7,026	5,059	15,644
491,200	459,187	459,957	433,463	470,303	454,419
9,209	9,265	10,263	31,775	331,187	(69,038)
(500,000)	(342,500)	(442,496)	(590,000)	(459,677)	(425,000)
<u>15,103,876</u>	<u>14,610,976</u>	<u>15,003,448</u>	<u>15,165,005</u>	<u>15,730,077</u>	<u>15,882,706</u>
5,500	(17,890)	504	688	908	993
-	27,559	47,881	-	-	-
-	-	-	-	-	74,831
500,000	342,500	442,496	590,000	459,677	425,000
<u>505,500</u>	<u>352,169</u>	<u>490,880</u>	<u>590,688</u>	<u>460,585</u>	<u>500,825</u>
<u>\$ 15,609,376</u>	<u>\$ 14,963,144</u>	<u>\$ 15,494,328</u>	<u>\$ 15,755,693</u>	<u>\$ 16,190,662</u>	<u>\$ 16,383,531</u>
\$ (1,154,874)	\$ (846,183)	\$ (877,629)	\$ (2,012,958)	\$ 581,735	\$ 1,209,792
(349,043)	770,253	450,807	437,107	296,850	480,431
-	-	-	-	-	(13,096,892)
<u>\$ (1,503,918)</u>	<u>\$ (75,930)</u>	<u>\$ (426,822)</u>	<u>\$ (1,575,851)</u>	<u>\$ 878,585</u>	<u>\$ (11,406,669)</u>

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENT TAX REVENUES BY SOURCE LAST TEN YEARS (Accrual Basis of Accounting)

Table 3

Year	General Property Taxes	Sales Taxes			Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage			
2006	\$ 978,416	\$ 6,950,892	\$ 6,060,027	\$ 17,354	\$ 13,028,273	\$ 1,071,469	\$ 15,078,158
2007	602,363	6,880,728	6,230,644	17,302	13,128,674	1,053,657	14,784,694
2008	755,482	7,225,987	6,414,770	20,986	13,661,743	1,144,223	15,561,448
2009	711,289	7,024,714	6,124,922	20,986	13,170,622	1,131,386	15,013,297
2010	768,342	6,932,962	6,205,568	18,812	13,157,342	1,097,960	15,023,644
2011	777,265	6,923,047	5,655,813	33,651	12,612,511	1,057,234	14,447,010
2012	784,180	7,338,792	5,747,451	52,368	13,138,610	1,031,799	14,954,589
2013	826,033	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,282,741
2014	838,864	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,383,205
2015	845,840	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,906,681
Change 2006-2015	-13.6%	10.0%	0.2%	366.9%	5.9%	17.8%	5.5%

CITY OF JACKSONVILLE, ARKANSAS

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (Modified Accrual Basis of Accounting)

Table 4

	Pre-GASB 54				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 114,583	\$ 154,169	\$ 347,968	\$ 68,304	\$ 159,341
Unreserved	3,054,185	3,518,573	3,204,746	3,503,551	3,297,028
Total general fund	<u>\$ 3,168,768</u>	<u>\$ 3,672,742</u>	<u>\$ 3,552,714</u>	<u>\$ 3,571,855</u>	<u>\$ 3,456,369</u>
All Other Governmental Funds					
Reserved, reported in:					
Debt Service	\$ 209,801	\$ 280,218	\$ 673,128	\$ 317,300	\$ 254,508
Special Revenue Funds	15,246,913	18,939,113	12,779,928	11,078,199	8,928,627
Unreserved, reported in:					
Special revenue funds	4,536,526	3,172,466	3,857,435	3,572,054	2,995,731
Total all other governmental funds	<u>\$ 19,993,240</u>	<u>\$ 22,391,797</u>	<u>\$ 17,310,491</u>	<u>\$ 14,967,553</u>	<u>\$ 12,178,866</u>
	Post-GASB 54				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ 49,285	\$ 35,247
Restricted	536,440	537,495	123,382	8,158	8,158
Committed	5,265	5,943	7,039	2,654	3,301
Assigned	1,070,000	-	-	-	-
Unassigned	3,792,850	4,095,873	3,089,430	2,375,306	1,830,111
Total general fund	<u>\$ 5,404,555</u>	<u>\$ 4,639,311</u>	<u>\$ 3,219,851</u>	<u>\$ 2,435,403</u>	<u>\$ 1,876,818</u>
All Other Governmental Funds					
Restricted	\$ 1,515,961	\$ 1,261,474	\$ 1,061,380	\$ 1,823,265	\$ 6,077,962
Assigned	6,180,291	2,733,641	1,809,841	1,597,837	1,617,645
Total all other governmental funds	<u>\$ 7,696,252</u>	<u>\$ 3,995,115</u>	<u>\$ 2,871,221</u>	<u>\$ 3,421,102</u>	<u>\$ 7,695,606</u>

