City of Trumann, Arkansas

Financial and Compliance Report

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

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

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

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

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Trumann, Arkansas, as of and for the year ended December 31, 2025, and have issued our report thereon dated June 24, 2026. These procedures were not performed for the Waterworks Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

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

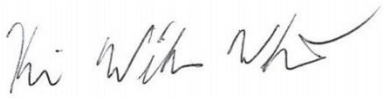
Mayor: Jay Paul Woods
Finance Director: Kari Walker
Clerk: Carolyn Toddy
Treasurer: Bob Sowell
District Court Clerk: Tasha Jamison
Police Chief: Doug Thomas (appointed August 29, 2025)
Jonathan Redman (resigned August 29, 2025)

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

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

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

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 24, 2026
LOM108725

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 3,101,339	$ 12,783	$ 1,577,221
Accounts receivable	273,118	30,953	116,821
Interfund receivables		60,000	25,112
TOTAL ASSETS	$ 3,374,457	$ 103,736	$ 1,719,154
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 39,659	$ 7,501	
Interfund payables	25,112		$ 60,000
Settlements pending			115,329
Total Liabilities	64,771	7,501	175,329
Fund Balances:			
Restricted	96,851	96,235	442,820
Committed			910,524
Assigned			190,481
Unassigned	3,212,835		
Total Fund Balances	3,309,686	96,235	1,543,825
TOTAL LIABILITIES AND FUND BALANCES	$ 3,374,457	$ 103,736	$ 1,719,154

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 120,979	$ 653,518	$ 72,353
Federal aid	48		
Property taxes	375,495	85,101	85,340
Franchise fees	442,657		
Sales taxes	2,576,107		1,385,182
Fines, forfeitures, and costs	123,461		4,241
Interest	8,036	179	44,865
Local permits and fees	75,728		
Principal on notes receivable			1,685
Interest on notes receivable			613
Rent	8,250		
Other	270,659	751	1,566
TOTAL REVENUES	4,001,420	739,549	1,595,845
EXPENDITURES			
Current:			
General government	769,229		950
Law enforcement	2,581,279		41,908
Highways and streets		772,421	18,753
Public safety	1,617,722		606,103
Recreation and culture	574,332		
Social services	36,728		
Industrial development			5,138
Total Current	5,579,290	772,421	672,852
Debt Service:			
Bond principal			240,000
Bond interest and other charges			108,357
TOTAL EXPENDITURES	5,579,290	772,421	1,021,209

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,577,870)	$ (32,872)	$ 574,636
OTHER FINANCING SOURCES (USES)			
Transfers in	1,154,511		98,814
Transfers out	(98,814)		(1,154,511)
Contribution to water department	(300,000)		
TOTAL OTHER FINANCING SOURCES (USES)	755,697		(1,055,697)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(822,173)	(32,872)	(481,061)
FUND BALANCES - JANUARY 1	4,131,859	129,107	2,024,886
FUND BALANCES - DECEMBER 31	$ 3,309,686	$ 96,235	$ 1,543,825

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 120,979	$ 120,979	$ 0	$ 625,216	$ 653,518	$ 28,302
Federal aid	1,191	48	(1,143)			
Property taxes	383,908	375,495	(8,413)	85,217	85,101	(116)
Franchise fees	448,255	442,657	(5,598)			
Sales taxes	2,584,175	2,576,107	(8,068)			
Fines, forfeitures, and costs	136,760	123,461	(13,299)			
Interest	4,492	8,036	3,544	179	179	0
Local permits and fees	75,910	75,728	(182)			
Rent	8,750	8,250	(500)			
Other	240,701	270,659	29,958	18,753	751	(18,002)
TOTAL REVENUES	4,005,121	4,001,420	(3,701)	729,365	739,549	10,184
EXPENDITURES						
Current:						
General government	871,981	769,229	102,752			
Law enforcement	2,595,090	2,581,279	13,811			
Highways and streets				849,789	772,421	77,368
Public safety	1,624,170	1,617,722	6,448			
Recreation and culture	579,181	574,332	4,849			
Social services	36,783	36,728	55			
TOTAL EXPENDITURES	5,707,205	5,579,290	127,915	849,789	772,421	77,368
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,702,084)	(1,577,870)	124,214	(120,424)	(32,872)	87,552
OTHER FINANCING SOURCES (USES)						
Transfers in	1,154,511	1,154,511	0			
Transfers out		(98,814)	(98,814)			
Contribution to water department	(300,000)	(300,000)	0			
TOTAL OTHER FINANCING SOURCES (USES)	854,511	755,697	(98,814)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(847,573)	(822,173)	25,400	(120,424)	(32,872)	87,552
FUND BALANCES - JANUARY 1		4,131,859	4,131,859		129,107	129,107
FUND BALANCES - DECEMBER 31	$ (847,573)	$ 3,309,686	$ 4,157,259	$ (120,424)	$ 96,235	$ 216,659

