

City of Jonesboro, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF JONESBORO, ARKANSAS
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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**

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, 2024; 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, 2024; 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, 2024, 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 Standards*, we have also issued our report dated August 4, 2025, 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

A handwritten signature in black ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 4, 2025
LOM104924

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

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, 2024, 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 4, 2025. 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

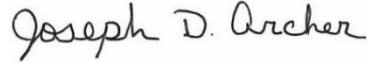
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 4, 2025.

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

A handwritten signature in dark ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 4, 2025

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 2024:

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

A handwritten signature in cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 4, 2025

CITY OF JONESBORO, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2024

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 24,889,113	\$ 2,632,997	\$ 32,716,711
Investments			17,709,833
Accounts receivable	4,993,737	189,912	1,087,712
Interfund receivables	11,930,259	361,258	17,151,399
	<u>41,813,109</u>	<u>3,184,167</u>	<u>68,665,655</u>
TOTAL ASSETS	<u>\$ 41,813,109</u>	<u>\$ 3,184,167</u>	<u>\$ 68,665,655</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,869,092	\$ 123,348	\$ 634,810
Interfund payables	15,034,830	1,296,322	13,111,764
Settlements pending			68,250
Total Liabilities	<u>16,903,922</u>	<u>1,419,670</u>	<u>13,814,824</u>
Fund Balances:			
Restricted	368,020		36,184,400
Committed			629,259
Assigned	5,053	1,764,497	19,558,746
Unassigned	24,536,114		(1,521,574)
Total Fund Balances	<u>24,909,187</u>	<u>1,764,497</u>	<u>54,850,831</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,813,109</u>	<u>\$ 3,184,167</u>	<u>\$ 68,665,655</u>

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

CITY OF JONESBORO, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,327,379	\$ 6,461,363	\$ 964,104
Federal aid	154,264		9,317,011
Property taxes	1,820,810	2,294,220	1,878,158
Franchise fees	1,382,661		
Sales taxes	46,927,273		53,198
Fines, forfeitures, and costs	1,678,962		176,422
Interest and dividends	1,296,370	90,180	1,752,619
Local permits and fees	3,227,357	186,978	46,720
Sanitation fees	104,472		
Advertising and promotion taxes			7,776,428
Employer/employee contributions			930,173
Park fees, rentals, and sales	938,594		
911 fees			1,627,019
Hanger leases and rentals			632,751
Fuel commissions			93,767
Bus fares			79,397
Insurance proceeds	384,634	73,154	
Net increase/(decrease) in fair value of investments			827,497
Other	2,181,334	98,077	407,245
TOTAL REVENUES	61,424,110	9,203,972	26,562,509
EXPENDITURES			
Current:			
General government	8,809,275		2,457,579
Law enforcement	16,263,344		9,691,445
Highways and streets	23,278	6,101,548	6,638,759
Public safety	13,500,776		4,237,974
Sanitation	6,527,378		61,489
Health			50,000
Recreation and culture	5,060,839		12,494,553
Social services	393,137		40,620
Advertising and promotion			1,184,236
Community development			218,568
Public transit			3,932,710
Airport			4,783,545
TOTAL EXPENDITURES	50,578,027	6,101,548	45,791,478

CITY OF JONESBORO, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 10,846,083</u>	<u>\$ 3,102,424</u>	<u>\$ (19,228,969)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	950,000		21,224,650
Transfers out	(17,971,064)	(3,253,586)	(950,000)
Contribution from City Water and Light	<u>700,000</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,321,064)</u>	<u>(3,253,586)</u>	<u>20,274,650</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(5,474,981)</u>	<u>(151,162)</u>	<u>1,045,681</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	30,384,168	1,915,659	50,247,884
Restatement adjustment (Note #13)			<u>3,557,266</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>30,384,168</u>	<u>1,915,659</u>	<u>53,805,150</u>
FUND BALANCES - DECEMBER 31	<u>\$ 24,909,187</u>	<u>\$ 1,764,497</u>	<u>\$ 54,850,831</u>