CITY OF JACKSONVILLE, ARKANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Property taxes	\$ 927,207	\$ 656,126	\$ 693,921	\$ 717,792
Sales taxes	13,028,273	13,128,674	13,660,175	13,170,622
Licenses and permits	169,994	172,131	145,131	130,663
Intergovernmental	3,591,056	4,548,611	4,312,524	4,102,067
Charges for services	774,363	798,949	791,385	919,286
Fines and fees	588,729	559,050	554,482	561,429
Utility franchise taxes	1,071,469	1,053,657	1,144,223	1,131,386
Investment income	772,483	1,038,961	648,896	247,304
Contributions	326,397	50,000	-	-
Miscellaneous	230,472	181,318	517,635	673,468
Total revenues	21,480,443	22,187,476	22,468,372	21,654,016
Expenditures				
General government	3,382,230	3,060,618	10,320,417	3,792,768
Public works	2,405,238	2,415,159	2,541,105	2,790,533
Parks and recreation services	2,249,704	2,167,701	2,407,242	3,087,495
Police	5,054,988	5,434,385	5,933,565	7,578,930
Fire	3,549,403	4,036,326	4,309,227	4,637,438
Emergency communication services	601,099	841,219	688,307	749,533
Animal control	258,752	291,596	287,466	285,653
Housing and neighborhood programs	362,303	591,193	369,029	429,597
Debt Service				
Principal	-	-	155,000	125,000
Interest	-	152,517	106,522	100,616
Agent fees	-	-	600	250
Issuance costs	-	-	-	-
Total expenditures	17,863,717	18,990,713	27,118,480	23,577,813
Excess (Deficiency) of revenues over (under) expenditures	3,616,726	3,196,763	(4,650,108)	(1,923,797)
Other Financing Sources (Uses)				
Bonds issued	2,500,000	-	-	-
Proceeds from other long-term debt	-	-	-	-
Capital lease	-	-	-	-
Transfers in	14,400,023	16,041,110	13,317,337	14,053,286
Transfers out	(14,654,773)	(16,335,341)	(13,868,563)	(14,453,286)
Total other financing sources (uses)	2,245,250	(294,231)	(551,226)	(400,000)
Net change in fund balances	\$ 5,861,976	\$ 2,902,531	\$ (5,201,335)	\$ (2,323,798)
Debt service as a percentage of noncapital expenditures	0.0%	0.9%	1.1%	1.2%

Table 5

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 723,754	\$ 762,221	\$ 779,861	\$ 782,292	\$ 802,438	\$ 833,835
13,157,342	12,612,511	13,138,610	13,164,041	13,406,409	13,798,792
153,264	122,289	160,514	123,447	133,586	136,274
4,305,841	4,053,971	5,310,202	4,674,667	4,729,464	4,575,835
1,026,128	924,618	1,056,207	1,081,303	1,119,187	1,150,933
651,231	651,271	791,192	798,456	840,609	651,626
1,097,960	1,057,234	1,031,798	1,292,667	1,137,932	1,262,049
79,823	38,014	21,136	7,026	5,059	15,644
-	-	-	-	-	772,000
343,931	818,963	227,747	917,159	932,527	665,312
21,539,274	21,041,092	22,517,267	22,841,058	23,107,211	23,862,300
3,265,843	2,794,399	3,600,208	3,491,811	2,906,919	2,708,248
3,259,890	4,137,281	3,070,904	3,021,075	2,528,778	2,802,715
2,568,025	2,332,786	3,694,975	5,514,730	3,025,248	3,292,345
7,920,716	7,675,658	11,533,317	8,096,659	7,149,003	7,347,242
5,177,419	4,716,182	4,403,817	4,486,226	4,324,497	4,472,701
672,701	755,149	4,858,959	878,086	714,945	675,758
299,631	295,563	298,166	322,848	305,998	287,637
539,016	286,307	371,863	559,482	238,824	202,067
145,000	135,000	155,000	1,422,435	1,803,468	6,389,707
94,956	104,094	81,468	157,622	227,594	215,760
250	600	700	600	600	33,833
-	-	-	-	-	145,014
23,943,447	23,233,019	32,069,377	27,951,574	23,225,874	28,573,027
(2,404,173)	(2,191,927)	(9,552,110)	(5,110,516)	(118,663)	(4,710,727)
-	-	-	-	-	8,851,649
-	-	3,011,700	3,157,161	344,335	-
-	-	2,516,526	-	-	-
14,209,326	836,647	6,004	577,890	554,150	150,000
(14,709,326)	(1,179,147)	(448,500)	(1,167,890)	(1,013,827)	(575,000)
(500,000)	(342,500)	5,085,730	2,567,161	(115,342)	8,426,649
\$ (2,904,173)	\$ (2,534,427)	\$ (4,466,380)	\$ (2,543,355)	\$ (234,005)	\$ 3,715,922
1.2%	1.3%	1.2%	7.3%	10.7%	34.0%