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

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

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Disaster Recovery	Police Equitable Sharing	Special Enforcement	Industrial Development	Fire Equipment and Training (Act 833)	Capital Equipment	Capital Improvement Revenue Bonds Capital Projects, Series 2023
ASSETS							
Cash and cash equivalents	$ 36,119	$ 2,686	$ 12,618	$ 951,705	$ 38,662	$ 148,069	$ 103
Accounts receivable							
Interfund receivables						25,112	
TOTAL ASSETS	$ 36,119	$ 2,686	$ 12,618	$ 951,705	$ 38,662	$ 173,181	$ 103
LIABILITIES AND FUND BALANCES							
Liabilities:							
Interfund payables				$ 60,000			
Settlements pending							
Total Liabilities				60,000			
Fund Balances:							
Restricted		$ 2,686	$ 12,618		$ 38,662		$ 103
Committed				891,705		$ 18,819	
Assigned	$ 36,119					154,362	
Total Fund Balances	36,119	2,686	12,618	891,705	38,662	173,181	103
TOTAL LIABILITIES AND FUND BALANCES	$ 36,119	$ 2,686	$ 12,618	$ 951,705	$ 38,662	$ 173,181	$ 103

Schedule 1

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

	DEBT SERVICE FUNDS		CUSTODIAL FUNDS		
	2021 Sales and Use Tax Refunding Bond	Capital Improvement Revenue Bonds Debt Service, Series 2023	Payroll	District Court	Totals
ASSETS					
Cash and cash equivalents	$ 191,330	$ 80,600	$ 77,887	$ 37,442	$ 1,577,221
Accounts receivable	116,821				116,821
Interfund receivables					25,112
TOTAL ASSETS	$ 308,151	$ 80,600	$ 77,887	$ 37,442	$ 1,719,154
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payables					$ 60,000
Settlements pending			$ 77,887	$ 37,442	115,329
Total Liabilities			77,887	37,442	175,329
Fund Balances:					
Restricted	$ 308,151	$ 80,600			442,820
Committed					910,524
Assigned					190,481
Total Fund Balances	308,151	80,600			1,543,825
TOTAL LIABILITIES AND FUND BALANCES	$ 308,151	$ 80,600	$ 77,887	$ 37,442	$ 1,719,154

CITY OF TRUMANN, ARKANSAS

Schedule 2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2025

(UNAUDITED)

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Disaster Recovery	Police Equitable Sharing	Special Enforcement	Industrial Development	Fire Equipment and Training (Act 833)	Capital Equipment	Capital Improvement Revenue Bonds Capital Projects, Series 2023
REVENUES							
State aid					$ 72,353		
Property taxes						$ 85,340	
Sales taxes							
Fines, forfeitures, and costs		$ 2,648	$ 798			795	
Interest	$ 37	2		$ 29,718		206	$ 2,180
Principal on notes receivable				1,685			
Interest on notes receivable				613			
Other				16	300	1,250	
TOTAL REVENUES	37	2,650	798	32,032	72,653	87,591	2,180
EXPENDITURES							
Current:							
General government							
Law enforcement			325			41,583	
Highways and streets						18,753	
Public safety					97,599	8,436	500,068
Industrial development				5,138			
Total Current			325	5,138	97,599	68,772	500,068
Debt Service:							
Bond principal							
Bond interest and other charges							
TOTAL EXPENDITURES			325	5,138	97,599	68,772	500,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	37	2,650	473	26,894	(24,946)	18,819	(497,888)
OTHER FINANCING SOURCES (USES)							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	37	2,650	473	26,894	(24,946)	18,819	(497,888)
FUND BALANCES - JANUARY 1	36,082	36	12,145	864,811	63,608	154,362	497,991
FUND BALANCES - DECEMBER 31	$ 36,119	$ 2,686	$ 12,618	$ 891,705	$ 38,662	$ 173,181	$ 103

