City of Jonesboro, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF JONESBORO, ARKANSAS
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Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Jonesboro, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2025; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended; and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Jonesboro, Arkansas as of December 31, 2025; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Jonesboro, Arkansas, as of December 31, 2025, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standa*rds, we have also issued our report dated August 6, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 6, 2026
LOM104925

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Jonesboro, Arkansas (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated August 6, 2026. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated August 6, 2026.

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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. 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

Joseph D. Archer

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 6, 2026

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Harold Copenhaver
Finance Director: Steve Purtee
Police Chief: Rick Elliot

No issues came to our attention that we considered necessary to report to management.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City 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

Joseph D. Archer

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 6, 2026

CITY OF JONESBORO, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 19,909,970	$ 429,892	$ 45,407,277
Investments			19,824,500
Accounts receivable	4,972,984	209,359	1,361,717
Interfund receivables	1,054,788	1,505,000	8,492,085
TOTAL ASSETS	$ 25,937,742	$ 2,144,251	$ 75,085,579
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,555,323	$ 174,079	$ 1,455,933
Interfund payables	7,525,117	2,471,968	1,054,788
Settlements pending			29,112
Total Liabilities	9,080,440	2,646,047	2,539,833
Fund Balances:			
Restricted	507,801		54,628,125
Committed			584,041
Assigned	2,000		17,827,878
Unassigned	16,347,501	(501,796)	(494,298)
Total Fund Balances	16,857,302	(501,796)	72,545,746
TOTAL LIABILITIES AND FUND BALANCES	$ 25,937,742	$ 2,144,251	$ 75,085,579

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

CITY OF JONESBORO, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 1,008,647	$ 6,639,675	$ 496,790
Federal aid	156,421		6,693,072
Property taxes	1,913,938	2,411,563	1,962,794
Franchise fees	967,675		573,550
Sales taxes	47,866,455		54,403
Fines, forfeitures, and costs	1,555,788		44,240
Interest	991,428	94,688	1,182,616
Local permits and fees	3,069,484	129,258	29,245
Sanitation fees	95,926		
Advertising and promotion taxes			7,763,232
Employer/employee contributions			895,817
Park fees, rentals, and sales	1,024,445		
911 fees			1,622,623
Hanger leases and rentals			581,590
Fuel commissions			102,766
Bus fares			308,218
Insurance proceeds	297,034	87,961	318,156
Donation			100,000
Sale of assets			160,469
Self funded insurance plan proceeds	7,886,478		
Net increase/(decrease) in fair value of investments			2,081,402
Other	2,201,287	77,889	374,500
TOTAL REVENUES	69,035,006	9,441,034	25,345,483
EXPENDITURES			
Current:			
General government	7,882,381		6,073,561
Law enforcement	24,779,642		2,286,740
Highways and streets	34,988	6,164,109	5,208,984
Public safety	14,124,182		2,655,918
Sanitation	6,329,940		747,948
Recreation and culture	5,623,039		9,230,966
Social services	421,865		74,463
Advertising and promotion			1,003,643
Community development			75,850
Public transit			3,219,328
Airport			4,409,104
Self funded insurance plan cost	9,759,492		
TOTAL EXPENDITURES	68,955,529	6,164,109	34,986,505

CITY OF JONESBORO, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 79,477	$ 3,276,925	$ (9,641,022)
OTHER FINANCING SOURCES (USES)			
Transfers in	273,750		12,643,330
Transfers out	(7,100,112)	(5,543,218)	(273,750)
Contribution from City Water and Light	200,000		600,000
Security deposit			(4,733,643)
Proceeds from bond issue			17,595,000
TOTAL OTHER FINANCING SOURCES (USES)	(6,626,362)	(5,543,218)	25,830,937
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(6,546,885)	(2,266,293)	16,189,915
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	24,909,187	1,764,497	54,850,831
Restatement adjustment (Note #13)	(1,505,000)		1,505,000
FUND BALANCES - JANUARY 1, AS RESTATED	23,404,187	1,764,497	56,355,831
FUND BALANCES - DECEMBER 31	$ 16,857,302	$ (501,796)	$ 72,545,746

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

CITY OF JONESBORO, ARKANSAS

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 1,195,652	$ 1,008,647	$ (187,005)	$ 6,730,000	$ 6,639,675	$ (90,325)
Federal aid	201,907	156,421	(45,486)			
Property taxes	1,835,289	1,913,938	78,649	2,262,461	2,411,563	149,102
Franchise fees	1,716,000	967,675	(748,325)			
Sales taxes	49,167,000	47,866,455	(1,300,545)			
Fines, forfeitures, and costs	1,719,210	1,555,788	(163,422)			
Interest	917,017	991,428	74,411	43,875	94,688	50,813
Local permits and fees	3,414,578	3,069,484	(345,094)	194,057	129,258	(64,799)
Sanitation fees	135,456	95,926	(39,530)			
Park fees, rentals, and sales	1,338,045	1,024,445	(313,600)			
Insurance proceeds		297,034	297,034		87,961	87,961
Self funded insurance plan proceeds		7,886,478	7,886,478			
Other	2,165,252	2,201,287	36,035	65,499	77,889	12,390
TOTAL REVENUES	63,805,406	69,035,006	5,229,600	9,295,892	9,441,034	145,142
EXPENDITURES						
Current:						
General government	9,044,868	7,882,381	1,162,487			
Law enforcement	26,084,429	24,779,642	1,304,787			
Highways and streets	30,000	34,988	(4,988)	9,860,136	6,164,109	3,696,027
Public safety	14,928,178	14,124,182	803,996			
Sanitation	6,524,724	6,329,940	194,784			
Recreation and culture	6,245,762	5,623,039	622,723			
Social services	432,691	421,865	10,826			
Self funded insurance plan cost		9,759,492	(9,759,492)			
TOTAL EXPENDITURES	63,290,652	68,955,529	(5,664,877)	9,860,136	6,164,109	3,696,027

CITY OF JONESBORO, ARKANSAS

Exhibit C

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

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 514,754	$ 79,477	$ (435,277)	$ (564,244)	$ 3,276,925	$ 3,841,169
OTHER FINANCING SOURCES (USES)						
Transfers in	273,750	273,750	0			
Transfers out	(907,480)	(7,100,112)	(6,192,632)		(5,543,218)	(5,543,218)
Contributions from City Water and Light	700,000	200,000	(500,000)			
TOTAL OTHER FINANCING SOURCES (USES)	66,270	(6,626,362)	(6,692,632)		(5,543,218)	(5,543,218)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	581,024	(6,546,885)	(7,127,909)	(564,244)	(2,266,293)	(1,702,049)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	18,695,488	24,909,187	6,213,699	814,629	1,764,497	949,868
Restatement adjustment (Note 13)		(1,505,000)	(1,505,000)			
FUND BALANCES - JANUARY 1, AS RESTATED	18,695,488	23,404,187	4,708,699	814,629	1,764,497	949,868
FUND BALANCES - DECEMBER 31	$ 19,276,512	$ 16,857,302	$ (2,419,210)	$ 250,385	$ (501,796)	$ (752,181)

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Jonesboro was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City.

