



CITY OF BRYANT, ARKANSAS
Annual Financial Report

for the Year Ended December 31, 2015 with Independent
Auditor's Report

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For the Year Ended December 31, 2015

With Independent Auditor's Report

**Prepared by: Finance Department
Joy Black, CPA
Finance Director**

City of Bryant, Arkansas
Annual Financial Report
For the Fiscal Year Ended December 31, 2015

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Introductory Section

**City of Bryant
Finance Department**

**City Hall
210 S. W. 3rd Street
Bryant, Arkansas 72022**

April 20, 2017

To the Members of the Council
and Citizens of the City of Bryant, Arkansas

State law requires that all cities of the first class publish a complete set of financial statements audited by licensed, certified public accountants. Pursuant to the fulfillment of that requirement, we hereby issue the annual financial report for the City of Bryant, Arkansas, for the year ended December 31, 2015.

This report consists of management's representations relating to the finances of the City of Bryant (city). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report based on a comprehensive internal control framework that is designed for that purpose. Because the cost of internal controls should not outweigh their benefits, the object is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatement.

Jordan, Woosley, Crone & Keaton, Ltd., certified public accountants, issued an unmodified (clean) opinion on the city of Bryant's financial statements for the year ended December 31, 2015. The independent auditor's report is found at the beginning of the financial section of this report.

Profile of the City of Bryant

The City of Bryant was incorporated in 1892 as a political subdivision of the State of Arkansas. Bryant is in west central Arkansas about 15 miles southwest of the state capitol, Little Rock. The city has a total land area of 9.1 square miles and a population of 16,688 in the 2010 Census. Since 2010 Bryant has experienced substantial growth and current estimates have the population closer to 20,000.

The city has operated under the Mayoral form of government since its inception. Policymaking and legislative authority are vested in a Council consisting of the Mayor and eight other council members. The Council is responsible for, among other things, passing ordinances, adopting the budget, and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the city, for overseeing the day-to-day operations of the city and for appointing the heads of the various departments. The Council is elected on a nonpartisan basis. The Mayor is a voting member of the Council with veto power, and presides over Council meetings. Council members serve two-year terms with all eight members elected every two years. The Mayor is elected by the city at large, and the other Council members are elected by ward. There are two Council members per each of the four Wards.

The city provides a full range of services, including police and fire protection, planning and community development, parks and recreation, construction and maintenance of city streets and traffic signals, water and wastewater services, and stormwater management (MS4, Municipal Separate Stormwater System). A dedicated funding source for Stormwater was added in 2016.

The annual budget serves as the foundation for the city's financial planning and control and is the major policy document of the Council. Budget preparation begins in September, with each department developing a budget to achieve operational goals and objections pursuant to the city's strategic focus areas. Meetings are held with the Mayor, Department Heads and Council and a proposed budget for the entire city is developed. The Mayor presents the proposed budget to the Council. Work sessions are held, and a final budget is presented and adopted by Resolution in a formal Council meeting.

The appropriated budget is adopted by line item detail and consequently this level of detail becomes the legal level of control. Budget transfers between line items require the approval of the Council. Budgets for major governmental funds are in the financial section of this report.

Economic Conditions and Outlook

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

The city of Bryant began as a very small town on the outskirts of the state's capital, Little Rock. As the capital and Bryant both grew their borders became closer and closer. Bryant has developed a very strong school system and many people come to the area to participate in that school system. The Bryant School District is now much larger than the borders of the city itself so many people feel an allegiance to the City even if they do not actually live within the City limits.

The City has many municipal activities that draw people out in the community. One of the biggest events is Salt Bowl in September each year. Salt Bowl is where the Bryant School District's football team competes against the neighboring football team of Benton. Over 30,000 annually attend this event. The City in conjunction with the Chamber of Commerce also supports Fall Fest, another largely attended community event as well as a 2015 Pop Up Event held in the Heart of Bryant area on Reynolds Rd.

Although Bryant is consistently growing and maturing as a community it still has no sense of "Place." The City applied and was granted a \$1.2 million dollar grant to begin work on creating that "Place" as the Heart of Bryant, a downtown area for gathering. The Pop Up Event was a successful event to get these plans foremost in everyone's mind.

The City is bordered on all four sides and few places still exist to be annexed. To the north is Springhill which is contractually served by the City's Fire Department in exchange for annual money received. This money is tracked separately through its own department.

In 2003 the city settled with the Salem Water Users Association/Public Water Authority. This settlement is for 21 years and terminates on March 14 of 2024 unless first Salem Water Authority ceases to be an operating entity or their debts are extinguished or paid off. Under the current settlement Bryant shall pay Salem the sum of .25 cents per 1000 gallons billed by Bryant to those retail customers existing as of September 10, 2001, a total of 479 billing entities (441 Residential customers, 20 watering meters, 12 commercial establishments and 6 commercial watering meters). For other Salem water users, the city shall pay .20 cents per 1000 gallons until March 14, 2018. These funds are tracked separately in a Special Revenue Fund.

In 2005 the city entered into an agreement (Agreement dated August of 2005, Ordinance 2004-19) with the Saline County Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills). The agreement states that the City of Bryant will facilitate the pass through of a minimum of 1000 gallons and a maximum of 500,000 gallons per day of water to Woodland Hills for the price charged the City of Bryant from the Central Arkansas Water Authority (CAW). This agreement terminates 20 years from the date of the agreement on August 11, 2024.

The City has several major employers (over 100 employees). Two major employers are the City itself and the School District. Others are primarily in the Retail and the healthcare industries. For a number of years the City has seen vast growth in rooftops but has struggled to get consistent supporting commercial growth. In 2016 two bond "refinancings" were completed that will allow for the completion of a new set of on and off ramps to I30 (a major Interstate that divides the city in half from east to west) and a major connector road to the Saline County Airport (run by an autonomous Commission). These two major projects will allow for more commercial development in the future.

As a state, Arkansas' local economies are commonly supported by sales tax. Arkansas has a state sales tax of 6.5%, collected across the state. In Bryant, another 3% is collected and used by the City/local government. This sales tax makes up approximately 60% of general fund income.

Since 2012, budgets have included financing of the Police Fleet and Fire Trucks. Even though this means the City pays interest on these purchases it does guarantee a consistent budgetary place holder for these ongoing costs against depreciation. In Arkansas,

In addition to offering water and wastewater services to city residents, the city also provides those services for a significant part of the surrounding area through reciprocal agreements.

Like most cities, it is a struggle for revenues to keep pace with expenses. While Bryant has faced challenges in 2015, it is fortunate to have a variety of community-minded citizens dedicated to growing the city. It continues to attract new residents and businesses.

Acknowledgments

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

The preparation of the annual financial report is a team effort of the entire city staff, particularly the finance department staff. The city appreciates the commitment to the quality of this project and the many hours spent on the report. Credit must also be given to the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,

Jill Dabbs, Mayor

Joy Black, Finance Director

Citizens of Bryant, AR

Elected

WARD 1,
Position 1

WARD 1,
Position 2

WARD 2,
Position 1

WARD 2,
Position 2

WARD 3,
Position 1

WARD 3,
Position 2

WARD 4,
Position 1

WARD 4,
Position 2

City Clerk,
Heather McKim

City Attorney

Appointed by the Mayor

Finance
Director, Joy
Black

HR Director,
Charlotta Rue
(100)

Office of
Technology,
(110)

Director of
Planning (120)

Director of
Animal Control,
Tricia Power
(200)

Director of
Parks, Chris
Treat (400)

Fire Chief, J.P.
Jordan (500)

Police Chief,
Mark Ktzer
(600)

Director of
Code, Greg
Huggs (700)

Director of
Public Works,
Mark Grimmert

Staff
Attorney,
Chris
Madison

District Court of
Saline County,
Judge Stephanie
Cassady (800)

002 - Sales Tax Refund
003 - Franchise Fees
010 - Electronic Tax and Payroll



Bryant has operated under the Mayoral
Form of government since its inception.
(Shown to the left) Mayor Jill Dabbs has
been Mayor since 2011.

020 Animal Donations

045 - 1/8 Sales Tax
140, 141, 142 2006 Park Bonds
143, 144, 145 2007 Park Bonds

060 Police Donations

061 Act 918 of 1983
062 Act 988 of 1981 Emergency Vehicles
066 Federal Drug Control
068 State Drug Control

140 MS4

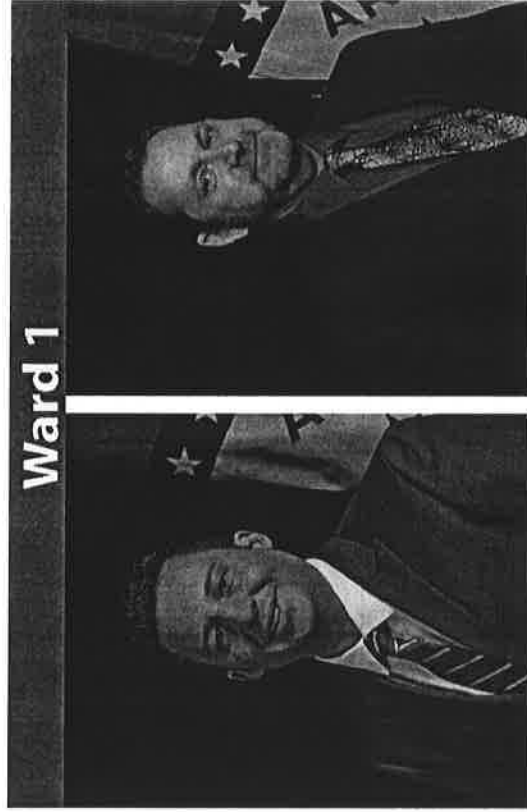
030 Act 1256 of 199
031 Act 1909 of 200

080 Street Fund
180, 181, 182 2008 Street Bonds
500 Water and Wastewater Revenues
510 Water Operating
520 Water Depreciation
525 Wastewater Depreciation
530 Sub Div Impact Water
535 Sub Div Impact Wastewater
540 Fair Share
550 Impact Water
555 Impact Wastewater
560 Salem Royalty
600, 601, 605 Water, Wastewater 2008A&B Bonds
610, 611 Wolf Creek
615 - ANRC Wastewater 2012 Bonds
620 - ANRC Water 2011 Bonds