CITY OF JACKSONVILLE, ARKANSAS

GENERAL GOVERNMENT TAX REVENUES BY SOURCE LAST TEN YEARS (Modified Accrual Basis of Accounting)

Table 6

Year	General Property Taxes	Sales Taxes			Total Sales Taxes	Utility Franchise Taxes	Total
		City	Pulaski County	Alcoholic Beverage			
2006	\$ 927,207	\$ 6,950,892	\$ 6,060,027	\$ 17,354	\$ 13,028,273	\$ 1,071,469	\$ 15,026,949
2007	656,126	6,880,728	6,230,644	17,302	13,128,674	1,053,657	14,838,457
2008	693,921	7,225,987	6,414,770	20,986	13,661,743	1,144,223	15,499,887
2009	717,792	7,024,714	6,124,922	20,986	13,170,622	1,131,386	15,019,800
2010	723,754	6,932,962	6,205,568	18,812	13,157,342	1,097,960	14,979,056
2011	762,221	6,923,047	5,655,813	33,651	12,612,511	1,057,234	14,431,966
2012	779,861	7,338,792	5,747,451	52,368	13,138,610	1,031,799	14,950,270
2013	782,292	7,337,421	5,777,520	49,100	13,164,041	1,292,667	15,239,000
2014	802,438	7,448,713	5,852,314	105,382	13,406,409	1,137,932	15,346,779
2015	833,835	7,646,395	6,071,374	81,023	13,798,792	1,262,049	15,894,676
Change 2006-2015	-10.1%	10.0%	0.2%	366.9%	5.9%	17.8%	5.8%

CITY OF JACKSONVILLE, ARKANSAS

ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Table 7

Year	Regular Property		Utility Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Personal	Real	Personal				
2006	\$ 160,670,916	\$ 52,285,707	\$ -	\$ 14,071,210	\$ 227,027,833	3.0	\$ 1,135,139,165	20%
2007	177,401,623	53,305,741	-	14,701,630	245,408,994	3.0	1,227,044,970	20%
2008	187,275,219	55,503,120	-	15,951,595	258,729,934	3.0	1,293,649,670	20%
2009	193,088,831	49,438,185	-	16,040,341	258,567,357	3.0	1,292,836,785	20%
2010	202,266,211	49,397,720	-	16,140,540	267,804,471	3.0	1,339,022,355	20%
2011	204,232,215	51,272,975	-	16,919,055	272,424,245	3.0	1,362,121,225	20%
2012	202,646,506	53,595,970	-	17,026,315	273,268,791	3.0	1,366,343,955	20%
2013	208,233,348	55,876,090	-	17,583,900	281,693,338	3.0	1,408,466,690	20%
2014	211,849,225	58,290,985	-	19,517,835	289,658,045	3.0	1,448,290,225	20%
2015	214,553,993	57,134,325	-	20,250,790	291,939,108	3.0	1,459,695,540	20%

Source: Pulaski County Tax Assessor.

Note: Tax rates are per \$1,000 of assessed value.

Note: Tax collections shown do not include Act 9 Real Estate Valuations.

Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts. Both are considered personal PSC accounts

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX RATES AND TAX LEVIES OF DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN YEARS

Table 8

Local Tax Rates Per \$1,000 Assessed Value

Year	Jacksonville		Pulaski County		Pulaski County Special School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2006	\$ 3.00	\$ 3.00	\$ 10.10	\$ 10.10	\$ 40.70	\$ 40.70	\$ 53.80	\$ 53.80
2007	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2008	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2009	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2010	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2011	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2012	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2013	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2014	3.00	3.00	10.10	10.10	40.70	40.70	53.80	53.80
2015	3.00	3.00	10.10	10.10	40.70	(1) 40.70 (1)	53.80	53.80

Tax Levies

2006	\$	1,010,344	\$	39,334,921	\$	73,958,559	\$	114,303,824
2007		1,092,143		42,554,360		81,998,888		125,645,391
2008		1,151,423		45,743,106		88,873,909		135,768,438
2009		1,150,690		46,344,553		91,537,250		139,032,493
2010		1,191,800		46,915,434		93,963,825		142,071,059
2011		1,212,353		48,464,111		98,195,347		147,871,810
2012		1,216,108		49,084,104		100,584,377		150,884,589
2013		1,253,591		50,553,806		105,004,294		156,811,691
2014		1,289,033		52,080,512		109,264,864		162,634,409
2015		1,299,180		53,185,616		14,858,236 (1)		69,343,032

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year.

Note (1): In 2015 a new school district was established, the Jacksonville North Pulaski School District, and 2015 tax rates and levies reflect amounts for the new school district.

Taxes are due and payable on or before October 10th. Taxes are recorded as delinquent after October 10th and a 10% penalty is added.