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

	DEBT SERVICE FUNDS		
	2021 Sales and Use Tax Refunding Bond	Capital Improvement Revenue Bonds Debt Service, Series 2023	Totals
REVENUES			
State aid			$ 72,353
Property taxes			85,340
Sales taxes	$ 1,385,182		1,385,182
Fines, forfeitures, and costs			4,241
Interest	9,345	$ 3,377	44,865
Principal on notes receivable			1,685
Interest on notes receivable			613
Other			1,566
TOTAL REVENUES	1,394,527	3,377	1,595,845
EXPENDITURES			
Current:			
General government	950		950
Law enforcement			41,908
Highways and streets			18,753
Public safety			606,103
Industrial development			5,138
Total Current	950		672,852
Debt Service:			
Bond principal	210,000	30,000	240,000
Bond interest and other charges	36,644	71,713	108,357
TOTAL EXPENDITURES	247,594	101,713	1,021,209
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,146,933	(98,336)	574,636
OTHER FINANCING SOURCES (USES)			
Transfers in		98,814	98,814
Transfers out	(1,154,511)		(1,154,511)
TOTAL OTHER FINANCING SOURCES (USES)	(1,154,511)	98,814	(1,055,697)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,578)	478	(481,061)
FUND BALANCES - JANUARY 1	315,729	80,122	2,024,886
FUND BALANCES - DECEMBER 31	$ 308,151	$ 80,600	$ 1,543,825

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

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

Fund Name	Fund Description
Disaster Recovery	Established to account for grants received for relief of natural disasters.
Police Equitable Sharing	Established to account for federal confiscation funds.
Special Enforcement	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Industrial Development	Trumann Resolution no. 526 (December 10, 1992) and Ordinance no. 592 (July 8, 2014) established fund to account for reuse plan and funds from the Urban Development Grant programs.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Capital Equipment	Trumann Ordinance nos. 329 (March 14, 1988) and 492 (November 9, 2004) established fund to account for property taxes to be used for capital expenditures and fines resulting from inattentive driving offences to be used for police department equipment.
Capital Improvement Revenue Bonds Capital Projects, Series 2023	Trumann Ordinance no. 707 (March 27, 2023) authorized the issuance of capital improvement bonds to finance the rebuilding of a fire station.
2021 Sales and Use Tax Refunding Bond	Trumann Ordinance no. 675 (December 8, 2020) authorized the issue of sales and use tax refunding bonds for the purpose of refunding prior sales and use tax indebtedness, pledging a one percent sales and use tax for the repayment of bond principal and interest.
Capital Improvement Revenue Bonds Debt Service, Series 2023	Trumann Ordinance no. 707 (March 27, 2023) as approved by voters authorized the issuance of capital improvement bonds. This fund was established in order to facilitate the retirement of the related debt.
Payroll	Established to process the payroll of City's employees.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

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

1. A. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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

1. (Continued)

B. Basis of Accounting - Regulatory

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

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

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand accounts, certificates of deposit, and short-term U.S. Treasury Securities.

Settlements Pending

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

Fund Balance Classifications

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

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

1. (Continued)

D. Property Taxes

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

E. Budget Law

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

a. Prior to December 1, the Mayor submits to the City 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.

