

City of Arkadelphia, Arkansas

Financial and Compliance Report

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ARKADELPHIA, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2025

Financial and Compliance Report

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Arkadelphia, Arkansas Officials and Board of Directors
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Arkadelphia, Arkansas, as of and for the year ended December 31, 2025, and have issued our report thereon dated August 31, 2026. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2025:

Mayor: Scott Byrd
City Manager: Gary Brinkley
Treasurer: Shacresha Wilson
Police Chief: Jason Jackson

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

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Kevin White", written over a horizontal line.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 31, 2026
LOM100225

CITY OF ARKADELPHIA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 747,170	\$ 407,320	\$ 975,499
Accounts receivable	1,017,189	13,728	104,345
	<u>1,764,359</u>	<u>421,048</u>	<u>1,079,844</u>
TOTAL ASSETS	<u>\$ 1,764,359</u>	<u>\$ 421,048</u>	<u>\$ 1,079,844</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 39,167	\$ 122	
Settlements pending	32,414		\$ 67,451
Total Liabilities	<u>71,581</u>	<u>122</u>	<u>67,451</u>
Fund Balances:			
Restricted			168,080
Committed	128,395		
Assigned	219,507	420,926	844,313
Unassigned	1,344,876		
Total Fund Balances	<u>1,692,778</u>	<u>420,926</u>	<u>1,012,393</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,764,359</u>	<u>\$ 421,048</u>	<u>\$ 1,079,844</u>

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

CITY OF ARKADELPHIA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 802,753	\$ 877,110	\$ 83,620
Federal aid	607,025		
Property taxes	602,102	66,269	
Franchise fees			872,171
Sales taxes	5,946,521		
Fines, forfeitures, and costs	117,374		21,487
Interest	992		8,441
Local permits and fees	96,831		
Sanitation fees	1,619,842		
Advertising and promotion taxes			77,257
Airport fees	439,847		
Park activities and concessions	420,527		
Other	494,265	44,333	854
TOTAL REVENUES	11,148,079	987,712	1,063,830
EXPENDITURES			
Current:			
General government	2,121,110		40,370
Law enforcement	2,613,057		67,854
Highways and streets	997,045	1,047,010	13,344
Public safety	1,129,725		32,298
Sanitation	1,451,387		17,492
Recreation and culture	2,063,482		129,415
Community development	282,074		
Airport	1,590,511		4,098
Water and sewer			30,825
Total Current	12,248,391	1,047,010	335,696
Debt Service:			
Bond principal			110,000
Bond interest and other charges			99,406
Financed purchase principal	53,926		98,433
Financed purchase interest	386		14,699
Line of credit principal	750,628		
Line of credit interest	10,293		
TOTAL EXPENDITURES	13,063,624	1,047,010	658,234

CITY OF ARKADELPHIA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,915,545)	\$ (59,298)	\$ 405,596
OTHER FINANCING SOURCES (USES)			
Transfers in	430,000	300,000	4,000
Transfers out	(4,000)		(730,000)
Line of credit proceeds	862,922		
Transfer to State of Arkansas Local Police and Fire Retirement System			(1,244)
TOTAL OTHER FINANCING SOURCES (USES)	1,288,922	300,000	(727,244)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(626,623)	240,702	(321,648)
FUND BALANCES - JANUARY 1	2,319,401	180,224	1,334,041
FUND BALANCES - DECEMBER 31	\$ 1,692,778	\$ 420,926	\$ 1,012,393