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, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,195,652	\$ 1,327,379	\$ 131,727	\$ 6,730,000	\$ 6,461,363	\$ (268,637)
Federal aid	150,000	154,264	4,264			
Property taxes	1,601,112	1,820,810	219,698	2,024,142	2,294,220	270,078
Franchise fees	374,000	1,382,661	1,008,661			
Sales taxes	49,167,000	46,927,273	(2,239,727)			
Fines, forfeitures, and costs	1,706,191	1,678,962	(27,229)			
Interest	1,350,000	1,296,370	(53,630)	157,500	90,180	(67,320)
Local permits and fees	3,113,278	3,227,357	114,079	197,410	186,978	(10,432)
Sanitation fees	135,769	104,472	(31,297)			
Park fees, rentals, and sales	1,003,975	938,594	(65,381)			
Insurance proceeds		384,634	384,634		73,154	73,154
Other	2,057,860	2,181,334	123,474	46,865	98,077	51,212
TOTAL REVENUES	61,854,837	61,424,110	(430,727)	9,155,917	9,203,972	48,055
EXPENDITURES						
Current:						
General government	9,414,770	8,809,275	605,495			
Law enforcement	25,503,331	16,263,344	9,239,987			
Highways and streets	25,000	23,278	1,722	6,865,005	6,101,548	763,457
Public safety	13,947,807	13,500,776	447,031			
Sanitation	6,470,595	6,527,378	(56,783)			
Recreation and culture	5,604,905	5,060,839	544,066			
Social services	448,101	393,137	54,964			
TOTAL EXPENDITURES	61,414,509	50,578,027	10,836,482	6,865,005	6,101,548	763,457
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	440,328	10,846,083	10,405,755	2,290,912	3,102,424	811,512
OTHER FINANCING SOURCES (USES)						
Transfers in	950,000	950,000	0			
Transfers out	(3,530,000)	(17,971,064)	(14,441,064)	(2,571,250)	(3,253,586)	(682,336)
Contribution from City Water and Light	700,000	700,000	0			
TOTAL OTHER FINANCING SOURCES (USES)	(1,880,000)	(16,321,064)	(14,441,064)	(2,571,250)	(3,253,586)	(682,336)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,439,672)	(5,474,981)	(4,035,309)	(280,338)	(151,162)	129,176
FUND BALANCES - JANUARY 1	26,763,505	30,384,168	3,620,663	1,061,678	1,915,659	853,981
FUND BALANCES - DECEMBER 31	\$ 25,323,833	\$ 24,909,187	\$ (414,646)	\$ 781,340	\$ 1,764,497	\$ 983,157

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

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.

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.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 6,123,141	\$ 6,123,319
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	53,809,776	54,710,965
Uninsured and uncollateralized	298,296	298,296
	<u>298,296</u>	<u>298,296</u>
Total Deposits	<u>\$ 60,231,213</u>	<u>\$ 61,132,580</u>

The above total deposits do not include cash on hand of \$7,608.

The Other Funds in the Aggregate (Airport) bank account balances included in Insured (FDIC) are swept daily to a number of 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, 2024, \$298,296 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.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2024 Fair Value
Pension Trust	\$ 17,709,833

Trust Fund Investments

	December 31, 2024
Investments in the Defined Benefit Pension Plan include:	
Separate Accounts	\$ 9,830,320
Mutual Funds	173,408
Exchange Traded funds (ETF)	433,329
Total Defined Benefit Investments	10,437,057
Investments in the Defined Contribution Pension Plan include:	
Mutual Funds	7,272,776
Total Trust Fund Investments	\$ 17,709,833

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, 2024	Quoted Prices in Active Markets for Identical Investments Level I
Investments by fair value level		
Mutual Funds	\$ 7,446,184	\$ 7,446,183
Exchange Traded Funds	433,329	433,329
Total investments by fair value level	7,879,513	\$ 7,879,512
Investments measured at the net asset value (NAV)		
Equity long/short hedge funds	3,608,472	
Event-driven hedge funds	4,046,056	
Global opportunities hedge funds	1,555,672	
Real estate funds	620,120	
Total investment measured at the NAV	9,830,320	
Total investments measured at fair value	\$ 17,709,833	

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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			Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	Fair Value	Unfunded Commitments		
Equity long/short hedge funds ⁽¹⁾	\$ 3,608,472	-	daily	one-day
Event-driven hedge funds ⁽²⁾	4,046,056	-	daily	one-day
Global opportunities hedge funds ⁽³⁾	1,555,672	-	daily	one-day
Real estate funds ⁽⁴⁾	620,120	-	daily	one-day
Total	<u>\$ 9,830,320</u>			