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

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

2. Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	$ 96,851		$ 15,304
Highways and streets		$ 96,235	
Public safety			38,662
Capital outlay			103
Debt service			388,751
Total Restricted	96,851	96,235	442,820
Committed for:			
Industrial development			891,705
Capital outlay			18,819
Total Committed			910,524
Assigned to:			
General government			36,119
Capital outlay			154,362
Total Assigned			190,481
Unassigned	3,212,835		
Totals	$ 3,309,686	$ 96,235	$ 1,543,825

3. Commitments

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

	December 31, 2025
Long-term liabilities	$ 3,295,116

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2025
Bonds	
Sales and Use Tax Refunding Bonds (2021) dated January 19, 2021, in the amount of $2,315,000, due in annual installments of $15,000 - $365,000 plus interest through October 2031; interest of 1.625% - 2.875%. Payments are to be made from the 2021 Sales and Use Tax Refunding Bond Debt Service Fund.	$ 1,490,000
Capital Improvement Revenue Bonds (2023) dated May 9, 2023, in the amount of $1,635,000, due in annual installments of $25,000 - $95,000 plus interest through June 2053; interest of 3.25% - 4.875%. Payments are to be made from the Capital Improvement Revenue Bonds Debt Service, Series 2023 Fund.	1,580,000
Total Bonds	3,070,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	225,116
Total Long-term liabilities	$ 3,295,116

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 $3,070,000 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	$ 237,290
Ending balance compensated absences	225,116
Net increase (decrease)	$ (12,174)

Post Employment Benefits Other Than Pensions

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

3. Commitments (Continued)

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					
1/19/21	10/1/31	1.625-2.875%	$ 2,315,000	$ 1,490,000	$ 825,000
5/9/23	6/1/53	3.25-4.875%	1,635,000	1,580,000	55,000
Total Long-Term Debt			$ 3,950,000	$ 3,070,000	$ 880,000

Changes in Long-Term Debt

	Balance January 01, 2025	Issued	Retired	Balance December 31, 2025
Bonds payable	$ 3,310,000	$ 0	$ 240,000	$ 3,070,000

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds Principal	Interest	Total
2026	$ 250,000	$ 96,494	$ 346,494
2027	250,000	91,119	341,119
2028	260,000	85,663	345,663
2029	265,000	80,594	345,594
2030	265,000	76,856	341,856
2031 through 2035	565,000	321,750	886,750
2036 through 2040	245,000	299,875	544,875
2041 through 2045	305,000	244,641	549,641
2046 through 2050	385,000	148,937	533,937
2051 through 2053	280,000		280,000
Totals	$ 3,070,000	$ 1,445,929	$ 4,515,929

4. Interfund Transfers

The General Fund transferred $98,814 to Other Funds in the Aggregate (Capital Improvement Revenue Bonds Debt Service, Series 2023 Fund) for debt service-related payments. The Other Funds in the Aggregate (2021 Sales and Use Tax Refunding Bond Debt Service Fund) transferred $1,154,511 to General Fund for city sales tax collected in excess of debt service requirements.

5. Pledged Revenues

The City pledged future 1% sales and use taxes to repay $2,315,000 in bonds that were issued in 2021 to refund bonds issued in 2015. Total principal and interest remaining on the bonds are $1,490,000 and $102,838, respectively, payable through October 1, 2031. For 2025, principal and interest and other charges paid were $210,000 and $36,644, respectively.

The Debt Service Fund received $1,385,182 in sales taxes in 2025. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other City expenditures.

The City pledged future franchise fees to repay $1,635,000 in bonds that were issued in 2023. Total principal and interest remaining on the bonds are $1,580,000 and $1,343,091, respectively, payable through June 1, 2053. For 2025, principal and interest and other charges paid were $30,000 and $71,713, respectively.

The General Fund received $442,657 in franchise fees in 2025. Any franchise fees collected in excess of debt service payments on these bonds are permitted to be used for other City expenditures.

6. Job Stimulus

The City obtained funds in prior years from Federal and State Government to be used to issue loans to area industries to increase jobs under the Job Stimulus Program and for other purposes. The balance of notes receivable from these loans at December 31, 2025, is $26,430. The notes receivable are not recorded in financial statements due to the City's regulatory basis of accounting.

7. 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 covered 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.

8. 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 November 4, 2003, administration of the City of Trumann's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of this plan 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

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

Funding Policy (Continued)

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 $372,337 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $163,735 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 $2,218,034.

9. Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 6.00% as of July 1, 2025. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2025, (date of APERS Employer Allocation Report) was $18,467.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2025, (actuarial valuation date and measurement date) was $105,681.

10. Non-uniformed Employee's Pension Plan
(A Defined Contribution Pension Plan)

Plan Description

The City maintains a pension plan for all non-uniformed employees. The trustee is First Mercantile Trust Company. Plan provisions were established in accordance with Employees Retirement Security Act of 1974. All non-uniformed, regular, full-time employees are eligible to become members of the plan after meeting certain age and service requirements. Participation in the plan is compulsory. Normal retirement age is 65. Funding is provided by contributions of 5% by the employee and 5% by the City of the employee's total annual compensation. Additionally, voluntary contributions are allowed by payroll deductions. Upon retirement the employee will receive a monthly retirement income based upon various options in the plan. The employees are entitled only to the funds deposited by them and on their behalf; therefore, there is no unfunded liability.

10. Non-uniformed Employee's Pension Plan (Continued)
(A Defined Contribution Pension Plan)

Plan Description (Continued)

On October 22, 2020, the Trumann City Council approved resolution no. 1093-2020 to freeze and terminate the nonuniformed Employee's Defined Contribution Pension Plan. No further contributions are intended to be made after the effective date (October 30, 2020). For participants with an outstanding loan, loan repayments may still be made until a reasonable amount of time prior to the date of final liquidation of the Participant's account balance in the plan. No eligible employees shall become participants after such date and participants shall be fully vested in their accounts as of October 30, 2020. The City desires to maintain this frozen and terminated plan so that distributions of benefits may be made as provided under the terms of the Plan and directs that the Trust be continued and that distribution of benefits to Participants be made at such time and manner as though the Plan had not been frozen and terminated.

11. 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/Treasurers Marlene Hancock and Carol Walezonia $23,125 and $10,896, respectively, for the year ended December 31, 2025.

12. Retirement System

Plan Description

The City contributes to the Arkansas Diamond Deferred Compensation Plan. The plan is a 457(b) program as defined by the Internal Revenue Service and is administered by the Executive Director. Employee Benefits Division, Department of Finance and Administration of the State of Arkansas.

Funding Policy/Contributions

The City's contribution rate is five percent. Participants are eligible for contributions after one year. The City's contribution to the plan was $43,170 for the year ended June 30, 2025.

Net Pension Liability

The amount of any actuarially determined net pension liability was not determined.

13. Capital Assets

The Municipality's capital assets records are summarized below:

	December 31, 2025
Land	$ 1,859,029
Buildings	6,904,143
Equipment	2,311,936
Total	$ 11,075,108

14. Contributions to Water Department

The City passed ordinances 641-2018 (September 11, 2018) and 695-2022 (March 8, 2022) creating the Trumann Infrastructure Fund to be used on major infrastructure improvements or repairs to the water and sewer systems, the street and drainage structures, and sanitation equipment and to appropriate annually not less than $300,000 from the General Fund to this Fund. For the year ending December 31, 2025, General Fund transferred $300,000 to the Trumann Infrastructure Fund.