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

CITY OF ARKADELPHIA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,235,040	\$ 802,753	\$ (432,287)	\$ 900,000	\$ 877,110	\$ (22,890)
Federal aid	1,360,000	607,025	(752,975)			
Property taxes	600,000	602,102	2,102	63,000	66,269	3,269
Sales taxes	6,400,000	5,946,521	(453,479)			
Fines, forfeitures, and costs	335,000	117,374	(217,626)			
Interest	1,300	992	(308)			
Local permits and fees	90,530	96,831	6,301			
Sanitation fees	1,409,000	1,619,842	210,842			
Airport fees	479,280	439,847	(39,433)			
Park activities and concessions	540,060	420,527	(119,533)			
Other	963,100	494,265	(468,835)	31,500	44,333	12,833
TOTAL REVENUES	13,413,310	11,148,079	(2,265,231)	994,500	987,712	(6,788)
EXPENDITURES						
Current:						
General government	3,942,230	2,121,110	1,821,120			
Law enforcement	2,827,810	2,613,057	214,753			
Highways and streets	1,172,100	997,045	175,055	2,156,757	1,047,010	1,109,747
Public safety	1,103,175	1,129,725	(26,550)			
Sanitation	1,500,820	1,451,387	49,433			
Recreation and culture	2,548,600	2,063,482	485,118			
Community development	330,430	282,074	48,356			
Airport	1,724,410	1,590,511	133,899			
Total Current	15,149,575	12,248,391	2,901,184	2,156,757	1,047,010	1,109,747
Debt Service:						
Financed purchase principal	208,214	53,926	154,288	39,970		39,970
Financed purchase interest		386	(386)			
Line of credit principal		750,628	(750,628)			
Line of credit interest		10,293	(10,293)			
TOTAL EXPENDITURES	15,357,789	13,063,624	2,294,165	2,196,727	1,047,010	1,149,717

CITY OF ARKADELPHIA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,944,479)	\$ (1,915,545)	\$ 28,934	\$ (1,202,227)	\$ (59,298)	\$ 1,142,929
OTHER FINANCING SOURCES (USES)						
Transfers in	1,145,000	430,000	(715,000)	915,000	300,000	(615,000)
Transfers out		(4,000)	(4,000)			
Line of credit proceeds		862,922	862,922			
TOTAL OTHER FINANCING SOURCES (USES)	1,145,000	1,288,922	143,922	915,000	300,000	(615,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(799,479)	(626,623)	172,856	(287,227)	240,702	527,929
FUND BALANCES - JANUARY 1	1,600,000	2,319,401	719,401	320,000	180,224	(139,776)
FUND BALANCES - DECEMBER 31	\$ 800,521	\$ 1,692,778	\$ 892,257	\$ 32,773	\$ 420,926	\$ 388,153

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

CITY OF ARKADELPHIA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2025
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND
	District Court Cost	Fire Equipment and Training (Act 833)	Emergency Vehicle (Act 988)	Advertising and Promotion Tax	2019 Capital Projects	2019 Series Revenue Bond	Firemen's Pension
ASSETS							
Cash and cash equivalents	\$ 47,064	\$ 27,996	\$ 32,285	\$ 50,276	\$ 46	\$ 750,375	\$ 6
Accounts receivable	248	810	890	8,965		93,432	
TOTAL ASSETS	<u>\$ 47,312</u>	<u>\$ 28,806</u>	<u>\$ 33,175</u>	<u>\$ 59,241</u>	<u>\$ 46</u>	<u>\$ 843,807</u>	<u>\$ 6</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Settlements pending							
Fund Balances:							
Restricted	\$ 47,312	\$ 28,806	\$ 33,175	\$ 58,741	\$ 46		
Assigned				500		\$ 843,807	\$ 6
Total Fund Balances	<u>47,312</u>	<u>28,806</u>	<u>33,175</u>	<u>59,241</u>	<u>46</u>	<u>843,807</u>	<u>6</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,312</u>	<u>\$ 28,806</u>	<u>\$ 33,175</u>	<u>\$ 59,241</u>	<u>\$ 46</u>	<u>\$ 843,807</u>	<u>\$ 6</u>

CITY OF ARKADELPHIA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2025
 (UNAUDITED)