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 borrowing for investments 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 funds. This type includes investments in 2 hedge funds. The first hedge fund invests at least 80% of its assets in emerging market countries. The second fund holds securities with assets in companies in at least three different countries and which derive 50% or more of total revenue from goods or services produced outside of the U.S. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.
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 the other counterparty to an investment will not fulfill its obligations. The City's investments subject to credit risk at December 31, 2024 was \$8,287,581 (47%). 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: \$374,810 (5%) above average, \$4,909,033 (59%) average, \$2,980,942 (36%) below average, and \$22,796 (less than 1%) 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 had invested a total of \$8,287,581 (47%) in such funds at December 31, 2024.
- Foreign currency risk relates to the adverse affect on the fair value of an investment from changes in exchange rate. The City has investments totaling \$7,962,204 (45%) in mutual funds and separate accounts that may be affected by such changes in exchange rates.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2024, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 158,842		
Federal aid	10,169		\$ 112,495
Property taxes	149,536	\$ 188,416	153,779
Franchise fees	239,850		
Sales taxes	3,861,933		4,709
Fines, forfeitures, and costs	98,359		
Local permits and fees	87,788	1,496	1,488
Sanitation fees	7,490		
Advertising and promotion taxes			734,687
Park fees, rentals, and sales	14,252		
911 fees			2,378
Fuel commissions			8,178
Bus fares			4,441
Other	365,518		65,557
Totals	<u>\$ 4,993,737</u>	<u>\$ 189,912</u>	<u>\$ 1,087,712</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2024, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 1,869,092	\$ 123,348	\$ 626,462
Salaries payable			6,224
Payroll taxes payable			2,124
Totals	<u>\$ 1,869,092</u>	<u>\$ 123,348</u>	<u>\$ 634,810</u>

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund	\$ 11,930,259	\$ 15,034,830
Street Fund	361,258	1,296,322
Other Funds in the Aggregate:		
Special Revenue Funds:		
Federal Grants		2,899
Jonesboro Economical Transportation System		1,505,000
Restricted	8,657,165	3,529
American Rescue Plan Act (ARPA)		8,627,165
Advertising and Promotion Commission - 1% Hotel & Motel		950,000
Capital Projects Funds:		
Capital Improvement	4,334,975	2,022,053
Depreciation	4,159,259	1,118
Totals	<u>\$ 29,442,916</u>	<u>\$ 29,442,916</u>

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 2025 as funds become available.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2024, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 713,400
Law enforcement	\$ 278,083		198,240
Highways and streets			139,430
Public safety	89,937		68,231
Sanitation			35,586
Recreation and culture			10,849,126
Social services			49,087
Advertising and promotion			188,828
Community development			47,432
Airport			4,966,120
Pension benefits			18,010,196
Capital outlay			918,724
Total Restricted	<u>368,020</u>		<u>36,184,400</u>
Committed for:			
Social services			<u>629,259</u>
Assigned to:			
General government	5,053		8,684,201
Law enforcement			212,854
Highways and streets		\$ 1,764,497	
Public safety			437,025
Recreation and culture			47
Airport			910,000
Capital outlay			9,314,619
Total Assigned	<u>5,053</u>	<u>1,764,497</u>	<u>19,558,746</u>
Unassigned	<u>24,536,114</u>		<u>(1,521,574)</u>
Totals	<u>\$ 24,909,187</u>	<u>\$ 1,764,497</u>	<u>\$ 54,850,831</u>

NOTE 9: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2024:

	December 31, 2024
Other Funds in the Aggregate:	
Special Revenue Fund:	
Jonesboro Economical Transportation System	<u>\$ (1,521,574)</u>

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, the legal debt limit for the bonded debt was \$374,595,932. 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, 2024, the legal debt limit for short-term financing obligations was \$95,680,118. There were no short-term financing obligations.

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2024:

	December 31, 2024
Long-term liabilities	\$ 6,399,797
Lease	793,919
Construction contracts	1,812,405
Refundable contractor deposits	247,940
Total Commitments	\$ 9,006,121

Long-term liabilities

Long-term liabilities at December 31, 2024, are comprised of the following:

	December 31, 2024
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	\$ 6,399,797

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

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	\$ 6,364,270
Ending balance compensated absences	6,399,797
Net increase (decrease)	\$ 35,527

Post Employment Benefits Other Than Pensions

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

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11: Commitments (Continued)

Landfill Closure and Postclosure Care Costs

State and federal laws require that the City of Jonesboro place a final cover on its Class IV landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. On March 29, 2007, FTN Associates, Ltd submitted a closure and post closure plan for the City's Class IV landfill with an estimated cost of \$7,500 based on the most expensive costs of post closure care for a two-year period. At the end of the two-year period, the Arkansas 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 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 \$116,573 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. 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.