B. Basis of Presentation – Regulatory

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

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. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as 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. See Schedules 1 and 2 for the Debt Service Fund as reported with other funds in the aggregate.

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for Pension Trust Funds as reported with other funds in the aggregate.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

C. Basis of Accounting – Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. 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.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and money market accounts, treasury bills, and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered unremitted payroll related items and clearing account balances not distributed to the appropriate agency, individual, or vendor.

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

3. Assigned fund balance - amounts that are constrained by the City Council’s intent to be used for specific purposes but are neither restricted nor committed.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications (Continued)

4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is discussed at a City Council meeting prior to adoption.

c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.

d. Appropriations lapse at the end of each year.

e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

The Municipality does have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

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

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost. The City's cash deposits at December 31, 2025, are as follows:

	Bank Balance
Insured (FDIC)	$ 2,830,293
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the City's name	43,577,355
Uninsured and uncollateralized	18,601,760
Total Deposits	$ 65,009,408

The above total deposits do not include cash on hand of $5,305.

The Other Funds in the Aggregate (Airport) bank account balances included in Insured (FDIC) are swept daily to several banks in which all cash deposits in the bank are insured.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2025, $18,601,760 of the City's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations and U.S. Treasury Bills, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

Pension Trust Funds

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed $100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2025 Fair Value
Pension Trust	$ 19,824,500

NOTE 4: Public Fund Investments (Continued)

Trust Fund Investments

	December 31, 2025
Investments in the Defined Benefit Pension Plan include:	
Separate Accounts	$ 10,513,610
Mutual Funds	182,888
Exchange Traded funds (ETF)	503,959
Total Defined Benefit Investments	11,200,457
Investments in the Defined Contribution Pension Plan include:	
Mutual Funds	8,624,043
Total Trust Fund Investments	$ 19,824,500

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III –** significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City's investments are composed of the following:

	December 31, 2025	Quoted Prices in Active Markets for Identical Investments Level I
Investments by fair value level		
Mutual Funds	$ 8,806,931	$ 8,806,931
Exchange Traded Funds	503,959	503,959
Total investments by fair value level	9,310,890	$ 9,310,890
Investments measured at the net asset value (NAV)		
Equity long/short hedge funds	4,072,314	
Event-driven hedge funds	3,978,462	
Global opportunities hedge funds	1,818,431	
Real estate funds	644,403	
Total investment measured at the NAV	10,513,610	
Total investments measured at fair value	$ 19,824,500	

NOTE 4: Public Fund Investments (Continued)

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

Investments measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity long/short hedge funds (1)	$ 4,072,314	-	daily	one-day
Event-driven hedge funds (2)	3,978,462	-	daily	one-day
Global opportunities hedge funds (3)	1,818,431	-	daily	one-day
Real estate funds (4)	644,403	-	daily	one-day
Total	$ 10,513,610			

1. Equity long/short hedge funds. This type includes investments in 7 hedge funds that invest both long and short term strategies primarily in U.S. common stocks and bonds. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.

2. Event-driven hedge funds. This type includes 3 investment funds. One fund invests approximately 80% of its net assets, plus any borrowings for investment purposes, in debt securities held by the Barclays U.S. aggregate Bond index which includes investment grade, fixed rate debt issues. The second fund invests primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and US government and agency backed securities. The third fund invests approximately 80% of its net assets, plus any borrowings for investment purposes, in below investment grade bonds (sometimes called "high yield bonds" or "junk bonds"). The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investments.

3. Global opportunities hedge. This type includes investments in 2 hedge funds. The first holds at least 80% of its net assets in value equity securities of small, medium, and large market capitalization companies outside the U.S. The second hedge fund invests in at least three different countries outside of the United States for which the principal securities trade on a foreign exchange and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of the United States.

4. Real estate funds. This type includes one fund that invests primarily in commercial real estate holdings. It focuses on properties that return both lease income and appreciation of the buildings' marketable value. This investment option is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Investors may not be able to immediately withdraw funds contributed to the separate account.

Other required disclosures for investments:

- Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments subject to credit risk at December 31, 2025, was $8,787,305 (44%). Morningstar Rating Service rates the fixed income funds on five levels ranging from low to high. The Morningstar rating for these investments were rated as follows: $53,392 (1%) high, $3,275,887 (37%) above average, $2,217,822 (25%) average, $2,748,842 (31%) below average, and $491,362 (6%) low.

- Interest rate risk is the risk that the value of investments will be reduced when market interest rates climb higher than the interest rate of the investment. The City invests in separate accounts and mutual funds which hold investments in both government and corporate bonds. The City invested a total of $8,787,305 (44%) in such funds at December 31, 2025.

- Foreign currency risk relates to the adverse effect on the fair value of an investment from changes in exchange rates. The City has investments totaling $9,418,346 (48%) in mutual funds and separate accounts that may be affected by such changes in exchange rates.

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2025, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid			$ 206
Federal aid	$ 8,045		502,675
Property taxes	154,816	$ 195,068	158,533
Franchise fees	228,818		
Sales taxes	3,975,167		
Fines, forfeitures, and costs	85,807		
Local permits and fees	94,338	3,301	1,325
Sanitation fees	4,837		
Advertising and promotion taxes			678,621
Park fees, rentals, and sales	4,727		
911 fees			7,145
Fuel commissions			9,385
Bus fares			3,827
Insurance proceeds	13,397	6,642	
Other	403,032	4,348	
Totals	$ 4,972,984	$ 209,359	$ 1,361,717

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2025, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	$ 1,555,323	$ 174,079	$ 1,447,775
Salaries payable			5,159
Payroll taxes payable			2,999
Totals	$ 1,555,323	$ 174,079	$ 1,455,933

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2025	
	Interfund Receivables	Interfund Payables
General Fund	$ 1,054,788	$ 7,525,117
Street Fund	1,505,000	2,471,968
Other Funds in the Aggregate:		
Special Revenue Funds:		
Emergency 911		200,000
Federal Grants		2,718
Jonesboro Economical Transportation System		830,000
Restricted		14,697
Capital Projects Funds:		
Capital Improvement	4,115,899	3,412
Depreciation	4,376,186	3,961
Totals	$ 11,051,873	$ 11,051,873

NOTE 7: Interfund Balances (Continued)

Interfund receivables and payables consist of interfund loans, matching portion of grant obligations, and interest due between funds. These balances are expected to be repaid in 2026 as funds become available.