Schedule 1

	CUSTODIAL FUNDS					
	Police Bond and Fine	Building in Transit	Parks in Transit	Payroll	Administration of Justice	Totals
ASSETS						
Cash and cash equivalents	\$ 2,747	\$ 1,586	\$ 9,222	\$ 52,280	\$ 1,616	\$ 975,499
Accounts receivable						104,345
TOTAL ASSETS	<u>\$ 2,747</u>	<u>\$ 1,586</u>	<u>\$ 9,222</u>	<u>\$ 52,280</u>	<u>\$ 1,616</u>	<u>\$ 1,079,844</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Settlements pending	<u>\$ 2,747</u>	<u>\$ 1,586</u>	<u>\$ 9,222</u>	<u>\$ 52,280</u>	<u>\$ 1,616</u>	<u>\$ 67,451</u>
Fund Balances:						
Restricted						168,080
Assigned						844,313
Total Fund Balances						<u>1,012,393</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,747</u>	<u>\$ 1,586</u>	<u>\$ 9,222</u>	<u>\$ 52,280</u>	<u>\$ 1,616</u>	<u>\$ 1,079,844</u>

CITY OF ARKADELPHIA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND	
	District Court Cost	Fire Equipment and Training (Act 833)	Emergency Vehicle (Act 988)	Advertising and Promotion Tax	2019 Capital Projects	2019 Series Revenue Bond	Firemen's Pension	Totals
REVENUES								
State aid		\$ 83,620						\$ 83,620
Franchise fees						\$ 872,171		872,171
Fines, forfeitures, and costs	\$ 8,717		\$ 12,770					21,487
Interest	5	30			\$ 2	8,398	\$ 6	8,441
Advertising and promotion taxes				\$ 77,257				77,257
Other		810		44				854
TOTAL REVENUES	8,722	84,460	12,770	77,301	2	880,569	6	1,063,830
EXPENDITURES								
Current:								
General government						40,370		40,370
Law enforcement	5,183					62,671		67,854
Highways and streets						13,344		13,344
Public safety		25				30,805	1,468	32,298
Sanitation						17,492		17,492
Recreation and culture				75,171		54,244		129,415
Airport						4,098		4,098
Water and sewer						30,825		30,825
Total Current	5,183	25		75,171		253,849	1,468	335,696
Debt Service:								
Bond principal						110,000		110,000
Bond interest and other charges						99,406		99,406
Financed purchase principal		98,433						98,433
Financed purchase interest		14,699						14,699
TOTAL EXPENDITURES	5,183	113,157		75,171		463,255	1,468	658,234
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	3,539	(28,697)	12,770	2,130	2	417,314	(1,462)	405,596
OTHER FINANCING SOURCES (USES)								
Transfers in		4,000						4,000
Transfers out						(730,000)		(730,000)
Transfer to State of Arkansas Local Police and Fire Retirement System							(1,244)	(1,244)
TOTAL OTHER FINANCING SOURCES (USES)		4,000				(730,000)	(1,244)	(727,244)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	3,539	(24,697)	12,770	2,130	2	(312,686)	(2,706)	(321,648)
FUND BALANCES - JANUARY 1	43,773	53,503	20,405	57,111	44	1,156,493	2,712	1,334,041
FUND BALANCES - DECEMBER 31	\$ 47,312	\$ 28,806	\$ 33,175	\$ 59,241	\$ 46	\$ 843,807	\$ 6	\$ 1,012,393

CITY OF ARKADELPHIA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2025
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 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 departments, insurance for buildings, and utilities costs.
Emergency Vehicle (Act 988)	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Advertising and Promotion Tax	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Arkadelphia Ordinance no. 0-20-10 (December 15, 2020) levied a three percent tax upon the gross receipts of hotels, motels and lodging establishments within the city limits.
2019 Capital Projects	Arkadelphia Ordinance no. 19-03 (May 19, 2019) established fund to account for construction costs of a storm water drainage system and an HVAC for City Hall.
2019 Series Revenue Bond	Arkadelphia Ordinance no. 19-03 (May 21, 2019) authorized the issuance of Capital Improvement Refunding and Improvement Revenue Bonds, series 2019. The fund was established to receive franchise fees and pay debt service requirements on the bonds.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Building in Transit	Established to account for revenues generated from City Permits Department.
Parks in Transit	Established to account for revenues generated from City Parks Department.
Payroll	Established to process payroll of all employees.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2025
(UNAUDITED)