Lease

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

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

Year	December 31, 2024
2025	\$ 680,502
2026	113,417
Total	<u>\$ 793,919</u>

Lease expense for 2024, was \$567,085.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2024:

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2024
Shooting Sports Complex	December 2025	\$ 189,860
Downtown to ASU Connection	June 2025	287,255
Artificial Turf Installation	March 2025	107,701
Jonesboro Sportsplex	September 2026	771,692
Jonesboro Bike Plaza	February 2025	192,881
Marion Berry Parkway Multiuse Trail	December 2025	114,206
Airport Runway 23 Extension	September 2025	148,810
Total Construction Contracts		<u>\$ 1,812,405</u>

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, 2024, is \$247,940.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12: Interfund Transfers

The General Fund transferred \$17,971,064 to Other Funds in the Aggregate: \$34,739 to the Metropolitan Planning Organization Fund for the City's portion of a grant, \$70,000 to the Airport Commission Fund to supplement operations, \$3,508,058 to the Depreciation Fund for equipment purchases, \$5,701,102 to the Capital Improvement Fund for capital improvement projects, and \$8,657,165 to the Restricted Fund for various projects. The Street Fund transferred \$3,253,586 to Other funds in Aggregate: \$651,201 to the Depreciation Fund for equipment purchases and \$2,602,385 to the Capital Improvement Fund for capital improvement projects. The Other Funds in the Aggregate (Capital Improvement) transferred \$950,000 to the General Fund for refund of excess appropriations.

NOTE 13: Prior Year Restatement

The Other Funds in the Aggregate's beginning balance was restated by \$3,557,266 to include a retirement 457 (b) plan that is maintained by the City.

NOTE 14: 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 2024, City Water and Light contributed in lieu of taxes a total of \$700,000 to the City's General Fund 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 city buildings for a total value of \$2,730,625.

NOTE 15: 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 \$1,832,592 to the Craighead County - Jonesboro Public Library for the year ending December 31, 2024.

B. Crowley's Ridge Regional Library

The Craighead County - Jonesboro Public Library and the Poinsett County Library entered into an agreement in February 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Crowley's Ridge Regional Library. The agreements states that each county shall provide its own quarters and county and branch library staff members are to be employed by the county library boards with salaries to be paid from county library funds. Regional staff members are to be selected by the regional board and the approval of the Arkansas Library Commission. The Craighead County librarian shall serve as the regional librarian and may employ a regional staff with the salaries being provided 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 16: 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. This agreement covers the period January 1, 2023 to December 31, 2024, and may be extended upon written mutual agreement. 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 2024 financial statements of the Second Judicial District Drug Task Force have not been audited.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 17: 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.

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.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

**NOTE 18: 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.

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 \$4,735,352 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$2,142,961 for the year ended December 31, 2024.

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, 2024, (actuarial valuation date and measurement date) was \$33,681,087.

**NOTE 19: 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 times the career average earnings. Retired employees shall receive a monthly benefit of not less than \$50. The plan allows for early retirement at age fifty-five with reduced benefits. The plan also provides for similar benefits upon the physical or mental disability of participant. The plan provides for survivor benefits equal to the employee's contribution plus interest.

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

On December 20, 2011, the Jonesboro City Council approved resolution no. 11:228 to freeze the Nonuniformed Employee's Defined Benefit Pension Plan. Employees will not earn any additional benefits after the effective date (December 31, 2011), and the employees' service with the City after the effective date will not be included in the determination of the employees' benefits under the Plan. Employees who are first hired after December 31, 2011, will not be eligible to participate in the Plan. Employees that have accrued a benefit under the Plan will continue to have their service with the City counted for purposes of vesting under the plan. This means that if an employee has less than five years of service, then their service after December 31, 2011, will still be counted towards the employee becoming 100% vested in their accrued benefits under the Plan (i.e., attaining five years of service).

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 19: Nonuniformed Employee's Pension Plan (Continued)
(A Defined Benefit Plan)

Net Pension Liability

The City did not have a net pension liability at December 31, 2024 (actuarial valuation date and measurement date).

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

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

Plan Description

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

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

The City's contribution to the plan was \$408,470 for the year ended December 31, 2024.

NOTE 21: 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 2024 was \$248,970. The total value of the tax abatement as of December 31, 2024, is \$801,777.

NOTE 22: 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, 2024, these projects were not completed.

CITY OF JONESBORO, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 23: 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, 2024.

NOTE 24: 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, 2024.

NOTE 25: Subsequent Events

- A. On January 21, 2025, The City entered into a \$3,250,000 contract with Nabholz Construction, Inc. to provide construction management services and to demolish a building located at 100 West Washington Avenue.
- B. 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 agreed to pay an initial security deposit of \$4,733,643, and 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. As of August 4, 2025, the Commission entered into an agreement with Crafton Tull & Associates for architectural services costing \$4,292,100 and with Nabholz Construction Corporation for construction management services costing \$64,922,648.
- C. On July 22, 2025, the City issued capital improvement revenue bonds of \$17,595,000 for various capital improvements.