CITY OF TRUMANN, ARKANSAS

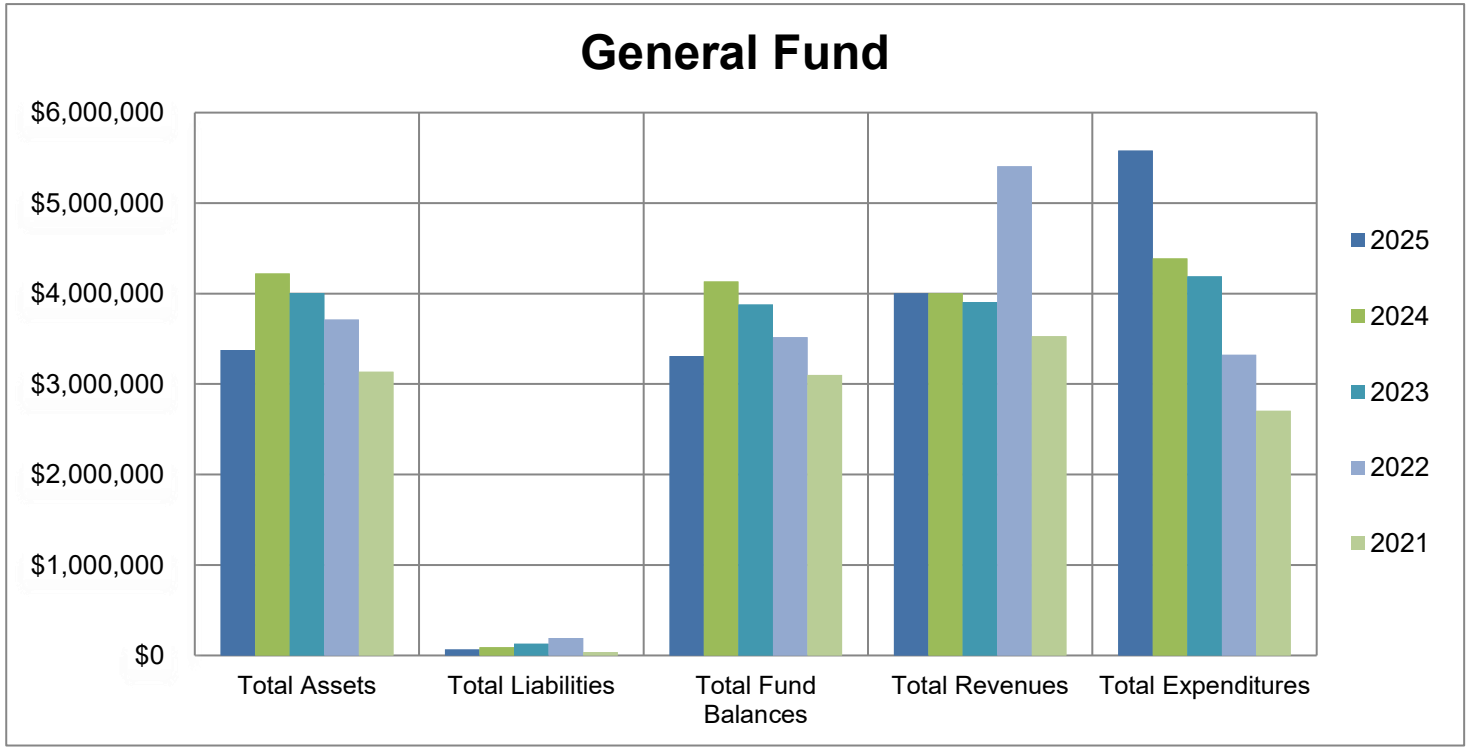
Schedule 3-1

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS

DECEMBER 31, 2025

(Unaudited)

General	2025	2024	2023	2022	2021
Total Assets	$ 3,374,457	$ 4,221,939	$ 4,005,662	$ 3,711,279	$ 3,134,464
Total Liabilities	64,771	90,080	128,197	193,077	35,731
Total Fund Balances	3,309,686	4,131,859	3,877,465	3,518,202	3,098,733
Total Revenues	4,001,420	4,001,701	3,907,203	5,407,843	3,528,219
Total Expenditures	5,579,290	4,388,314	4,190,313	3,324,699	2,705,746
Total Other Financing Sources/Uses	755,697	641,007	642,373	(1,663,675)	66,834