State statutory limits on City tax rate:

General operation	5 mills
General improvement bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pension and policemen's pension	1 mill each

CITY OF JACKSONVILLE, ARKANSAS

PRINCIPAL SALES TAXPAYERS
DECEMBER 31, 2015

Table 9

The City of Jacksonville, Arkansas's largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes: a two cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Jacksonville makes up approximately 7% of the county population and receives a like portion of the county tax. In 2015, the two cent city sales tax generated revenue of \$7,646,395.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Jacksonville is not able to identify the top 10 taxpayers. However, Jacksonville enjoys a diverse economic sales tax base.

NAICS Economic Sector	Description	2015			2006				
		Taxable Sales	City Sales Tax Collected	Rank	Percentage of Total City Sales Tax	Taxable Sales	City Sales Tax Collected	Rank	Percentage of Total City Sales Tax
44-45	Retail Trade	\$ 207,878,920	\$4,157,578	1	54.4%	\$ 178,347,728	\$3,566,955	1	51.3%
72	Accommodations and Food Services	37,946,474	758,929	2	9.9%	31,271,771	625,435	2	9.0%
42	Wholesale Trade	31,594,850	631,897	3	8.3%	10,803,519	216,070	5	3.1%
22	Utilities	22,340,440	446,809	4	5.8%	29,023,300	580,466	3	8.4%
51	Information and Cultural Industries	21,699,998	434,000	5	5.7%	19,788,026	395,761	4	5.7%
	Automobile	1 9,163,558	183,271	6	2.4%	n/a	n/a	1	
31-33	Manufacturing	9,119,859	182,397	7	2.4%	3,804,916	76,098	7	1.1%
56	Admin & Support & Waste Mngmt & Remediation Services	8,733,761	174,675	8	2.3%	3,100,000	62,000	8	0.9%
53	Rental, Leasing and Real Estate	8,005,054	160,101	9	2.1%	4,570,926	91,419	6	1.3%
81	Other Services (except Public Administration)	7,631,397	152,628	10	2.0%	2,990,300	59,806	9	0.9%
Totals		<u>\$ 364,114,309</u>	<u>\$7,282,286</u>		<u>95.2%</u>	<u>\$ 283,700,485</u>	<u>\$5,674,010</u>		<u>81.6%</u>

Source: Arkansas Department of Finance and Administration, Revenue Division (DFA), Sales and Use Tax Section.

¹ Beginning in 2014, DFA started to include Automobile and Other Unidentified Receipts without the NAICS code.

Note: DF&A will not supply "Taxable Sales". Therefore, taxable sales are based on "Tax Collected" divided by 2%, the tax rate for the corresponding year.

CITY OF JACKSONVILLE, ARKANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Table 10

Year	Total Tax Levy in Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 969,376	\$ 825,326	85.14%	\$ 56,822	\$ 882,148	91.00%
2007	1,010,344	841,592	83.30%	97,603	939,195	92.96%
2008	1,092,143	925,936	84.78%	72,011	997,947	91.38%
2009	1,151,423	976,709	84.83%	69,858	1,046,567	90.89%
2010	1,150,690	983,175	85.44%	73,819	1,056,994	91.86%
2011	1,191,800	1,019,875	85.57%	86,730	1,106,605	92.85%
2012	1,212,353	1,049,855	86.60%	102,969	1,152,824	95.09%
2013	1,216,108	1,056,117	86.84%	89,448	1,145,565	94.20%
2014	1,253,591	1,101,934	87.90%	90,277	1,192,211	95.10%
2015	1,289,033	1,123,954	87.19%	88,624	1,212,578	94.07%

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year. Data is not available to show the current level by year of outstanding delinquent taxes.

CITY OF JACKSONVILLE, ARKANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Table 11

Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Lease	Notes Payable				
2006	\$2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000	0.30%	\$ 90.58
2007	2,500,000	-	-	-	-	2,500,000	0.27%	81.90
2008	2,345,000	-	-	-	-	2,345,000	0.40%	119.26
2009	2,220,000	-	-	-	-	2,220,000	0.37%	111.57
2010	2,075,000	-	-	-	-	2,075,000	0.37%	103.86
2011	1,940,000	-	-	1,294,514	-	3,234,514	0.56%	157.44
2012	1,785,000	3,011,700	2,516,526	1,037,081	-	8,350,307	1.39%	394.68
2013	1,579,017	5,038,839	2,429,113	771,818	-	9,818,787	1.70%	482.35
2014	1,404,381	4,104,899	2,075,153	475,337	-	8,059,770	1.40%	395.94
2015	10,043,938	-	74,958	216,842	-	10,335,739	1.78%	504.67

Note: Details regarding the City's outstanding debt can be found in Note 4 to the basic financial statements.

- (1) See the Schedule of Demographic and Economic Statistics for the personal income and population data.
- (2) In 2006, the City issued \$2,500,000 of Library Construction and Improvement Bonds to finance the cost of the new public city library operated by the City and the Central Arkansas Library System.
- (3) In 2015, the City issued \$8,815,000 of Capital Improvement and Refunding Revenue Bonds to rehabilitate the Central Fire Station and Splash Zone (City Water Park), to purchase three new fire trucks, to replace playground and exercise equipment, to construct a roundabout at General Samuels and Harris Road and to refund the City's outstanding short-term loans.