CITY OF JONESBORO, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2024

Schedule 1

	SPECIAL REVENUE FUNDS								
	Emergency 911	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	Metropolitan Planning Organization	Restricted	American Rescue Plan Act (ARPA)	Advertising and Promotion Commission - 3% Hotel & Motel
ASSETS									
Cash and cash equivalents	\$ 465,513	\$ 1,062,556	\$ 24,093	\$ 16,784	\$ 5,873,860	\$ 109,395	\$ 1,282,715	\$ 8,627,165	\$ 245,390
Investments									
Accounts receivable	2,378	5,994	69,506	48,734	12,887		213,526		78,240
Interfund receivables							8,657,165		
TOTAL ASSETS	<u>\$ 467,891</u>	<u>\$ 1,068,550</u>	<u>\$ 93,599</u>	<u>\$ 65,518</u>	<u>\$ 5,886,747</u>	<u>\$ 109,395</u>	<u>\$ 10,153,406</u>	<u>\$ 8,627,165</u>	<u>\$ 323,630</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 30,866	\$ 21,490	\$ 110,173	\$ 18,086	\$ 10,627	\$ 2,544	\$ 168,450		\$ 134,802
Interfund payables		2,899	1,505,000				3,529	\$ 8,627,165	
Settlements pending									
Total Liabilities	<u>30,866</u>	<u>24,389</u>	<u>1,615,173</u>	<u>18,086</u>	<u>10,627</u>	<u>2,544</u>	<u>171,979</u>	<u>8,627,165</u>	<u>134,802</u>
Fund Balances:									
Restricted		1,044,161		47,432	4,966,120	106,851	455,066		188,828
Committed							629,259		
Assigned	437,025				910,000		8,897,102		
Unassigned			(1,521,574)						
Total Fund Balances	<u>437,025</u>	<u>1,044,161</u>	<u>(1,521,574)</u>	<u>47,432</u>	<u>5,876,120</u>	<u>106,851</u>	<u>9,981,427</u>		<u>188,828</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 467,891</u>	<u>\$ 1,068,550</u>	<u>\$ 93,599</u>	<u>\$ 65,518</u>	<u>\$ 5,886,747</u>	<u>\$ 109,395</u>	<u>\$ 10,153,406</u>	<u>\$ 8,627,165</u>	<u>\$ 323,630</u>

CITY OF JONESBORO, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2024

Schedule 1

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		TRUST FUNDS		CUSTODIAL FUND	
	Advertising and Promotion Commission - 1% Hotel & Motel	Advertising and Promotion Commission - 2% Prepared Foods	Capital Improvement	Depreciation	Nonuniformed Employee's Pension	Employee's Defined Contribution Pension	Payroll	Totals
ASSETS								
Cash and cash equivalents	\$ 995,289	\$ 9,761,919	\$ 3,671,369	\$ 212,050	\$ 190,364	\$ 109,999	\$ 68,250	\$ 32,716,711
Investments					10,437,057	7,272,776		17,709,833
Accounts receivable	26,080	630,367						1,087,712
Interfund receivables			4,334,975	4,159,259				17,151,399
TOTAL ASSETS	\$ 1,021,369	\$ 10,392,286	\$ 8,006,344	\$ 4,371,309	\$ 10,627,421	\$ 7,382,775	\$ 68,250	\$ 68,665,655
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 16,633	\$ 57,493	\$ 63,646				\$ 634,810
Interfund payables	\$ 950,000		2,022,053	1,118				13,111,764
Settlements pending							\$ 68,250	68,250
Total Liabilities	950,000	16,633	2,079,546	64,764			68,250	13,814,824
Fund Balances:								
Restricted	71,369	10,375,653		918,724	\$ 10,627,421	\$ 7,382,775		36,184,400
Committed								629,259
Assigned			5,926,798	3,387,821				19,558,746
Unassigned								(1,521,574)
Total Fund Balances	71,369	10,375,653	5,926,798	4,306,545	10,627,421	7,382,775		54,850,831
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,021,369	\$ 10,392,286	\$ 8,006,344	\$ 4,371,309	\$ 10,627,421	\$ 7,382,775	\$ 68,250	\$ 68,665,655