CITY OF TRUMANN, ARKANSAS

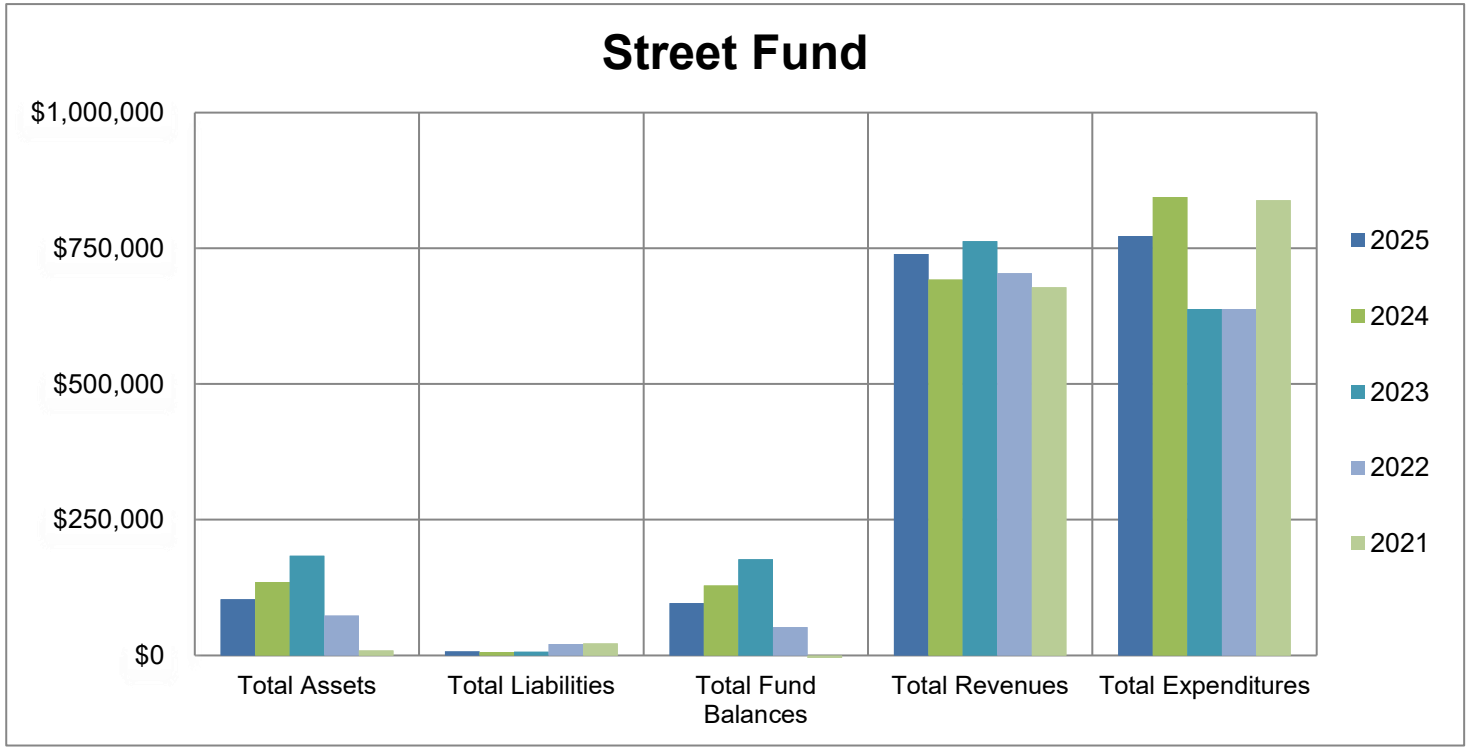
Schedule 3-2

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	$ 103,736	$ 135,398	$ 183,698	$ 73,295	$ 8,904
Total Liabilities	7,501	6,291	6,646	20,850	21,999
Total Fund Balances	96,235	129,107	177,052	52,445	(13,095)
Total Revenues	739,549	692,458	762,855	703,987	678,429
Total Expenditures	772,421	844,403	638,248	638,447	838,624
Total Other Financing Sources/Uses		104,000			12,053



CITY OF TRUMANN, ARKANSAS

Schedule 3-3

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	$ 1,719,154	$ 2,147,527	$ 3,064,380	$ 1,266,753	$ 2,394,670
Total Liabilities	175,329	122,641	99,536	146,402	1,166,094
Total Fund Balances	1,543,825	2,024,886	2,964,844	1,120,351	1,228,576
Total Revenues	1,595,845	1,672,126	1,560,908	2,651,094	2,784,325
Total Expenditures	1,021,209	1,620,452	535,306	1,806,801	2,275,373
Total Other Financing Sources/Uses	(1,055,697)	(991,632)	818,891	(952,518)	(458,247)