CITY OF JACKSONVILLE, ARKANSAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN YEARS

Table 12

Year	Population	Assessed Value	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	29,916	\$ 227,027,833	\$ 2,215,277 (1)	0.98%	\$ 74.05
2007	29,916	245,408,994	2,093,224	0.85%	69.97
2008	29,916	258,729,934	1,960,001	0.76%	65.52
2009	29,916	258,567,357	1,817,691	0.70%	60.76
2010	28,364	267,804,471	1,672,256	0.62%	58.96
2011	28,364	272,424,245	7,014,419	2.57%	247.30
2012	28,364	273,268,791	7,311,637	2.68%	257.78
2013	28,364	281,693,338	9,046,969	3.21%	318.96
2014	28,364	289,658,045	7,584,433	2.62%	267.40
2015	28,364	291,939,108	10,078,357 (2)	3.45%	355.32

(1) In 2006, the City issued \$2,500,000 of Library Construction and Improvement Bonds to acquire land and construct a new city library.

(2) In 2015, the City issued \$8,815,000 of Capital Improvement and Refunding Revenue Bonds to rehabilitate the Central Fire Station and Splash Zone (City Water Park), to purchase three new fire trucks, to replace playground and exercise equipment, to construct a roundabout at General Samuels and Harris Road and to refund the City's outstanding short-term loans.

CITY OF JACKSONVILLE, ARKANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT DECEMBER 31, 2015

Table 13

	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
Direct:			
City of Jacksonville	\$ 10,118,897	100%	\$ 10,118,897
Overlapping:			
Pulaski County Special School District	<u>193,545,000</u>	20%	<u>38,709,000</u>
Total direct & overlapping bonded debt	<u>\$ 203,663,897</u>		<u>\$ 48,827,897</u>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

CITY OF JACKSONVILLE, ARKANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 56,756,958	\$ 61,352,249	\$ 64,682,484	\$ 64,641,839
Total net debt applicable to limit	<u>2,285,053</u>	<u>2,215,277</u>	<u>2,093,224</u>	<u>1,960,001</u>
Legal debt margin	<u>\$ 54,471,905</u>	<u>\$ 59,136,972</u>	<u>\$ 62,589,260</u>	<u>\$ 62,681,838</u>
Total net debt applicable to the limit as a percentage of debt limit	4.03%	3.61%	3.24%	3.03%

Note: Computation of the City's legal debt margin is set forth in Amendments 78 and 62 to the Constitution of the State of Arkansas.

- (1) General obligation debt is not to exceed 20% of assessed value.
- (2) Short-term financing debt is not to exceed 5% of assessed value.

Table 14

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 66,951,118	\$ 68,106,061	\$ 68,317,198	\$ 70,423,335	\$ 72,414,511	\$ 72,984,777
<u>1,817,691</u>	<u>1,672,256</u>	<u>7,014,419</u>	<u>8,772,496</u>	<u>7,308,901</u>	<u>9,739,216</u>
<u>\$ 65,133,427</u>	<u>\$ 66,433,805</u>	<u>\$ 61,302,779</u>	<u>\$ 61,650,839</u>	<u>\$ 65,105,610</u>	<u>\$ 63,245,561</u>
2.71%	2.46%	10.27%	12.46%	10.09%	13.34%

Legal Debt Margin Calculation for 2015

Assessed value	\$ 291,939,108
Debt limit:	
General obligation debt limitation (1)	58,387,822
Short-term financing debt limitation (2)	<u>14,596,955</u>
Total Debt Limitation	<u>72,984,777</u>
Debt applicable to limit:	
General obligation and short-term financing	10,118,897
Less: Amount set aside for repayment in debt service fund	<u>379,681</u>
Total net debt applicable to limit	<u>9,739,216</u>
Legal debt margin	<u>\$ 63,245,561</u>

CITY OF JACKSONVILLE, ARKANSAS

REVENUE BOND COVERAGE LAST TEN YEARS

	Year	Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service
Jacksonville Municipal Water Works	2006	\$ 4,663,214	\$ 3,222,035	\$ 1,441,179
	2007	5,383,683	3,424,310	1,959,373
	2008	5,428,299	3,654,003	1,774,296
	2009	5,368,334	4,312,394	1,055,940
	2010	6,137,715	3,830,624	2,307,091
	2011	6,837,937	4,069,853	2,768,084
	2012	7,352,372	4,266,956	3,085,416
	2013	6,756,347	4,873,636	1,882,711
	2014	6,759,811	4,999,214	1,760,597
	2015	6,731,018	4,914,904	1,816,114
Jacksonville Wastewater Utility	2006	\$ 3,491,841	\$ 2,428,467	\$ 1,063,374
	2007	3,868,469	2,441,636	1,426,833
	2008	3,953,064	2,632,217	1,320,847
	2009	4,070,352	2,677,216	1,393,136
	2010	4,096,783	2,685,644	1,411,139
	2011	3,913,742	2,646,923	1,266,819
	2012	4,132,309	2,612,691	1,519,618
	2013	4,583,752	3,177,026	1,406,726
	2014	4,956,497	3,124,203	1,832,294
	2015	5,003,956	3,209,027	1,794,929

Note: amounts shown are for the City's Discretely Presented Component Units.