050 Fire Donations
051 Act 833 of 1991
055 Fire 3/8 Sales Tax
059 Firemen's Pension

City of Bryant Council

ELECTED OFFICIALS



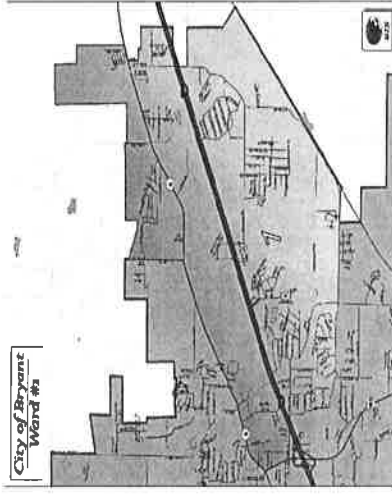
Ward 1

Position One

Lorne Gladden

Position Two

Wade Permenter



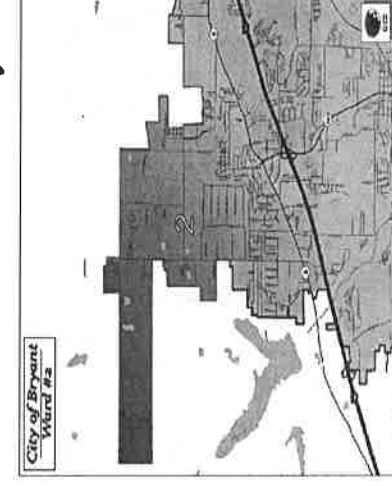
Ward 2

Position One

Mike Chandler

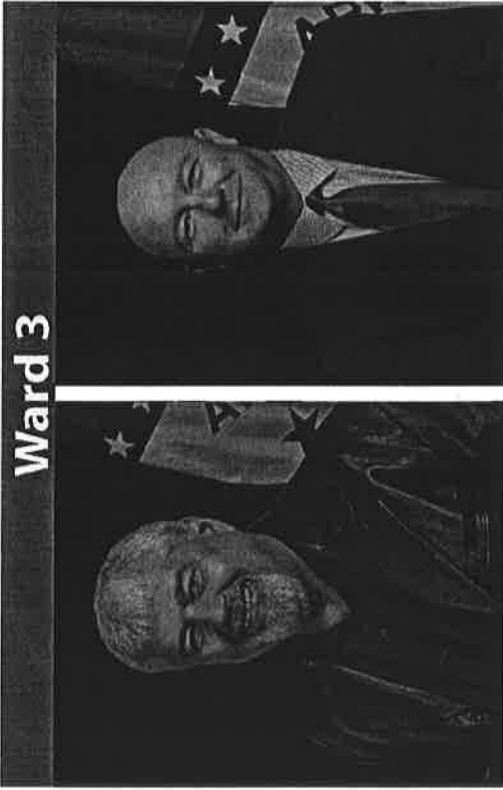
Position Two

Jerry Henson



City of Bryant Council

ELECTED OFFICIALS



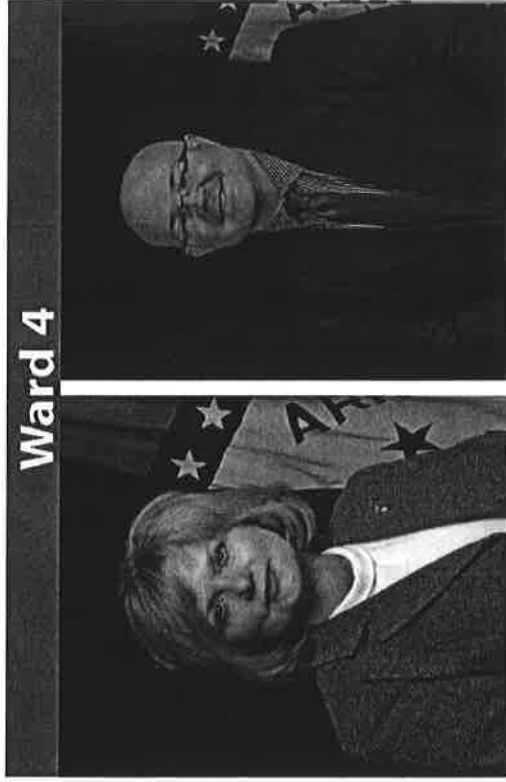
Ward 3

Position One

B.E. Higginbotham

Position Two

Rob Roedel



Ward 4

Position One

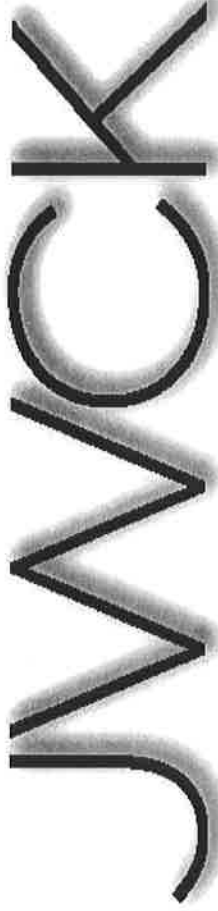
Brenda Miller

Position Two

Carlton Billingsley



Financial Section



Jordan • Woosley • Crone • Keaton • Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Bryant, Arkansas

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bryant, Arkansas, (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 the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We audited the financial statements of the Water and Wastewater funds of the City of Bryant, Arkansas which represents 63 percent, 84 percent, and 27 percent, respectively of the assets, net position and revenues of the primary government. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City Bryant, Arkansas as of December 31, 2015 and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bryant, Arkansas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our reported dated April 20, 2017, on our consideration of the City of Bryant Arkansas' 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 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 of Bryant, Arkansas' internal control over financial reporting and compliance.

April 20, 2017

Spidan Woosley Crane Keaton Ltd.

Certified Public Accountants
Hot Springs, Arkansas

126 Hobson Avenue, P.O. Box 909
Hot Springs, Arkansas 71902
(501) 624-5788 (501) 922 - 0727
Fax (501) 623-1511 www.jwck.com

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED
PUBLIC ACCOUNTANTS

Hot Springs Village Office
710 DeSoto Boulevard
Hot Springs Village, Arkansas 71909
(501) 922-1354

Basic Financial Statements

City of Bryant, Arkansas
Government Wide Statement of Net Position
 December 31, 2015

	Modified Cash Basis Governmental Activities	GAAP Basis Business-type Activities
ASSETS		
Cash and cash equivalents	10,628,467	7,283,424
Investments	719,519	642,905
Accounts receivable(net of allowance for uncollectibles)	971,591	1,602,819
Restricted assets		33,065,577
Fixed Assets	11,706,447	42,594,725
Total Assets	24,026,024	
DEFERRED OUTFLOWS OF RESOURCES		
Deferred cost of refunding	162,513	176,476
Unamortized discount - bond expense	1,191,383	182,785
Deferred pension contributions	1,353,896	129,051
Total Deferred Outflows of Resources	2,707,792	488,312
LIABILITIES		
Accounts payable	386,665	666,482
Customer deposits payable		565,760
Accrued interest		91,014
Lease payable	553,958	-
Short Term Portion of Long Term Debt	2,195,000	1,118,948
Other liabilities	18,485	9,447
Total current liabilities	3,154,108	2,451,651
Due in more than one year:		
Bond payable	12,610,000	18,434,830
Lease payable	177,067	
Contract Payable		682,716
Net OPEB Obligation	43,205	
Net Pension Liability	8,432,870	795,188
Total noncurrent liabilities	21,263,142	19,912,734
Total Liabilities	24,417,250	22,364,385
DEFERRED INFLOWS OF RESOURCES		
Deferred pension experience gains	419,640	91,584
NET POSITION		
Net investment in capital assets	11,332,548	13,834,245
Restricted for:		
Debt Service	(12,188,963)	
Public safety	5,787,139	
Public works	2,719,364	394,193
Parks	164,113	
Unassigned	(7,271,171)	
Total net position	543,030	20,627,068