A. Basis of Presentation – Regulatory

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

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

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

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

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

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback and property taxes that are restricted or committed for maintaining and constructing highways and streets.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Enterprise Funds). The Capital Projects Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

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

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2025
(UNAUDITED)

1. (Continued)

B. Basis of Accounting - Regulatory

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

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

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

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

D. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2025
(UNAUDITED)

1. (Continued)

E. Budget Law

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

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

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

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

F. Fund Balance Classification Policies and Procedures

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

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2025
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2. Details of Fund Balance Classifications

Fund balance classifications at December 31, 2025, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			\$ 80,487
Public safety			28,806
Recreation and culture			58,741
Capital outlay			46
Total Restricted			<u>168,080</u>
Committed for:			
General government	<u>\$ 128,395</u>		
Assigned to:			
General government	165,916		
Highways and streets		\$ 420,926	
Recreation and culture			500
Airport	53,591		
Debt service			843,807
Total Assigned	<u>219,507</u>	<u>420,926</u>	<u>844,313</u>
Unassigned	<u>1,344,876</u>		
Totals	<u><u>\$ 1,692,778</u></u>	<u><u>\$ 420,926</u></u>	<u><u>\$ 1,012,393</u></u>

3. Commitments

Total commitments consist of the following at December 31, 2025:

	December 31, 2025
Long-term liabilities	\$ 3,975,474
Line of credit payable	348,050
Lease	<u>53,266</u>
Total Commitments	<u><u>\$ 4,376,790</u></u>

CITY OF ARKADELPHIA, ARKANSAS
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3. Commitments (Continued)

Long-term liabilities

Long-term liabilities at December 31, 2025, are comprised of the following:

December 31,
2025

Bonds

Capital Improvement Refunding and Improvement Revenue Bonds Series 2019 dated July 9, 2019, in the amount of \$3,505,000, annual installments beginning on March 1, 2020, of \$70,000 - \$775,000 plus interest, due March 1, 2020 through March 1, 2044; interest at 3.0% - 3.45%. Payments are to be made from the 2019 Series Revenue Bond Debt Service Fund.

\$ 2,915,000

Direct Borrowings

Financed purchase dated April 12, 2023, with Southern Bancorp in the amount of \$500,000 at 4.89% for the purchase of a 2023 Pierce Velocity Fire Truck. The City has agreed to make 60 monthly payments of \$9,428 beginning April 12, 2023, and ending April 12, 2028. The City has agreed to use the 2023 Pierce Velocity Fire Truck as collateral. Payments are to be made from the Fire Equipment and Training (Act 833) Fund.

247,800

Line of Credit dated July 3, 2024, with Citizens Bank in the maximum amount of \$600,000 to provide financing for the Airport Hanger and Access Taxiway Project. The City has agreed to make regular monthly interest payments on outstanding draws and repay all outstanding principal and unpaid interest on July 3, 2026. Interest rate is 5.89%. Payments are to be made from the General Fund.

348,050

Total Direct Borrowings

595,850

Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost

812,674

Total Long-term liabilities

\$ 4,323,524

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

The City's outstanding bonds payable of \$2,915,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$595,850 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Change in Compensated Absences

December 31,
2025

Beginning balance compensated absences

\$ 825,873

Ending balance compensated absences

812,674

Net increase (decrease)

\$ (13,199)

CITY OF ARKADELPHIA, ARKANSAS
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(UNAUDITED)

3. Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2025	Maturities to December 31, 2025
<u>Bonds</u>					
7/9/19	3/1/44	3-3.45%	\$ 3,505,000	\$ 2,915,000	\$ 590,000
<u>Direct Borrowings</u>					
4/12/23	4/12/28	4.89%	500,000	247,800	252,200
7/3/24	7/3/26	5.89%	862,922	348,050	514,872
Total Direct Borrowings			1,362,922	595,850	767,072
Total Long-Term Debt			<u>\$ 4,867,922</u>	<u>\$ 3,510,850</u>	<u>\$ 1,357,072</u>