(1) Excludes depreciation.

Table 15

Debt Service Requirements			
Principal	Interest	Total	Coverage
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	812,500	812,500	3.41
-	812,500	812,500	3.80
-	202,123	202,123	9.31
754,987	380,931	1,135,918	1.55
779,723	422,619	1,202,342	1.51
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
285,000	882,818	1,167,818	1.19
300,000	868,568	1,168,568	1.21
315,000	853,568	1,168,568	1.08
330,000	837,818	1,167,818	1.30
350,000	821,318	1,171,318	1.20
365,000	803,818	1,168,818	1.57
385,000	785,568	1,170,568	1.53

CITY OF JACKSONVILLE, ARKANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Table 16

Year	Population	Personal Income (thousands of dollars) (2)	Per Capita Income (2)	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment (3)	Unemployment Rate (4)
2006	29,916 (1)	\$ 825,712	\$ 27,601	30.7	15.0%	6,726	5.4%
2007	29,916 (1)	913,156	30,524	31.1	15.0%	6,715	5.8%
2008	29,916 (1)	588,238	19,663	30.9	15.0%	6,234	6.0%
2009	29,916 (1)	595,269	19,898	29.9	15.0%	6,092	8.0%
2010	28,364 (5)	566,656	19,978	30.0	15.0%	5,826	8.5%
2011	28,364 (5)	582,738	20,545	30.0	15.0%	5,527	7.9%
2012	28,364 (5)	600,097	21,157	30.8	15.0%	5,333	8.0%
2013	28,364 (5)	577,378	20,356	31.2	15.0%	5,279	7.7%
2014	28,364 (5)	577,378	20,356	31.2	15.0%	5,144	6.1%
2015	28,364 (5)	580,895	20,480	31.2	18.6%	3,898 (6)	5.7%

Data Sources: Metroplan - Council of Local Governments, Pulaski County Special School District

- (1) 2000 Census
- (2) Metroplan provides per capita income. Personal Income is a calculation of per capita income multiplied by the population.
- (3) Pulaski County Special School District
- (4) Source: Arkansas Department of Workforce Services / www.discoverarkansas.net
- (5) 2010 Census
- (6) 2015 New division lines for Pulaski County Special School District excludes data from Adkins PreK, Cato Elementary, Northwood Elementary schools.

CITY OF JACKSONVILLE, ARKANSAS

JACKSONVILLE AREA MAJOR EMPLOYERS CURRENT YEAR AND TEN YEARS

Table 17

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Little Rock Air Force Base	7,163	1	28.93%	7,096	1	58.15%
Pathfinder, Inc	900	2	3.63%	600	4	4.92%
Pulaski County Special School District	788	3	3.18%	788	2	6.46%
Wal-Mart	555	4	2.24%	650	3	5.33%
North Metro Medical Center (1)	450	5	1.82%	500	5	4.10%
City of Jacksonville	277	6	1.12%	305	7	2.50%
Lomanco, Inc.	194	7	0.78%	172	9	1.41%
Arkansas Federal Credit Union	174	8	0.70%			
First Arkansas Bank & Trust	147	9	0.59%	147	10	
First Electric Co-op	130	10	0.52%			0.00%
Smurfit-Stone Container Corporation				305	6	2.50%
Conestoga Wood Specialties, Inc.				195	8	1.60%
	<u>10,778</u>		<u>43.53%</u>	<u>10,758</u>		<u>86.95%</u>

Sources: Jacksonville Chamber of Commerce
Discover Arkansas.net-Labor Force Statistics

(1) North Metro Medical Center was known as Rebsamen Medical Center prior to 2008.

CITY OF JACKSONVILLE, ARKANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN YEARS