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Government Wide Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Operating		Primary Government		
		Charges for Services	Grants and Contributions	Capital	Governmental Activities (Modified Cash Basis)	Business-type Activities (GAAP Basis)
Governmental activities (Modified Cash Basis):						
General government	\$ 1,866,065	\$ 1,882,440		\$ 16,375	\$	\$ 16,375
Community development	194,017	8,118		(185,899)		(185,899)
Parks and recreation	2,122,505	1,170,551		(951,954)		(951,954)
Public safety	7,778,347	1,269,379	46,239	(6,462,729)		(6,462,729)
Public works (Street)	2,285,482	276,627		(2,008,855)		(2,008,855)
Long Term Debt	783,088			(783,088)		
Total governmental activities	15,029,503	4,607,115	46,239	(10,376,150)		\$ (10,376,150)
Business-type activities (GAAP Basis):						
Water	2,956,826	3,242,218			285,392	285,392
Wastewater	2,413,173	3,963,656			1,550,483	1,550,483
Non-operating Water	585,842	70,704			(515,138)	(515,138)
Non-operating Wastewater	186,283	53,073			(133,210)	(133,210)
Total business-type activities	6,142,124	7,329,651			1,187,527	1,187,527
Total primary government	21,171,627	11,936,766	46,239	(10,376,150)	1,187,527	(9,188,623)
Sales taxes				12,906,179		12,906,179
Property tax				2,135,035		2,135,035
State turnback proceeds				524,415		524,415
Investment earnings				31,151		31,151
Transfers				(522,582)		(522,582)
Total general revenues and transfers				15,074,198		15,074,198
Change in net position				4,698,048	1,187,527	5,885,575
Net position - beginning				(635,486)	19,439,541	18,804,055
Net position - ending				\$ 4,062,562	\$ 20,627,068	\$ 24,689,630

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Balance Sheet - Modified Cash Basis
Governmental Funds
 December 31, 2015

	Special Revenue			Total Governmental Funds
	General Fund	Street Fund	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 5,117,630	\$ 1,745,818	\$ 2,239,780	\$ 9,103,228
Accounts receivable	118,537	183,836	460,453	762,827
Total assets	<u>5,236,167</u>	<u>1,929,655</u>	<u>2,700,233</u>	<u>\$ 9,866,055</u>
LIABILITIES				
Accounts payable	244,307	140,622	1,737	386,666
Accrued expenditures			357,126	357,126
Unearned revenue			18,485	18,485
Total liabilities	<u>244,307</u>	<u>140,622</u>	<u>377,349</u>	<u>\$ 762,277</u>
FUND BALANCES				
Unrestricted				
Prepays and Inventories				
Restricted				
LOPFI	4,558,699			4,558,699
Capital projects				
Public works		1,789,032	930,332	2,719,364
Public safety			1,228,440	1,228,440
Other - Parks 1/8 fund			164,113	164,113
Committed				
Assigned				
Unassigned	433,161			433,161
Total fund balances	<u>4,991,860</u>	<u>1,789,032</u>	<u>2,322,885</u>	<u>\$ 9,103,777</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,236,167</u>	<u>\$ 1,929,654</u>	<u>\$ 2,700,234</u>	<u>\$ 9,866,054</u>

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances Modified Cash Basis
Governmental Funds
For the Year Ending December 31, 2015

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,085,144	\$ 1,548,426	\$ 6,309,985	\$ 12,943,555
Fees and permits	272,716			272,716
Membership and Rental Fees, Park Programming	907,407			907,407
Grant Revenues	46,239			46,239
Reimbursements	369,518		3,965	373,483
Sale of services	1,610,003			1,610,003
Fines and forfeitures	567,859		75,656	643,515
Investment earnings	1,883	2,927	1,013	5,823
Misc. *	523,343	276,627	20	799,990
Total revenues	9,384,112	1,827,981	6,390,639	\$ 17,602,733
EXPENDITURES				
Current:				
General Government	878,684			878,684
Planning	194,017			194,017
Parks and recreation	2,018,303			2,018,303
Public safety	7,591,690		115,929	7,707,619
Public works	4,747	1,185,534	33,380	1,223,661
Debt service:				0
Interest and other charges	19,457		-	19,457
Depreciation	987,381	253,040		
Capital outlay	174,928	808,780		983,708
Total expenditures	11,869,206	2,247,354	149,309	\$ 14,265,870
Excess (deficiency) of revenues over (under) expenditures	(2,485,094)	(419,374)	6,241,330	3,336,863
OTHER FINANCING SOURCES (USES)				
Transfers in	8,861,120	1,073,100		9,934,220
Transfers out	(4,964,983)		(5,679,000)	(10,643,983)
Total other financing sources (uses)	3,896,137	1,073,100	(5,679,000)	(709,763)
Changes in fund balances	1,411,043	653,726	562,331	2,627,100
Fund balance - beginning	3,580,817	1,135,306	1,760,554	6,476,677
Fund balance - ending	\$ 4,991,860	\$ 1,789,032	\$ 2,322,885	\$ 9,103,777

The notes to the financial statements are an integral part of this statement.

*Sale of Equip, Donations and Sponsorships

City of Bryant, Arkansas
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual
For the Year Ended December 31, 2015

	Budgeted				Variance with Final Budget
	Original	Final	Actual	Actual	Positive (Negative)
REVENUES					
Sales Tax	\$ 4,615,000	\$ 4,648,600	\$ 5,085,144	\$ 5,085,144	436,544
License, Permits, and Fees	174,400	268,025	272,716	272,716	4,691
Other (Membership Fees, Rental Fees, Park Program Fees)	974,450	904,750	907,407	907,407	2,657
Grant Revenue	86,500	67,700	46,239	46,239	(21,461)
Reimbursements (SRO, Court, Code)	408,000	408,250	369,518	369,518	(38,732)
Sale of services	1,165,000	1,355,750	1,610,003	1,610,003	254,253
Fines and forfeitures	558,100	582,100	567,859	567,859	(14,241)
Investment earnings	622	1,622	1,883	1,883	261
Miscellaneous (Sale of equip, Donations, Sponsorships)	194,550	537,150	523,343	523,343	(13,807)
Total revenues	8,176,622	8,773,947	9,384,112	9,384,112	610,165
EXPENDITURES					
Admin (Mayor, City Clerk, Finance, Attorney, HR, IT)	933,878	1,002,906	878,684	878,684	124,222
Planning	227,968	225,318	194,017	194,017	31,301
Parks and Recreation	2,270,770	2,518,757	2,018,303	2,018,303	500,454
Public Works- Stormwater	25,000	17,500	4,747	4,747	12,753
Public Safety:					
Police	4,099,882	4,125,301	3,748,319	3,748,319	376,982
Fire	3,407,790	3,647,324	3,028,636	3,028,636	618,688
Court	414,147	408,009	372,559	372,559	35,450
Code	267,471	282,433	274,437	274,437	7,996
Animal	383,878	389,778	362,123	362,123	27,655
Total Public Safety	8,189,289	8,852,845	7,786,074	7,786,074	1,066,770
Depreciation	0	0	987,381	987,381	(987,381)
Total expenditures	12,030,784	12,617,326	11,869,206	11,869,206	748,119
Excess (deficiency) of revenues over expenditures					
OTHER FINANCING SOURCES (USES)					
Transfers in	8,861,120	8,861,120	8,861,120	8,861,120	(0)
Transfers out	(5,000,120)	(5,002,820)	(4,964,983)	(4,964,983)	37,837
Loan proceeds					0
Total other financing sources and uses	3,861,000	3,858,300	3,896,137	3,896,137	37,837
Net change in fund balance	6,838	14,921	1,411,043	1,411,043	(100,117)
Fund balances - beginning			3,580,817	3,580,817	
Fund balances - ending			4,991,860	4,991,860	

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Street Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual
For the Year Ended December 31, 2015

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,735,000	\$ 1,735,000	\$ 1,548,426	\$ (186,574)
Investment earnings	100	2,750	2,927	177
Miscellaneous	-	276,627	276,627	0
Total revenues	1,735,100	2,014,377	1,827,981	(186,397)
EXPENDITURES				
Public works:				
Street				
Personnel	905,729	896,028	872,920	23,107
Services (Building, Grounds, Veh, and Operations)	695,350	503,465	409,338	94,127
Supplies	47,500	127,650	84,078	43,572
Professional Services	148,180	236,127	169,746	66,381
Misc	12,500	37,477	35,390	2,087
Capital Outlay	982,000	1,163,916	317,366	846,550
Depreciation	-	-	253,040	(253,040)
Interest Expense	-	527,000	105,477	421,523
Total expenditures	2,791,259	3,491,663	2,247,355	1,244,308
Excess (deficiency) of revenues over (under) expenses	(1,056,159)	(1,477,286)	(419,375)	(1,430,705)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,073,000	1,073,000	1,073,100	100
Total other financing sources (uses)	1,073,000	1,073,000	1,073,100	100
Net change in fund balance	16,841	(404,286)	653,725	(1,430,605)
Fund balance - beginning			1,135,306	
Fund balance - ending			\$ 1,789,031	

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Statement of Cash Flows - GAAP Basis
Proprietary Funds
For the Year Ended December 31, 2015
Business Type Activities - Enterprise Funds

Cash flows from operating activities	
Receipts from customers	\$ 6,639,054
Payments to employees	(1,425,288)
Payments to suppliers	(1,932,137)
Net cash provided by operating activities	<u>3,281,629</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(2,796,584)
Proceeds from capital debt	1,639,844
Interest paid on capital debt	(768,073)
Principal paid on capital debt	(699,094)
Other receipts	(46,186)
Revenue from debt-service surcharge/impact fees	116,682
Net cash used in capital and Related Financing Activities	<u>(2,553,411)</u>
Cash flows from Investing Activities	
Interest	2,873
Investment loss	-
Net cash used in capital and related financing activities	<u>2,873</u>
Increase in cash and cash equivalents	731,091
Cash and cash equivalents -- January 1	8,155,152
Cash and cash equivalents -- December 31	<u><u>\$ 8,886,243</u></u>

*Current assets December 31, 2016 \$7,283,424; restricted assets \$1,602,819

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Agency Funds
Statement of Fiduciary Net Position Modified Cash Basis
 December 31, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 173,795
Total assets	173,795
LIABILITIES	
Accounts payable	173,795
Total liabilities	173,795

The notes to the financial statements are an integral part of this statement.

City of Bryant, Arkansas
Agency Funds

Statement of Changes in Fiduciary Net Position Modified Cash Basis
For the Year Ended December 31, 2015

	<u>Agency Funds</u>
REVENUES	
Fines and Forfeitures	\$ 370,932
Reimbursement	5,427
Interest Revenue	11,693
Total Revenues	<u>388,052</u>
EXPENSES	
Personnel Expense	104,169
Operations Expense	366,221
Interest Expense	889
Total Expenses	<u>471,280</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity. The City of Bryant, Arkansas (city), is organized as a political subdivision of the State of Arkansas and is a city of the first class, which is organized and exists under the laws of the State. The city operates under the Mayorial form of government. The City has no component units, which are legally separate organizations fiscally dependent on the City or for which the City is financially accountable.

Government-Wide and Fund Financial Statements. The government-wide financial statements (i.e., the statements of net position and changes in net position) report information on all of the non-fiduciary activities of the primary government. The governmental activities financial statements are presented on the modified cash basis of accounting; the business-type activities financial statements are presented on the GAAP basis accounting. The government-wide statements present these activities in a separate columnar format. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the fund financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long term liabilities such as debt and compensated absences are also not reported.

Measurement Focus, Basis of Accounting and Financial Statement Presentation. The government-wide and fiduciary financial statements are reported using the economic resources measurement focus and the cash basis of accounting and the proprietary fund financial statements are reported using GAAP. Agency funds do not have a measurement focus and are reported on the cash basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Government fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under the accrual method.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered susceptible to accrual and are recognized as current period revenues. All other revenue items are considered to be measurable and available only when the city receives cash.

The city reports the following major governmental funds:

General Fund is the city's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. For the purposes of this report this holds also the Sales Tax Fund, Police Donation Fund, Fire Donation Fund, and the Franchise Fee Fund.

Street Fund is a special revenue fund to account for all activities associated with maintaining and constructing streets. Arkansas statutes that provide funding for street and drainage projects require that these activities be accounted for separately. The Street Fund is financed by state turnback funds, and a portion of a state-wide 1/2 cent sales tax approved by the voters in July 2013.

The city reports the following major proprietary funds:

Water Fund is used to account for activities associated with collecting, treating and distributing drinkable water to customers.

Wastewater Fund is used to account for activities associated with collecting, treating and disposing sewage from customers.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Agency Funds account for activities in the following areas:

- a. Administration of Justice Fund - ACA 16-10-308, Act 1256 of 1995, established that city's would receive a share of the uniform court costs and filing fees levied by the state law. These may be used to defray a part of the expenses of the administration of justice in the City. These funds are kept and spend from this fund.
- b. Firemen's Pension Fund - ACA 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
- c. Electronic Tax Fund was established by the City to receive electronic transfers from federal and state agencies as well as administer payroll.

The nonmajor funds of the city are special revenue funds, and debt service capital projects funds used to account for activities associated with revenue sources restricted for specified purposes as follows:

Special revenue funds include:

- a. District Court Automation Fund (Act 1809) ACA 16-13-704 established that \$2.50 per month on each person fined the court can only be used for court-related technology. These funds are kept and spent from this fund.
- b. Fire Equipment and Training Fund (Act 833) is used to account for specific revenues per ACA 14-284-403, 404 which requires insurance premium tax funds to be distributed by the County to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire department facilities, and insurance for buildings and utilities costs.
- c. Special Sales Tax Fire 3/8 Fund - Bryant City Code 2.36.07 (2013) levied a .375 % sales and use tax to be used to operate and maintain; acquire apparatus and equipment; acquire, construct, improve, and expand facilities; to pay and secure repayment of fire department bonds.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

- d. Special Sales Tax Parks 1/8 Fund - Bryant City Code 12.32.01 (2013) levied a .125 % sales and use tax to be used to acquire, construct, improve, expand, equip, furnish, operate and maintain new or existing park and recreational facilities, including parking, landscaping, signage, lighting, concession, road and utility improvements, and to pay and secure the repayment of park and recreational bonds.
- e. Animal Control Donations Fund Bryant City Code 6.12.01 (2013) established fund to receive donations for the animal control department to be used for any purpose reasonably related to the care, custody, and control of animals secured by the department including training, education, and assistance.
- f. Designated Tax Fund - Bryant Ordinance no. 1996-08 (March 25, 1996) provided for the levy of a one cent sales and use tax for the purpose of street improvements (30%), fire department (25%), police department (25%), city parks (10%), and animal control (10%).
- g. Police Equipment Fund (Act 918) ACA 12-41-701 established the ability of cities to receive a portion of fines and penalties from the Courts to be used for law enforcement purposes. These funds are kept and spent from this fund.
- h. Police Equipment Fund (Act 988) ACA 27-22-103 established the ability of cities to receive the fine for citizens who fail to insure their motor vehicles and use those fines for the purchase and maintenance of rescue, emergency medical, life and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life saving medical apparatus, and law enforcement apparatus.
- i. Drug Controls Funds State and Federal ACA 5-64-505 established that asset forfeitures resulting from drug offense cases should go to the arresting agency. These revenues shall only be used for law enforcement purposes.

The nonmajor, capital project fund reported by the city is:
Street Bond 2008 Construction Fund is used to overlay Lincoln, Roosevelt and Madison roads during 2015.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges among the city's wastewater and water functions and various other functions of the city. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position or Equity

Deposits and Investments. The city's cash and cash equivalents are considered as cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the city to invest in obligations of the United States government, commercial paper and certain corporate bonds. Investments for the city are reported at fair value.

Restricted Assets. The proprietary fund types restrict assets on the balance sheet in accordance with the requirements of bond obligation agreements, donor and membership restrictions and support obligations made by the city. The Bond Depreciation Fund is used to restrict resources and set aside funds to finance capital asset renewals and replacements. The assets consist primarily of cash and short-term investment funds.

Capital Assets. Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities. The city defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair-market value at the date of donation.

Infrastructure are long-lived assets that are stationary in nature such as streets, bridges, street lighting and sidewalks. Costs of normal maintenance and repairs that do not add to the value or materially extend the life of the asset are not capitalized.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets being constructed.

Property, plant and equipment of the city are depreciated using the straight-line method over the following, estimated useful lives:

Asset	Primary Government Years
Buildings	40
Building improvements	20
Public domain and system infrastructures	50 and 30 respectively
Vehicles	5-10

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt-service expenditures in the year of issuance in accordance with GASB 65.

Fund Equity. Beginning with fiscal year 2011, GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was enacted by GFOA. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and other levels of government), through constitutional provisions or by enabling legislation.

Committed - amounts constrained to a specific purpose by the city itself, using its highest level of decision making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the city takes the same highest level action to remove or change the constraint (i.e. Resolution).

Assigned - amounts the city intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned - amounts that are available for any purpose. Positive amounts are reported in the general fund and Water/Wastewater Funds.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

The city's goal is to use restricted, committed, or assigned amounts first, before unrestricted, when an expenditure is incurred for purposes for which multiple classifications are available. The city does not currently have an adopted fund balance policy. Each month at the council meetings Council is given a report on the cash balances in the bank accounts. For several years it has been the unofficial policy to maintain 120 days of cash in the bank at a minimum.

Property Taxes - A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas.

NOTE 2: Deposits and Investments - Governmental Funds only, see separate Water Department Report Utility Deposit and Investment Details.

Deposits and Investments. The city's deposits and investments are governed by state law. At December 31, 2015, the deposits and investments held by the city were as follows:

	Carrying Value
Demand	10,627,567
Cash on hand	900
<u>Total Deposits</u>	<u>10,628,467</u>
Investments - US Agency Obligations	719,519
<u>Total Deposits and Investments</u>	<u>11,347,986</u>

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The city does not have a policy for custodial credit risk. It's investments are handled by the bond trustees in accordance with Arkansas State statutes for Municipal funds. The carrying amount of the entire city's deposits was \$10,627,567, with a corresponding bank balance of \$11,356,625 (including cash on hand). Of this amount \$10,856,625 were subject to custodial credit risk. The City has, however, collateralized pledged securities held by and in the name of Regions Bank and the Bank of the Ozarks in excess of amounts not covered by FDIC insurance.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2015

NOTE 3: Capital Assets. Capital asset activity for the year ended December 31, 2015, was as follows:

Street Fund	Balance			Disposals	Balance
	January 1	Additions	December 31		
Capital Assets Not Being Depreciated					
Land	\$ 27,858		\$ 27,858		\$ 27,858
Construction in Progress	-	336,916	-		336,916
Total Capital Assets Not Being Depreciated	27,858	336,916	-		364,774
Capital Assets Being Depreciated					
Buildings	135,122				135,122
Vehicles	940,818	345,309			1,286,127
Heavy Machinery	1,073,849	21,080			1,094,929
Roads & Bridges	1,272,180	105,477			1,377,657
Total Capital Assets Being Depreciated	\$ 3,421,969	471,866	-	\$ 3,893,835	
Less Accumulated Depreciation	(2,518,478)	(253,040)	-	(2,771,518)	
Net Street Fund Capital Assets	\$ 903,491	218,826	-	\$ 1,122,317	
General Fund					
Land	\$ 1,891,449				\$ 1,891,449
Total Capital Assets Not Being Depreciated	\$ 1,891,449	\$ -		\$ 1,891,449	
Park Facilities	2,347,058	104,201			2,451,259
Buildings	6,780,176				6,780,176
Vehicles	5,411,380	70,727			5,482,107
Equipment	2,745,938				2,745,938
Total Capital Assets Being Depreciated	\$ 17,284,552	174,928	-	\$ 17,459,480	
Less Accumulated Depreciation	(8,144,192)	(987,381)	-	(9,131,573)	
Net General Fund Capital Assets	9,140,360	(812,453)	-	8,327,907	
Total Governmental Fund Assets	\$ 10,043,851	(593,627)	-	\$ 9,450,224	

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)
 December 31, 2015

	Balance January 1	Additions	Disposals	Balance December 31
<u>Business-Type Activities</u>				
<u>Capital Assets Not Being Depreciated</u>				
Construction in progress	\$ 502,132	\$ 2,293,249	\$ (479,763)	\$ 2,315,618
Land	43,338			43,338
Total Capital Assets Not Being Depreciated	\$ 545,470	\$ 2,293,249	\$ (479,763)	\$ 2,358,956
<u>Capital Assets Being Depreciated</u>				
Buildings	732,724			732,724
Improvements other than buildings	36,726,948	562,890		37,289,838
Machinery and equipment	3,963,812	417,761		4,381,573
Office Furniture and Fixtures	269,145			269,145
Water Storage Agreement	1,264,056			1,264,056
Total Capital Assets Being Depreciated	\$ 42,956,685	\$ 980,651	\$	\$ 43,937,336
Less Accumulated Depreciation	11,839,424	1,391,291		13,230,715
Net Business Assets Being Depreciated	31,117,261			30,706,621
Net Business Capital Assets	\$ 31,662,731	\$ 1,882,609	\$ (479,763)	\$ 33,065,577

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)
 December 31, 2015

NOTE 4: Debt

Legal Debt Limits for Property Tax Secured Bonded Debt equals 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. The City has no property tax secured bond issues. Short-Term Financing Obligations are subject to a constitutional limitation of equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. The City is well below their limitation.

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, providing a method for cities and counties to obtain short-term financing. The law requires permissible items to have an expected useful life of over one year and requires that the financing not exceed five years and that interest and principal repayments be made from general revenues. The City of Bryant has several notes that have been issued pursuant to this authority, see those with payments during 2015 listed below in order of first to be paid off.

2011 Bishop Park Scoreboard Financing Note - The \$387,005 promissory note was issued from Regions Bank on May 24, 2010 to finance the cost of acquiring Scoreboards for Bishop Park. Principal and interest payments of approximately \$87,911 are paid annually, interest rate 4.40%.

2011 City Hall/Admin Property Acquisition - The \$181,500 promissory note dated November 30, 2011 from the Bank of the Ozarks was issued to finance the cost of acquiring 15 acres of land. Principal and interest payments of approximately \$39,949 are paid annually, interest rate of 3.28%.

2012 Police Cars Financing Note - The \$1.3 million promissory note was issued by Iberia Bank, April 9, 2012, to finance the cost of acquiring a new Police Car Fleet. Principal and interest payments of \$338,929 (1.70%) are paid annually for four years from the General Fund.

2014 Fire Truck Financing Note - The \$813,981 promissory note from Kansas State Bank was issued to finance on January 30, 2013 (1st payment April 1st), the cost of acquiring three E-One Typhoon Pumper Trucks. Principal and interest payments of approx. \$14,568 are paid monthly for 59 months at 4.15%.

Note Payable 5 year payment schedule

	Principle	Interest
2016	546,932	7,026
2017	171,870	5,197
2018	0	0
2019	0	0
2020	0	0
Total	718,802	12,223

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2015

Business-Type Activities

Arkansas Water and Sewer Refunding Revenue Bonds, Series 2008A & 2008B - These bonds were issued for the purpose of refunding the Series 2003 bonds. The interest rates range from 3% to 5.5%. Original face value of the bonds was \$3,800,000 for the Series A bonds and \$4,885,000 for the Series B Bonds. Principal payments are due annually on December 1, and interest payments are due semi-annually on June 1, and December 1. These bonds were issued on December 1, 2008, with a face value of \$8,685,000. Bond Advance Refunding - The Department issued the bonds to advance refund \$9,600,000 of the outstanding Series 2003 and 2005 revenue bonds with various interest rates. The Department used the net proceeds along with other resources to purchase U. S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2005 series bonds. As a result, that portion of the 2005 series bonds is considered defeased, and the Department has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$4,610,000 at December 31, 2008.

Bond Payable-Loan Advances-Arkansas Natural Resource Commission (ANRC)

Bond payable water and wastewater revenue bond series 2011 original face value of the bonds was \$6,500,000. Bond proceeds advanced as of December 31, 2015, are \$6,133,414. The interest rate is 1.95% with a 1% service fee. Principal and interest payments began April 15, 2014.

Bond payable water and wastewater revenue bond series 2012 original face value of the bonds \$8,500,000. Bond proceeds advanced as of December 31, 2015 \$7,171,578. The interest rate is 1.95% with a 1% service fee. Principal and interest payments began April 15, 2015.

Government-Type Activities

City of Bryant, Arkansas Sales and Use Tax Series 2006. These bonds were issued September 1 of 2006, with a face value of \$8,850,000 for the purpose of funding a portion of the costs of acquiring, constructing, equipping, and furnishing park and recreational improvements. These bonds are secured by a pledge of the sales and use tax of the city. The interest rates range from 3.75% to 4.75%. Principal payments are due annually on September 1, and interest payments are due semiannually on March 1 and September 1.

City of Bryant, Arkansas Sales and Use Tax Series 2007. These bonds were issued September 1, of 2007, with a face value of \$8,140,000 for the purpose of funding a portion of the costs of acquiring, constructing, equipping, and furnishing park and recreational improvements. These bonds are secured by a pledge of the sales and use tax of the city. The interest rates range from 3.5% to 4.20%. Principal payments are due annually on September 1, and interest payments are due semiannually on March 1 and September 1.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2015

City of Bryant, Arkansas Capital Improvement Refunding and Construction Revenue Bonds, Series 2010. These bonds were issued on March 1, 2010, with a face value of \$5,725,000 for the purpose of refunding, financing a portion of the costs of accomplishing the park and recreational improvements, funding a debt service reserve and pay cost of issuance of Series 2010 Bonds. These bonds are secured by a pledge of all of the franchise fees charged to public utilities for the privilege of using the streets, highways, and other public places in the City. The interest rates range from 4.875% to 5%. Principal payments are due annually on February 1, and interest payments are due semiannually on February 1 and September 1.

NOTE 5: Other Information Including Risk Management

During the course of daily operations, the city is exposed to various risks of loss relating to theft of, damage to or destruction of assets, errors and omissions, injuries to employees and natural disasters. The city has tort immunity except in the case of civil-rights issues. The city manages these risks by following coverage procedures.

The city participates in the Arkansas Municipal League insurance program (Program) for the coverage in the following areas:
Municipal League Defense Program - This insurance program 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 is a participant in a funded trust with pooled risk involving cities in Arkansas. The coverage of each case is at the sole discretion of the program's administrator. The maximum coverage of any one loss cannot exceed 25% of the programs fund reserve; therefore, the city could be at risk if any suit against the city exceeds 25% of the program's reserve. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

See independent auditors report.

NOTES TO FINANCIAL STATEMENTS

(continued)

December 31, 2015

Municipal Property Program - This insurance program provides coverage for insurable property and equipment exclusive of motor vehicles and water vessels that belong to the participating municipality and for which coverage has been applied and approved. The limit of the program's liability is 1) actual cash value, or 2) the cost to repair or replace the property of like kind and quality, or 3) the applicable limit of liability stated in the enumeration schedule, or 4) 25% of the program's available funds at the time of settlement. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000.

Municipal Vehicle Program - A. Liability - The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City. B. Physical Damage - The City shall pay into the program each year a charge established annually by the program administrator for covered property.

Workers' Compensation - This insurance program provides compensation to employees in the event of injury suffered while conducting city business. The program covers all statutory requirements and the city's risk of loss is effectively transferred. Rates are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Contingent Liabilities - Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time. The city expects disallowed claims, if any, to be immaterial. The city is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the city's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the city.

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

Post-Employment Benefits. Other post-employment benefits for city employees are limited to health insurance continuation coverage under federal law (COBRA) providing all costs associated with the benefits are borne by the electing participant.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)
 December 31, 2015

NOTE 6: Employee retirement systems and pension plans-

Pension Plans - Primary Government. The city participates in retirement plans that cover all full-time employees. The city's municipal judges and clerks participate in a pension and retirement plan maintained in the city's trust funds. The city's uniformed police and fire personnel participate in the Local Police and Fire Retirement System (LOPF). All other city employees are covered under the Arkansas Public Employees Retirement System (APERS).

Arkansas District Judge Retirement System

Plan Description. Acts 1374 and 1375 of 2003 established the Arkansas District Judge Retirement System (ADJRS), a cost sharing multiple employee plan. This retirement system became effective January 1, 2005. The legislation merged the city's administered pension plan with the new pension system. In 2005, the city forwarded assets totaling \$197,991 to the system. The city funds retirement through retirement matching of judges' and clerks' salaries through the Court's Operating Fund. ADJRS provides for the retirement of all district court judges who are not covered under the Arkansas Public Employees Retirement System (APERS). District court judges first hired after January 1, 2005 are covered by ADJRS. The system provides retirement benefits for district judges and court clerks, who retired from the local retirement plans, and their survivors. A deferred benefit was established for all district judges and court clerks in the local plans that were active on December 31, 2004. These deferred annuities will be eligible for a benefit when they meet the eligibility requirements for their previous, local plans. The statutes providing for and covering the ADJRS are in chapters two and eight of Title 24 of the Arkansas Code Annotated. The administration and control of the system is vested in the board of trustees. The Arkansas District Judge Council and the governor appoint the board. The city's financial information is in the annual report of ADJRS. A copy of the report can be obtained by writing to ADJRS, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201.

Summary of Significant Accounting Policies - Basis of Accounting and Valuation of Investments. The Arkansas District Judge Retirement System is accounted for using the accrual basis of accounting. Revenues are recognized when earned, without regard to date of collection; and expenses are recognized when a liability is incurred, regardless of when payment is made. Investments are reported at market value determined by the custodial agent. The agent's determination of market value includes, among other factors, using pricing services or process quoted at current exchange rates by independent brokers.

Funding Policy. Employees' contribution rate is five percent of annual, covered salary. The contribution requirements of the city are established and can be amended by the State.

<u>Year</u>	<u>January - June Rate</u>	<u>July - December Rate</u>
2013	23.35%	24.72%
2014	24.72%	25.80%
2015	25.30%	25.09%

At implementation, an actuarial valuation was performed. As of June 30, 2015 the City's unfunded liability was \$63,009. The city will pay this deficit over a 30 year amortization, with payments being due to ADJRS by December 31 of each year. The valuation changes as the city changes judges, therefore changing the annual payment. The 2015 payment was \$5,960.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)
 December 31, 2015

Local Police and Fire Retirement System (LOPFI)

Plan Description. LOPFI is a statewide cost sharing multiple-employer defined-benefit pension plan administered in accordance with Act 364 of the 1981 Arkansas General Assembly for units of local governments covering police officers and firefighters. The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the Plan. The city's financial information is in the annual report of LOPFI. A copy of the report can be obtained by writing to LOPFI, 620 West 3rd Street, Suite 200, Little Rock, Arkansas 72201 or on their website at www.lopfi-prb.com or calling 866-859-1745.

Contributions requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 25.33% for participating policemen and 19.58% for participating firemen. City contributions for 2015 to the Plan were \$535,203.

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

At December 31, 2015, the LOPFI Police and LOPFI Fire reported a liability of \$2,430,388 and \$2,391,273, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The City's proportionate share was .67136% and .66056% respectively, for LOPFI Police and LOPFI Fire which are unchanged from the prior year. The allocation percentages are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended December 31, 2014. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>LOPFI Police</u>		
Differences between expected and actual experience		\$ 1,878
Difference between Expected and actual investment earnings	51,241	
on pension plan investments	282,751	
Contributions subsequent to the measurement date		
Total	<u>\$ 333,992</u>	<u>\$ 1,878</u>
<u>LOPFI Fire</u>		
Differences between expected and actual experience		\$ 1,847
Difference between Expected and actual investment earnings	50,417	
on pension plan investments	252,452	
Contributions subsequent to the measurement date		
Total	<u>\$ 302,869</u>	<u>\$ 1,847</u>

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)
 December 31, 2015

Local Police and Fire Retirement System (LOPFI)

At December 31, 2015, LOPFI Police and LOPFI Fire reported \$282,751 and \$252,452 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2015, related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	LOPFI Police Net Deferred Outflow of Resources	LOPFI Fire Net Deferred Outflow of Resources
2016	\$ 12,322	\$ 12,124
2017	12,322	12,124
2018	12,322	12,124
2019	12,397	12,148
	<u>\$ 49,363</u>	<u>\$ 48,520</u>

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:

Inflation	LOPFI - Police and Fire
Salary increases	3.00%
Investment rate of return	4.50%
Actuarial cost method	8%
Average valuation method	Entry age normal
	20% corridor

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2011. As a result of the 2011 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2014 actuarial evaluation to more closely reflect actual experience.

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City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)

December 31, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic fixed income	30%	2.97%
Domestic equity	33%	5.88%
International equity	6%	1.50%
Foreign equity	7%	6.25%
Index	11%	6.73%
Alternatives	10%	6.13%
Cash	3%	-0.04%
	<hr style="width: 100%; border: 0.5px solid black;"/> 100%	

Discount Rate

A single discount rate of 8 percent 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 percent. 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City's net pension liability, calculated using a single discount rate of 8 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or

LOPFI - Police	1% Decrease	8% Current	1% Increase
Net pension liability	7.0%	8%	9%
	<hr style="width: 100%; border: 0.5px solid black;"/> \$4,280,062	\$2,430,388	<hr style="width: 100%; border: 0.5px solid black;"/> \$915,058
LOPFI - Fire	1% Decrease	8% Current	1% Increase
Net pension liability	7%	8%	9%
	<hr style="width: 100%; border: 0.5px solid black;"/> \$4,211,177	\$2,391,273	<hr style="width: 100%; border: 0.5px solid black;"/> \$900,331

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City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2015

Arkansas Public Employee Retirement System (APERS) –

Plan description. APERS is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this plan, college and university employees, and certain non-teaching school employees. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration. Benefits and contribution provisions are established by Arkansas law and can be amended only by the Arkansas General Assembly.

Benefits provided. Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service. Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death 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.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)

December 31, 2015

Contributions. 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)). Members who began service prior to July 1, 2005, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 14.75% for municipal employees and 25.82% for district judges of compensation from January 1, to June 30, 2015, and 14.50% for municipal employees and 24.69% for district judges from July 1, to December 31, 2015. In some cases, an additional 2.5% of member and employer contributions are required for elected officials. Contributions to the APERS from the City were \$513,483 for the year ended December 31, 2014.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported a liability of \$3,611,209 for its proportionate share of the APERS net pension liability. The net pension liability 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 proportion was 0.196%, which was unchanged from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized APERS pension expense of \$ 436,137. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	532,938	\$ 236,745
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		179,170
Changes in proportion and differences between City contributions and proportionate share of contributions	21,585	
Total	\$ 554,523	\$ 415,915

\$31,540 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 the net pension liability in the year ended December 31, 2016.

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City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)

December 31, 2015

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 ended December 31:</u>	
2016	\$[2,102]
2017	[2,102]
2018	[35,046]
2019	177,858
2020	-0-
Thereafter	-0-
	\$ 138,608

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:

Inflation	2.50%
Salary increases	3.95% – 9.85%
Post-Retirement cost-of-living increases	3% annual compouir
Investment rate of return	7.50%, net of pension plan investment expense including inflation
Average service lives of all members	4.5972

Mortality rates were 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 actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

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.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)

December 31, 2015

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in APERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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%
	<hr style="width: 100%; border: 0.5px solid black;"/> 100%	

Discount rate. The discount rate used to measure the total pension liability was 7.50% for the year ended June 30, 2015. The 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 the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

City's proportionate share of the net pension liability	1% Decrease	Current	1% Increase
	\$5,948,594	\$3,611,209	\$1,667,328

APERS fiduciary net position. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Payable to the pension plan. At December 31, 2015, the City did not have an outstanding amount of contributions due to the pension plan for the year ended December 31, 2015.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 (continued)

December 31, 2015

Note 7: Other Postemployment Benefits –

Plan Description: The City of Bryant sponsors and administers an informal single-employer defined benefit healthcare plan. 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. In addition, members employed at least 5 years with age plus service exceeding 70 at retirement are eligible for benefits. The State of Arkansas has the authority to establish and amend the requirements of this statute. The city does not issue stand-alone financial statements of the plan but all required information is presented in this report.

Funding Policy: The contribution requirements of OPEB plan members are established by the city and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit of the blended premium rate from all of the employees participating in the city's health insurance plan. The plan has no retired participants paying premiums as of December 31, 2015. **Annual OPEB Cost and Net OPEB Obligation:** The city's annual 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 of 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 annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation.

Annual Required Contribution (ARC)	\$ 52,788	
Annual OPEB Cost	52,788	
Annual Employer Contribution	<u>[9,583]</u>	
Change in Net OPEB Obligation	43,205	
Net OPEB Obligation -- Beginning of Year	-	
Net OPEB Obligation -- End of Year	<u>\$ 43,205</u>	

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB liability for 2015 is as follows:

Fiscal Year	Annual	Percentage of Annual OPEB Cost	Net OPEB
<u>Ended</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/2015	\$52,788	18.24%	\$43,205

Funded Status and Funding Progress. On a city-wide basis as of December 31, 2015, the most recent and actuarial valuation date, the actuarial accrued liability for benefits was \$365,860, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$365,860. The projected benefits do not reflect legal or contractual funding limitations.

See independent auditors report.

City of Bryant, Arkansas
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

Actuarial Methods and Assumptions. Actuarial valuations involve estimates and assumptions about the probability of events far into the future and the liability amounts are subject to continual revision and reflect a long-term perspective. Assumptions used were a 5.5% discount rate, 10% medical inflation rate, no payroll growth, projected unit credit with linear proration to decrement cost method, thirty year level amortization based on open group and health care trend rates as follows: 10% for 2016; 9% for 2017; 8% for 2018; 7.5% for 2019, with .5% reductions annually down to 5% in the 9th year.

NOTE 8: Change in Accounting Principle – The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in the year ended December 31, 2015. Statement 68 is required to be implemented retroactively for pensions provided through pension plans administered as trust or similar arrangements that meet certain criteria with the beginning net position restated for the cumulative effects of implementation. Implementation required reporting a beginning net pension liability and a beginning deferred outflows of resources related to pensions. Under Statement 68, the City is required to report its proportionate share of the net pension liability of each cost-sharing multiple employer defined benefit pension plan and the net pension liability of each agent multiple-employer defined benefit pension plan. In addition, deferred outflows of resources and deferred inflows of resources related to the various net pension liabilities will be reported. The net cumulative effect of implementing Statement 68 on beginning net position as previously reported on December 31, 2014, is as follows:

Business-type Activities Net Position	
Beginning net position	\$ -
GASB 68 – Beginning net pension liability and deferred outflows related to pensions	[795,188]
Beginning net position, restated	<u>\$[795,188]</u>

NOTE 9: Subsequent Events – Management has evaluated subsequent events through April 20, 2017, which is the date the financial statements were available to be issued and have determined there is no additional information requiring reporting or disclosing in the financial statements for the year ended December 31, 2015.

**Supplementary and
Other Information
Accompanying the
Basic Financial
Statements**

City of Bryant , Arkansas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2015
 Special Revenue Funds

	Designated Tax Fund	Animal Control Donations Fund	Act 1809 of 2001 Court Auto Fund	Parks 1/8 Sales Tax Fund	Act 833 of 1991 Fire Fund
ASSETS					
Cash and cash equivalents	\$ 1,750,420	\$ 18,485	\$ 60,067	\$ 89,444	\$ 40,492
Investments					
Accounts receivable	333,977				870
Due from other funds					
Intergovernmental receivables					
Total assets	<u>2,084,397</u>	<u>18,485</u>	<u>60,067</u>	<u>89,444</u>	<u>41,362</u>
LIABILITIES					
Accounts payable					
Accrued expenditures					
Due to other governmental agencies					
Due to other funds					
Unearned revenue		18,485			
Total liabilities	<u>-</u>	<u>18,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable					
Prepays and Inventories					
Restricted					
debt service					
capital projects	930,332				
public works	1,079,396		60,067		41,362
public safety					
other special revenue funds - Parks	74,669			89,444	
Unassigned					
Total fund balances	<u>2,084,397</u>	<u>-</u>	<u>60,067</u>	<u>89,444</u>	<u>41,362</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,084,397</u>	<u>\$ 18,485</u>	<u>\$ 60,067</u>	<u>\$ 89,444</u>	<u>\$ 41,362</u>

City of Bryant, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015
Special Revenue Funds

	Designated Tax Fund	Animal Control Donations Fund	Act 1809 of 2001 Court Auto Fund	Parks 1/8 Sales Tax Fund	Act 833 of 1991 Fire Fund
REVENUES					
Taxes	\$ 4,195,209			\$ 520,246	\$ 21,287
Fees and permits					
Charges for services		3,965			
Intergovernmental			35,596		
Fines and forfeitures	750	7	30	32	18
Investment earnings and interest		20			
Miscellaneous					
Total revenues	4,195,959	3,992	35,625	520,278	21,305
EXPENDITURES					
Current:					
General government/Transfers					
Community development					
Parks and recreations					
Public transportation					
Public safety		13,735	32,104		10,596
Public works					
Capital outlay:					
Total expenditures	-	13,735	32,104	-	10,596
Excess(deficiency) of revenues over expenditures	4,195,959	(9,743)	3,521	520,278	10,709
OTHER FINANCING SOURCES					
Transfers in					
Transfers out	(3,759,000)			(480,000)	
Total other financing sources and (uses)	(3,759,000)	-	-	(480,000)	-
Net change in fund balances	436,959	(9,743)	3,521	40,278	10,709
Fund balance - beginning	1,647,438	9,743	56,547	49,166	30,653
Fund balance - ending	\$ 2,084,397	\$ 0	\$ 60,068	\$ 89,444	\$ 41,362

City of Bryant, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds					Police State Drug Control Fund	Capital Project Fund	Totals
	Fire 3/8 Sales Tax Fund	Police Act 918 of 1983 Fund	Police Act 988 of 1991 Fund	Police Federal Drug Control Fund	Street Franchise Bond Projects Series 2008			
REVENUES								
Taxes	\$1,573,243							6,309,986
Fees and permits								0
Charges for services								0
Intergovernmental								3,965
Fines and forfeitures	130	16,088	13,456		10,518		15	75,657
Investment earnings		15	11	2	5			1,013
Miscellaneous								20
Total revenues	1,573,373	16,103	13,467	2	10,523		15	6,390,641
EXPENDITURES								
Current:								
General government								0
Community development								0
Parks and recreation								0
Public transportation								0
Public safety	9,943	15,582	31,539	218	2,212		33,380	115,929
Public works								33,380
Capital outlay:								0
Total expenditures	9,943	15,582	31,539	218	2,212		33,380	149,309
Excess(deficiency) of revenues over expenditures	1,563,430	521	(18,072)	(217)	8,311		(33,365)	6,241,332
OTHER FINANCING SOURCES								
Transfers in								0
Transfers out	(1,440,000)							(5,679,000)
Total other financing sources and (uses)	(1,440,000)							(5,679,000)
Net change in fund balances	123,430	521	(18,072)	(217)	8,311		(33,365)	562,332
Fund balance - beginning after Restatement	(125,220)	24,505	22,413	3,409	8,535		33,365	1,760,554
Fund balance - ending	\$ (1,790)	\$ 25,026	\$ 4,341	\$ 3,192	16,846		(0)	\$ 2,322,886

Trend Information

City of Bryant, Arkansas
Net Position by Component
Last Five Fiscal Years

(regulatory basis of accounting for years 2011-2014, modified cash for 2015)
(amounts expressed in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Restricted	\$ 5,834,603	\$ 5,606,026	\$ 4,857,632	\$ 4,912,731	\$ 6,586,219
Committed	1,267,488	1,637,117	1,731,441	1,647,436	0 *
Unassigned	3,968,696	4,878,543	2,984,820	3,422,733	2,517,558
Total Governmental activities net position	\$ 11,070,787	\$ 12,121,686	\$ 9,573,893	\$ 9,982,900	\$ 9,103,777
Business-type activities					
Invested in capital assets, net of related debt	\$ 10,374,047	\$ 11,468,347	\$ 12,871,075	\$ 12,368,345	\$ 13,834,245
Restricted	2,743,384	2,824,016	1,129,554	285,505	394,193
Unassigned	4,385,096	4,750,654	5,938,521	7,711,074	6,398,630
Total business-type activities net position	\$ 17,502,527	\$ 19,043,018	\$ 19,939,150	\$ 20,364,924	\$ 20,627,068
Primary government					
Invested in capital assets, net of related debt	\$ 16,208,650	\$ 17,074,373	\$ 17,728,707	\$ 17,281,076	\$ 20,420,464
Restricted	4,010,872	4,461,133	2,860,995	1,932,941	394,193
Unassigned	8,353,792	9,629,197	8,923,341	11,133,807	8,916,188
Total primary government net position	\$ 28,573,314	\$ 31,164,704	\$ 29,513,043	\$ 30,347,824	\$ 29,730,845

* When changing from the Regulatory Basis of Accounting to the Modified Cash Basis of Accounting it was determined the Committed Fund Balances were Restricted.

City of Bryant, Arkansas
Changes in Net Position
Last Five Fiscal Years

(regulatory basis of accounting for years 2011-2014, modified cash for 2015)
 Fiscal Year

	2011	2012	2013	2014	2015
Expenses -					
Governmental activities					
General government	\$ 2,578,872	\$ 1,723,971	\$ 1,933,660	\$ 1,575,682	\$ 1,866,065
Community development	122,944	11,390	113	0	194,017
Parks and recreation	2,119,594	1,961,947	2,445,539	2,257,338	2,122,505
Public safety	6,993,342	8,613,803	8,204,930	7,809,070	7,778,346
Public works	1,816,600	2,604,193	3,820,650	2,934,301	2,285,482
Interest and long term debt	3,037,948	2,900,266	3,335,829	3,181,314	783,088
Total governmental activities expenses	16,669,300	17,815,570	19,740,721	17,757,705	15,029,503
Business-type activities					
Water	2,239,842	2,416,519	2,674,572	2,832,422	2,956,826
Wastewater	1,756,491	2,052,687	2,372,653	2,303,345	2,413,173
Total business-type activities expenses	3,996,333	4,469,207	5,047,225	5,135,767	5,369,999
Total primary government expenses	\$ 20,665,633	\$ 22,284,777	\$ 24,787,946	\$ 22,893,472	\$ 20,399,502
Governmental activities					
Charges for services	\$ -	\$ -	\$ 0	\$ 0	\$ 0
Operating grants/contributions	0	0	0	0	46,239
Total governmental activities program rev	-	-	-	-	46,239
Business					
Charges for services	6,438,574	6,391,135	6,462,375	6,312,849	7,205,874
Capital grants/contributions	0	0	0	0	0
Total business-type activities program rev	6,438,574	6,391,135	6,462,375	6,312,849	7,205,874
Total primary government program rev	\$ 6,438,574	\$ 6,391,135	\$ 6,462,375	\$ 6,312,849	\$ 7,252,113
Net (Expense) Revenue					
Governmental activities	\$ (16,669,300)	\$ (17,815,570)	\$ (19,740,721)	\$ (17,757,705)	\$ (14,983,264)
Business-type activities	2,442,242	1,921,928	1,415,149	1,177,082	1,835,875
Total primary government net expense	\$ (14,227,058)	\$ (15,893,642)	\$ (18,325,572)	\$ (16,580,623)	\$ (13,147,389)
General Revenues and Other Changes in Net Position					
Governmental					
Taxes	10,425,873	11,228,489	11,453,097	11,386,176	15,565,629
Note Proceeds	\$ 181,500	\$ 1,300,000	\$ -	\$ -	0
Investment earnings	32,702	32,767	27,536	18,661	31,151
Gain (loss) on sale of assets	0	77,793	91,695	0	0
Transfers/Note Proceeds	18,000	0	0	0	(522,582)
Other/Contributions**	5,906,064	6,262,550	5,620,600	6,761,877	4,607,115
Total governmental activities	16,564,139	18,901,599	17,192,928	18,166,714	19,681,313
Business-type activities					
Bond fees	(5,333)	(4,638)	(3,722)	(4,265)	(4,052)
Investment income	4,757	6,889	3,559	5,464	2,873
Other	729,102	190,293	177,436	0	120,904
Interest expense	(421,842)	(573,981)	(696,291)	(496,109)	(768,063)
Total Business-type activities	306,684	(381,437)	(519,017)	(494,910)	(648,358)
Total primary government	\$ 16,870,823	\$ 18,520,162	\$ 16,673,911	\$ 17,671,804	\$ 19,032,955
Governmental activities	\$ (105,161)	\$ 1,086,029	\$ (2,547,793)	\$ 409,009	\$ 4,698,049
Business-type activities	2,748,926	1,540,491	896,132	682,172	1,187,517
Total primary government	\$ 2,643,765	\$ 2,626,520	\$ (1,651,661)	\$ 1,091,181	\$ 5,885,566

** \$400K for Sheaffe in 2012 Other/Contributions**

Fund Balances, Governmental Funds

Last Five Fiscal Years

(regulatory basis of accounting for years 2011-2014, modified cash for 2015)

Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Restricted	\$ 5,455	\$ 3,838	\$ 4,166	\$ 4,122	\$ 4,558,699
Committed					
Unassigned	3,968,396	4,878,543	2,984,820	3,422,733	433,161 *
Total General Fund	3,973,851	4,882,381	2,988,986	3,426,855	4,991,860
*In implementing GASB 68 for 2015 significant Fund Balances were Restricted for LOPFI and APERS.					
All Other Governmental Funds					
Restricted					
Community Development	11,431	63	0	0	0
Pensions	112,940	102,819	92,797	83,208	0
Parks	218,447	131,698	205,004	86,753	164,112
Public Safety	609,615	683,898	572,948	538,786	1,228,440
Public Works (Street)	2,857,289	801,281	1,126,481	1,706,509	2,719,364
Debt Service	2,019,425	2,255,126	2,271,363	2,459,988	0
Capital Projects	0	1,627,302	584,872	33,365	0
Committed					
Capital Projects	16,933	0	0	0	0
Parks	125,056	54,367	36,126	30,068	0
General Govt	0	78,943	79,414	80,036	0
Public Safety	750,333	525,202	892,019	816,801	0
Public Works (Street)	375,166	978,605	723,882	720,533	0
Total all other governmental funds	7,096,635	7,239,304	6,584,906	6,556,047	4,111,916
Total governmental funds	\$ 11,070,486	\$ 12,121,685	\$ 9,573,892	\$ 9,982,902	\$ 9,103,776

City of Bryant, Arkansas
Changes in Fund Balance, Governmental Funds
Last Five Fiscal Years

(regulatory basis of accounting for years 2011-2014, modified cash for 2015)

Fiscal Year

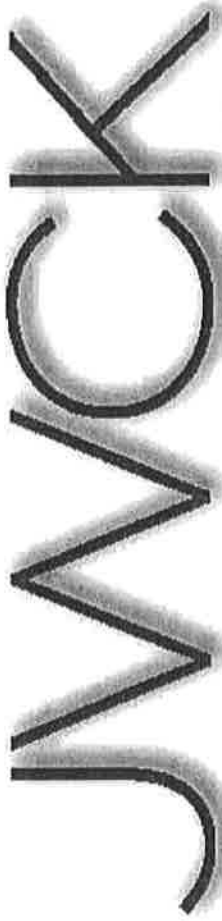
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Taxes	\$ 11,250,072	\$ 12,119,907	\$ 12,394,379	\$ 12,361,294	\$ 12,906,179
Licenses, fees and permits	2,142,673	2,223,483	2,455,731	2,664,795	2,135,035
Intergovernmental (State and Federal Aid)	1,855,530	1,473,340	1,227,088	1,708,038	570,654
Fines and penalties	615,670	743,436	556,624	694,009	643,515
Investment earnings	32,702	32,767	28,157	20,218	31,151
Other Revenue	488,994	530,873	439,254	718,360	3,963,600
Total Revenues	<u>16,385,641</u>	<u>17,123,806</u>	<u>17,101,233</u>	<u>18,166,714</u>	<u>20,250,134</u>
Expenditures					
General government	2,581,874	1,723,971	1,933,660	1,575,682	1,866,065
Community development	122,944	11,390	113	0	194,017
Parks and recreation	2,119,594	1,961,947	2,445,539	2,257,338	2,122,505
Public safety	6,993,342	8,613,803	8,204,930	7,809,070	7,778,346
Public works	1,816,600	2,604,193	3,820,650	2,934,301	2,285,482
Debt service					
Principal	1,973,542	1,799,305	2,260,490	2,159,987	
Interest and other charges	1,064,406	1,100,961	1,075,339	1,021,327	783,088
Capital outlay	0	0	0	0	
Total Expenditures	<u>16,672,302</u>	<u>17,815,570</u>	<u>19,740,721</u>	<u>17,757,705</u>	<u>15,029,503</u>
Excess of revenues over (under) expenditures	<u>(286,661)</u>	<u>(691,764)</u>	<u>(2,639,488)</u>	<u>409,009</u>	<u>5,220,631</u>
Other Financing Sources (Uses)					
Proceeds of long term debt	181,500	1,300,000	0	0	0
Sale of Equipment	0	77,793	91,695	0	0
Contributed services	0	400,000	0	0	0
Transfer in	6,613,693	6,487,377	7,069,649	7,098,417	10,654,244
Transfer out	(6,613,693)	(6,487,377)	(7,069,649)	(7,098,417)	(11,176,827)
Total Financing sources (uses)	<u>181,500</u>	<u>1,777,793</u>	<u>91,695</u>	<u>0</u>	<u>(522,583)</u>
Net change in fund balance	<u>\$ (105,161)</u>	<u>\$ 1,086,029</u>	<u>\$ (2,547,793)</u>	<u>\$ 409,009</u>	<u>\$ 4,698,048</u>

City of Bryant, Arkansas
Outstanding Debt Obligations by Type
Last Five Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Governmental Activities		Business-Type Activities					Total
	Special Obligation Bonds	Notes Payable	Water.WW Bonds	Water Bonds	Wastewater Bonds	Loan Payable	Primary Government	
2011	21,640	1,110	8,086			338	31,174	
2012	20,340	1,912	6,398			106	28,756	
2013	18,741	2,065	6,074			910	27,790	
2014	17,290	1,355	6,135	6,078	5,205	910	36,973	
2015	14,805	731	6,829	5,880	6,845	683	35,773	

*NOTE: The 2008A&B Bond Series has not been split out between water and wastewater in the historical audit reports.

** Made up of Revenue Bonds and Sales and Use Tax Bonds



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CERTIFIED PUBLIC ACCOUNTANTS

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 Mayor and City Council
City of Bryant, 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, each major fund, and the aggregate remaining fund information of the City of Bryant, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Bryant, Arkansas' basic financial statements, and have issued our report thereon dated April 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bryant, Arkansas' 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 of Bryant, Arkansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bryant, Arkansas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bryant, Arkansas' 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*.

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



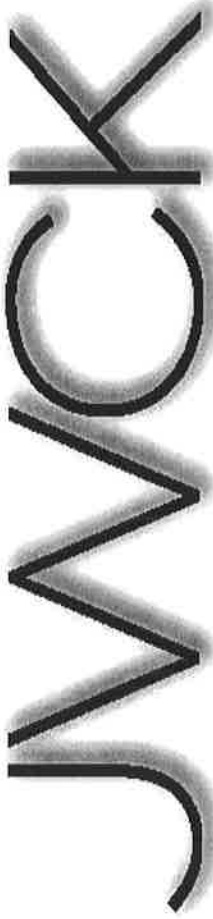
Certified Public Accountants
Hot Springs, Arkansas

April 20, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

Mayor and City Council
City of Bryant, Arkansas

We have examined management's assertions that the City of Bryant, 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 for 1973, § 14-59-101 et seq.,
2. Arkansas District Courts and City Courts Accounting Law, § 16-10-210 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 these 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 Bryant, 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 management, the board of directors, city officials and the State of Arkansas and is not intended to be and should not be used by anyone other than these specified parties.



Jordan Woosley, CPA
Certified Public Accountants

Hot Springs, Arkansas

April 20, 2017

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