Changes in Long-Term Debt

	Balance January 01, 2025	Issued	Retired	Balance December 31, 2025
Bonds payable	\$ 3,025,000	\$ 0	\$ 110,000	\$ 2,915,000
<u>Direct Borrowings</u>				
Financed purchases	400,159	0	152,359	247,800
Line of credit	235,756	862,922	750,628	348,050
Total Direct Borrowings	635,915	862,922	902,987	595,850
Total Long-Term Debt	<u>\$ 3,660,915</u>	<u>\$ 862,922</u>	<u>\$ 1,012,987</u>	<u>\$ 3,510,850</u>

CITY OF ARKADELPHIA, ARKANSAS
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DECEMBER 31, 2025
(UNAUDITED)

3. Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2025:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 115,000	\$ 92,831	\$ 207,831	\$ 451,174	\$ 16,030	\$ 467,204
2027	120,000	89,307	209,307	108,355	4,777	113,132
2028	125,000	85,631	210,631	36,321	384	36,705
2029	130,000	81,806	211,806			
2030	130,000	77,906	207,906			
2031 through 2035	700,000	328,050	1,028,050			
2036 through 2040	820,000	204,635	1,024,635			
2041 through 2044	775,000	54,596	829,596			
Totals	<u>\$ 2,915,000</u>	<u>\$ 1,014,762</u>	<u>\$ 3,929,762</u>	<u>\$ 595,850</u>	<u>\$ 21,191</u>	<u>\$ 617,041</u>

Lease

The City entered into a lease agreement for a 2025 Peterbilt Sanitation Truck on December 11, 2024. Terms of the lease are monthly rental payments of \$4,439 for 24 months. At the end of the lease term, the City plans to return the sanitation truck.

The City is obligated for the following amount for the next year:

Year	December 31, 2025
2026	<u>\$ 53,266</u>

Lease expense for 2025 was \$53,267.

4. Interfund Transfers

A transfer of \$4,000 was made from the General Fund to Other Funds in the Aggregate (Fire Equipment & Training (Act 833)) for supplemental funding. Transfers of \$730,000 were made from Other Funds in the Aggregate (Debt Service Fund) to the General Fund and Street Fund of \$430,000 and \$300,000, respectively for excess franchise fees from 2019 Series Revenue Bond Fund.

5. Pledged Revenues

The City pledged future collection of franchise fees to repay \$3,505,000 in capital improvement revenue bonds that were issued in 2019. These bonds were issued for the purpose of refunding prior capital improvement revenue bonds (baseball and softball fields), Series 2014, and to finance the cost of capital improvements for the City including particularly, without limitations, the acquisition, construction and installation of a storm water drainage system and an HVAC system for City Hall. Franchise fee collection not needed to pay current principal and interest may be used for other City purposes. Total principal and interest remaining on the bonds are \$2,915,000 and \$1,014,762, respectively, payable through March 1, 2044. For 2025, principal and interest paid were \$110,000 and \$96,206, respectively.

The Debt Service Fund received \$872,171 in franchise fees in 2025. Proceeds in excess of debt service payments on these bonds is permitted to be used for other City purposes.

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6. Jointly Governed Organizations

Reuse Committee

The City of Arkadelphia and Clark County were co-recipients of a \$750,000 grant under the 1983 Arkansas State Stimulus Program. The funds were used as a loan to an industry – Exchange Parts of Arkansas. Exchange Parts of America, Inc. a/k/a Exchange Parts of Arkansas, Inc., filed for Chapter 11 Bankruptcy in 1991 listing as an outstanding debt, a balance of \$478,383 of the original \$750,000 Job Stimulus loan. The remaining balance of the original \$750,000 grant is to be used to stimulate economic development within Clark County.

A joint committee was formed to oversee the activities associated with the use of these funds. The committee is composed of two members from the Clark County Quorum Court appointed by the Clark County Judge and two members from the City of Arkadelphia Board of Directors appointed by the Mayor. The funds are held by the Arkadelphia City Treasurer and are disbursed upon the direction of the Committee.

The principal and interest payments received by the Reuse Committee are used as outlined in Article V of the Reuse of Proceeds Plan to pay for administrative costs, as matching funds to secure other funds for economic development, to construct for resale or lease industrial facilities and to provide loans to help finance industrial or commercial undertakings.

Annual written reports are to be submitted to the City of Arkadelphia Board of Directors, the Clark County Quorum Court, and the Arkansas Industrial Development Commission. The financial statements of the Reuse Committee have not been audited.

Group “6” Narcotics Enforcement Unit

The Prosecuting Attorneys of the Seventh and Ninth (East) Judicial Districts, the Sheriffs’ Departments of Clark, Grant, and Hot Spring Counties, and the Police Departments of Malvern, Sheridan, and Arkadelphia entered into an agreement on July 1, 2025, to continue the Group “6” Narcotics Enforcement Unit (agreement expires on July 1, 2026). Funding is provided through federal and state grants in addition to contributions from the participating entities. The City made salary payments of \$65,904 plus benefits for one agent on behalf of the Group “6” Narcotics Enforcement Unit and was reimbursed \$65,224 for salary, benefits, and fuel expenditures by the Group “6” Narcotics Enforcement Unit. Separate financial statements of the Group “6” Narcotics Enforcement Unit are not available.

Southwest Arkansas Regional Intermodal Authority

Clark, Montgomery, Pike, and Dallas Counties and the Cities of Gurdon, Prescott, Glenwood, Caddo Valley, Murfreesboro, Arkadelphia, and Amity entered into an agreement on May 18, 2010, to establish the Southwest Arkansas Regional Intermodal Authority (Authority) pursuant to Ark. Code Ann. §§ 14-143-101 – 14-143-129. The Authority shall be governed by a board of directors consisting of 18 members appointed by the participants’ Mayors and County Judges. Each participating City will receive one member, and each County will receive two members. Annual dues are \$2,000 per County and \$1,000 per City based on \$1,000 for each board member. Dues are payable in January of each year. No other payments were made to, or on behalf of the Authority by the City during 2025, other than the annual membership dues of \$1,000. Separate financial statements of the Authority are not available.

**7. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On October 7, 2024, administration of the City of Arkadelphia’s Firemen’s Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2025
(UNAUDITED)

7. Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan) (Continued)

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$171,472 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$68,167 for the year ended December 31, 2025.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2025, (actuarial valuation date and measurement date) was \$1,022,894.

8. Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 6.00% as of July 1, 2025. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2025, (date of APERS Employer Allocation Report) was \$697,567.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2025, (actuarial valuation date and measurement date) was \$3,992,001.

CITY OF ARKADELPHIA, ARKANSAS
OTHER GENERAL INFORMATION
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9. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2025
Land	\$ 595,412
Buildings	13,389,321
Equipment	11,531,153
Improvements	7,449,541
Construction in Progress	241,003
Total	<u>\$ 33,206,430</u>

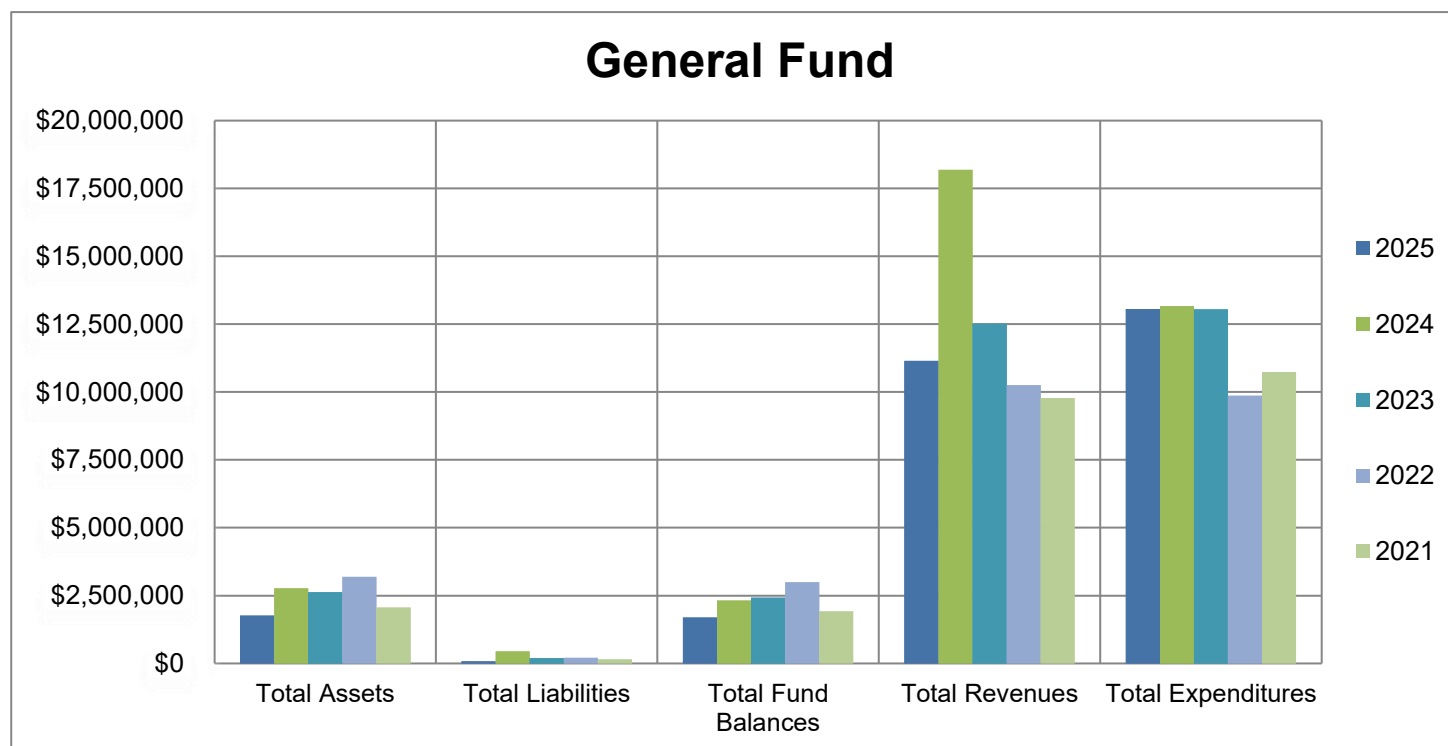
10. Subsequent Event

The City entered into a financed purchase with Southern Bancorp on January 15, 2026, for \$1,000,000 for the construction of the Martin Luther King Jr. (MLK) Memorial Park. The City has agreed to make four quarterly payments. The first three consist of interest only beginning April 15, 2026, with one final balloon payment of \$1,011,474 due on the January 15, 2027, maturity date. The interest rate is 4.49%.

CITY OF ARKADELPHIA, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 3-1

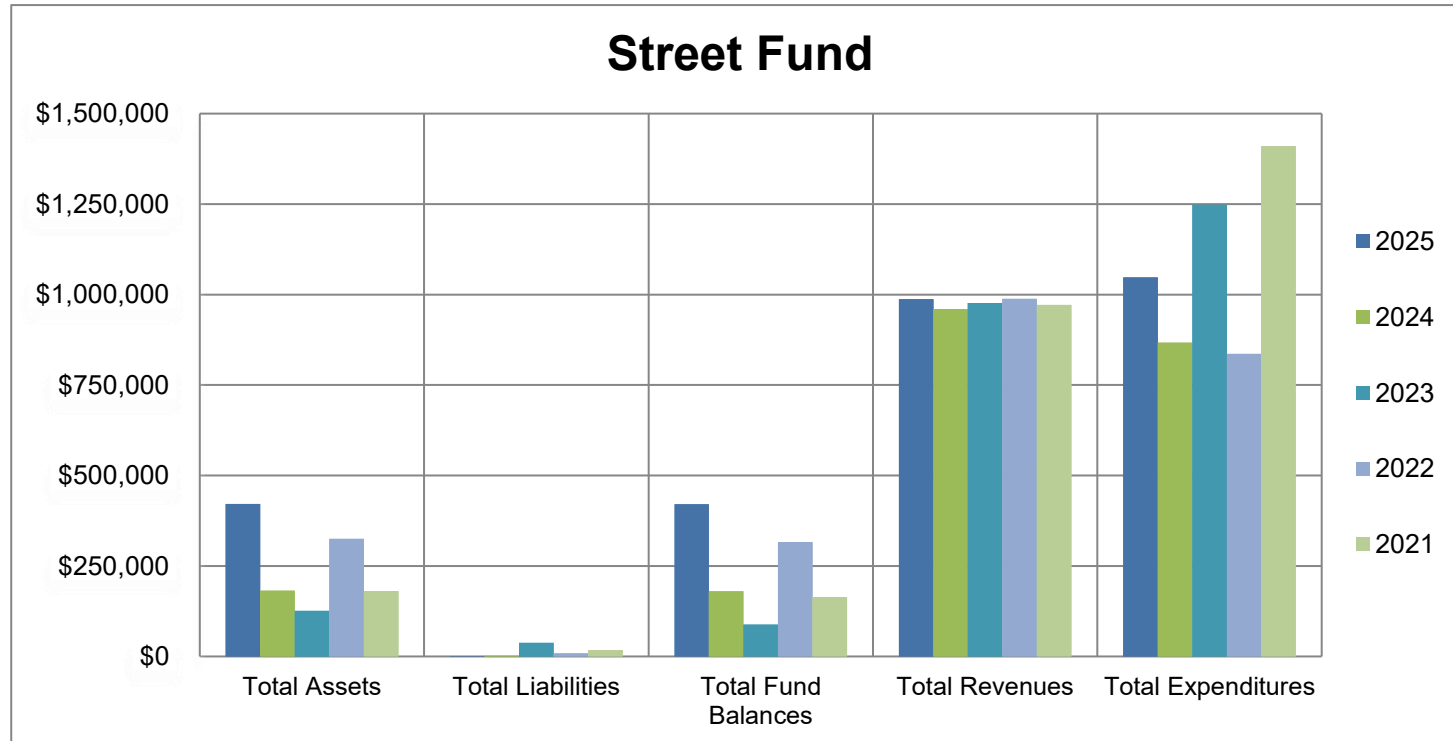
<u>General</u>	2025	2024	2023	2022	2021
Total Assets	\$ 1,764,359	\$ 2,759,777	\$ 2,625,907	\$ 3,191,861	\$ 2,055,588
Total Liabilities	71,581	440,376	200,786	204,667	144,169
Total Fund Balances	1,692,778	2,319,401	2,425,121	2,987,194	1,911,419
Total Revenues	11,148,079	18,186,584	12,511,669	10,250,022	9,775,057
Total Expenditures	13,063,624	13,166,271	13,046,067	9,862,702	10,730,414
Total Other Financing Sources/Uses	1,288,922	(5,126,033)	(27,675)	688,455	851,224



CITY OF ARKADELPHIA, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 3-2

<u>Street</u>	2025	2024	2023	2022	2021
Total Assets	\$ 421,048	\$ 181,622	\$ 126,069	\$ 324,646	\$ 181,315
Total Liabilities	122	1,398	38,037	8,461	17,321
Total Fund Balances	420,926	180,224	88,032	316,185	163,994
Total Revenues	987,712	959,455	976,596	988,482	971,155
Total Expenditures	1,047,010	867,263	1,247,956	836,291	1,409,570
Total Other Financing Sources/Uses	300,000		43,207		240,908



CITY OF ARKADELPHIA, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 3-3

Other Funds in the Aggregate	2025	2024	2023	2022	2021
Total Assets	\$ 1,079,844	\$ 1,426,385	\$ 2,036,862	\$ 2,969,733	\$ 2,699,978
Total Liabilities	67,451	92,344	77,083	71,665	26,027
Total Fund Balances	1,012,393	1,334,041	1,959,779	2,898,068	2,673,951
Total Revenues	1,063,830	1,114,921	1,114,410	2,084,766	2,042,241
Total Expenditures	658,234	990,924	1,302,160	1,507,194	393,133
Total Other Financing Sources/Uses	(727,244)	(749,735)	(750,539)	(353,455)	(491,777)