NOTE 8: 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:			
General government			$ 653,238
Law enforcement	$ 417,864		289,362
Highways and streets			1,534,548
Public safety	89,937		655,825
Sanitation			32,905
Recreation and culture			8,258,776
Social services			49,087
Advertising and promotion			233,314
Airport			4,493,290
Pension benefits			20,179,133
Capital outlay			17,673,134
Debt service			575,513
Total Restricted	507,801		54,628,125
Committed for:			
Social services			584,041
Assigned to:			
General government	2,000		4,196,991
Law enforcement			207,050
Highways and streets			733,805
Recreation and culture			24,047
Airport			980,000
Capital outlay			11,685,985
Total Assigned	2,000		17,827,878
Unassigned	16,347,501	$ (501,796)	(494,298)
Totals	$ 16,857,302	$ (501,796)	$ 72,545,746

NOTE 9: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2025:

	December 31, 2025
Street Fund	$ (501,796)
Other Funds in the Aggregate:	
Special Revenue Funds:	
Emergency 911	(104,329)
Jonesboro Economical Transportation System	(326,609)
Community Development Block Grant	(63,360)
Totals	$ (996,094)

NOTE 10: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2025, the legal debt limit for the bonded debt was $391,272,315. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2025, the legal debt limit for short-term financing obligations was $100,074,052. There were no short-term financing obligations.

NOTE 11: Commitments

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

	December 31, 2025
Long-term liabilities	$ 24,126,027
Leases	661,794
Construction contracts	63,597,913
Refundable contractor deposits	254,229
Total Commitments	$ 88,639,963

NOTE 11: Commitments (Continued)

Long-term liabilities

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

	December 31, 2025
Bonds	
City of Jonesboro, Arkansas, Franchise Tax Bonds, Series 2025, dated July 22, 2025, in the amount of $17,595,000 due in yearly installments of $1,145,560 - $5,730,193 through August 1, 2055; interest of 4% - 6%. Payments are to be made from the Franchise Tax Bond Debt Service Fund.	$ 17,595,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	6,531,027
Total Long-term liabilities	$ 24,126,027

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 $17,595,000 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.

Change in Compensated Absences

	December 31, 2025
Beginning balance compensated absences	$ 6,399,797
Ending balance compensated absences	6,531,027
Net increase (decrease)	$ 131,230

Post Employment Benefits Other Than Pensions

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

Landfill Closure and Postclosure Care Costs

State and federal laws require that the City of Jonesboro place a final cover on its Class IV landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. On March 29, 2007, FTN Associates, Ltd submitted a closure and post closure plan for the City's Class IV landfill with an estimated cost of $7,500 based on the most expensive cost of post closure care for a two-year period. At the end of the two-year period, the Arkansas Energy and Environment, Division of Environmental Quality (DEQ), formerly Arkansas Department of Environmental Quality (ADEQ), confirmed the presence of methane gas and requires the City to monitor the gas and ascertain compliance with Regulation 22.415 Explosive Gas Control. Included in the postclosure care requirements, the landfill gas monitoring and landfill gas collection and control systems will be operated until such time that three consecutive quarterly monitoring events indicate no exceedances of the regulatory limits. Until the gas extraction and monitoring requirements of the postclosure events care plan have been completed, the facility must remain in postclosure care status according to Regulation 22.1302(c) (4) (ii). On April 7, 2023, the City renewed a letter of credit from Centennial Bank in the amount of $26,000 to satisfy financial assurance requirement of $125,195 in estimated two-year post closure costs for DEQ. The City now has permission from DEQ to monitor the methane gas and provide a report to DEQ annually.

NOTE 11: Commitments (Continued)

Landfill Closure and Postclosure Care Costs (Continued)

On April 3, 2020, DEQ granted the City interim authority to construct and commence use of the landfill due to tornado damage debris. The landfill received approximately 15,000 cubic yards of class IV waste in 2020 and is currently in postclosure care.

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
Bonds					
7/22/25	8/1/55	4-6%	$ 17,595,000	$ 17,595,000	$ 0

Changes in Long-Term Debt

	Balance January 01, 2025	Issued	Retired	Balance December 31, 2025
Bonds payable	$ 0	$ 17,595,000	$ 0	$ 17,595,000

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds Principal	Bonds Interest	Bonds Total
2026	$ 245,000	$ 900,599	$ 1,145,599
2027	280,000	863,934	1,143,934
2028	295,000	847,134	1,142,134
2029	315,000	829,434	1,144,434
2030	335,000	810,534	1,145,534
2031 through 2035	1,945,000	3,778,269	5,723,269
2036 through 2040	2,400,000	3,325,669	5,725,669
2041 through 2045	3,005,000	2,715,894	5,720,894
2046 through 2050	3,840,000	1,886,687	5,726,687
2051 through 2055	4,935,000	795,192	5,730,192
Totals	$ 17,595,000	$ 16,753,346	$ 34,348,346

Leases

The City entered into a lease agreement for seven sanitation trucks on March 6, 2024. Terms of the lease are monthly rental payments of $56,708 for 24 months. At the end of the lease term, the City will return the sanitation trucks or enter into another agreement.

The City entered into a lease agreement for four sanitation trucks on February 7, 2025. Terms of the lease are monthly rental payments of $34,591 for 24 months. At the end of the lease term, the City will return the sanitation trucks or enter into another agreement.

NOTE 11: Commitments (Continued)

Leases (Continued)

The City is obligated for the following amounts for the next two years:

Year	December 31, 2025
2026	$ 592,611
2027	69,183
Total	$ 661,794

Lease expense for 2025, was $1,026,415.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2025:

Project Name	Estimated Completion Date	Contract Balance December 31, 2025
Bus Shelter Upgrades	August 2026	$ 499,768
Jonesboro Sportsplex	January 2027	48,321,514
E-911 and Real Time Crime Center	August 2027	5,141,750
Airport Terminal Facility	March 2027	3,784,127
Runway 23 Extension	March 2027	4,628,297
Phase E Hangar Construction	March 2027	1,222,457
Total Construction Contracts		$ 63,597,913

Refundable Contractor Deposits

The City receives deposits from contractors in lieu of bonds to ensure the completion of subdivisions. The deposits are held by the City until completion of projects. The balance of contractor deposits at December 31, 2025, is $254,229.

NOTE 12: Interfund Transfers

The General Fund transferred $7,100,112 to Other Funds in the Aggregate: $49,995 to the Metropolitan Planning Organization Fund for the City's portion of a grant, $70,000 to the Airport Commission Fund to supplement operations, $3,737,582 to the Depreciation Fund for equipment purchases, $3,182,535 to the Capital Improvement Fund for capital improvement projects, and $60,000 to the Restricted Fund for various projects. The Street Fund transferred $5,543,218 to Other Funds in the Aggregate: $638,604 to the Depreciation Fund for equipment purchases and $4,904,614 to the Capital Improvement Fund for capital improvement projects. The Other Funds in the Aggregate (Capital Improvement) transferred $273,750 to the General Fund for refund of excess appropriations.

NOTE 13: Prior Year Restatement

The beginning balance of the General Fund and Other Funds in the Aggregate (Jonesboro Economical Transportation System) was restated by $1,505,000 to eliminate an interfund loan.

NOTE 14: Pledged Revenues

The City pledged future franchise taxes to repay $17,595,000 in bonds that were issued in 2025 to provide funding for various capital improvement projects. Total principal and interest remaining on the bonds are $17,595,000 and $16,753,346, respectively, payable through August 1, 2055. For 2025, no principal and interest and other charges paid.

NOTE 14: Pledged Revenues (Continued)

The Debt Service Fund received $573,550 in franchise taxes in 2025. Any taxes collected in excess of debt service payments on these bonds is permitted to be used for other lawful municipal purposes.

NOTE 15: Related Party Transaction

City Water and Light provides residents of the City of Jonesboro electrical, water, and wastewater services. Although City Water and Light operates as a separate organization, the City Council appoints six of its sixteen board members. Separate financial statements are available at 400 East Monroe Avenue, Jonesboro, Arkansas 72401. During 2025, City Water and Light contributed in lieu of taxes a total of $200,000 to the City's General Fund and $600,000 to the Other Funds in the Aggregate (Depreciation) for the purchase of a fire truck and capital expenditures. City Water and Light also provided street lights, fire hydrants, and free utility service to the city building for total value of $2,023,484.

NOTE 16: Joint Ventures

A. Craighead County – Jonesboro Public Library

Craighead County and the City of Jonesboro entered into an agreement in July 1941 in accordance with Ark. Code Ann. § 13-2-401 to establish the Craighead County – Jonesboro Public Library. The agreement stated that resources would be consolidated in order to provide more complete, efficient, and economical service. The County and City were given equal representation on the library board and each entity retained title to all books, bookcases, shelves, desks, etc. that were moved to the Craighead County – Jonesboro Public Library location. Separate financial statements are available at 315 West Oak Avenue, Jonesboro, Arkansas 72401. The City of Jonesboro paid $1,919,084 to the Craighead County – Jonesboro Public Library for the year ending December 31, 2025.

B. Crowley's Ridge Regional Library

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

NOTE 17: Jointly Governed Organization – Second Judicial District Drug Task Force

The Prosecuting Attorney's Office of the Second Judicial District, the Sheriffs' Departments of Clay, Craighead, Crittenden, Greene, Mississippi, and Poinsett Counties and the Police Departments of Blytheville, Corning, Jonesboro, Marion, Osceola, Paragould, Piggott, Trumann, and West Memphis entered into an agreement to establish the Second Judicial District Drug Task Force. The last agreement covers the period January 1, 2023 to December 31, 2024, and was verbally extended to cover January 1, 2025 to December 31, 2025. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Second Judicial District. No contributions or payments for expenditures were made to the Second Judicial District Drug Task Force by the City. The 2025 financial statements of the Second Judicial District Drug Task Force have not been audited.

NOTE 18: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

NOTE 18: Risk Management (Continued)

Municipal Vehicle Program

A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: $25,000 because of bodily injury to or death of one person in any one accident; $50,000 because of bodily injury to or death of two or more persons in any one accident; and $25,000 because of injury to or destruction of property of others in any one accident. 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 - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of $1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of $5,000, or in the case of flood or earthquake, $100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program’s available funds at time the lawsuit was filed, or the judgment becomes final, or $1 million, whichever is less. 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.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of $300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a $2,500 deductible per occurrence.

NOTE 19: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

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

On October 1, 1997, and December 31, 2012, administration of the City of Jonesboro Firemen’s Pension and Relief Fund and the City of Jonesboro Policemen’s Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

NOTE 19: Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)

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 $4,806,479 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $2,564,430 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 $28,566,512.

NOTE 20: Nonuniformed Employee's Pension Plan
(A Defined Benefit Plan)

Plan Description

Paid nonuniformed employees participate in the Nonuniformed Employee's Pension Plan, a single employer pension plan. Any pension plan member who has attained the age of sixty-five years and has served as an employee for at least five years is entitled to receive a monthly pension. Benefits are based on years of service and are equal to 1.5% for each year of service time the career average earnings. Retired employees shall receive a monthly benefit of not less than $50. The plan allows for early retirement at age fifty-five with reduced benefits. The plan also provides for similar benefits upon the physical or mental disability of participant. The plan provides for survivor benefits equal to the employee's contribution plus interest.

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

On December 20, 2011, the Jonesboro City Council approved resolution no. 11.228 to freeze the Nonuniformed Employee's Defined Benefit Pension Plan. Employees will not earn any additional benefits after the effective date (December 31, 2011), and the employees' service with the city after the effective date will not be included in the determination of the employees benefits under the plan. Employees who are first hired after December 31, 2011, will not be eligible to participate in the Plan. Employees that have accrued a benefit under the Plan will continue to have their service with the City counted for purposes of vesting under the Plan. This means that if an employee has less than five years of service, then their service after December 31, 2011, will still be counted toward the employee becoming 100% vested in their accrued benefits under the Plan (i.e., attaining five years of service).

Net Pension Liability

The City did not have a net pension liability at December 31, 2025 (actuarial valuation date and measurement date).

NOTE 21: Nonuniformed Employee's Pension Plan
(A Defined Contribution Plan)

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

NOTE 21: Nonuniformed Employee's Pension Plan (Continued)
(A Defined Contribution Plan)

Plan Description

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

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

The City's contribution to the plan was $402,526 for the year ended December 31, 2025.

NOTE 22: Advertising and Promotion Tax Abatement

The City of Jonesboro Advertising and Promotion Commission entered into an advertising and promotion tax abatement agreement with Jonesboro Hotel Partners, LLC (Organization) on February 14, 2018. Terms of the agreement state, the Commission agrees to reimburse 3% of the advertising and promotion taxes paid by the organization quarterly over a 10-year period but shall not exceed a total of $2.5 million over said period. The organization agrees to use the funds received to assist the Commission in its mission of increasing the economic impact of visitors of the City of Jonesboro. The tax abatement was delayed until July 2021 due to corona virus related cancellations. The amount of tax abatement remitted in 2025 was $243,829. The total value of the tax abatement as of December 31, 2025, is $1,045,606.

NOTE 23: Sales and Use Tax Abatement

The City of Jonesboro entered into three sales and use tax abatement agreements with the following businesses during 2021: Nestle Prepared Foods Company, Spirit Manufacturing, Inc., and Camfil USA, Inc. These agreements are authorized by Section 15-4-2706(d) of the Consolidated Incentive Act of 2003. To qualify, the businesses must (1) invest in excess of one hundred thousand dollars and (2) meet the eligibility criteria of the Advantage Arkansas (15-4-2705), Create Rebate (15-4-2707) or ArkPlus (15-4-2706(b)) job creation incentive programs. These agreements permit a refund of state and local sales and use taxes paid on the purchases of the material used in the construction of a building, any addition, modernization or improvement to a new or expanding eligible business, and purchases of taxable machinery or equipment associated with the building or project. It is the responsibility of the qualified business to file a request annually with the Department of Finance and Administration for the refund of sales and use taxes paid on eligible project expenditures. The City does not have access to the amount refunded to these companies. These abatement agreements will end after the completion of each respective project. As of December 31, 2025, these projects were not completed.

NOTE 24: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayor Harold Perrin $62,240, for the year ended December 31, 2025.

NOTE 25: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer Donna Jackson $41,018 for the year ended December 31, 2025.

NOTE 26: 457(b) Retirement Savings Plan

The City offers a 457(b) plan as an additional voluntary option for employees to contribute to as a retirement savings plan. The balance of this plan at December 31, 2025, was $4,265,576.

NOTE 27: Jonesboro Sportsplex

On April 10, 2025, the Advertising and Promotion Commission (Commission) entered into a contract with the Arkansas Public Facilities Board (Board). The Board agreed to finance a portion of the costs of designing, acquiring, constructing, and equipping the Sports Complex Project (Complex) by issuing revenue bonds of $63,660,438 (net proceeds). Additionally, the Board agreed to lease the Complex to the Commission pursuant to a lease agreement. For occupancy, use, and operation of the Complex, the Commission paid an initial security deposit of $4,733,643, and agreed to pay annual rent of $5,700,000 until December 31, 2048, with the option to renew at that time. The Commission also agreed to assist the Board with managing construction of the Complex (See Note 11 – Construction Projects).

NOTE 28: Employee Self-Funded Insurance Benefit Plan

The City participates in an Employee Self-Funded Insurance Benefit Plan administered by Blue Advantage Administrators of Arkansas. The City is required to maintain a benefit plan account which will be sufficient at all times to fund plan benefits and plan related expenses. Self-insurance plan proceeds include payroll deductions for employee and dependent coverage, plan rebates, stop loss coverage, and retiree cobra payments received totaling $7,886,478. Self-funded insurance plan cost represents health insurance claims and fees totaling $9,759,492. At December 31, 2025, after City contributions to the plan of $2,225,000, the balance in this account was $542,305. Self-insurance is reflected in the financial statements as part of the General Fund.

NOTE 29: Federal Funds Program Compliance

As for the report date, the City's federal grants were in the process of being audited in accordance with federal program requirements, therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with federal program requirements are subject to reimbursement by the City.

CITY OF JONESBORO, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	SPECIAL REVENUE FUNDS						
	Emergency 911	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	Metropolitan Planning Organization	Restricted
ASSETS							
Cash and cash equivalents	$ 94,734	$ 857,282	$ 97,900	$ 5,333	$ 6,047,650	$ 45,092	$ 6,331,336
Investments							
Accounts receivable	7,145	4,528	442,631	59,343	9,591		159,858
Interfund receivables							
TOTAL ASSETS	$ 101,879	$ 861,810	$ 540,531	$ 64,676	$ 6,057,241	$ 45,092	$ 6,491,194
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 6,208	$ 44,418	$ 37,140	$ 128,036	$ 583,951	$ 107	$ 189,509
Interfund payables	200,000	2,718	830,000				14,697
Settlements pending							
Total Liabilities	206,208	47,136	867,140	128,036	583,951	107	204,206
Fund Balances:							
Restricted		814,674			4,493,290	44,985	541,054
Committed							584,041
Assigned					980,000		5,161,893
Unassigned	(104,329)		(326,609)	(63,360)			
Total Fund Balances	(104,329)	814,674	(326,609)	(63,360)	5,473,290	44,985	6,286,988
TOTAL LIABILITIES AND FUND BALANCES	$ 101,879	$ 861,810	$ 540,531	$ 64,676	$ 6,057,241	$ 45,092	$ 6,491,194

Schedule 1

CITY OF JONESBORO, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Advertising and Promotion Commission - 3% Hotel & Motel	Advertising and Promotion Commission - 1% Hotel & Motel	Advertising and Promotion Commission - 2% Prepared Foods	Capital Improvement	Depreciation	Franchise Tax Bond Construction
ASSETS						
Cash and cash equivalents	$ 321,139	$ 92,456	$ 7,448,389	$ 3,704,899	$ 1,728,675	$ 17,673,134
Investments						
Accounts receivable	66,824	22,275	589,522			
Interfund receivables				4,115,899	4,376,186	
TOTAL ASSETS	$ 387,963	$ 114,731	$ 8,037,911	$ 7,820,798	$ 6,104,861	$ 17,673,134
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 154,649		$ 3,755	$ 241,265	$ 66,895	
Interfund payables				3,412	3,961	
Settlements pending						
Total Liabilities	154,649		3,755	244,677	70,856	
Fund Balances:						
Restricted	233,314	$ 114,731	8,034,156	578,085	1,346,056	$ 17,673,134
Committed						
Assigned				6,998,036	4,687,949	
Unassigned						
Total Fund Balances	233,314	114,731	8,034,156	7,576,121	6,034,005	17,673,134
TOTAL LIABILITIES AND FUND BALANCES	$ 387,963	$ 114,731	$ 8,037,911	$ 7,820,798	$ 6,104,861	$ 17,673,134

CITY OF JONESBORO, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	DEBT SERVICE FUND	TRUST FUNDS		CUSTODIAL FUND	
	Franchise Tax Bond	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	Payroll	Totals
ASSETS					
Cash and cash equivalents	$ 575,513	$ 193,968	$ 160,665	$ 29,112	$ 45,407,277
Investments		11,200,457	8,624,043		19,824,500
Accounts receivable					1,361,717
Interfund receivables					8,492,085
TOTAL ASSETS	$ 575,513	$ 11,394,425	$ 8,784,708	$ 29,112	$ 75,085,579
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					$ 1,455,933
Interfund payables					1,054,788
Settlements pending				$ 29,112	29,112
Total Liabilities				29,112	2,539,833
Fund Balances:					
Restricted	$ 575,513	$ 11,394,425	$ 8,784,708		54,628,125
Committed					584,041
Assigned					17,827,878
Unassigned					(494,298)
Total Fund Balances	575,513	11,394,425	8,784,708		72,545,746
TOTAL LIABILITIES AND FUND BALANCES	$ 575,513	$ 11,394,425	$ 8,784,708	$ 29,112	$ 75,085,579

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

Schedule 2

	SPECIAL REVENUE FUNDS						
	Emergency 911	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	Metropolitan Planning Organization	Restricted
REVENUES							
State aid		$ 200,910	$ 63,312				$ 232,568
Federal aid		528,202	2,500,978	$ 663,411	$ 2,972,830	$ 27,651	
Property taxes							1,962,794
Franchise fees							
Sales taxes					54,403		
Fines, forfeitures, and costs							44,240
Interest	$ 3,470		3,554		224,685	2,480	
Local permits and fees							29,245
Advertising and promotion taxes							
Employer/employee contributions							
911 fees	1,622,623						
Hanger leases and rentals					581,590		
Fuel commissions					102,766		
Bus fares			308,218				
Insurance proceeds							
Donation							
Sale of assets							
Net increase/(decrease) in fair value of investments							
Other		51,468	33,231			14,653	204,832
TOTAL REVENUES	1,626,093	780,580	2,909,293	663,411	3,936,274	44,784	2,473,679
EXPENDITURES							
Current:							
General government				521,684		156,645	3,871,888
Law enforcement		399,939					123,368
Highways and streets		71,184					
Public safety	2,167,447						244,974
Sanitation		54,149					
Recreation and culture		484,795		176,669			1,913,425
Social services							74,463
Advertising and promotion							
Community development				75,850			
Public transit			3,219,328				
Airport					4,409,104		
TOTAL EXPENDITURES	2,167,447	1,010,067	3,219,328	774,203	4,409,104	156,645	6,228,118
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(541,354)	(229,487)	(310,035)	(110,792)	(472,830)	(111,861)	(3,754,439)
OTHER FINANCING SOURCES (USES)							
Transfers in					70,000	49,995	60,000
Transfers out							
Contribution from City Water and Light							
Security deposit							
Proceeds from bond issue							
TOTAL OTHER FINANCING SOURCES (USES)					70,000	49,995	60,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(541,354)	(229,487)	(310,035)	(110,792)	(402,830)	(61,866)	(3,694,439)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	437,025	1,044,161	(1,521,574)	47,432	5,876,120	106,851	9,981,427
Restatement adjustment (Note #13)			1,505,000				
FUND BALANCES - JANUARY 1, AS RESTATED	437,025	1,044,161	(16,574)	47,432	5,876,120	106,851	9,981,427
FUND BALANCES - DECEMBER 31	$ (104,329)	$ 814,674	$ (326,609)	$ (63,360)	$ 5,473,290	$ 44,985	$ 6,286,988

Schedule 2

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

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Advertising and Promotion Commission - 3% Hotel & Motel	Advertising and Promotion Commission - 1% Hotel & Motel	Advertising and Promotion Commission - 2% Prepared Foods	Capital Improvement	Depreciation	Franchise Tax Bond Construction
REVENUES						
State aid						
Federal aid						
Property taxes						
Franchise fees						
Sales taxes						
Fines, forfeitures, and costs						
Interest	$ 7,856	$ 6,855	$ 236,442			$ 255,776
Local permits and fees						
Advertising and promotion taxes	930,774	310,257	6,522,201			
Employer/employee contributions						
911 fees						
Hanger leases and rentals						
Fuel commissions						
Bus fares						
Insurance proceeds					$ 318,156	
Donation				$ 100,000		
Sale of assets					160,469	
Net increase/(decrease) in fair value of investments						
Other	10,400					
TOTAL REVENUES	949,030	317,112	6,758,643	100,000	478,625	255,776
EXPENDITURES						
Current:						
General government					37,969	62,297
Law enforcement					1,763,433	
Highways and streets				4,326,529	811,271	
Public safety				178,841	64,656	
Sanitation					693,799	
Recreation and culture		273,750	4,267,398	1,758,706	356,223	
Social services						
Advertising and promotion	904,544		99,099			
Community development						
Public transit						
Airport						
TOTAL EXPENDITURES	904,544	273,750	4,366,497	6,264,076	3,727,351	62,297
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,486	43,362	2,392,146	(6,164,076)	(3,248,726)	193,479
OTHER FINANCING SOURCES (USES)						
Transfers in				8,087,149	4,376,186	
Transfers out				(273,750)		
Contribution from City Water and Light					600,000	
Security deposit			(4,733,643)			
Proceeds from bond issue						17,479,655
TOTAL OTHER FINANCING SOURCES (USES)			(4,733,643)	7,813,399	4,976,186	17,479,655
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	44,486	43,362	(2,341,497)	1,649,323	1,727,460	17,673,134
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	188,828	71,369	10,375,653	5,926,798	4,306,545	
Restatement adjustment (Note #13)						
FUND BALANCES - JANUARY 1, AS RESTATED	188,828	71,369	10,375,653	5,926,798	4,306,545	
FUND BALANCES - DECEMBER 31	$ 233,314	$ 114,731	$ 8,034,156	$ 7,576,121	$ 6,034,005	$ 17,673,134

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

	DEBT SERVICE FUND	TRUST FUNDS		
	Franchise Tax Bond	Nonuniformed Employees' Pension	Nonuniformed Employees' Defined Contribution	Totals
REVENUES				
State aid				$ 496,790
Federal aid				6,693,072
Property taxes				1,962,794
Franchise fees	$ 573,550			573,550
Sales taxes				54,403
Fines, forfeitures, and costs				44,240
Interest	2,587	$ 24,967	$ 413,944	1,182,616
Local permits and fees				29,245
Advertising and promotion taxes				7,763,232
Employer/employee contributions			895,817	895,817
911 fees				1,622,623
Hanger leases and rentals				581,590
Fuel commissions				102,766
Bus fares				308,218
Insurance proceeds				318,156
Donation				100,000
Sale of assets				160,469
Net increase/(decrease) in fair value of investments		1,307,336	774,066	2,081,402
Other	1	1,670	58,245	374,500
TOTAL REVENUES	576,138	1,333,973	2,142,072	25,345,483
EXPENDITURES				
Current:				
General government	115,970	566,969	740,139	6,073,561
Law enforcement				2,286,740
Highways and streets				5,208,984
Public safety				2,655,918
Sanitation				747,948
Recreation and culture				9,230,966
Social services				74,463
Advertising and promotion				1,003,643
Community development				75,850
Public transit				3,219,328
Airport				4,409,104
TOTAL EXPENDITURES	115,970	566,969	740,139	34,986,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	460,168	767,004	1,401,933	(9,641,022)
OTHER FINANCING SOURCES (USES)				
Transfers in				12,643,330
Transfers out				(273,750)
Contribution from City Water and Light				600,000
Security deposit				(4,733,643)
Proceeds from bond issue	115,345			17,595,000
TOTAL OTHER FINANCING SOURCES (USES)	115,345			25,830,937
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	575,513	767,004	1,401,933	16,189,915
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED		10,627,421	7,382,775	54,850,831
Restatement adjustment (Note #13)				1,505,000
FUND BALANCES - JANUARY 1, AS RESTATED		10,627,421	7,382,775	56,355,831
FUND BALANCES - DECEMBER 31	$ 575,513	$ 11,394,425	$ 8,784,708	$ 72,545,746

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

Fund Name	Fund Description
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Federal Grants	Established to account for federal grants to be used for specific purposes.
Jonesboro Economical Transportation System	Jonesboro Ordinance no. 05:211 (July 19, 2005) established fund to receive federal grant funds to provide community transportation system.
Community Development Block Grant	Jonesboro Ordinance no. 05:240 (April 5, 2005) established fund to receive grant funds for various city departments.
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Metropolitan Planning Organization	Established to account for grant revenue from the United States Department of Transportation that provides transportation planning for this region, which includes Jonesboro, Brookland, Bay, and Bono.
Restricted	Established to account for state aid, property taxes, donations, and other earmarked revenues restricted or designated for various uses.
Advertising and Promotion Commission - 3% Hotel & Motel	Ark. Code Ann. § 26-75-606 and Jonesboro Ordinance no. 73:2435 (May 21, 1973) established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promotion 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.
Advertising and Promotion Commission - 1% Hotel & Motel	Ark. Code Ann. § 26-75-602 and Jonesboro Ordinance no. 21:048 (December 7, 2021) established fund to account for the 1% tax levied on gross receipts or gross proceeds for renting, leasing, furnishing hotel and motel accommodations, etc. The tax shall be used for the promotion and development of the City parks and recreation areas.
Advertising and Promotion Commission - 2% Prepared Foods	Ark. Code Ann. § 26-75-602 and Jonesboro Ordinance no. 21:046 (November 2, 2021) established fund to account for the 2% tax levied on gross receipts or gross proceeds from the sale of prepared food. The tax shall be used for the promotion and development of the City parks and recreation areas.

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

Fund Name	Fund Description
Capital Improvement	Established by Jonesboro Ordinance no. 00:1021 (May 15, 2000) to account for .50% sales and use tax approved by voters for financing capital improvements. On August 12, 2014 voters approved to remove the sales and use tax restriction, leaving the revenue assigned for financing of capital improvement expenditures.
Depreciation	Established to receive transfers from various City funds for equipment purchases.
Franchise Tax Bond Construction	Jonesboro City Ordinance no. 25:021 (June 17, 2025) established fund in relation to a bond issue to pay the related expenses for various capital improvements.
Franchise Tax Bond	Jonesboro City Ordinance no. 25:021 (June 17, 2025) established fund to pay the principal and interest of bonds to finance the cost of various capital improvements.
Nonuniformed Employee's Pension	Established to account for employee retirement plan established pursuant to Internal Revenue Service code § 401(a).
Nonuniformed Employee's Defined Contribution Pension	Established to account for employee retirement plan established pursuant to Internal Revenue Service code §§ 401(a) and 457(b).
Payroll	Established to facilitate payment of payroll expenditures and related tax liabilities.

Schedule 3

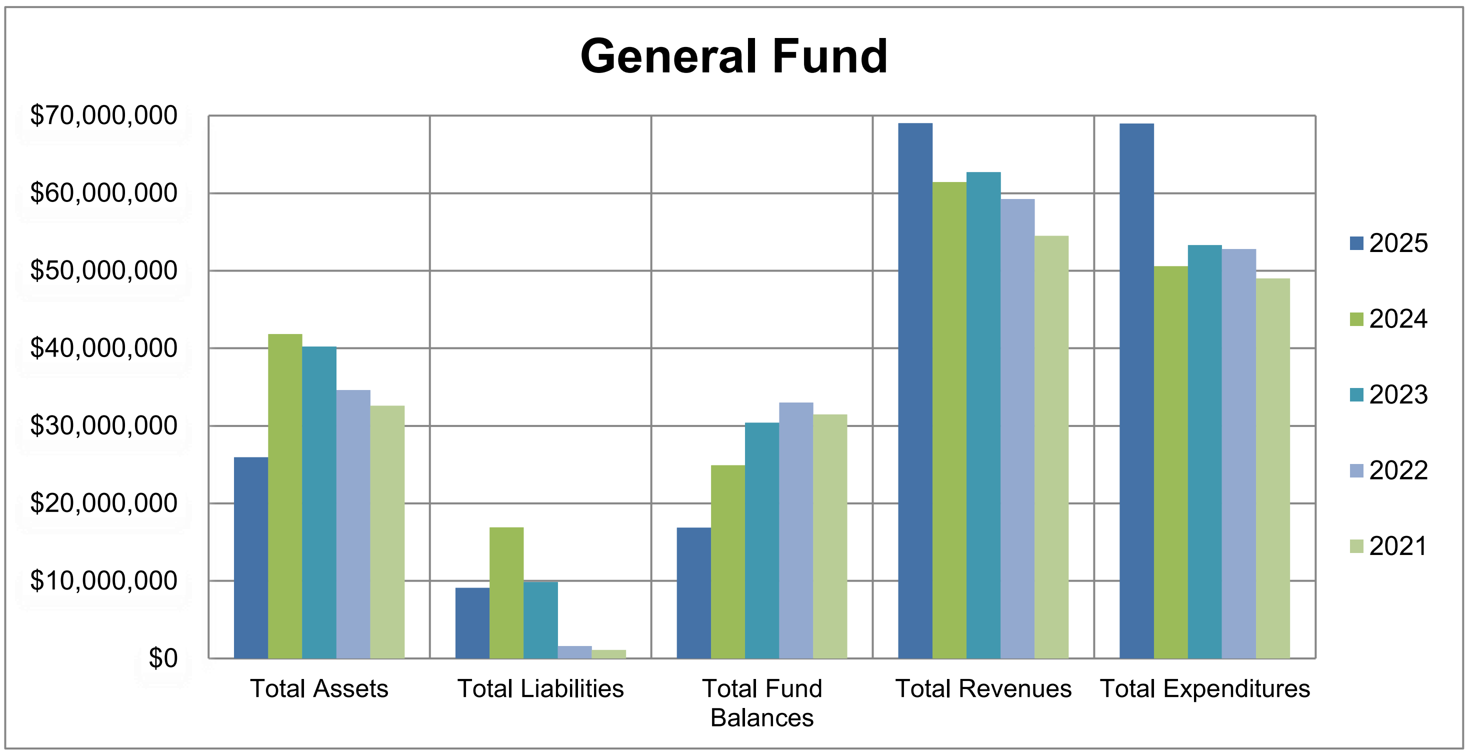
CITY OF JONESBORO, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2025
(Unaudited)

	December 31, 2025
Land	$ 21,979,453
Buildings	77,527,753
Equipment	69,933,968
Construction in Progress	2,622,435
Total	$ 172,063,609

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

Schedule 4-1

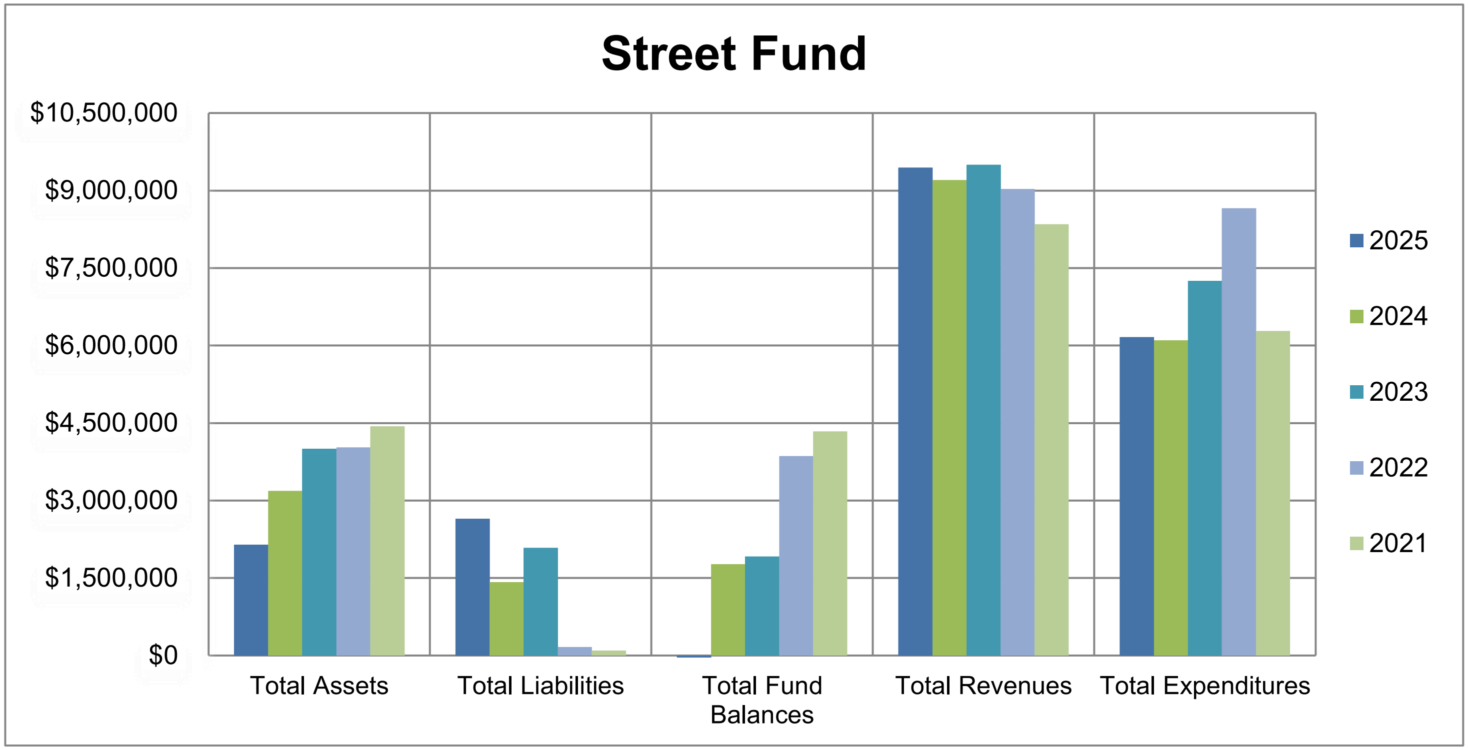
General	2025	2024	2023	2022	2021
Total Assets	$ 25,937,742	$ 41,813,109	$ 40,214,437	$ 34,589,177	$ 32,583,483
Total Liabilities	9,080,440	16,903,922	9,830,269	1,590,575	1,113,025
Total Fund Balances	16,857,302	24,909,187	30,384,168	32,998,602	31,470,458
Total Revenues	69,035,006	61,424,110	62,720,971	59,234,735	54,494,964
Total Expenditures	68,955,529	50,578,027	53,277,586	52,783,406	48,984,754
Total Other Financing Sources/Uses	(6,626,362)	(16,321,064)	(11,459,762)	(4,923,185)	(4,708,087)



Schedule 4-2

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

Street	2025	2024	2023	2022	2021
Total Assets	$ 2,144,251	$ 3,184,167	$ 4,000,423	$ 4,027,826	$ 4,435,647
Total Liabilities	2,646,047	1,419,670	2,084,764	165,672	96,992
Total Fund Balances	(501,796)	1,764,497	1,915,659	3,862,154	4,338,655
Total Revenues	9,441,034	9,203,972	9,496,098	9,027,987	8,345,492
Total Expenditures	6,164,109	6,101,548	7,250,743	8,657,348	6,277,937
Total Other Financing Sources/Uses	(5,543,218)	(3,253,586)	(4,191,850)	(847,140)	(2,213,308)



Schedule 4-3

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

Other Funds in the Aggregate	2025	2024	2023	2022	2021
Total Assets	$ 75,085,579	$ 68,665,655	$ 53,548,910	$ 52,429,508	$ 42,697,714
Total Liabilities	2,539,833	13,814,824	3,301,026	5,299,393	811,257
Total Fund Balances	72,545,746	54,850,831	50,247,884	47,130,115	41,886,457
Total Revenues	25,345,483	26,562,509	25,819,961	23,868,422	23,295,632
Total Expenditures	34,986,505	45,791,478	39,651,861	25,095,089	16,181,982
Total Other Financing Sources/Uses	25,830,937	20,274,650	16,351,612	6,470,325	7,621,395