Table 18

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
General government and administration	12	12	13	11	12	12	12	12	12	12
City council	10	10	10	10	10	10	10	10	10	10
Mayor	2	2	2	2	2	2	2	2	2	2
City clerk	2	2	2	2	2	2	2	2	2	2
City attorney	2	2	2	2	2	2	2	2	2	2
District court	5	5	5	5	5	5	5	5	5	5
Director of administration	1	1	1	1	1	1	1	1	1	1
Information technology	1	1	2	2	2	2	2	2	2	1
Finance	7	7	8	8	8	7	7	8	7	6
Human resources	3	3	3	3	3	3	3	3	3	2
Fleet services	2	2	2	3	3	3	3	3	2	2
Public works										
Public works coordinator	1	1	1	1	1	1	1	1	1	1
Engineering	3	3	3	3	3	3	4	4	4	3
Code enforcement	4	4	4	4	5	4	4	4	4	4
Parks and recreation services	47	43	43	46	45	30	40	55	35	34
Police	86	86	88	88	90	95	95	98	96	95
Fire	50	52	52	52	52	54	54	56	56	55
Emergency communication services	13	14	14	13	13	13	14	15	12	11
Animal control	6	5	6	6	6	6	6	6	5	5
Total General Fund	<u>256</u>	<u>253</u>	<u>259</u>	<u>261</u>	<u>264</u>	<u>254</u>	<u>266</u>	<u>288</u>	<u>261</u>	<u>253</u>
Community Development	3	3	2	3	2	2	2	2	1	1
Emergency Medical Services	12	12	12	12	12	11	12	12	12	12
Public Works - Street	20	20	20	22	22	18	22	18	15	14
Sanitation	23	23	24	24	24	16	18	16	15	15
Total Other Funds	<u>58</u>	<u>58</u>	<u>58</u>	<u>61</u>	<u>60</u>	<u>47</u>	<u>54</u>	<u>48</u>	<u>43</u>	<u>42</u>
Total Personnel	<u>314</u>	<u>311</u>	<u>317</u>	<u>322</u>	<u>324</u>	<u>301</u>	<u>320</u>	<u>336</u>	<u>303</u>	<u>295</u>

Source: City's Human Resource Department



CITY OF JACKSONVILLE, ARKANSAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN YEARS

Function/Program	2006	2007	2008	2009
Planning and Development				
Total building permits issued	283	290	219	217
Estimated building cost	\$ 22,160,897	\$ 29,926,144	\$ 21,592,695	\$ 14,288,536
New commercial construction permits	16	22	\$ 21,592,695	12
Commercial construction value	\$ 6,342,442	\$ 13,403,589	\$ 21,592,695	\$ 5,944,317
New residential construction permits	143	130	\$ 21,592,695	57
Residential construction value	14,725,700	\$ 15,061,748	\$ 21,592,695	\$ 6,523,000
Police				
Number of uniformed employees	76	76	76	75
Call responses	29,396	30,984	35,682	37,672
Physical arrests	4,263	4,028	4,480	4,343
Parking/traffic violations	6,711	6,130	5,244	5,472
Clearance rate - violent crimes	84.2%	72.7%	70.4%	40.5%
Clearance rate - property crimes	38.5%	28.1%	48.1%	37.0%
Fire				
Number of uniformed employees	49	51	51	51
Fire alarms	1,953	2,031	2,158	1,884
EMS alarms	2,455	2,444	2,561	2,667
Fire losses	\$ 1,553,050	\$ 199,660	\$ 983,851	\$ 785,600
Fire savings	\$ 3,221,950	\$ 958,590	\$ 2,562,150	\$ 1,833,020
911 Communications				
Ambulance land line calls	1,105	978	784	830
Ambulance wireless calls	1,350	1,466	1,828	1,938
Fire land line calls	879	812	648	635
Fire wireless calls	1,074	1,219	1,510	1,481
Police land line calls	13,228	12,394	10,705	11,302
Police wireless calls	16,168	18,590	24,977	26,370
Animal Shelter				
Animals handled	2,400	2,779	2,515	2,325
Adoptions	892	843	845	869
Rescued and released to owners	512	440	394	405
Animal cruelty investigations	354	355	107	85
Animal bite investigations	59	55	49	40
Solid Waste/Garbage collection				
Solid waste disposal monthly service rate (*2)	\$ 7.31	\$ 7.53	\$ 7.75	\$ 7.98
Refuse collected (cubic yards)	26,425	23,918	26,419	22,451
Recyclables collected,processed,and sold (tons)	590	606	615	649
Recycled yard waste (cubic yards)	30,899	30,927	38,950	33,633
Recycle drive-thru customers	6,871	7,400	7,680	10,023
Public Works				
Asphalt milling (square yards)	14,387	4,456	-	19,591
Asphalt overlay (tons)	3,610	4,064	-	5,245
Right-of-way and ditch mowing (miles)	1,850	1,850	1,850	1,850
Ditch cleaning (linear feet)	12,136	14,989	16,405	17,008
Pipe/culvert installation (linear feet)	868	710	170	1,152
Storm drain culverts cleaned/flushed (feet)	710	1,000	1,500	2,000
Roadways cleaned with street sweeper (miles)	9,318	9,318	9,318	9,318
Potholes repaired	115	148	190	247
Parks and recreation				
Total recorded parks attendance	370,000	390,000	465,114	329,462
Community Center events booked	379	321	323	323
Pool parties-indoor pool	161	195	196	192
Pool parties-outdoor pool	106	71	70	83
Swim lessons	670	1,398	1,350	1,561

Source: Various city departments

Note: Indicators are not available for the general government function.

*1 Splash Zone, a new water park, opened in 2005.