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, 2024

Schedule 2

	SPECIAL REVENUE FUNDS						
	Emergency 911	Federal Grants	Jonesboro Economical Transportation System	Community Development Block Grant	Airport Commission	Metropolitan Planning Organization	American Rescue Plan Act (ARPA)
REVENUES							
State aid		\$ 3,943	\$ 63,312		\$ 697,190		\$ 199,659
Federal aid		3,589,389	2,605,873	\$ 610,458	2,458,754	\$ 52,537	
Property taxes							1,878,158
Sales taxes					53,198		
Fines, forfeitures, and costs							176,422
Interest and dividends	\$ 23,662		2,877		251,715	5,673	\$ 355,307
Local permits and fees							46,720
Advertising and promotion taxes							
Employer/employee contributions							
911 fees	1,627,019						
Hanger leases and rentals					632,751		
Fuel commissions					93,767		
Bus fares			79,397				
Net increase/(decrease) in fair value of investments							
Other		53,368	23,462	4,107		10,181	228,739
TOTAL REVENUES	1,650,681	3,646,700	2,774,921	614,565	4,187,375	68,391	355,307
EXPENDITURES							
Current:							
General government		228,842		296,041		157,534	80,035
Law enforcement		319,226					194,864
Highways and streets							95,617
Public safety	2,371,670						192,419
Sanitation		49,968					
Health							50,000
Recreation and culture		1,072,762		76,040			1,832,592
Social services				1,800			38,820
Advertising and promotion							
Community development				218,568			
Public transit			3,932,710				
Airport					4,783,545		
TOTAL EXPENDITURES	2,371,670	1,670,798	3,932,710	592,449	4,783,545	157,534	2,434,347
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(720,989)	1,975,902	(1,157,789)	22,116	(596,170)	(89,143)	95,351
OTHER FINANCING SOURCES (USES)							
Transfers in					70,000	34,739	8,657,165
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)					70,000	34,739	8,657,165
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(720,989)	1,975,902	(1,157,789)	22,116	(526,170)	(54,404)	8,752,516
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,158,014	(931,741)	(363,785)	25,316	6,402,290	161,255	1,228,911
Restatement adjustment (Note #13)							
FUND BALANCES - JANUARY 1, AS RESTATED	1,158,014	(931,741)	(363,785)	25,316	6,402,290	161,255	1,228,911
FUND BALANCES - DECEMBER 31	\$ 437,025	\$ 1,044,161	\$ (1,521,574)	\$ 47,432	\$ 5,876,120	\$ 106,851	\$ 9,981,427
							\$ 0

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, 2024

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		TRUST 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	Nonuniformed Employee's Pension	Nonuniformed Employee's Defined Contribution Pension	Totals
REVENUES								
State aid								\$ 964,104
Federal aid								9,317,011
Property taxes								1,878,158
Sales taxes								53,198
Fines, forfeitures, and costs								176,422
Interest and dividends	\$ 12,745	\$ 31,329	\$ 306,552			\$ 24,624	\$ 738,135	1,752,619
Local permits and fees								46,720
Advertising and promotion taxes	945,986	315,564	6,514,878					7,776,428
Employer/employee contributions							930,173	930,173
911 fees								1,627,019
Hanger leases and rentals								632,751
Fuel commissions								93,767
Bus fares								79,397
Net increase/(decrease) in fair value of investments						840,117	(12,620)	827,497
Other	26,765					1,184	59,439	407,245
TOTAL REVENUES	985,496	346,893	6,821,430			865,925	1,715,127	26,562,509
EXPENDITURES								
Current:								
General government				\$ 187,629	\$ 69,759	550,522	887,217	2,457,579
Law enforcement					550,190			9,691,445
Highways and streets				5,249,658	1,213,445			6,638,759
Public safety					1,046,565			4,237,974
Sanitation					11,521			61,489
Health								50,000
Recreation and culture		950,000	3,908,165	3,595,358	308,415			12,494,553
Social services								40,620
Advertising and promotion	1,184,236							1,184,236
Community development								218,568
Public transit								3,932,710
Airport								4,783,545
TOTAL EXPENDITURES	1,184,236	950,000	3,908,165	9,032,645	3,199,895	550,522	887,217	45,791,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(198,740)	(603,107)	2,913,265	(9,032,645)	(3,199,895)	315,403	827,910	(19,228,969)
OTHER FINANCING SOURCES (USES)								
Transfers in				8,303,487	4,159,259			21,224,650
Transfers out				(950,000)				(950,000)
TOTAL OTHER FINANCING SOURCES (USES)				7,353,487	4,159,259			20,274,650
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(198,740)	(603,107)	2,913,265	(1,679,158)	959,364	315,403	827,910	1,045,681
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	387,568	674,476	7,462,388	7,605,956	3,347,181	10,312,018	2,997,599	50,247,884
Restatement adjustment (Note #13)							3,557,266	3,557,266
FUND BALANCES - JANUARY 1, AS RESTATED	387,568	674,476	7,462,388	7,605,956	3,347,181	10,312,018	6,554,865	53,805,150
FUND BALANCES - DECEMBER 31	\$ 188,828	\$ 71,369	\$ 10,375,653	\$ 5,926,798	\$ 4,306,545	\$ 10,627,421	\$ 7,382,775	\$ 54,850,831

CITY OF JONESBORO, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
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.
American Rescue Plan Act (ARPA)	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
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.

CITY OF JONESBORO, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
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.
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.

CITY OF JONESBORO, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2024
(Unaudited)

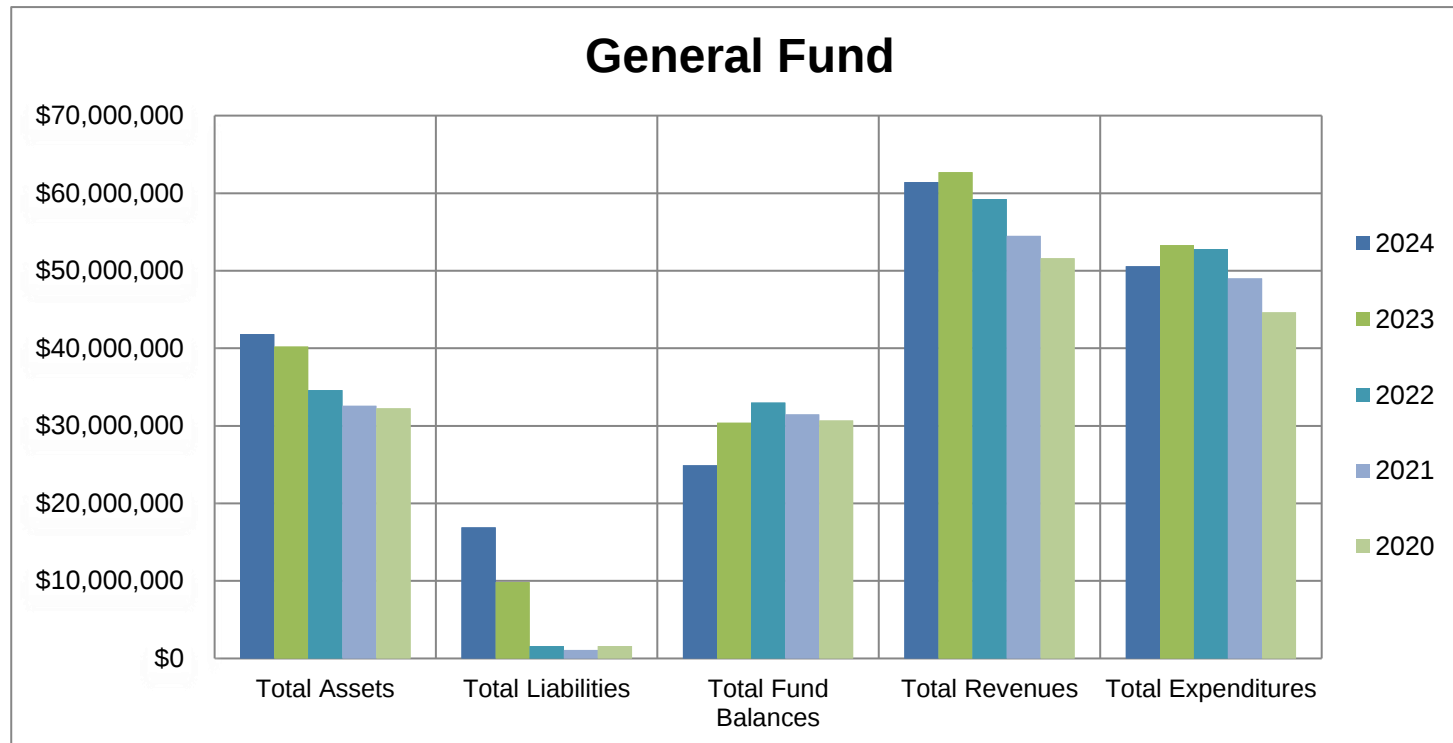
Schedule 3

	December 31, 2024
Land	\$ 21,546,527
Buildings	64,065,171
Equipment	67,723,140
Construction in progress	14,643,500
Total	<u><u>\$ 167,978,338</u></u>

CITY OF JONESBORO, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 4-1

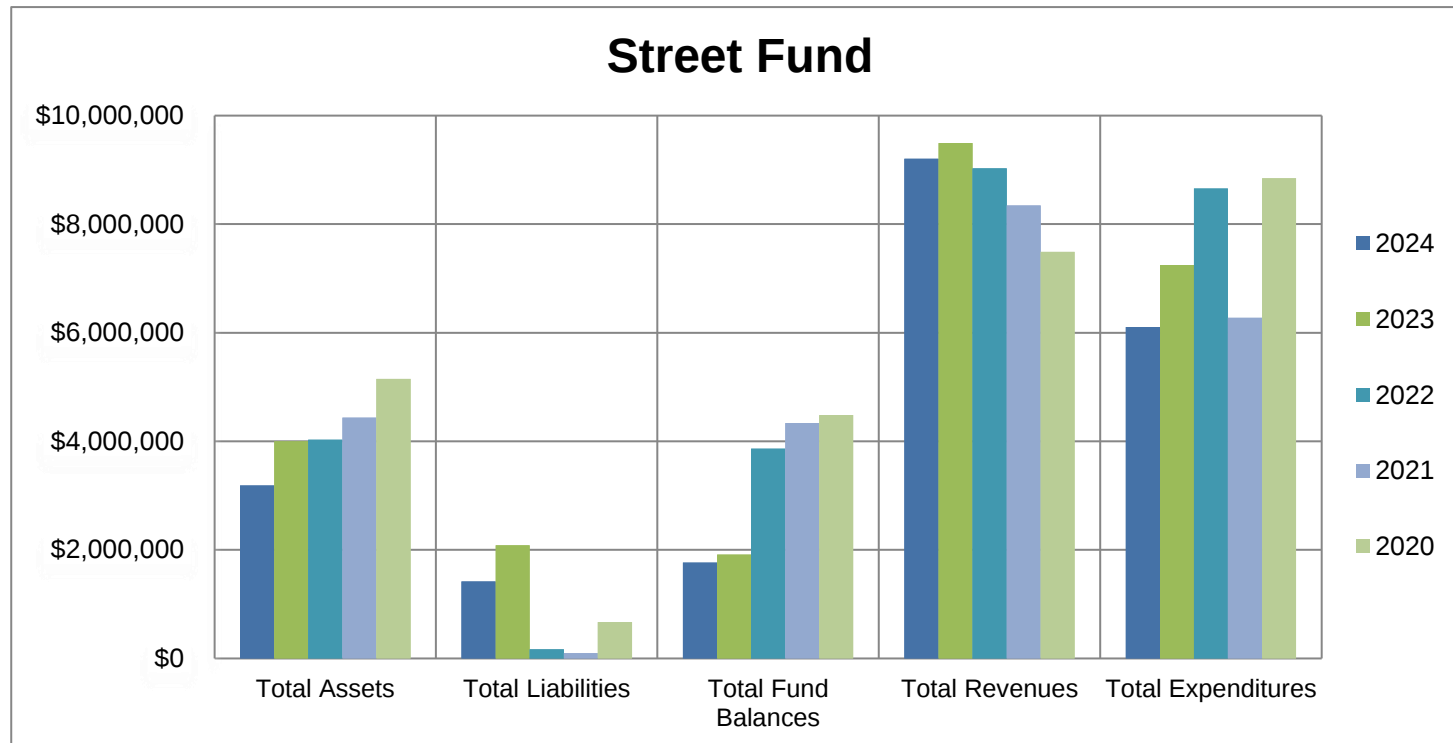
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 41,813,109	\$ 40,214,437	\$ 34,589,177	\$ 32,583,483	\$ 32,264,927
Total Liabilities	16,903,922	9,830,269	1,590,575	1,113,025	1,596,592
Total Fund Balances	24,909,187	30,384,168	32,998,602	31,470,458	30,668,335
Total Revenues	61,424,110	62,720,971	59,234,735	54,494,964	51,608,581
Total Expenditures	50,578,027	53,277,586	52,783,406	48,984,754	44,621,192
Total Other Financing Sources/Uses	(16,321,064)	(11,459,762)	(4,923,185)	(4,708,087)	424,826



CITY OF JONESBORO, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 4-2

<u>Street</u>	2024	2023	2022	2021	2020
Total Assets	\$ 3,184,167	\$ 4,000,423	\$ 4,027,826	\$ 4,435,647	\$ 5,151,587
Total Liabilities	1,419,670	2,084,764	165,672	96,992	667,179
Total Fund Balances	1,764,497	1,915,659	3,862,154	4,338,655	4,484,408
Total Revenues	9,203,972	9,496,098	9,027,987	8,345,492	7,492,288
Total Expenditures	6,101,548	7,250,743	8,657,348	6,277,937	8,848,484
Total Other Financing Sources/Uses	(3,253,586)	(4,191,850)	(847,140)	(2,213,308)	(528,147)



CITY OF JONESBORO, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2024
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2024	2023	2022	2021	2020
Total Assets	\$ 68,665,655	\$ 53,548,910	\$ 52,429,508	\$ 42,697,714	\$ 28,698,476
Total Liabilities	13,814,824	3,301,026	5,299,393	811,257	1,547,064
Total Fund Balances	54,850,831	50,247,884	47,130,115	41,886,457	27,151,412
Total Revenues	26,562,509	25,819,961	23,868,422	23,295,632	21,843,705
Total Expenditures	45,791,478	39,651,861	25,095,089	16,181,982	16,067,564
Total Other Financing Sources/Uses	20,274,650	16,351,612	6,470,325	7,621,395	803,321