*2 Solid Waste disposal was charged per cubic yard until 2012, then it was charged per ton.

Table 19

2010	2011	2012	2013	2014	2015
224	171	228	158	150	147
\$ 20,416,524	\$ 13,250,658	\$ 28,930,558	\$ 10,620,235	\$ 11,637,357	\$ 9,244,024
27	9	3	9	3	1
\$ 10,353,317	\$ 8,412,857	\$ 16,653,110	\$ 5,335,457	\$ 5,273,746	\$ 380,000
60	31	102	32	39	43
\$ 8,665,968	\$ 3,416,000	\$ 10,687,144	\$ 4,109,500	\$ 4,749,000	\$ 5,633,017
76	76	79	80	80	77
47,895	47,217	48,167	49,659	45,587	55,199
4,362	4,007	4,050	3,804	4,040	3,363
7,865	7,146	7,399	5,996	7,278	7,731
49.7%	65.6%	44.0%	63.5%	56.7%	63.0%
30.7%	36.3%	44.8%	64.0%	44.5%	49.0%
51	53	53	55	55	67
2,640	3,129	3,129	4,141	3,752	4,485
2,841	3,125	3,216	3,120	3,541	3,847
\$ 380,450	\$ 407,600	\$ 963,342	\$ 829,630	\$ 803,495	\$ 394,220
\$ 2,630,600	\$ 990,800	\$ 1,113,900	\$ 3,014,880	\$ 2,906,079	\$ 7,949,810
852	1,406	1,447	1,404	1,593	1,731
1,989	1,718	1,769	1,716	1,948	2,116
792	1,408	1,408	1,863	1,688	2,018
1,848	1,721	1,721	2,278	2,064	2,467
14,369	21,248	21,675	22,347	20,514	24,840
33,527	25,969	26,492	27,312	25,073	30,359
2,176	2,063	1,762	1,563	1,507	1,500
915	758	564	595	795	1,032
431	416	419	374	324	324
145	156	107	73	38	27
34	39	33	35	40	40
\$ 8.21	\$ 9.60	\$ 20.98	\$ 21.40	\$ 22.40	\$ 22.40
23,648	22,503	21,027	21,542	22,393	24,774
675	665	609	579	612	557
32,816	35,768	32,910	33,456	34,529	30,636
8,474	7,500	6,696	7,826	8,156	8,140
6,111	7,113	8,308	15,513	13,286	7,314
2,554	1,655	1,956	2,574	1,623	2,226
1,850	1,850	1,850	1,850	1,850	1,850
12,906	11,398	22,322	22,322	22,240	18,422
1,423	1,000	2,158	2,577	1,500	1,065
3,000	3,000	3,000	3,000	3,000	3,000
9,318	9,318	9,318	9,318	9,318	9,318
256	241	167	202	200	225
487,600	349,525	356,321	375,000	425,000	425,000
376	325	338	350	173	187
216	128	154	227	185	272
81	107	122	113	112	126
1,656	853	1,220	1,562	1,541	1,126

CITY OF JACKSONVILLE, ARKANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN YEARS

Table 20

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-stations	1	1	1	1	1	1	1	1	1	2
Patrol units	69	69	69	69	69	69	69	69	87	82
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire trucks	4	4	4	4	4	4	4	4	5	5
Ambulances	4	4	4	4	4	4	4	4	4	4
Refuse Collection										
Collection trucks	15	18	18	18	18	18	18	18	18	18
Public Works										
Miles of Streets	117	118	119	120	120	121	121	121	121	123
Miles of Highways	43	43	43	43	43	43	43	43	43	43
Traffic signals (intersections)	24	24	24	24	24	24	24	24	17	17
Parks and Recreation										
Acreage	280	280	283	283	313	318	318	318	700	700
Number of Playgrounds	8	8	9	9	10	10	11	11	11	11
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of community centers	2	2	2	2	2	2	2	2	2	3
Number of water parks	1	1	1	1	1	1	1	1	1	1

Source: Various City departments.

Note: No capital asset indicators are available for the general government.

Compliance
Section



**Independent Auditor's Report on
Compliance With Certain State Acts**

Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

We have examined management's assertions that the City of Jacksonville, Arkansas, complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2015:

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Jacksonville, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2015.

This report is intended solely for the information and use of the governing body, management and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
September 30, 2016



**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, Arkansas

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Arkansas (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Jacksonville, Arkansas' basic financial statements, and have issued our report thereon dated September 30, 2016, which contained an emphasis of matter paragraph regarding a change in accounting principle. Our report includes a reference to other auditors who audited the financial statements of Jacksonville Municipal Water Works as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 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*.

We noted certain matters that we reported to the City's management in a separate letter dated September 30, 2016.

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.

McAlister & Associates, P.A.

McAlister & Associates, P.A.
Certified Public Accountants

Jacksonville, Arkansas
September 30, 2016

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable	

CITY OF JACKSONVILLE, ARKANSAS

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2015

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable	