

OFFICIAL STATEMENT

**New Issue
Book-Entry Only**

**Insured Rating: S&P “AA”
Underlying Rating: Moody’s: “A2”
See “RATINGS” herein**

In the opinion of Rose Law Firm, a Professional Association, Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is of the opinion that, under existing law, the interest on the Series 2026 Bonds is exempt from State of Arkansas income taxes. See the caption “LEGAL MATTERS—Tax Exemption” herein.



\$29,410,000
City of Texarkana, Arkansas
Capital Improvement and Refunding
Limited Tax General Obligation Bonds
Series 2026

Dated: Date of Delivery

Due: February 1, as shown below

FOR MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS, SEE INSIDE COVER.

The Series 2026 Bonds are limited tax general obligations of the City of Texarkana, Arkansas (the “Issuer”), payable from amounts received by the Issuer from a five-mill ad valorem tax levied on all taxable real and personal property located within the jurisdictional limits of the Issuer.

The Series 2026 Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2026 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made only in book-entry form, in the denominations of \$5,000 or any integral multiple thereof. Individual purchasers of Bonds (“Beneficial Owners”) will not receive physical delivery of bond certificates. See APPENDIX E—Book-entry Only System.

The scheduled payment of principal of and interest on the Series 2026 Bonds, when due, will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued concurrently with the delivery of the Series 2026 Bonds by ASSURED GUARANTY INC. (“AG”).



Interest on the Series 2026 Bonds is payable February 1 and August 1 of each year, commencing February 1, 2027. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein. The Series 2026 Bonds are subject to extraordinary, mandatory, and optional redemption prior to maturity as described herein.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. It is expected that the Series 2026 Bonds will be delivered through the facilities of DTC on or about July 9, 2026.

The date of this Official Statement is June 1, 2026.

Stephens Inc.

Maturity Schedule
\$29,410,000
City of Texarkana, Arkansas
Capital Improvement and Refunding Limited Tax General
Obligation Bonds, Series 2026

Serial Bonds

Due February 1	Principal Amount	Interest Rate	Yield	CUSIP¹
2028	\$600,000	5.000%	2.750%	881728 EA3
2029	750,000	5.000%	2.820%	881728 EB1
2030	785,000	5.000%	2.920%	881728 EC9
2031	820,000	5.000%	3.030%	881728 ED7
2032	865,000	5.000%	3.120%	881728 EE5
2033	910,000	5.000%	3.200%	881728 EF2
2034	955,000	4.000%	3.350% ^c	881728 EG0
2035	995,000	4.000%	3.430% ^c	881728 EH8
2036	1,035,000	4.000%	3.540% ^c	881728 EJ4
2037	1,070,000	4.000%	3.680% ^c	881728 EK1
2038	1,115,000	4.000%	3.780% ^c	881728 EL9
2039	1,165,000	4.000%	3.870% ^c	881728 EM7

Term Bonds

\$2,460,000 4.000% Term Bonds due February 1, 2041; Yield 4.100%, CUSIP 881728 EN5
 \$7,135,000 4.375% Term Bonds due February 1, 2046; Yield 4.440%, CUSIP 881728 EP0
 \$8,750,000 4.000% Term Bonds due February 1, 2051; Yield 4.030%, CUSIP 881728 EQ8

^c Priced to first call date of February 1, 2033.

¹ CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Neither the Issuer nor the Underwriter (as defined herein) or their agents is responsible for the selection, use or accuracy of the CUSIP numbers, nor is any representation made as to their correctness with respect to the Bonds as included herein or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2026 Bonds.

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter.

Certain information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Underwriter.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof. See “APPENDIX C—Form of Continuing Disclosure Agreement” herein for a description of the undertakings of the Issuer to provide certain information on a continuing basis.

THE SERIES 2026 BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE SERIES 2026 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE SERIES 2026 BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE SERIES 2026 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Neither the Issuer nor the Underwriter make any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its book-entry-only system described in “APPENDIX E—Book-Entry Only System” as such information has been provided by DTC.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The agreements of the Issuer and others related to the Series 2026 Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Series 2026 Bonds is to be construed as constituting an agreement with the purchaser of the Series 2026 Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See the caption “RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS -Forward-Looking Statements” herein.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “**BOND INSURANCE**” and “APPENDIX G - Specimen Municipal Bond Insurance Policy”.

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In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2026 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2026 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts.

In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. The Series 2026 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy, or determined the adequacy, of this Official Statement. Any representation to the contrary is a criminal offense.



City of Texarkana, Arkansas

Mayor

Allen Brown

Board of Directors

Terry Roberts
Laney Harris
Steven Hollibush
Ulysses Brewer
Danny Jewell
Steve Smith

City Manager

Tyler Richards

Finance Director

Shena Washington

City Attorney

Joshua Potter

City Clerk

Heather Soyars

CONSULTANTS AND ADVISORS TO THE ISSUER

Bond Counsel

Rose Law Firm, a Professional Association

Underwriter

Stephens Inc.

\$29,410,000
City of Texarkana, Arkansas
Capital Improvement and Refunding
Limited Tax General Obligation Bonds, Series 2026

This Official Statement of City of Texarkana, Arkansas (the “City” or the “Issuer”), including the cover hereof and the Appendices, is provided for the purpose of setting forth information concerning the Issuer in connection with the issuance and sale by the Issuer of its \$29,410,000* Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2026 (the “Series 2026 Bonds”). Definitions of certain terms used in the Official Statement are set forth in APPENDIX A hereto.

INTRODUCTION

This Introduction is only a brief description of the Official Statement and is qualified by reference to the entire Official Statement, including the Appendices hereto. A full review of the entire Official Statement should be made, as well as of the documents summarized or described herein. Definitions of certain terms used in the Official Statement are set forth in APPENDIX A hereto.

The Issuer is a city of the first class duly organized under the laws of the State of Arkansas (the “State”) and is located in the southwestern corner of the State. The Issuer is authorized under Amendment 62 to the Constitution of the State and the provisions of the Local Government Bond Act of 1985, Ark. Code Ann. §§ 14-164-301 *et seq.* (the “Act”) to issue capital improvement bonds and bonds to refund such bonds and to expend the proceeds thereof for the intended purposes.

The Series 2026 Bonds are limited tax general obligations of the Issuer, secured by (i) all proceeds derived from a tax in the amount of 5 mills on the taxable property in the jurisdiction of the Issuer, including penalties and interest payable with respect thereto, and (ii) all payments received by the Issuer from the State in lieu thereof under Amendment 79 to the Arkansas Constitution. See SUMMARY OF ARKANSAS AD VALOREM TAX PROCEDURES herein.

The issuance of the Series 2026 Bonds and the levy of the tax for the payment of principal and interest on the Series 2026 Bonds was approved by the voters in a special election held November 18, 2025. See the caption “THE SERIES 2026 BONDS—Security” herein.

The Series 2026 Bonds are being issued under and secured by a Trust Indenture, (the “Indenture”), delivered by the Issuer to Bank OZK, Little Rock, Arkansas, as trustee (the “Trustee”). All references herein to the Indenture are qualified in their entirety by reference to such document, copies of which are available from the Underwriter during the offering period and from the Trustee thereafter, and all references to the Series 2026 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. The Issuer has reserved the right in the Indenture to issue additional bonds on a parity of security with the Series 2026 Bonds (the “Additional Bonds”). See SECURITY FOR THE SERIES 2026 BONDS—Additional Bonds, herein.

Under certain circumstances, one or more series of additional bonds may be issued on a parity of security with the Series 2026 Bonds. The Series 2026 Bonds and any Additional Bonds are referred to as the “Bonds.” See the caption “THE SERIES 2026 BONDS—Additional Bonds” herein.

The Series 2026 Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in the Series 2026 Bonds purchased. See APPENDIX E-Book-Entry Only System. The Series 2026 Bonds will contain such other terms and provisions as described herein. See THE SERIES 2026 BONDS—General.

The Series 2026 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or an integral multiple thereof. Interest is payable February 1, 2027, and semiannually thereafter on each February 1 and August 1. Unless the Series 2026 Bonds are in book-entry form, payment of principal of the Series 2026 Bonds will be made to the owners of the Series 2026 Bonds at the principal office of Bank OZK, Little Rock, Arkansas, as trustee and paying agent for the Series 2026 Bonds (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Series 2026 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Series 2026 Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Series 2026 Bond, together with a written instrument of transfer, to the Trustee. See THE SERIES 2026 BONDS—General, and APPENDIX E-Book—Entry Only System.

The Series 2026 Bonds are subject to special mandatory redemption from Surplus Tax Collections (as hereinafter defined). The Series 2026 Bonds are subject to optional redemption on and after February 1, 2033. The Series 2026 Bonds maturing on February 1 in the years 2046 and 2051 are subject to mandatory sinking fund redemption prior to maturity. The Trustee shall give at least thirty (30) days' notice of redemption. See THE SERIES 2026 BONDS- Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2026 Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, and (iii) the Series 2026 Bonds and interest thereon are exempt from all State, county and municipal taxes. See the caption LEGAL MATTERS herein.

It is expected that the Series 2026 Bonds will be available for delivery on or about July 9, 2026, through the facilities of the Depository Trust Company in New York, New York.

The Issuer and the Trustee will enter into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See APPENDIX C-Form of Continuing Disclosure Agreement.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from the Underwriter listed on the cover page of this Official Statement.

All references herein to the Indenture are qualified in their entirety by reference to such document, copies of which are available from the Underwriter during the offering period and from the Trustee thereafter, and all references to the Series 2026 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture.

For further information regarding the Series 2026 Bonds during the underwriting period communicate with Stephens Inc., 111 Center Street, Suite 2300, Little Rock, Arkansas 72201, Attention: Jason Holsclaw, Senior Vice President (Telephone: (501) 377-2474); thereafter, communicate with Bank OZK, 18000 Cantrell Road, Little Rock, Arkansas 72223, Attention: Eric Mitzel (Telephone: (501) 978-2232).

For further information regarding the Issuer, communicate with the City of Texarkana, Arkansas, City Hall, 216 Walnut Street, Texarkana, Arkansas 71854, Attention: Tyler Richards, City Manager (Telephone: (870) 779-4975).

AUTHORITY TO ISSUE THE SERIES 2026 BONDS

The Issuer is authorized under Amendment 62 to the Constitution of the State and the Local Government Bond Act of 1985, as amended and codified at Ark. Code Ann. §§ 14-164-301 *et seq.* to issue capital improvement bonds and refunding bonds. Pursuant to a special election (the “Bond Election”) called by Ordinance No. 20-2025 of the Issuer Board of Directors on November 18, 2025, the voters of the Issuer authorized the issuance of bonds in the amounts and for the purposes described herein. See THE SERIES 2026 BONDS—Purposes for the Series 2026 Bonds. The Bond Election also approved the Tax Receipts (as defined herein). See SUMMARY OF ARKANSAS AD VALOREM TAX PROCEDURES herein.

The Series 2026 Bonds are authorized by Ordinance No. 15-2026 of the Issuer Board of Directors (the “Authorizing Ordinance”) which approved the Indenture pursuant to which the terms and security for the bonds are established.

THE SERIES 2026 BONDS

Book-Entry Only System

The Depository Trust Company, New York, New York, or its successor, will act as securities depository for the Series 2026 Bonds. See APPENDIX E-Book-entry Only System.

General

The Series 2026 Bonds shall be dated as of the date of their delivery, shall be numbered from R-1 upward, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on February 1, 2027, and thereafter semiannually on each Interest Payment Date at the rates per annum and shall mature on February 1 in the years and amounts set forth on the cover of this Official Statement. All Bonds shall bear interest (a) from the date of delivery, if authenticated prior to the first Interest Payment Date, or (b) otherwise from the Interest Payment Date that is, or that immediately precedes, the date on which such Bond is authenticated (unless payment of interest is in default, in which case such Bond shall bear interest from the date to which interest has been paid).

The principal of and interest on the Series 2026 Bonds shall be payable in lawful money of the United States of America. Principal of the Series 2026 Bonds shall be payable by the Trustee upon presentation and surrender of the Series 2026 Bonds as they become due at the Principal Office of the Trustee. Interest on Bonds shall be payable by the Trustee to the Bondholders of Bonds by check or draft mailed to such Bondholders at their addresses as they appear on the bond registration books of the Trustee on the Record Date.

If any principal of or interest on any Bond is not paid when due (whether at maturity, by acceleration, call for redemption, or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest shall bear interest until paid at the same rate set forth in such Bond.

Redemption

(1) Mandatory Sinking Fund Redemption. The Trustee shall redeem Bonds maturing on February 1, 2041, 2046, and 2051 on February 1 in the years and in the principal amounts and at a price of 100 percent of the principal amount of the Series 2026 Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Bonds Maturing February 1, 2041		Bonds Maturing February 1, 2046	
Year	Amount	Year	Amount
2040	\$1,205,000	2042	\$1,310,000
2041*	\$1,255,000	2043	\$1,360,000
		2044	\$1,425,000
		2045	\$1,485,000
		2046*	\$1,555,000

Bonds Maturing February 1, 2051

Year	Amount
2047	\$1,615,000
2048	\$1,680,000
2049	\$1,745,000
2050	\$1,820,000
2051*	\$1,890,000

* Final maturity

On or before the 30th day prior to each such sinking fund redemption date, the Trustee shall proceed to call the principal amount of the Series 2026 Bonds scheduled for sinking fund redemption on the next February 1 and give notice of such call. At its option, the Issuer may (a) deliver to the Trustee for cancellation Bonds subject to sinking fund redemption in an aggregate principal amount desired or (b) receive credit in respect of its sinking fund redemption obligation for any Bonds subject to sinking fund redemption, which prior to said date have been canceled (otherwise than through the operation of the sinking fund redemption schedule) by the Trustee and not theretofore applied as a credit against such sinking fund redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the Issuer on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund redemption schedule on such date shall be accordingly reduced; and any excess over the principal amount of Bonds to be redeemed by operation of the sinking fund redemption schedule on any sinking fund redemption date shall be credited against future sinking fund redemption payments in such manner as will ensure that each future sinking fund redemption payment shall be reduced as specified by the Issuer or, in the absence of such specification, in inverse order of scheduled sinking fund redemption by an amount proportional to the amount originally established for such future sinking fund redemption date, rounded to the nearest \$5,000 amount so that the total amount so credited equals the principal amount of Bonds so delivered, and the principal amount of Bonds required to be redeemed by operation of the sinking fund on subsequent sinking fund redemption dates shall be correspondingly reduced.

(2) Mandatory Redemption from Surplus Tax Receipts. The Series 2026 Bonds are subject to mandatory redemption by the Issuer, in whole or in part, on any February 1 from Surplus Tax Receipts, upon payment of a redemption price equal to 100 percent of the principal amount of Bonds to be redeemed plus interest accrued to the redemption date. See PROJECTED MANDATORY REDEMPTIONS herein.

(3) Optional Redemption. The Series 2026 Bonds maturing on or after February 1, 2034, are subject to redemption by the Issuer on or after February 1, 2033, in whole or in part on any date from any moneys that may be available for such purpose, upon payment of a redemption price equal to 100 percent of the principal amount of Bonds to be redeemed plus interest accrued to the redemption date.

(4) Selection of Bonds for Redemption. If less than all of the Series 2026 Bonds are called for redemption, they shall be redeemed from maturities in inverse order of maturity. DTC shall select the Series

2026 Bonds for redemption within particular maturities according to its stated procedures. See APPENDIX E—Book-entry Only System.

(5) Notice of Redemption. When Bonds (or portions thereof) are to be redeemed, the Issuer shall give or cause to be given notice of the redemption of the Series 2026 Bonds to the Trustee no later than 45 days prior to the redemption date or such shorter time as may be acceptable to the Trustee. In the case of an optional redemption, the notice may state (a) that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Trustee no later than the redemption date or (b) that the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. The Trustee shall send notice of any redemption, identifying the Series 2026 Bonds to be redeemed, the redemption date, and the method and place of payment, by first class mail to each holder of a Bond called for redemption to the holder’s address listed on the Bond Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. If notice is given as described in this paragraph, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Series 2026 Bonds.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Issuer instructs the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute any Event of Default. Further, in the case of a Conditional Redemption, the failure of the Issuer to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the affected Bondholders that the redemption did not occur and that the Series 2026 Bonds called for redemption and not so paid remain Outstanding.

(6) Effect of Redemption. On or before the date fixed for redemption, subject to the rights of the Issuer concerning a Conditional Redemption, moneys shall be deposited with the Trustee to pay the principal of and redemption premium, if any, and interest accrued to the redemption date on the Series 2026 Bonds called for redemption. Upon the deposit of such moneys, the Series 2026 Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of the Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

Security

The Series 2026 Bonds are limited tax general obligations of the Issuer, secured by (i) all proceeds derived from the 5 mills annual ad valorem tax levied by the Issuer on all taxable real and personal property located within the jurisdictional limits of the Issuer (the “Tax Receipts”), (ii) all payments received by the City from the State in lieu thereof under Amendment No. 79 to the Arkansas Constitution, and (iii) by amounts held in certain funds and accounts established pursuant to the Indenture. The Tax Receipts cannot be used for any purpose other than payment of debt service on the Series 2026 Bonds.

A five-mill tax was approved by the voters to secure the Series 2026 Bonds at a special election held November 18, 2025. The five-mill tax will be collected in each year until all principal of and interest on the Series 2026 Bonds is fully paid.

The Series 2026 Bonds are not secured by any lien on or security interest in any physical property of the Issuer.

Additional Bonds

The Issuer will not issue any other bonds or obligations having a lien on the Trust Estate except for Additional Bonds issued pursuant to this Section. Additional Bonds may be issued and the Trustee shall authenticate and deliver such Additional Bonds when there have been filed with it the following:

(a) A copy certified by the City Clerk of the Issuer of the Authorizing Ordinance authorizing (1) the execution and delivery of a supplemental indenture providing for, among other things, the date, rate, or rates of interest on, interest payment dates, maturity dates, and redemption provisions of such Additional Bonds and (2) the issuance, sale, execution, and delivery of the Additional Bonds;

(b) An original executed counterpart of the supplemental indenture;

(c) An opinion or opinions of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that there has been compliance with all conditions precedent to the authentication and delivery of the Additional Bonds, the issuance of the Additional Bonds has been duly authorized, interest on the Additional Bonds is exempt from income taxation by the State of Arkansas, and issuance of the Additional Bonds will not adversely affect the income tax status of interest on Bonds Outstanding;

(d) A request and authorization of the Issuer, signed by its Mayor, to the Trustee to authenticate and deliver the Additional Bonds to such person or persons named therein after confirmation of payment to the Trustee for the amount of the Issuer of a specified sum with directions as to the disposition of such sum;

(e)(1) If the Additional Bonds are to be issued to acquire, construct, or equip capital improvements, a written opinion of an Accountant that the estimated Tax Receipts to be collected by the Issuer in the year in which the Additional Bonds are proposed to be issued will be at least 120 percent of the maximum annual debt service on all Outstanding Bonds plus the Additional Bonds proposed to be issued, provided, however, that such Additional Bonds may be issued in an amount of not to exceed the remaining amount of Bonds authorized for each voter approved purpose in the Issuer's special election held November 18, 2025, as determined by Bond Counsel; and (2) if the Additional Bonds are to be issued to refund any Series of Bonds Outstanding, a written opinion of an Accountant that the test set forth in (1) has been satisfied or that annual debt service on the Additional Bonds proposed to be issued does not exceed annual debt service on all Bonds which would have been Outstanding had the same not been refunded; and

(f) A certificate of the Issuer, signed by its Mayor, that the Issuer is not in default under this Indenture and evidence satisfactory to the Trustee that upon issuance of the Additional Bonds amounts will be deposited in the Funds hereunder adequate for the necessary balances therein after issuance of the Additional Bonds.

Purposes for the Series 2026 Bonds.

At the special election held November 18, 2025, there was approved the issuance of bonds for the following purposes:

(a) financing the refunding of the Issuer's outstanding Capital Improvement and Refunding Limited Tax General Obligation Bonds dated September 1, 2012 ("Refunding") \$2,375,000;

(b) financing the construction, reconstruction, or acquisition of, or improvements to, current streets, roads, trails, bridges, and viaducts, and any necessary intersection improvements, traffic signalizations, speed calming measures, lighting, equipment, land and easement acquisition and related drainage improvements of the Issuer ("Street Improvements"), \$41,925,000; and

- (c) financing the construction, reconstruction, or acquisition of, or improvements to facilities for drainage and flood control and any necessary land and easement acquisition therefor (“Drainage Improvements”), \$5,350,000.

Allocation of Proceeds of the Series 2026 Bonds.

The ballot approved by the voters at the November 18, 2025 special election provides that bonds approved may be issued at one time or in series from time to time. The Series 2026 Bonds constitute the first of such series of bonds. In determining how much of the maximum amount of voter approved bonds are issued in any series, the Issuer is required to include the principal amount plus any net reoffering premium. In the case of Series 2026 Bonds that includes the principal amount of \$29,410,000.00 plus the net reoffering premium of \$373,640.45 for a total use of voter approved bonds in the amount of \$29,783,640.45 issued by that series. The principal amount of Series 2026 Bonds, plus net original issue premium, is allocated to the voter approved purposes as follows:

Refunding	\$1,139,589.05
Street Improvements	24,461,492.85
Drainage Improvements	<u>4,182,558.55</u>
Total	<u>\$29,783,640.45</u>

The Issuer will utilize the net proceeds of the Series 2026 Bonds (principal amount plus any net original issue premium, less the Underwriter’s discount and certain costs of issuance): to pay a portion of the cost of the Refunding; fund two construction funds to be held by or on behalf of the Issuer for the Street Improvements and the Drainage Improvements; to deposit moneys with the Trustee to fund capitalized interest in the Debt Service Fund; and to deposit moneys with the Trustee to pay costs of issuance at closing and fund a Cost of Issuance Fund. The proceeds of the Series 2026 Bonds are estimated to be spent as follows:

Sources:

Par amount of Bonds	\$29,410,000.00
Reoffering Premium	<u>373,640.45</u>
Total Sources of Funds	<u>\$29,783,640.45</u>

Uses:

Refunding Costs Paid from Series 2026 Bond Proceeds	\$1,086,011.58
Project Fund-Street Improvements	23,413,389.23
Project Fund-Drainage Improvements	4,003,342.96
Project Fund- Cost of Issuance	285,151.78
Debt Service Fund-Capitalized Interest	701,644.90
Underwriter’s Discount	<u>294,100.00</u>
Total Uses of Funds	<u>\$29,783,640.45</u>

The Refunding

At the time of delivery of the Series 2026 Bonds the Issuer will direct payment of proceeds of the Series 2026 Bonds in the amount of \$1,086,011.58 to the trustee (the “Prior Trustee”) of its outstanding Capital Improvement and Refunding Limited Tax General Obligation Bonds dated September 1, 2012 (the “Prior Bonds”). The Prior Bonds have been duly called for redemption in whole on July 9, 2026 at a

redemption price of 100% of the outstanding principal amount of the Prior Bonds plus accrued interest to the date of redemption (*viz.*, \$1,496,925.83, the “Redemption Price”). Together with available moneys currently on deposit with the Prior Trustee (*viz.*, \$410,914.25), the Prior Trustee will have 100% of the Redemption Price available upon delivery of the Series 2026 Bonds.

THE ISSUER

General

The City of Texarkana, Arkansas is organized under the laws of the State of Arkansas as a city of the first class. Incorporated in 1880, Texarkana is the county seat of Miller County. It is located in the southwest corner of the State of Arkansas 143 miles southwest of Little Rock, 71 miles north of Shreveport, Louisiana, and 181 miles east of Dallas, Texas. The Issuer encompasses approximately 42.2 square miles.

The local economy is part of the Texarkana, Texas/Texarkana, Arkansas Metropolitan Statistical Area which is a two county region encompassing communities in Bowie County, Texas and Miller County, Arkansas. The primary factors contributing to the local economy are services, manufacturing, retail trade, agriculture, and government. The area has a large number of defense-related jobs that are dependent on the Federal Government and Department of Defense spending. The Issuer is located on Interstate Highway 30 that links Dallas, Texas to Little Rock, Arkansas. Once Interstate Highway 49 connecting Shreveport, Louisiana, and Kansas City, Missouri, is complete, the Issuer will be a part of interstates connecting Canada, the United States, Mexico (I-49 and I-69). In addition, the Issuer is served by the Union Pacific and Kansas City Southern railroads and the Texarkana Regional Airport, a full service commercial facility.

Government

The Issuer operates under the City Manager form of municipal government. It has a seven member Board of Directors, with six Directors elected by wards, and a mayor who serves as a seventh member of the Board of Directors. The Mayor’s position is a citywide elected position and must be elected by at least a plurality of the votes cast. All Directors and the Mayor serve four-year terms.

The current Mayor and members of the Board of Directors are as follows:

Director	Term Expires	Length of Service
Allen Brown, Mayor	12/31/2026	8 years
Terry Roberts, Ward 1	12/31/2028	8 years
Laney Harris, Ward 2	12/31/2028	20 years
Steven Hollibush, Ward 3	12/31/2026	8 years
Ulysses Brewer, Ward 4	12/31/2026	7 years
Danny Jewell, Ward 5	12/31/2026	5 years
Steve Smith, Ward 6	12/31/2028	1 year

The principal executive officers of the Issuer include: Tyler Richards, City Manager; Shena Washington, Finance Director and Joshua Potter, City Attorney. The Issuer Manager and the City Attorney are appointed by the Board of Directors; the Finance Director is employed by the Issuer Manager.

The Issuer provides a broad range of municipal services under the auspices of the Issuer Manager, including: Police, Fire, Parks and Recreation, Finance, City Clerk, Personnel, Neighborhoods and Planning, Public Works, General Services, and Management Support. Boards and commissions have primary responsibility for the operation of the Issuer’s Airport, Water Works, Wastewater Utility, and Emergency Medical Service.

Selected Demographic Information

Following are selected statistics, indices, and financial information for the Issuer.

Population and Unemployment Statistics. The following chart contains population data and unemployment rates for the City of Texarkana, Arkansas. Unless otherwise noted, such information is selected from Tables 17 and 18 found in the Statistical Section of the Issuer’s Annual Comprehensive Financial Report for year ended December 31, 2024 attached hereto as APPENDIX D.

Year	Population	Unemployment Rate
2021	29,864	4.2%
2022	29,314	4.2%
2023	29,172	3.4%
2024	29,387	4.2%

Principal Employers. The principal employers in the Texarkana area are identified below.

<u>Company</u>	<u>Product</u>	<u># of Employees</u>
Christus Health Medical Center	Healthcare	2,200
Red River Army Depot	Manufacturing	2,100
Goodyear Tire and Rubber Company	Tire Manufacturing	1,650
Texarkana TX ISD	Education	1,250
Wal-Mart	Retail	1,000
Graphic Packaging	Paper Manufacturing	800
Ledwell	Truck Body / Trailer Manufacturing	600
Texarkana School District	Education	550
Texarkana Aluminum	Aluminum Coil Manufacturing	420
City of Texarkana, AR	Government	250
Smith-Blair / Xylem	Large Valves and Couplings	220
Mayo Manufacturing	Furniture Manufacturing	220
University of Arkansas for Medical Sciences	Healthcare	150
Arkansas Nursing and Rehabilitation Center	Healthcare	125
Bailey Creek Health and Rehabilitation	Healthcare	100
River Valley Animal Foods (Tyson Foods)	Poultry	100
Flowers Foods	Bakery Products	100

Principal Taxpayers. The principal taxpayers in Texarkana, Arkansas are identified below (source: Miller County Assessor):

Taxpayer	Assessed Value	% of Total Assessed Value
Goodyear Tire & Rubber Co	13,483,746	2.56%
The Links At Texarkana	4,950,072	0.94%
Texarkana Assets LLC	3,270,390	0.62%
Wal-Mart Re Business Trust	3,195,445	0.61%
Abernathy Company	2,969,942	0.56%
Snbd Properties, LLC	2,184,000	0.41%
4716 County Avenue, LLC	2,332,500	0.44%
M &Fc Holding LLC	2,113,200	0.40%
Parkside Apts of Texarkana Llc	1,947,008	0.37%
Art Mtg Borrower Propco 2013 LLC	1,824,684	0.35%

DEBT STRUCTURE

The following table sets forth for each year the amounts required to be made available for the payment of principal of and sinking fund installments and interest on the Series 2026 Bonds.

Year	Principal and Sinking Fund Maturities (February 1)	Interest	Total Debt Service
2027		1,326,873.03	1,326,873.03
2028	600,000.00	1,235,456.26	1,835,456.26
2029	750,000.00	1,201,706.26	1,951,706.26
2030	785,000.00	1,163,331.26	1,948,331.26
2031	820,000.00	1,123,206.26	1,943,206.26
2032	865,000.00	1,081,081.26	1,946,081.26
2033	910,000.00	1,036,706.26	1,946,706.26
2034	955,000.00	994,856.26	1,949,856.26
2035	995,000.00	955,856.26	1,950,856.26
2036	1,035,000.00	915,256.26	1,950,256.26
2037	1,070,000.00	873,156.26	1,943,156.26
2038	1,115,000.00	829,456.26	1,944,456.26
2039	1,165,000.00	783,856.26	1,948,856.26
2040	1,205,000.00	736,456.26	1,941,456.26
2041	1,255,000.00	687,256.26	1,942,256.26
2042	1,310,000.00	633,500.01	1,943,500.01
2043	1,360,000.00	575,093.76	1,935,093.76
2044	1,425,000.00	514,171.88	1,939,171.88
2045	1,485,000.00	450,515.63	1,935,515.63
2046	1,555,000.00	384,015.63	1,939,015.63
2047	1,615,000.00	317,700.00	1,932,700.00
2048	1,680,000.00	251,800.00	1,931,800.00
2049	1,745,000.00	183,300.00	1,928,300.00
2050	1,820,000.00	112,000.00	1,932,000.00
2051	1,890,000.00	37,800.00	1,927,800.00
Total	<u>\$29,410,000.00</u>	<u>\$18,404,407.58</u>	<u>\$47,814,407.58</u>

ESTIMATED DEBT SERVICE COVERAGE

Computation of Dollar Amount of Debt Service Tax Levied

A county-wide reassessment of taxable property in Miller County is on a four-year cycle, which was last completed in 2025 and the next reassessment is scheduled for completion in 2029. For purposes of Amendment No. 59, the year in which the reassessment is completed is known as the “Base Year.” For a general discussion of the reassessment requirement and its effect on assessed value and tax rate, see the caption “Summary of Arkansas Ad Valorem Tax Procedures—Constitutional Amendment No. 59 and 79” herein.

Arkansas Constitutional Amendment No. 79 allowed for an annual state credit against ad valorem property tax on a homestead in the amount of not less than \$300 (\$500 beginning January 1, 2024, \$600 beginning assessment year January 1, 2025, and \$675 beginning assessment year January 1, 2026). The tax reduction is reflected on the tax bill sent to the property owner by the county collector. Amendment No. 79 provides that the credit shall be applied in a manner that would not impair a bondholder’s interest in ad valorem debt service revenue. In addition, Amendment No. 79 provides that the “General Assembly shall, by law, provide for procedures to be followed with respect to adjusting ad valorem taxes or millage pledged for bonded indebted purposes, to assure that the tax or millage levied for bonded indebtedness purposes will, at all times, provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements of the bond indenture.”

According to the most recent (2025) assessment, the assessed value of taxable property in the jurisdiction of the Issuer is \$527,148,560. Based on that valuation the debt service tax levied in 2026 for collection in calendar year 2027 has been computed by multiplying the 2025 assessed valuation by the 5 mills estimating 2027 tax collection at 100% to be \$2,635,742.80. While assessed valuations have grown over the preceding five years at an average rate of 4.68%, it is assumed for purposes of the following table that assessed values will remain the same without any growth throughout the life of the Series 2026 Bonds and that the collection rate on the 5-mill tax will be 97% (see FINANCIAL INFORMATION-Assessed Valuation, below).

Estimated Tax Collections at 100% Collection	\$2,635,742.80
County Treasurer’s Commission at 2%	(\$52,714.86)
Collection Rate	97%
Estimated Tax Collection Available for Debt Service	\$2,505,537.11
Maximum Annual Debt Service	\$1,951,706.26
Estimated Coverage	1.28X

The Issuer cannot predict the amount of receipts from the Tax Receipts in any year in the future. The figures set forth above are only estimates, and there can be no assurance that actual receipts from the Tax Receipts will equal the estimated amount shown above.

PROJECTED MANDATORY REDEMPTIONS¹

The Series 2026 Bonds are subject to mandatory redemption by the Issuer, in whole or in part, on any February 1 from Surplus Tax Receipts, upon payment of a redemption price equal to 100 percent of the principal amount of Bonds to be redeemed plus interest accrued to the redemption date. While the Series 2026 Bonds are outstanding, the Issuer shall apply 100% of the Surplus Tax Receipts to the redemption of the Series 2026 Bonds. Thereafter, Surplus Tax Receipts shall be used to redeem outstanding Additional Bonds. The Issuer cannot currently predict when or if any Additional Bonds will be issued.

The table shown at the caption “Debt Structure” herein does not reflect possible mandatory redemption of Bonds from Surplus Tax Receipts, if available. The following table estimates mandatory redemption assuming: (1) estimated annual receipts of 97% the Tax Receipts (*viz.* \$2,505,537.11) as shown at the caption “Estimated Debt Service Coverage” herein with no increase or decrease (growth over the years 2021 through 2025 averaged 4.68%) and (2) scheduled debt service on the Series 2026 Bonds as shown at the caption “Debt Structure” herein. The information set forth below is only an estimate. There can be no assurance that actual Tax Receipts will equal the estimated amounts shown below.

Year Ending February 1	Scheduled Principal and Sinking Fund Maturities	Bonds Called for Mandatory Redemption	Principal Balance
2027			\$29,410,000.00
2028	\$600,000.00	\$45,000.00	28,765,000.00
2029	750,000.00	565,000.00	27,450,000.00
2030	785,000.00	595,000.00	26,070,000.00
2031	820,000.00	620,000.00	24,630,000.00
2032	865,000.00	645,000.00	23,120,000.00
2033	910,000.00	675,000.00	21,535,000.00
2034	955,000.00	695,000.00	19,885,000.00
2035	995,000.00	720,000.00	18,170,000.00
2036	1,035,000.00	755,000.00	16,380,000.00
2037	1,070,000.00	790,000.00	14,520,000.00
2038	1,115,000.00	820,000.00	12,585,000.00
2039	1,165,000.00	850,000.00	10,570,000.00
2040	1,205,000.00	895,000.00	8,470,000.00
2041	1,255,000.00	930,000.00	6,285,000.00
2042	1,310,000.00	970,000.00	4,005,000.00
2043	1,360,000.00	1,025,000.00	1,620,000.00
2044	1,425,000.00	195,000.00	

Following the issuance of the Series 2026 Bonds, the Issuer will have additional voter approved bonds available for Street Improvements and Drainage Improvements in the amounts of \$17,463,507.15 and \$1,167,441.45, respectively. The amounts of such possible future bonds that could be issued as Additional Bonds would be limited by the restrictions described in THE SERIES 2026 BONDS—Additional Bonds above.

SUMMARY OF ARKANSAS AD VALOREM TAX PROCEDURES

The following is a summary of the principal provisions of the Arkansas Constitution and statutes relating to the assessment and collection of real and personal property taxes in Arkansas.

Assessment of Property and Collection of Property Taxes

Property Subject to Taxation. Under Amendment No. 59 to the Arkansas Constitution, all property is subject to taxation except for the following exempt categories: (i) public property used exclusively for public purposes; (ii) churches used as such; (iii) cemeteries used exclusively as such; (iv) school buildings and apparatus; (v) libraries and grounds used exclusively for school purposes; (vi) buildings, grounds, and materials used exclusively for public charity; and (vii) intangible personal property to the extent the General Assembly has exempted it from taxation, provided that it be taxed at a lower rate, or provided for its taxation on a basis other than ad valorem. Amendment No. 59 also authorizes the General Assembly to exempt from taxation the first \$20,000 of value of a homestead of a taxpayer 65 years of age or older.

Amendment No. 59 provides that, except as otherwise provided therein in connection with the transition period following a county-wide reassessment (see the caption “Constitutional Amendment Nos. 59 and 79,” below), (1) residential property used solely as the principal place of residence of the owner shall be assessed in accordance with its value as a residence, (2) land (but not improvements thereon) used primarily for agricultural, pasture, timber, residential, and commercial purposes shall be assessed upon the basis of its value for such use, and (3) all other real and tangible personal property subject to taxation shall be assessed according to its value. The Arkansas Supreme Court has held that the unqualified word “value,” as used in a prior, substantially identical, constitutional provision, means “current market value.”

Property owned by public utilities and common carriers. Property owned by public utilities and common carriers and “used and/or held for use in the operation of the company . . .” is assessed for tax purposes by the Tax Division of the Arkansas Public Service Commission. Arkansas Code Annotated § 26-26-1605 provides that the Tax Division “shall assess the property at its true and full market or actual value” and that all utility property of a company, whether located within or without the State, is to be valued as a unit. Annually, the company files a report with the Tax Division. The Tax Division reviews these reports, along with other reports (such as reports to shareholders, the Federal Communications Commission, the Federal Energy Regulatory Commission, and the Interstate Commerce Commission), to determine the value of the property.

Valuation is currently made on the basis of a formula, as set forth in Arkansas Code Annotated §26-26-1607, with consideration given to (i) original cost less depreciation, replacement cost less depreciation or reconstruction cost less depreciation; (ii) market value of capital stock and funded debt; and (iii) capitalization of income. As provided in Arkansas Code Annotated § 26-26-1611, once the value of a company’s property as a unit is determined, the Tax Division removes the value allocable to out-of-state property and assigns the remainder among Arkansas taxing units on the basis of value within each jurisdiction.

The Tax Division certifies the assessment to the county assessor who enters the assessment as certified on the county assessment roll. County officials have no authority to change such assessment. All other property is assessed by the elected assessor of each Arkansas county (or other official or officials designated by law). This includes both real and tangible personal property. Arkansas Code Annotated §26-26-1902 requires each county to appraise all market value real estate normally assessed by the county assessor at its full and fair value every four years.

Reappraisal. Amendment No. 79 requires the county assessor (or other official or officials designated by law), after each county-wide reappraisal, to compare the assessed value of each parcel of real property reappraised or reassessed to the prior year’s assessed value. If the assessed value of the parcel increased, then the assessed value of that parcel must be adjusted as provided below.

Except as described below at “Alternative Reappraisal,” if the parcel is not the homestead and principal place of residence (“homestead”) of a taxpayer, then any increase in the assessed value in the first year after reappraisal cannot be greater than 10% (or 5% if the parcel is the taxpayer’s homestead) of the assessed value for the previous year. For each year thereafter, the assessed value shall increase by an additional 10% (or 5% if the parcel is the taxpayer’s homestead) of the assessed value for the year preceding the first assessment resulting from reappraisal; however, the increase cannot exceed the assessed value determined by the reappraisal prior to adjustment under Amendment No. 79.

For property owned by public utilities and common carriers, any annual increase in the assessed value cannot exceed more than 10% of the assessed value for the previous year. This provision does not apply to newly discovered real property, new construction, or substantial improvements to real property.

Alternative Reappraisal. If, however, there has been no county-wide reappraisal and resulting assessed value of property between January 1, 1986 and December 31, 2000, then real property in that county is adjusted differently. In that case, the assessor (or other official or officials designated by law) compares the assessed value of each parcel to the assessed value of the parcel for the previous year. If the assessed value of the parcel increases, then the assessed value of the parcel for the year in which the parcel is reappraised or reassessed is adjusted by adding one-third (1/3) of the increase to the assessed value for the year prior to appraisal or reassessment. An additional one-third (1/3) of the increase is added in each of the next two (2) years.

The adjustment contemplated by this section does not apply to the property of public utilities or common carriers. No adjustment is made for newly discovered real property, new construction, or substantial improvements to real property.

Homestead. If a homestead is purchased or constructed on or after January 1, 2001 by a disabled person or by a person over age 65, then that parcel will be assessed based on the lower of the assessed value as of the date of purchase (or construction) or a later assessed value. If a person is disabled or is at least 65 years of age and owns a homestead on January 1, 2001, then the homestead will be assessed based on the lower of the assessed value on January 1, 2001 or a later assessed value. When a person becomes disabled or reaches age 65 on or after January 1, 2001, that person's homestead will thereafter be assessed based on the lower of the assessed value on the person's 65th birthday, on the date the person becomes disabled, or a later assessed value. This section does not apply to substantial improvements to real property. For real property subject to Alternative Reappraisal, described above, the applicable date, in lieu of January 1, 2001, is January 1 of the year following the completion of the adjustments to assessed value required as described at under "Alternative Reappraisal."

Assessed Value; Collection of Taxes; Delinquencies. Property is currently assessed in an amount equal to 20% of its value. The percentage can be increased or decreased by the General Assembly.

The total of the millage levied by each taxing entity (municipalities, counties, school districts, and community college districts) in which the property is located is applied against the assessed value to determine the tax owed. The assessed value of taxable property is revised each year and the total millage levied in that calendar year is applied against the assessed value for the calendar year.

Assessed value for each year is determined as of January 1 of that year. Tangible personal property, including automobiles, initially acquired after January 1 and before June 1 is required to be assessed in the year of acquisition. Otherwise, only property owned by a taxpayer on January 1 is assessed for that calendar year.

The total taxes levied by all taxing authorities are collected together by the county collector of the county in which the property is located in the calendar year immediately following the year in which levied. Taxes are due and payable between the first business day in March and October 15, inclusive. Taxes not paid by October 15 are delinquent and subject to a 10% penalty. Real estate as to which taxes are delinquent for two successive years is certified to the State Land Commissioner, who offers the property for sale. The proceeds of such sale are distributed among the taxing authorities.

Delinquent real property may be redeemed by the taxpayer within two years of the delinquency.

Delinquent personal property taxes may be collected by distraint and public sale of the taxpayer's property.

Constitutional Amendment Affecting Personal Property Taxes

At the 1992 general election, a Constitutional amendment was approved which exempts from all personal property taxes items of household furniture and furnishings, clothing, appliances, and other personal property used within the home. The effective date of the amendment was January 1, 1993.

Constitutional Amendments No. 59 and 79

Prior to the adoption of Amendment No. 59 to the Arkansas Constitution, the Constitution mandated that: “All property subject to taxation shall be taxed according to its value, that value to be ascertained in such manner as the General Assembly shall direct, making the same equal and uniform throughout the State. No one species of property from which a tax may be collected shall be taxed higher than other species of property of equal value”

In the case of *Arkansas Public Service Commission v. Pulaski County Board of Equalization*, 266 Ark. 64, 582 S.W.2d 942 (1979), the Supreme Court of Arkansas held that the then current assessment process, as prescribed by certain legislation and administrative regulations, was in violation of the Constitutional mandate in that it (1) provided for the assessment of certain property on the basis of “use value” as opposed to market value, (2) did not provide for equal and uniform assessments throughout the State, and (3) provided for assessments based on past, as opposed to current, market values. The Court ordered a statewide reassessment to bring the assessments into conformity with the constitutional requirements. It was provided that the reassessment would be completed over a five-year period, with 15 of the 75 counties in the State to be reassessed each year.

The reassessment was accomplished in calendar years 1981 through 1985.

Legislative studies indicated that the effect of the Court-ordered reassessment would be to substantially increase real estate assessments in most or all counties of the State, with the result being, if tax rates remained the same, to substantially increase real estate taxes. The Arkansas General Assembly submitted to the electors of the State a proposed Constitutional amendment designed to prevent the substantial tax increase that would otherwise result from the reassessment. The proposed Amendment was approved at the 1980 General Election and is now Amendment No. 59 to the Arkansas Constitution.

At the 2000 general election, Constitutional Amendment No. 79 was adopted by a majority of the voters and went into effect on January 1, 2001. Among other things, Amendment No. 79 allows for an annual state credit against ad valorem property tax on a homestead in the amount of not less than \$300 (\$500 beginning January 1, 2024 and \$600 beginning assessment year January 1, 2025). The credit must not be applied in a manner that would impair a bondholder’s interest in ad valorem debt service revenues.

Amendment No. 59 provides that whenever a county-wide reassessment results in an increase of assessed value of 10% or more, the tax rate of each taxing unit on property located in that county is to be adjusted as provided in the Amendment. The year in which the reassessment is completed is designated the “Base Year”. The assessed valuation for the Base Year is based on the reassessment.

Amendment No. 79 requires that rollback adjustments under Amendment No. 59 be determined after the adjustments are made to assessed value under Amendment No. 79. See the caption “Estimated Debt Service Coverage—Assessment of Property and Collection of Property Taxes” herein.

The tax rate applicable to other real property is computed by (1) deducting from the Base Year assessed value of the real estate the assessed value of newly-discovered real estate and new construction and improvements to real property to arrive at the reassessed value of previously assessed real property, (2) determining the tax rate necessary to produce from the previously assessed real property (on the basis of the Base Year assessment) the same amount of revenues produced from such property in the Base Year (on the

basis of the last previous assessed value and the tax rate applicable to collections in the Base Year), and (3) either (a) fixing the tax rate determined in (2) as the tax rate for the real property, including newly-discovered real property and new construction and improvements to real estate, or (b) if the tax rate so fixed would produce less than 110% of the revenues from real estate produced in the Base Year, increasing the tax rate in an amount sufficient to produce such 110% of revenues.

The General Assembly, in Act No. 848 of 1981, implemented the procedures of Amendment No. 59. Arkansas Code Annotated § 26-26-404, provides that the computation is to be made separately for each tax source or millage levy, with the new tax rate for each millage levy to be rounded up to the nearest 1/10 mill.

In the case of debt service millage, the tax rate as so adjusted will continue as the continuing annual tax rate until retirement of the Series 2026 Bonds to which pledged.

Amendment No. 79 provides that the tax rate for personal property and property of public utilities and regulated carriers should be the same as that for real property. Personal property rates currently not equal to real property rates should be reduced to the level of the real property rate unless a higher rate is “necessary to provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements” of a bond issue.

Amendment No. 59 contains the following specific provision in regard to debt service millage:

“The General Assembly shall, by law, provide for procedures to be followed with respect to adjusting ad valorem taxes or millage pledged for bonded indebtedness purposes, to assure that the adjusted or rolled-back rate of tax or millage levied for bonded indebtedness purposes will, at all times, provide a level of income sufficient to meet the current requirements of all principal, interest, Paying Agent’s fees, reserves, and other requirements of the bond indenture.”

Arkansas Code Annotated § 26-26-402(b) provides:

“If it is determined that the adjustment or rollback of millages as provided for herein will render income from millages pledged to secure any bonded indebtedness insufficient to meet the current requirements of all principal, interest, paying agent fees, reserves and other requirements of a bond indenture any such pledged millage shall be rolled back or adjusted only to a level which will produce at least a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements of the bond indenture.”

If the assessed value of all classes of taxable property located in a taxing entity remain at the same level, without increase or decrease, and the total tax rates in the taxing entity applicable to real and personal property remain constant, then the annual revenues derived from taxable real and personal property will be the same in each year.

FINANCIAL INFORMATION

Financial Statements

The general purpose financial statements (including schedules incorporated by reference) of the Issuer as of December 31, 2024, and for the year then ended appearing in APPENDIX D to this Official Statement have been audited by Forvis Mazars, LLP, Rogers, Arkansas, as stated in their report appearing in APPENDIX D hereto.

Assessed Valuation

The following table contains the assessed valuation of real, personal, and utility property in Texarkana, Arkansas. Taxable property is assessed at 20% of actual appraised value and is valued for tax purposes as of January 1 of each year. However, the assessment process is not completed until November of the year of assessment. The following table also contains tax collections of the 2.5-mill ad valorem tax levied by the Issuer, according to the records of U.S. Bank Trust Company, National Association, as Successor Trustee for the Prior Bonds.

Assessed Valuation for Tax Year:	2025	2024	2023	2022	2021
For Collection in:	2026	2025	2024	2023	2022
Real (urban)	\$233,259,047	\$217,869,751	\$214,067,018	\$209,376,248	\$204,277,691
Real (rural)	114,836,674	102,983,048	100,363,186	99,133,242	88,622,090
Real (mineral)	203,624	16,083	17,516	15,071	17,227
Total Real Property	\$348,299,345	\$320,868,882	\$314,447,720	\$308,524,561	\$292,917,008
Personal	143,346,535	137,493,480	141,279,716	140,376,811	114,199,106
Utility	35,502,680	35,994,530	31,853,750	29,601,620	25,339,210
Total	<u>\$527,148,560</u>	<u>\$494,357,612</u>	<u>\$487,581,186</u>	<u>\$478,502,992</u>	<u>\$432,455,324</u>
Annual Growth	6.63%	1.39%	1.90%	10.65%	2.84%
Value of 5 Mills @ 100% Collection	\$2,635,743	\$2,471,788	\$2,437,906	\$2,392,515	\$2,162,277

Overlapping Ad Valorem Tax Rates

The ad valorem taxing entities in the State of Arkansas are municipalities, counties, school districts, and community college districts. All taxable property located within the boundaries of a taxing entity is subject to taxation by that entity. Thus, property within the jurisdiction of the Issuer is also subject to county and school district ad valorem taxes. Millage rates for 2026 are set forth below.

Taxing Entity	Rate (Mills)
Miller County	8.80
Texarkana School District	38.50
City of Texarkana	10.50

BOND INSURANCE

The following information has been supplied by AG for inclusion in this Official Statement. No representation is made by the Issuer as to the accuracy or completeness of such information.

Bond Insurance Policy

Concurrently with the issuance of the Series 2026 Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2026 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At March 31, 2026:

- The policyholders’ surplus of AG was approximately \$3,158 million.
- The contingency reserve of AG was approximately \$1,539 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”)

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2026 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the

accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

LEGAL MATTERS

General

Federal Income Taxes. In the opinion of Rose Law Firm, a Professional Association, Bond Counsel, assuming compliance with the Issuer’s covenants in the Indenture and with certain provisions of the Indenture relating to arbitrage and the use of proceeds of the Series 2026 Bonds, interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Failure to comply with certain of the Issuer’s covenants in Indenture could cause the interest on the Series 2026 Bonds to be included in gross income retroactive to the date of issuance of the Series 2026 Bonds. The Issuer has covenanted to comply with all such requirements.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order for interest on the Series 2026 Bonds to be and remain excludable from gross income for purposes of federal income taxation. Examples include: the requirement that the Issuer rebate certain excess earnings on proceeds and amounts treated as proceeds of the Series 2026 Bonds to the United States Treasury; restrictions on investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed with proceeds of the Series 2026 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Issuer subsequent to the issuance of the Series 2026 Bonds to maintain the exclusion of interest of the Series 2026 Bonds from income for federal income taxation purposes. Failure to comply with such requirements may cause interest on the Series 2026 Bonds to be included in gross income retroactively to the date of issuance of the Series 2026 Bonds. The Issuer has covenanted in the Indenture to comply with these requirements. The opinion of Bond Counsel delivered on the date of issuance of the Series 2026 Bonds is conditioned on compliance by the Issuer with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2026 Bonds.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2026 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2026 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2026 Bonds.

Prospective purchasers of the Series 2026 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the “branch profits tax,” individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to

have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of tax-exempt obligations, including the Series 2026 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made after March 31, 2007, to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding, or selling tax-exempt obligations.

The Issuer will NOT designate the Series 2026 Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Effects of Future Enforcement, Regulatory, and Legislative Actions. The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS audits the Series 2026 Bonds, the IRS will, under its current procedures, treat the Issuer as the taxpayer. As such, the beneficial owners of the Series 2026 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2026 Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code. Court proceedings may also be filed, the outcome of which could modify the federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2026 Bonds, regulatory clarification of the Code, or actions by a court involving either the Series 2026 Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2026 Bonds’ federal or State tax status, marketability, or market price or on the economic value of the tax-exempt status of the interest on the Series 2026 Bonds.

Proposed, pending, or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Series 2026 Bonds subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Series 2026 Bonds from gross income for federal income tax purposes. Any such proposed legislation, actions, or decisions, whether or not enacted, taken, or rendered, could also adversely affect the value and liquidity of the Series 2026 Bonds.

It is not an event of default on the Series 2026 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or State tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

State Taxes. Bond Counsel is of the opinion that, under existing law, the interest on the Series 2026 Bonds is exempt from State of Arkansas state, county, and municipal taxes. The Series 2026 Bonds are not subject to property taxes in the State of Arkansas.

Original Issue Discount

The Series 2026 Bonds maturing in 2041, 2046, and 2051 (collectively, the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices, as set forth inside the front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the end of each of accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

The Series 2026 Bonds maturing in the years 2028 through 2039, inclusive (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors

with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Legal Opinions

All matters relating to the legality of the proceedings for the authorization, issuance, and sale of the Series 2026 Bonds have been, or will be, approved on behalf of the Issuer by Rose Law Firm, a Professional Association, Bond Counsel. Payment of the fees of Bond Counsel will be made by the Issuer from proceeds of the Series 2026 Bonds and is contingent upon the issuance and delivery of the Series 2026 Bonds.

Legal Proceedings

The Issuer will provide at closing a certificate to the effect that there is no litigation pending seeking to restrain or enjoin the issuance of the Series 2026 Bonds, or questioning or affecting the legality of the Series 2026 Bonds or the proceedings and authority under which the Series 2026 Bonds are to be issued, or questioning the right of the Issuer to enter into the Indenture or to issue the Series 2026 Bonds, that there is no litigation pending or, to management's knowledge, threatened against the Issuer or its properties.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign the Series 2026 Bonds an insured rating of "AA" (stable outlook) with the understanding that, upon delivery of the Series 2026 Bonds, AG will deliver the Policy to Trustee (the "Insured Rating"). The Insured Rating provided by S&P on the Series 2026 Bonds reflects S&P's current assessment of the creditworthiness of AG and its ability to pay claims on its policies of insurance. Any further explanation of the significance of the such rating may be obtained only from the S&P.

Moody's has assigned its municipal bond rating of "A2" to the Series 2026 Bonds (the "Underlying Rating"). Any explanation of the Underlying Rating may only be obtained from Moody's.

Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies, and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies if in their judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the Series 2026 Bonds may have an adverse effect on the market price of the Series 2026 Bonds. The Underwriter and the Issuer have undertaken no responsibility after issuance of the Series 2026 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

RISK FACTORS AND INVESTOR CONSIDERATIONS

Maintenance Of Rating

The Series 2026 Bonds have been rated as to their creditworthiness by Moody's. While the Issuer does not anticipate any material changes in the future, no assurance can be given that the Series 2026 Bonds will maintain their original rating. If the rating on the Series 2026 Bonds decreases or is withdrawn, the Series 2026 Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "RATING" herein.

Secondary Market

While the purchaser of the Series 2026 Bonds may expect, insofar as possible, to maintain a secondary market in the Series 2026 Bonds, no assurance can be given concerning the future existence of

such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Series 2026 Bonds should therefore be prepared, if necessary, to hold their Series 2026 Bonds to maturity or prior redemption, if any.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Series 2026 Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Series 2026 Bonds may experience some delay in the receipt of distributions of principal of and interest on the Series 2026 Bonds since such distributions will be forwarded by the Trustee to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Trustee will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Series 2026 Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Series 2026 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Series 2026 Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “DESCRIPTION OF THE SERIES 2026 BONDS – Book-Entry.”

Future Changes in Law

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal Series 2026 Bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel’s opinion is based upon the law in existence on the date of issuance of the Series 2026 Bonds. It is possible that legislation enacted after the date of issuance of the Series 2026 Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Series 2026 Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Series 2026 Bonds.

Constitutional amendments and legislation affecting municipal bonds and ad valorem taxes are considered from time to time by the Arkansas legislature and voters. It is possible that legislation or constitutional amendments enacted after the date of the Series 2026 Bonds or proposed for consideration will have an adverse effect on the collection of the Tax Receipts and payment or timing of payment or other matters impacting the Series 2026 Bonds.

The Issuer cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Series 2026 Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the Issuer.

Potential Impacts Resulting From Epidemics Or Pandemics

The Issuer's finances may be materially adversely affected by unforeseen impacts of future public health events, including epidemics and pandemics. The Issuer cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the Issuer, including but not limited to the payment of debt service on any of its outstanding debt obligations.

Loss of Tax Base

Economic and other factors beyond the Issuer's control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the Issuer. In addition, the State has been susceptible to tornados, flooding, and other extreme weather wherein winds and flooding have from time to time caused significant damage, which if such events were to occur may have an adverse impact on the Issuer's financial position.

Tax Matters And Loss Of Tax Exemption

As discussed under the heading "LEGAL MATTERS -Federal Income Taxes and-State Taxes" herein, the interest on the Series 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2026 Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the resolutions for the Series 2026 Bonds. Should such an event of taxability occur, the Series 2026 Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Series 2026 Bonds, and there is no provision for an adjustment of the interest rates on the Series 2026 Bonds.

It is possible legislation will be proposed or introduced that could result in changes in the way that tax exemptions are calculated, or whether interest on certain securities is exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of legislation being enacted cannot be reliably predicted. It is also possible actions of the Issuer, after the closings of the Series 2026 Bonds, will alter the tax status of the Series 2026 Bonds, and in the extreme, remove the tax-exempt status from the Series 2026 Bonds. In that instance, the Series 2026 Bonds are not subject to mandatory prepayment and the interest rates on the Series 2026 Bonds do not increase or otherwise reset. A determination of taxability on the Series 2026 Bonds, after closing, could materially adversely affect the value and marketability of the Series 2026 Bonds.

Cybersecurity

The Issuer and Miller County, Arkansas (the "County") rely on computer networks, data storage, collection, and transmission to conduct their operations including the collection the Tax Receipts. Even with security measures, the Issuer and the County may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If breached or compromised, the collection of the Tax Receipts could be disrupted.

Continuing Disclosure

The Issuer has existing continuing disclosure undertakings that have been entered into pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). A failure by the Issuer to comply with continuing disclosure obligations will not constitute an event of default on the Series 2026 Bonds and may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2026 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

CONTINUING DISCLOSURE

Continuing Disclosure Agreement

The Issuer will enter into a Disclosure Agreement which is being executed and delivered for the benefit of the Bondowners and to assist the Underwriter in complying with Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934. See APPENDIX C- FORM OF CONTINUING DISCLOSURE AGREEMENT attached hereto.

Prior Disclosure Obligations

During the past five years, the Issuer has been obligated to comply with continuing disclosure agreements, related to eight bond issues issued by the Issuer or its instrumentalities (the "Prior Disclosure Agreements"). The Prior Disclosure Agreements require the Issuer to file certain information with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA"). All of the Prior Disclosure Agreements required the Issuer to file annual reports that included (i) certain financial and operating data ("Operating Data") and (ii) audited financial statements ("Audits") within various time periods set forth in the agreements. The Prior Disclosure Agreements also required the Issuer to file notices of the occurrence of certain significant events ("Material Events"). According to information obtained by the Underwriter, the Issuer's past compliance with undertakings during that period is as follows.

During the aforementioned five-year period, an instrumentality of the Issuer had three Water and Wastewater bond issues outstanding for which the Issuer made continuing disclosure undertakings. For those three issues the Issuer was late filing: (i) Operating Data in two years (437 days and 802 days late); (ii) Audits in all five years (ranging from 7 to 321 days late); and (iii) Material Event reports in two years (6 days and 11 days late). During such period, the Issuer had five Franchise Fee Revenue Bond issues outstanding. The Issuer was late filing common information for those Franchise Fee bond issues as follows: (i) Operating Data in two years (75 days, and 93 days late); and (ii) Audits in four years (ranging from 7 to 38 days late). During such period, the Issuer had one Limited Tax Bond issue outstanding and was late in filing Audits in five years (ranging from 7 days to 98 days late). The Issuer has failed to file required continuing disclosure documents when due June 28, 2024, for both the Franchise Fee Bonds and the Limited Tax Bond. In 2024 the Issuer experienced a change in staff positions that include two of the three members of the Disclosure Working Group established pursuant to the Issuer's Continuing Disclosure Policies and Procedures adopted by the Issuer Board of Directors January 22, 2019. Those staff members have been made aware of their responsibilities under those Policies and Procedures and will make the required filings at the earliest possible date. In 2026, the Issuer has complied in all material respects with its undertakings in relation to the Issuer's bonds.

UNDERWRITING

The Series 2026 Bonds are being purchased by Stephens Inc. (the “Underwriter”) at an aggregate purchase price of \$29,489,540.45 (the principal amount less the Underwriter’s discount of \$294,100.00 and plus a \$373,640.45 net reoffering premium). Pursuant to a Bond Purchase Agreement with the Issuer, the Underwriter will purchase all of the Series 2026 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof.

MISCELLANEOUS

Additional Information

The references herein to Arkansas statutes and acts, the Indenture, and other materials are brief summaries or outlines of certain provisions thereof. Such summaries or outlines do not purport to be complete and for full and complete statements of such provisions, reference is made to such instruments, documents, and other materials, copies of which are on file at the principal corporate trust office of the Trustee.

All the information contained or incorporated by reference in this Official Statement concerning the Issuer has been furnished by the Issuer. The Underwriter has furnished the information in this Official Statement with respect to the public offering price of the Series 2026 Bonds and the information contained under the caption “Underwriting.”

Approval of Official Statement

All projections, estimates, and other statements in this Official Statement involving matters of opinion, whether or not so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Series 2026 Bonds.

The Board of Directors of the Issuer has approved this Official Statement.

CITY OF TEXARKANA, ARKANSAS

By: /s/Allen Brown
Allen Brown, Mayor

APPENDIX A

Definitions

The following are definitions of some of the words and terms used in this Official Statement including APPENDIX B-Summary Portions of the Indenture:

“Accountant” means an independent certified public accountant or firm of independent certified public accountants (who may be an Accountant for the Issuer but who is not an official, officer, or employee of the Issuer), acceptable to the Trustee.

“Act” means the Local Government Bond Act of 1985, as amended, Ark. Code Ann. §§ 14-164-301 *et seq.*

“Additional Bonds” means the additional parity bonds authorized to be issued by the Issuer pursuant to the provisions of the Indenture regarding additional bonds to pay the costs of capital improvements or the costs of refunding, to the extent permitted by law, any Outstanding Bonds. See the caption “THE SERIES 2026 BONDS—Additional Bonds” in the Official Statement.

“AG” or the “Insurer” means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.

“Annual Debt Service” means, for any year as applied to outstanding Bonds, the sum of all amounts required to pay principal (at maturity or upon mandatory redemption) and interest due in such year on all outstanding Bonds.

“Authorized Denomination” means \$5,000 and any multiple thereof.

“Authorizing Ordinance” means the ordinance adopted by the Issuer on June 1, 2026, authorizing the issuance of the Series 2026 Bonds and the execution and delivery of the Indenture.

“Bankruptcy Code” means Title 11 of the United States Code, as it is amended from time to time, and any successor thereto or replacement thereof.

“Beneficial Owner” means, for any Bond that is held by a nominee, the beneficial owner of such Bond.

“Bond” or “Bonds” means the Series 2026 Bonds and any Additional Bonds issued under the Indenture.

“Bond Counsel” means Rose Law Firm, a Professional Association, Little Rock, Arkansas, or any other firm of attorneys of nationally recognized expertise with respect to tax-exempt obligations of political subdivisions, selected by the Issuer and not unacceptable to the Trustee.

“Bondholder” or “holder of Bonds” or “owner of Bonds” means the Person in whose name a Bond is registered in the Bond Register.

“Book-Entry Bonds” means that part of the Series 2026 Bonds for which a Securities Depository or its nominee is the Bondholder.

“Business Day” means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Texarkana, Arkansas, or the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor or successor of the Code, and all applicable Regulations.

“Conditional Redemption” means a redemption where the Issuer has stated in the redemption notice to the Trustee that the Issuer has retained the right to rescind the redemption. See the caption “The SERIES 2026 BONDS—Notice of Redemption” in the Official Statement.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the date of delivery of the Series 2026 Bonds, by and between the Issuer and the Trustee. See APPENDIX C—Form of Continuing Disclosure Agreement and the caption “Risk Factors and Investor Considerations—Continuing Disclosure” in the Official Statement.

“Counsel” means an attorney-at-law or law firm (who may be Counsel for the Issuer), acceptable to the Trustee.

“Debt Service Fund” means the trust fund so designated which is created by the Indenture. See the caption “SECURITY FOR THE SERIES 2026 BONDS—Debt Service Fund” herein.

“Defeasance Obligations” means obligations of the type described in (a) or (b) of the definition of “Eligible Investments.”

“DTC” means The Depository Trust Company.

“Eligible Investments” means: (a) Governmental Obligations; (b) obligations of any agency or instrumentality of the United States Government which represent full faith and credit of the United States of America; (c) U.S. dollar denominated certificates of deposit issued by a bank or trust company which are (1) fully insured by the Federal Deposit Insurance Corporation or any similar corporation chartered by the United States or (2) secured by a pledge of any Governmental Obligations which have an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian satisfactory to the Trustee; (d)(1) evidences of a direct ownership in future interest or principal payments on obligations of the type described in (a) above, which obligations are held in a custody account by a custodian satisfactory to the Trustee pursuant to the terms of a custody agreement and (2) obligations issued by any state of the United States or any political subdivision, public instrumentality, or public authority of any state, which obligations are not callable before the date the principal thereof will be required to be paid and which obligations are fully secured by and payable solely from obligations of the type described in (a) above, which securities are held pursuant to an agreement in form and substance acceptable to the Trustee; (e) U.S. dollar denominated deposit accounts, federal funds, and banker’s acceptances with commercial banks (foreign or domestic) which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase; (f) money market funds rated “AAAm” or “AAAm-G” or better by S&P; (g) investment agreements constituting an obligation of a bank, holding company, savings and loan association, trust company, financial institution, insurance company, securities dealer, or other credit provider whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the two highest rating categories (without regard to any refinement of gradation of rating by numerical modifier or otherwise) by S&P and Moody’s; and (h) trusts created and operated pursuant to the Local Government Joint Investment Trust Act, Ark. Code Ann. §§ 19-8-301 *et seq.*

“Event of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Issuer, as debtor, under the Bankruptcy Code or any other bankruptcy, reorganization, insolvency, or other similar law as now or hereafter in effect.

“Event of Default” means any of the events specified in the Indenture to be an Event of Default. See APPENDIX B—Summary of Portions of the Indenture—Event of Default and Remedies—Events of Default Defined. A “default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Funds” means the Project Fund, the Receipts Fund, and the Debt Service Fund and (a) any account within each such Fund and (b) any other Fund designated as such with respect to a Series.

“Governmental Obligations” means (a) direct obligations of the United States of America, (b) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, and (c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) or (b).

“Immediate Notice” means notice transmitted by electronic means, in writing, by telecopier, or by telephone (promptly confirmed in writing), and received by the party addressed.

“Indenture” means the Trust Indenture dated as of the date of delivery of the Series 2026 Bonds, by and between the Issuer and the Trustee, as amended or supplemented from time to time.

“Interest Payment Date” means (a) for the Series 2026 Bonds the first day of February and August of each year beginning February 1, 2027, and, for any Additional Bonds, the days designated in the supplemental indenture authorizing such Additional Bonds, (b) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, and (c) for all Bonds any date determined by the Trustee following an Event of Default (see APPENDIX B—Summary of Portions of the Indenture—Events of Default and Remedies—Priority of Payment Following Event of Default).

“Issuance Costs” means costs incurred by or on behalf of the Issuer in connection with the issuance of the Bonds including, without limitation, the following: payment of financial, legal, accounting, and appraisal fees, expenses, and disbursements, the Issuer’s fees and expenses attributable to the issuance of the Bonds, the cost of printing, engraving, and reproduction services, legal fees and expenses for Bond Counsel, Issuer’s Counsel, Trustee’s Counsel, and Underwriter’s Counsel relating to the issuance of the Bonds, the initial or acceptance fee of the Trustee, the fees and disbursements of the Trustee payable in accordance with the Indenture prior to the date of completion of the Project (as determined pursuant to the provisions of the Indenture regarding the Project Fund; see APPENDIX B—Summary of Portions of the Indenture—Funds and Accounts—Project Fund), and all other fees, charges, and expenses incurred in connection with the issuance of the Bonds and the preparation and filing or recording of the Indenture and of any document relating to the issuance of the Bonds.

“Issue Date” means the date of issuance and delivery of the Series 2026 Bonds to the Underwriter and, with respect to any Additional Bonds, the date of issuance and delivery of such Additional Bonds to the initial purchasers thereof.

“Issuer” or “City” means the City of Texarkana, Arkansas and its successors and assigns.

“Issuer Representative” means the City Manager or Assistant City Manager of the Issuer.

“Letter of Representations” means the Issuer’s Blanket Letter of Representations, executed by the Issuer and delivered to the Securities Depository and any amendments thereto or successor blanket agreements between the Issuer and any successor Securities Depository, relating to a system of Book-

Entry Bonds to be maintained by the Securities Depository with respect to bonds, notes, or other obligations of the Issuer.

“Moody’s” means Moody’s Investors Service, Inc. a corporation organized and existing under the laws of the State of Delaware, its successors, and assigns, and, if such corporation shall no longer perform the functions of a securities rating service, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer.

“Municipal Bond Insurance Policy”, “Policy” or “Policies” means the insurance policy issued by AG, as the case may be, guaranteeing the scheduled payment of the principal of and interest on the Series 2026 Bonds when due.

“Officer’s Certificate” of the Issuer means a written certificate, statement, request, direction, or order signed in the name of the Issuer by its Mayor, City Clerk, an Issuer Representative, or such other person as may be designated and authorized in writing to sign for the Issuer, signed by its Mayor and forwarded to the Trustee.

“Outstanding,” in connection with Bonds means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except: A. Bonds theretofore canceled or delivered to the Trustee for cancellation, B. Bonds which are deemed to have been paid in accordance with the provisions of the Indenture (see APPENDIX B—Summary of Portions of the Indenture—Defeasance), and C. Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to the provisions of the Indenture. In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent, or waiver under the provisions of the Indenture, Bonds which are held by or on behalf of the Issuer (unless all of the Outstanding Bonds are then owned by the Issuer) shall be disregarded for the purpose of any such determination.

“Paying Agent” or “Co-Paying Agent” means any national banking association, bank and trust company, or trust company appointed by the Issuer and meeting the qualifications of, and subject to the obligations of, the Trustee in the Indenture. Initially, the Trustee shall be the Paying Agent.

“Person” or “person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Office of any Paying Agent” means the office designated in writing to the Trustee.

“Principal Office of the Trustee” means the designated corporate trust office of the Trustee, which office at the date of acceptance by the Trustee of the duties and obligations imposed on the Trustee by the Indenture is 18000 Cantrell Road, Little Rock, Arkansas, 72223.

“Prior Bonds” means the Issuer’s Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2012.

“Project” means, with respect to the Series 2026 Bonds, the 2026 Street Project and the 2026 Drainage Project, and any costs related to the refunding of the Prior Bonds; and, with respect to Additional Bonds, the remaining construction, reconstruction, or acquisition of, or improvements to, current streets, roads, trails, bridges, and viaducts, and any necessary intersection improvements, traffic signalizations, speed calming measures, lighting, equipment, land and easement acquisition and related drainage improvements and the remaining construction, reconstruction, or acquisition of, or improvements to facilities for drainage and flood control and any necessary land and easement acquisition therefor, in the amounts approved by the electors of the City of Texarkana, Arkansas at a special election held November 18, 2025, not financed with proceeds of the Series 2026 Bonds.

“Project Costs” or “Cost of the Project” or “Costs” means costs of the Issuer properly attributable to the acquisition and construction of any Project and all expenses preliminary and incidental thereto incurred by the Issuer in connection therewith and in the issuance of the Bonds, including all engineering, fiscal, underwriting, financing, bond insurance, and legal expenses and costs of issuance, printing, and advertising, for which funds may be disbursed from the Project Fund and interest during construction, including but not limited to: (a) payment of the acquisition or construction costs of any Project; (b) payment of the initial or acceptance fee of the Trustee; (c) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Cost of the Project; (d) costs for the obtaining of any insurance policy or policies or surety bonds with respect to any Project by the Issuer during the construction of such Project; (e) payment of audit fees and expenses for maintenance of construction records required to be kept with respect to any Project; (f) payment of the costs of any necessary litigation and the obtaining of all necessary permits and rulings; (g) payment of the costs of issuance of the Bonds, including legal, accounting, and fiscal agent and underwriting fees and expenses, payments and fees due under any agreement pursuant to which the Bonds are sold, bond discount, printing and engraving costs, fees of rating agencies, bond insurance premiums, and surety bond provider fees, incurred in connection with the authorization, sale, and issuance of the Bonds and preparation of the Indenture or any supplemental indenture pursuant to which the Bonds will be issued; (h) payment of interest on the Bonds during the period of construction of any Project and for 12 months thereafter (or such different period as may be specified in a supplemental indenture and which is then permitted by law); and (i) payment of any other costs and expenses during the construction period of any Project and relating to such Project, including fees and expenses of the Trustee and of professional services to comply with the arbitrage rebate requirements of the Code.

“Project Fund” means the trust fund so designated created by the Indenture. See APPENDIX B—Summary of Portions of the Indenture—Funds and Accounts—Project Fund.

“Rating Service” means any nationally recognized securities rating service that shall have assigned a rating that is then in effect with respect to the Bonds upon application of the Issuer.

“Record Date” means, (a) with respect to any Interest Payment Date described in (a) or (b) of that defined term, (1) in the case of Bonds which are not Book-Entry Bonds the Trustee’s close of business on the 15th day of the calendar month next preceding such Interest Payment Date, regardless of whether such day is a Business Day, and (2) in the case of Book-Entry Bonds the Trustee’s close of business on the Business Day preceding the Interest Payment Date, and (b) with respect to any other Interest Payment Date, a date selected by the Trustee.

“Regulations” means any applicable Internal Revenue Service Regulations promulgated in proposed, temporary, or final form pursuant to the Code or any corresponding provision of a predecessor or successor statute. Proposed regulations are “applicable” only if, in the event they are adopted in final form, such regulations would apply to the Bonds.

“Responsible Officer,” when used with respect to the Trustee, means any officer in the corporate trust department (or any successor thereto) of the Trustee, or any other officer or representative of the Trustee customarily performing functions similar to those performed by any of such officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a limited liability corporation organized and existing under the laws of the State of Delaware, its successors and

assigns, and, if such corporation shall no longer perform the functions of a securities rating service, "S&P" shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer.

"Securities Depository" means a person that is registered as a clearing agency under section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in section 3(a)(12) of such Act for the purposes of section 17A thereof.

"Series" means the Series 2026 Bonds and any series of Additional Bonds.

"Series 2026 Bond" or "Series 2026 Bonds" means the Issuer's \$29,410,000 Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2026.

"State" means the State of Arkansas.

"Surplus Tax Receipts" means the amount remaining in the Receipts Fund on December 20 of each year after the Trustee makes the transfers and deposits required by the Indenture for (a) payment of the interest on the Bonds due on the next two Interest Payment Dates, (b) payment of the principal or mandatory sinking fund redemption of the Bonds due on the next February 1, and (c) payment of any Trustee or Paying Agent fees then due. See the caption "SUMMARY OF PORTIONS OF THE INDENTURE—Funds and Accounts—Receipts Account" herein.

"Tax Receipts" means all proceeds derived from the 5-mill ad valorem tax on each dollar of assessed valuation of real and personal property within the jurisdictional limits of the Issuer levied and pledged to secure repayment of the Bonds pursuant to the Authorizing Ordinance and the Indenture.

"Trust Estate" means all right, title, and interest of the Issuer in and to (a) the Tax Receipts, (b) Funds (except the Rebate Fund), and (c) all other property of every name and nature from time to time hereafter by delivery or by writing mortgaged, pledged, delivered, or hypothecated as and for additional security under the Indenture by the Issuer or by anyone on its behalf or with its written consent in favor of the Trustee.

"Trustee" means the bank or trust company serving as trustee under the Indenture. The original Trustee is Bank OZK, a bank organized under and existing by virtue of the laws of the State of Arkansas, and its successors.

"2026 Street Project" means the construction, reconstruction, or acquisition of, or improvements to, current streets, roads, trails, bridges, and viaducts, and any necessary intersection improvements, traffic signalizations, speed calming measures, lighting, equipment, land and easement acquisition and related drainage improvements approved by the electors of the City of Texarkana, Arkansas at a special election held November 18, 2025, financed with proceeds of the Series 2026 Bonds.

"2026 Drainage Project" means the construction, reconstruction, or acquisition of, or improvements to facilities for drainage and flood control and any necessary land and easement acquisition therefor approved by the electors of the City of Texarkana, Arkansas at a special election held November 18, 2025, financed with proceeds of the Series 2026 Bonds .

"Underwriter" means with respect to the Series 2026 Bonds, Stephens Inc. and, with respect to Additional Bonds the initial purchaser of such Additional Bonds.

APPENDIX B

Summary of Portions of the Indenture

The following statements are brief summaries of certain provisions of the Indenture. The statements do not purport to be complete, and reference is made to the Indenture, copies of which are available for examination at the offices of the Trustee, for a full statement thereof. Reference is made to the caption “**Bond Insurance Provisions**” below regarding rights given to AG in respect to the Series 2026 Bonds under the Indenture.

Authorization and Registration of Bonds

Registration of Transfer and Exchange of Bonds; Persons Treated as Bondholders. The Trustee shall act as bond registrar (the “Bond Registrar”) and in such capacity shall maintain a bond register (the “Bond Register”) for the registration and transfer of Bonds. Upon surrender of any Bonds at the Principal Office of the Trustee, together with an assignment duly executed by the current Bondholder of such Bonds or such Bondholder’s duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such Bonds may, at the option of the Bondholder, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of Authorized Denominations, and bearing interest at the same rate and in the same form as the Bonds surrendered for exchange, registered in the name or names requested by the assignee of the then Bondholder; provided the Trustee is not required to exchange or register the transfer of Bonds after the giving of notice calling such Bond for redemption, in whole or in part. The Issuer shall execute and the Trustee shall authenticate any Bonds whose execution and authentication is necessary to provide for exchange of Bonds pursuant to this Section and the Issuer may rely on a representation from the Trustee that such execution is required.

Any exchange or registration of transfer of Bonds shall be at the expense of the Issuer except that the Trustee may make a charge to any Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto but will not impose any other charge.

Prior to due presentment for registration of transfer of any Bond, the Trustee shall treat the Person shown on the Bond Register as owning a Bond as the Bondholder and the Person exclusively entitled to payment of principal thereof and redemption premium, if any, and interest thereon and, except as otherwise expressly provided in the Indenture, the exercise of all other rights and powers of the owner thereof, and neither the Issuer, the Trustee, nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Mutilated, Lost, or Destroyed Bonds. If any Bond has been mutilated, lost, or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Bondholder, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond but only if the Bondholder has paid the reasonable expenses and charges of the Issuer and the Trustee in connection therewith and, in the case of a lost or destroyed Bond, (a) filed with the Trustee evidence satisfactory to the Trustee that such Bond was lost or destroyed and (b) furnished to the Trustee indemnity satisfactory to it. If any such Bond has matured or been called for redemption and is payable, instead of issuing a new Bond the Trustee may pay the same without issuing a replacement Bond.

If, after the delivery of such replacement Bond, the original Bond in lieu of which such replacement Bond was issued is presented for payment or registration, the Trustee shall seek to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom and shall be entitled to

recover from the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the Trustee or the Issuer in connection therewith.

Securities Depository Provisions. The Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and shall be held in the custody of DTC. The Issuer and the Trustee acknowledge that they have executed and delivered a Letter of Representations with DTC. All payments of principal of and redemption premium, if any, and interest on the Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations. The terms and provisions of the Letter of Representations shall govern in the event of any inconsistency between the provisions of the Indenture and the Letter of Representations. The Letter of Representations may be amended without Bondholder consent. All payments of principal of and redemption premium, if any, and interest on the Book-Entry Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Letter of Representations.

The book-entry registration system for all of the Series 2026 Bonds may be terminated and certificates delivered to and registered in the name of the Beneficial Owners, under either of the following circumstances:

(a) DTC notifies the Issuer and the Trustee that it is no longer willing or able to act as Securities Depository for the Series 2026 Bonds and a successor Securities Depository for the Series 2026 Bonds is not appointed by the Issuer prior to the effective date of such discontinuation; or

(b) The Issuer determines that continuation of the book-entry system through DTC (or a successor securities depository) is not in the best interest of the Issuer.

In the event a successor Securities Depository is appointed by the Issuer, the Series 2026 Bonds will be registered in the name of such successor securities depository or its nominee. In the event certificates are required to be issued to Beneficial Owners, the Trustee and the Issuer shall be fully protected in relying upon a certificate of DTC or any DTC participant as to the identity of and the principal amount of Series 2026 Bonds held by such Beneficial Owners.

The Beneficial Owners of Bonds will not receive physical delivery of certificates except as provided in the Indenture. For so long as there is a Securities Depository for the Bonds, all of such Bonds shall be registered in the name of the nominee of the Securities Depository, all transfers of beneficial ownership interests in such Bonds will be made by the nominee of the Securities Depository, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership of such Bonds is to receive, hold, or deliver any certificate. The Issuer and the Trustee shall have no responsibility or liability for transfers of beneficial ownership interests in such Bonds.

The Issuer and the Trustee will recognize the Securities Depository or its nominee as the Bondholder for all purposes, including receipt of payments, notices, and voting; provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy or other comparable evidence delivered to the Trustee by the Bondholders.

With respect to Book-Entry Bonds, the Issuer and the Trustee shall be entitled to treat the Person in whose name such Bond is registered as the absolute owner of such Bond for all purposes of the Indenture, and neither the Issuer nor the Trustee shall have any responsibility or obligation to any Beneficial Owner of such Book-Entry Bond. Without limiting the immediately preceding sentence, neither the Issuer nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of any Securities Depository or any other Person with respect to any ownership interest in Book-Entry Bonds, (b) the delivery to any Person, other than a Bondholder, of any notice with respect to Book-Entry Bonds, including any notice of redemption or refunding, (c) the selection of the particular Bonds or portions thereof to be redeemed or refunded in the event of a partial redemption or refunding of part of the Bonds

Outstanding, or (d) the payment to any Person, other than a Bondholder, of any amount with respect to the principal of or redemption premium, if any, or interest on Book-Entry Bonds. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

Funds and Accounts

Creation of Funds. The following funds are created by the Indenture and the proceeds of the Bonds and all Tax Receipts received by the Trustee are, subject to the provisions of the Indenture regarding priority of payment following an Event of Default (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—Events of Default and Remedies—Priority of Payment Following Event of Default” in APPENDIX B), to be deposited by it in the Funds and held in trust for the purposes set forth in the Indenture: (a) Project Fund, (b) Receipts Fund, and (c) Debt Service Fund.

Project Fund

The Project Fund shall be maintained by the Issuer in a bank or banks selected by the Issuer whose deposits are insured by the Federal Deposit Insurance Corporation. Moneys in the Project Fund shall be used for the payment of Issuance Costs, Project Costs, and any future capital acquisitions and improvements to be paid from the proceeds of Additional Bonds. The Project Fund shall consist of the amounts required or permitted to be deposited therein pursuant to any provision hereof and that portion of the proceeds of the Series 2026 Bonds designated in a certificate of the Issuer signed by its Authorized Representative shall be deposited therein. Separate accounts within the Project Fund shall be maintained for the 2026 Street Project Account and the 2026 Drainage Project Account. Separate accounts within the Project Fund shall be maintained for future capital acquisitions and improvements if the Issuer determines that separate accounts are desirable with respect to particular capital acquisitions and improvements or designated portions of capital acquisitions and improvements. The Project Fund shall consist of the amounts required or permitted to be deposited therein pursuant to any provision of the Indenture. See the caption “THE BONDS—Sources and Uses of Funds” herein regarding the portion of the proceeds of the Bonds to be deposited in the Project Fund. Payments from the Project Fund shall be made by the Issuer as follows:

(a) Payments from the Project Fund shall be made only upon checks which shall specify the name of the person, firm, or corporation to whom payment is being made; the amount of the payment; and the purpose of the payment. Each check shall be signed by any two of the following: the Mayor, the City Clerk, the City Manager, and an Authorized Representative. The Issuer shall keep records as to all payments made from the Project Fund.

(b) Upon completion of any Project, (as evidenced by a certificate of the Issuer delivered to the Trustee), any moneys remaining in an account of the Project Fund shall be transferred to the Trustee for deposit in the Debt Service Fund.

(c) Notwithstanding anything to the contrary herein, to the extent an Event of Default described in in the Indenture shall have occurred and be continuing and no other moneys are available under the Indenture to cure such Event of Default, no moneys on deposit in the Project Fund shall be applied in accordance with subsection (b) above. In such event, moneys on deposit in the Project Fund shall be transferred to the Trustee and applied by the Trustee in accordance with provisions of the Indenture regarding default and remedies.

Debt Service Fund

Deposits into Debt Service Fund. The Trustee shall deposit into the Debt Service Fund a portion of the proceeds of the Bonds (representing accrued interest) for deposit in such Fund as required by the Indenture upon the delivery of the Bonds (see the caption “THE BONDS—Sources and Uses of Funds” herein), the amounts described in APPENDIX B—Summary of Portions of the Indenture—Funds and Accounts—Receipts Fund, and all other amounts required or permitted under the Indenture to be deposited in the Debt Service Fund.

Application of Moneys in Debt Service Fund. Moneys on deposit in the Debt Service Fund shall be applied as follows:

- (1) to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds;
- (2) to the payment, when due, of the principal of or redemption premium on the Bonds then payable at maturity or upon redemption; and
- (3) on each February 1, commencing February 1, 2027, the Trustee shall apply all Surplus Tax Receipts to the mandatory redemption of Bonds as required by the Indenture.

Receipts Fund

The Receipts Fund shall be maintained by the Trustee. The Issuer shall pay to the Trustee for deposit to the credit of the Receipts Fund all Tax Receipts within two business days of receipt.

On December 20 of each year, commencing December 20, 2026, the Trustee shall transfer from the Receipts Fund the amounts set forth below in the order set forth below:

- (1) For deposit into the Debt Service Fund, an amount equal to the interest on the Bonds due on the next two Interest Payment Dates, provided, however, that the required deposit shall be reduced by any amount in the Debt Service Fund available for meeting this purpose, including amounts received as accrued interest upon delivery of the Bonds and all interest earnings on moneys in the Debt Service Fund;
- (2) For deposit into the Debt Service Fund, an amount equal to the principal or mandatory sinking fund redemption of the Bonds due on the next February 1;
- (3) For payment to the Trustee, an amount equal to any Trustee or Paying Agent fees then due; and
- (4) For deposit into the Debt Service Fund, all remaining moneys in the Receipts Fund (the “Surplus Tax Receipts”).

Tax Receipts to Be Held for All Bondholders, With Certain Exceptions. Until applied as provided in the Indenture and except where moneys have been deposited with or paid to the Trustee pursuant to an instrument restricting the application of such moneys to particular Bonds, the moneys and investments held in all Funds established under the Indenture and the proceeds of any remedies exercised under the Indenture shall be held in trust pursuant to the terms of the Indenture for the equal and proportionate benefit of the holders of all Outstanding Bonds, except that: (a) on and after the date on which the interest on or principal of any particular Bond or Bonds is due and payable from the Debt Service Fund or, with respect to which a call for redemption has been given and funds for such redemption have been deposited with the Trustee, the unexpended balance of the amount deposited or reserved in the Debt Service Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Bondholder or Bondholders entitled thereto; and (b) any special redemption fund established in connection with the defeasance of any Bonds in accordance with the Indenture shall be held for the benefit of the holders of Bonds being defeased.

Rebate. The Issuer hereby covenants to pay directly to the government of the United States of America all amounts due in respect of “arbitrage rebate” under section 148(f) of the Code with respect to the Series 2026 Bonds.

Repayment to the Issuer from Amounts Remaining in Any Funds. Any amounts remaining in any Funds after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of the Indenture and after payment of all fees, charges, and expenses of the Trustee, the Bond Registrar, and any Paying Agents and of all other amounts required to be paid under the Indenture, shall be paid to the Issuer to

the extent that such amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds.

Disposition of Unclaimed Funds. Notwithstanding any provisions of the Indenture, and subject to applicable unclaimed property laws, any money deposited with the Trustee or any Paying Agent in trust for the payment of principal of or redemption premium, if any, or interest on the Bonds remaining unclaimed for three years after the payment thereof: (a) shall be reported and disposed of by the Trustee in accordance with applicable unclaimed property laws; or (b) to the extent permitted by applicable law, shall be paid to the Issuer, whereupon all liability of the Trustee with respect to such money shall cease, and the holders of the Bonds shall thereafter look solely to the Issuer for payment of any amounts then due. All moneys held by the Trustee or any Paying Agent and subject to the provisions of the Indenture described at this caption shall be held uninvested and without liability for interest thereon.

Additional Funds and Accounts. In addition to the funds and accounts specifically authorized under the Indenture, the Trustee shall have the authority to create and maintain such other funds and accounts as it may deem necessary for proper administration under the Indenture.

Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the Trustee under the Indenture for deposit in any Fund established under the Indenture shall be considered trust funds. All moneys on deposit with the Trustee shall, to the extent not insured, be secured in the manner required or permitted by State or other applicable law. Subject to the foregoing requirements as to security, if at any time the commercial department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such moneys with any other depository which is authorized to receive and secure them as aforesaid and the deposits of which are insured by the Federal Deposit Insurance Corporation. All security for deposits shall be perfected in such manner as may be required or permitted under applicable law in order to grant to the Trustee a perfected security interest in such deposits.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the Indenture shall be invested and reinvested by the Trustee as follows:

(a) All moneys on deposit in Funds shall be invested in Eligible Investments which shall mature, or be subject to repurchase, withdrawal without penalty, or redemption at the option of the holder, on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

(b) All purchases or sales of Eligible Investments shall be made at the direction of the Issuer (given in writing or orally, confirmed in writing), or in the absence of such direction, by the Trustee in Eligible Investments described in paragraphs (a), (b), (c), or (f) of the definition thereof, payable on demand.

(c)(1) Any securities or investments held by the Trustee may be transferred by the Trustee, if required in writing by the Issuer, from any of the Funds to any other Fund at the then current market value thereof without having to be sold and purchased or repurchased; and (2) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption premiums, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose.

(d) The Trustee shall not be accountable for any depreciation in the value of Eligible Investments or any losses incurred upon any authorized disposition thereof.

(e) The Trustee is expressly authorized to invest moneys in two or more Funds in a single investment, provided that a portion of the investment allocable to each such Fund, and all payments received with respect to such allocable portion, shall be applied in accordance with the applicable provisions governing such Fund under the Indenture.

(f) Earnings from investment shall remain in the respective Fund where earned.

Valuation of Funds. The Trustee shall determine the value of the assets in each of the Funds established under the Indenture on, or on a date not earlier than three days prior to, (a) December 20 of each year and (b) the date of settlement for a Series of Additional Bonds. As soon as practicable after each such valuation date, the Trustee shall furnish to the Issuer a report of the status of each Fund as of such date. In computing the value of assets in any Fund, investments shall be valued at the fair market value thereof and shall include accrued but unpaid interest on each investment, and all investments (valued as aforesaid) and accrued interest thereon shall be deemed a part of such Funds. Upon the request of the Issuer, the Trustee shall also provide the Issuer with monthly or other periodic statements showing amounts deposited into and withdrawn from each Fund, the investments made with amounts in each Fund, and the investment income received from such investments.

Covenants and Agreements of the Issuer

In addition to any other covenants and agreements of the Issuer contained in the Indenture, the Issuer further covenants and agrees with the Bondholders and the Trustee as follows:

Payment of Principal, and Interest, and Redemption Premium. The Issuer will pay all principal of and redemption premium, if any, and interest on the Bonds or cause them to be paid, solely from the sources provided in the Indenture, on the dates, at the places, and in the manner provided in the Indenture.

Tax Receipts. The Issuer will use due diligence in causing the collection of the 5-mill ad valorem tax.

Register. At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by or delivered to the Issuer, the Trustee, or the holders of 25 percent or more in principal amount of Bonds then Outstanding, or a designated representative thereof.

Issuer Not to Adversely Affect Exclusion From Gross Income of Interest on the Bonds. The Issuer covenants that it (1) will take, or require to be taken, all actions that may be required of it for the interest on the Bonds to be and remain excludable from the gross income for federal income tax purposes and (2) will not take or authorize to be taken any actions that would adversely affect that exclusion under the provisions of the Code.

Observance and Performance of Covenants, Agreements, Authority, and Actions. The Issuer agrees to observe and perform at all times all covenants, agreements, authority, actions, undertakings, stipulations, and provisions to be observed or performed on its part under the Indenture, the Bond Ordinance, and the Bonds which are executed, authenticated, and delivered under the Indenture, and under all proceedings of its Board of Directors pertaining thereto. The Issuer represents and warrants that: (a) It is duly authorized by the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds, to execute and deliver this Indenture, and to provide the security for payment of the principal of and interest on the Bonds in the manner and to the extent set forth in this Indenture. (b) All actions required on its part to be performed for the issuance, sale, and delivery of the Bonds and for the execution and delivery of this Indenture have been or will be taken duly and effectively; provided no representation is made as to any state securities or "Blue Sky" laws. (c) The Bonds will be valid and enforceable limited tax general obligations of the Issuer according to their terms, subject to bankruptcy and equitable principles.

Tax Covenants. (a) The Issuer covenants that it will neither make nor direct the Trustee to make any investment or other use of the proceeds of the Bonds issued under the Indenture which would cause the Bonds to be "arbitrage bonds" as that term is defined in section 148(a) of the Code and all Regulations promulgated with respect thereto, and that it will comply with the requirements of the Code and Regulations throughout the term of the Bonds. The Trustee covenants that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants. (b) Notwithstanding the foregoing, the Issuer reserves the right to elect to issue one or more Series of Additional Bonds, the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Additional Bonds, and the covenants contained in this Section shall not apply to such Series of Bonds.

Events of Default and Remedies

See the caption “BOND INSURANCE PROVISIONS” below regarding rights of AG to control declarations of default, acceleration of principal, remedies grace periods, subrogation, and reimbursement with regard to the Series 2026 Bonds.

Events of Default Defined. Each of the following is an “Event of Default” under the Indenture:

(a) Default in the payment of any installment of interest on any Bond when it becomes due and payable;

(b) Default in the payment of principal of (or redemption premium, if any, on) any Bond when it becomes due and payable;

(c) Subject to the provisions of the Indenture regarding notice and opportunity to cure certain defaults (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—Events of Default and Remedies—Notice and Opportunity to Cure Certain Defaults” in this APPENDIX B), default in the performance or breach of any covenant, warranty, or representation of the Issuer contained in the Indenture (other than a default described in under (a) and (b) above); or

(d)(1) An Event of Bankruptcy of the Issuer; (2) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official of the Issuer or of any substantial portion of its property; or (3) the ordering of the winding up or liquidation of its affairs and the continuance of any such involuntary filing, appointment, or order unstayed and in effect for a period of 60 consecutive days.

Remedies Upon Default

Acceleration. If an Event of Default occurs and is continuing, the Trustee may, and upon the written request to the Trustee by the holder or holders of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall, subject to the requirements of the Indenture affording the Trustee the right to security and indemnification (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Certain Rights of the Trustee” in this APPENDIX B), by written notice to the Issuer, declare the principal of the Bonds and all interest accrued thereon to the date of acceleration to be immediately due and payable.

Rescission of Acceleration. At any time after such a declaration of acceleration has been made and before the entry of a judgment or decree for payment of the money due, the Trustee may, or the holders of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding may by written notice to the Issuer and the Trustee, and subject to the requirements of the Indenture affording the Trustee the right to security and indemnification (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Certain Rights of the Trustee” in this APPENDIX B), direct the Trustee to, rescind and annul such declaration and its consequences if:

(1) there has been paid to or deposited with the Trustee by or for the account of the Issuer, or provision satisfactory to the Trustee in reliance upon an opinion of Counsel has been made for the payment, of a sum sufficient to pay: (A) all overdue installments of interest on the Bonds; (B) the principal of and redemption premium, if any, on any Bonds which have become due other than by such declaration of acceleration and interest thereon; (C) to the extent lawful, interest upon overdue installments of interest and redemption premium, if any; and (D) all sums paid or advanced by the Trustee under the Indenture, together with the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel prior to the date of notice of rescission; and

(2) all Events of Default, other than the nonpayment of principal of and redemption premium, if any, and interest on the Bonds which have occasioned such acceleration, have been cured or waived.

Subsequent Defaults. No such rescission and annulment shall affect any subsequent default or impair any consequent right.

Additional Remedies

Suits. The Trustee upon the occurrence of an Event of Default may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding (subject to the requirements of the Indenture affording the Trustee the right to security and indemnification (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Certain Rights of the Trustee” in this APPENDIX B)), shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable remedy, and the Trustee in reliance upon the advice of Counsel may deem most effective to protect and enforce any of the rights or interests of the holders of the Bonds under the Bonds or the Indenture.

Other Proceedings. Without limiting the generality of the foregoing, the Trustee shall at all times have the power to institute and maintain such proceedings as it may deem expedient (1) to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and (2) to protect its interests and the interests of the Bondholders in the Trust Estate and in the issues, profits, revenues, and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule, or order which may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule, or order would impair the Trust Estate or be prejudicial to the interests of the Bondholders or the Trustee.

Marshaling of Assets. Upon the occurrence of an Event of Default, all moneys in all Funds shall be available to be utilized by the Trustee in accordance with the provisions of the Indenture regarding events of default and remedies. The rights of the Trustee under the Indenture regarding compensation and expenses of the Trustee (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Compensation and Expenses of the Trustee” in this APPENDIX B) shall be applicable. During the continuance of any such Event of Default, all provisions of the Indenture relating to the utilization of Funds shall be superseded by the provisions of the Indenture regarding events of default and remedies. Subsequent to the curing or waiver of any such Event of Default, the provisions of the Indenture relating to utilization of Funds shall be reinstated.

Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding under the Bankruptcy Code relating to the Issuer or any property of the Issuer, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Issuer for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(1) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding or for breach of the Indenture and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel) and of the holders allowed in such proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator, or similar official in any such judicial proceeding is authorized by each holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents, and Counsel, and any other amounts due the Trustee under the Indenture regarding compensation and expenses of the

Trustee (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Compensation and Expenses of the Trustee” in this APPENDIX B).

No provision of the Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any holders of the Bonds any plan of reorganization, arrangement, adjustment, or composition affecting any of the Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any proceeding described above.

Possession of Bonds Not Required. All rights under the Indenture and the Bonds may be enforced by the Trustee without possession of any Bonds or the production of them at trial or other proceedings. Any proceedings instituted by the Trustee may be brought in its name for itself as representative of the Bondholders without the necessity of joining Bondholders as parties, and any recovery resulting from such proceedings shall, subject to the provisions of the Indenture regarding priority of payment following an Event of Default (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—Events of Default and Remedies—Priority of Payment Following Event of Default” in this APPENDIX B), be for the ratable benefit of the Bondholders.

Notice and Opportunity to Cure Certain Defaults. No default described in (c) in APPENDIX B—Summary of Portions of the Indenture—Events of Default and Remedies—Events of Default Defined shall constitute an Event of Default until written notice of such default shall have been given to the Issuer by the Trustee or by the holders of at least 25 percent in aggregate principal amount of the Bonds Outstanding, and the Issuer shall have had 30 days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and diligently pursued (as determined by the Trustee) until the default is corrected.

Priority of Payment Following Event of Default. If at any time after the occurrence of an Event of Default the moneys held by the Trustee under the Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, whether by their terms or as a result of acceleration as described in APPENDIX B—Summary of Portions of the Indenture—Events of Default and Remedies—Additional Remedies, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, shall, subject to the provisions of the Indenture described in the last two paragraphs of this caption, be applied by the Trustee as follows:

(1) first, to the payment of all amounts due the Trustee under the Indenture (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Compensation and Expenses of the Trustee” in this APPENDIX B);

(2) second, to the payment of all installments of interest on the Bonds then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installments, without discrimination or preference; and

(3) third, to the payment of the unpaid principal amount of any of the Bonds which shall have become due and payable, in the order of due dates (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest upon the principal amount of the Bonds from the respective dates upon which they shall have become due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular due date, together with such interest, then to the payment first of such interest, ratably, according to the amount of principal due on such date, without any discrimination or preference.

If the principal of all Bonds shall have become due and payable, whether by their terms or by a declaration of acceleration, and subject to the provisions of the Indenture described in (1) above regarding payment to the Trustee, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference.

Whenever moneys are to be applied as described in this caption, the Trustee may, in its discretion, establish and maintain a reserve for future fees and expenses, and may apply moneys to be distributed at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix a date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Trustee shall also select a Record Date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such Record Date and payment date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Bondholders May Direct Proceedings. The owners of a majority in aggregate principal amount of the Bonds Outstanding shall, subject to the requirements of the Indenture affording the Trustee the right to security and indemnification (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Certain Rights of the Trustee” in this APPENDIX B), have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such direction shall not be in conflict with any rule of law or the Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of Bondholders not parties to such direction or would subject the Trustee to personal liability. Notwithstanding the foregoing, the Trustee shall have the right to select and retain Counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under the Indenture as described at this caption.

Limitations on Rights of Bondholders. No Bondholder shall have any right to pursue any other remedy under the Indenture unless: (1) an Event of Default shall have occurred and is continuing; (2) the owners of not less than 25 percent in aggregate principal amount of all Bonds then Outstanding have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names; (3) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses, and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within 60 days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Bonds Outstanding.

The provisions of the Indenture described above are conditions precedent to the exercise by any Bondholder of any remedy under the Indenture. The exercise of such rights is further subject to the provisions of the Indenture described at the captions “Summary of Portions of the Indenture—Events of Default and Remedies—Bondholders May Direct Proceedings,” “—Unconditional Right of Bondholder to Receive Payment,” and “—Delay or Omission Not Waiver” herein. No one or more Bondholders shall have any right in any manner whatever to enforce any right under the Indenture, except in the manner provided in the Indenture. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner provided in the Indenture for the equal and ratable benefit of the Bondholders of all Bonds Outstanding.

Unconditional Right of Bondholder to Receive Payment. Notwithstanding any other provision of the Indenture, any Bondholder shall have the absolute and unconditional right to receive payment of principal of and redemption premium, if any, and interest on the Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

Restoration of Rights and Remedies. If the Trustee or any Bondholder has instituted any proceeding to enforce any right or remedy under the Indenture, and any such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Bondholder, then the Issuer, the Trustee, and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions under the Indenture, and all rights and remedies of the Trustee and the Bondholders shall continue as though no such proceeding had been instituted.

Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to the Trustee in the Indenture is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given under the Indenture or now or hereafter existing at law, in equity, or otherwise. The assertion or employment of any right or remedy under the Indenture shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of such Event of Default. Every right and remedy given by the provisions of the Indenture regarding events of default and remedies or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Bondholders, as the case may be.

Waiver of Defaults. The holders of a majority in aggregate principal amount of the Outstanding Bonds may, by written notice to the Trustee and subject to the requirements of the Indenture affording the Trustee the right to security and indemnification (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Certain Rights of the Trustee” in this APPENDIX B), waive any existing default or Event of Default and its consequences, except a default in payment of principal of or premium, if any, or interest on the Bonds. Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

Notwithstanding any provision of the Indenture, in no event shall any Person, other than all of the affected Bondholders, have the ability to waive any Event of Default under the Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes.

Notice of Events of Default. If an Event of Default occurs of which the Trustee has or is deemed to have notice under the provisions of the Indenture described in (h) in APPENDIX B—Summary of Portions of the Indenture—The Trustee—Certain Rights of the Trustee, the Trustee shall give Immediate Notice thereof to the Issuer. Within 30 days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each holder of Bonds then Outstanding, provided, however, that except in the instance of a default in payment of principal of or premium, if any, or interest on the Bonds, the Trustee may withhold such notice to Bondholders if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of such Bondholders, and provided, further, that notice to Bondholders of any Event of Default described in (c) in APPENDIX B—Summary of Portions of the Indenture—Events of Default and Remedies—Events of Default Defined shall be subject to the provisions of the Indenture regarding notice and opportunity to cure certain defaults (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—Events of Default and Remedies—Notice and Opportunity to Cure Certain Defaults” in this APPENDIX B).

Consent of AG Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, AG shall be entitled to control and direct the enforcement of all rights and remedies granted to the Series 2026 Bond holders or the Trustee for the benefit of the Series 2026 Bond holders under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Series 2026 Bonds and (ii) the right to annul any declaration of acceleration, and AG shall also be entitled to approve on behalf of the holders of the Series 2026 Bonds, all waivers of events of default.

The Trustee

Duties and Liabilities of the Trustee. Prior to the occurrence of an Event of Default of which it has or is deemed to have notice under the Indenture, and after the curing of any Event of Default which may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Indenture.

In case an Event of Default of which the Trustee has or is deemed to have notice under the Indenture has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) the provisions described in this paragraph shall not be construed to limit the effect of those described in the first paragraph above;

(2) the Trustee is not liable for any error of judgment made in good faith by a Responsible Officer, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders under any provision of the Indenture relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; and

(4) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not expressly provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of the Indenture described at this caption.

Certain Rights of the Trustee. Except as otherwise provided in the Indenture and described in APPENDIX B—Summary of Portions of the Indenture—The Trustee—Duties and Liabilities of the Trustee:

(a) the Trustee may rely and is protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval,

bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of the Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Indenture, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Trustee may consult with Counsel and the written advice of such Counsel or an opinion of Counsel shall be full and complete authorization and protection for any action taken, suffered, or omitted by it in good faith and in accordance with such advice or opinion;

(d) the Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount, and otherwise with respect to the costs, expenses, and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the holders of 25 percent in aggregate principal amount of the Bonds;

(e) the Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records, and premises of the Issuer, in person or by agent or attorney;

(f) the Trustee may execute any of its trusts or powers or perform any duties under the Indenture either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in the Indenture and described at "Summary of Portions of the Indenture—The Trustee—Compensation and Expenses of the Trustee" herein, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it;

(g) the Trustee is not required to take notice or deemed to have notice of any default or Event of Default under the Indenture, except default in the payment of principal of or redemption premium, if any, or interest on any Bond, unless a Responsible Officer of the Trustee has actual notice thereof or has received notice in writing of such default or Event of Default from the Issuer or the holders of at least 25 percent in aggregate principal amount of the Outstanding Bonds, and in the absence of any such notice, the Trustee may conclusively assume that no default or Event of Default exists;

(h) the Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Indenture;

(i) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of the Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(j) the Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys, and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of the Indenture, and final payment of the Bonds;

(k) The permissive right of the Trustee to take the actions permitted by the Indenture shall not be construed as an obligation or duty to do so; and

(l) except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Trustee Not Responsible for Recitals. The recitals contained in the Indenture and in the Bonds (other than the certificate of authentication on the Bonds) are statements of the Issuer and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value, condition, or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title, or interest of the Issuer therein, the security provided thereby or by the Indenture, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds. The Trustee is not accountable for the use or application by the Issuer of any of the Bonds or the proceeds of the Bonds, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of the Indenture.

Trustee May Own Bonds. The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold, and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if it were not Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depository, trustee, or agent for any committee of Bondholders secured by the Indenture or other obligations of the Issuer as freely as if it were not Trustee. These provisions extend to affiliates of the Trustee.

Compensation and Expenses of the Trustee. The Issuer covenants and agrees:

(a) to pay to the Trustee compensation for all services rendered by it under the Indenture and under the other agreements relating to the Bonds to which the Trustee is a party in accordance with terms agreed to from time to time and, subsequent to default, in accordance with the Trustee's then-current fee schedule for default administration (the entirety of which compensation shall not be limited by any provision of law regarding compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of the Indenture, any other agreement relating to the Bonds to which it is a party, or in complying with any request by the Issuer or any Rating Service with respect to the Bonds, including the reasonable compensation, expenses, and disbursements of its agents and Counsel, except any such expense, disbursement, or advance attributable to the Trustee's negligence or bad faith; and

(c) to indemnify, defend, and hold the Trustee harmless from and against any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the office of Trustee under the Indenture, including the costs of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under the Indenture or thereunder.

In the event the Trustee incurs expenses or renders services in any proceedings under the Bankruptcy Code relating to the Issuer, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the Bankruptcy Code.

As security for the performance of the obligations of the Issuer under the Indenture and described above, the Trustee shall have a lien, which it may exercise through a right of setoff, prior to the Bonds upon all property or funds held or collected by the Trustee pursuant to the Indenture for the payment of principal of and redemption premium, if any, and interest on the Bonds. The obligations of the Issuer to make the payments described above shall survive discharge of the Indenture and payment in full of the Bonds.

Qualifications of Trustee. There shall at all times be a trustee under the Indenture which shall be a corporation or banking association organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$25,000,000, and subject to supervision or examination by federal or state banking authority. If such corporation or banking association publishes reports of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such corporation or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible as described in this caption, it shall resign promptly in the manner and with the effect specified in the Indenture.

Resignation or Removal of Trustee; Appointment of Successor Trustee. No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee under the Indenture and described in APPENDIX B—Summary of Portions of the Indenture—The Trustee—Acceptance of Appointment by Successor Trustee.

The Trustee may resign at any time by giving written notice to the Issuer. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any holder of a Bond then Outstanding may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Prior to the occurrence and continuance of an Event of Default under the Indenture, or after the curing or waiver of any such Event of Default, the Issuer or the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Indenture, the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Issuer or such holders, as the case may be, and delivered to the Trustee, the Issuer, and holders of the Outstanding Bonds.

If at any time: (1) the Trustee shall cease to be eligible and qualified under the Indenture (see the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Qualifications of Trustee” in this APPENDIX B) and shall fail or refuse to resign after written request to do so by the Issuer or the holder of any Bond or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property, or affairs for the purpose of rehabilitation, conservation, or liquidation, then in either such case (A) the Issuer may remove the Trustee and appoint a successor Trustee in accordance with the provisions of the Indenture described above; or (B) any holder of a Bond then Outstanding may, on behalf of the holders of all Outstanding Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

The Issuer shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Bonds then Outstanding as listed in the Bond Register. Each such notice shall include the name and address of the corporate trust office of the successor Trustee.

Acceptance of Appointment by Successor Trustee. Every successor Trustee appointed under the Indenture shall execute, acknowledge, and deliver to the Issuer and the predecessor Trustee an instrument accepting its appointment. The resignation or removal of the retiring Trustee shall thereupon become effective, and the successor Trustee shall, without further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and duties of the predecessor Trustee. Upon the request of the Issuer or the successor Trustee, the predecessor Trustee shall execute and deliver an instrument transferring to the successor Trustee all the estates, properties, rights, powers, and duties of the predecessor Trustee under the Indenture, and shall duly assign, transfer, deliver, and pay over to the successor Trustee all moneys and other

property then held under the Indenture, subject, however, to the lien, if any, provided for in the Indenture and described in this APPENDIX B—Summary of Portions of the Indenture—The Trustee—Compensation and Expenses of the Trustee. The successor Trustee shall promptly give written notice of its appointment to the holders of all Bonds Outstanding in the manner prescribed in the Indenture unless such notice has previously been given.

No successor Trustee shall accept appointment as provided in the Indenture and described at this caption unless, as of the date of such acceptance, it is eligible and qualified under the provisions of the Indenture. See the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Qualifications of Trustee” in this APPENDIX B.

Merger or Consolidation of Trustee. Any corporation or association into which the Trustee is merged or with which it is consolidated, resulting from any merger or consolidation to which the Trustee is a party, or succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor Trustee without the execution or filing of any document or the taking of any further action. Any such successor shall nevertheless be eligible and qualified under the provisions of the Indenture. See the caption “SUMMARY OF PORTIONS OF THE INDENTURE—The Trustee—Qualifications of Trustee” in this APPENDIX B.

Defeasance

Defeasance. If (a) the principal of the Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for under the provisions of the Indenture regarding deposit of funds for payment of Bonds (see “Deposit of Funds for Payment of Bonds” below), at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the outstanding Bonds shall have been paid and discharged in accordance with the provisions of the Indenture regarding defeasance, and (b) all of the covenants, agreements, obligations, terms, and conditions of the Issuer under the Indenture shall have been kept, performed, and observed and there shall have been paid to the Trustee, the Bond Registrar, and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Indenture, then the right, title, and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Issuer and at the expense of the Issuer, shall release the Indenture and the Trust Estate and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds under the Indenture except for amounts required to pay such Bonds or held pursuant to the provisions of the Indenture regarding unclaimed funds. See the caption “SUMMARY OF PORTIONS OF THE INDENTURE—Funds and Accounts—Disposition of Unclaimed Funds” in this APPENDIX B.

Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Trustee moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay the principal of or redemption premium on any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date or Redemption Date, and pays or makes provision for payment of all fees, costs, and expenses of the Trustee due or to become due with respect to such Bonds, all liability of the Issuer with respect to such Bond or Bonds shall cease, such Bond or Bonds shall be deemed not to be Outstanding under the Indenture, the holder or holders of such Bond or Bonds shall be restricted exclusively to the moneys or Defeasance Obligations so deposited, together with the earnings thereon, for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such moneys, Defeasance Obligations, and earnings in trust for such holder or holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited as described at this caption, together with the earnings thereon, the Trustee shall be entitled to receive and may rely upon: (a) a verification report an Accountant; and (b) an opinion of Bond Counsel to the effect that (1) all conditions set forth in the provisions of the Indenture regarding defeasance have been satisfied and (2) that defeasance of the Bonds will not affect

the tax-exempt status of the Bonds. Upon such defeasance all rights of the Issuer, including its right to provide for optional redemption of Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee.

Notice of Defeasance. In case any of the Bonds, for the payment of which moneys or Defeasance Obligations have been deposited with the Trustee pursuant to the Indenture regarding deposit of funds for payment of Bonds (see “Deposit of Funds for Payment of Bonds” above), are to be redeemed on any date prior to their maturity, the Issuer shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on the redemption date for such Bonds as provided in the Indenture. See the caption “THE BONDS—Notice of Redemption” herein.

In addition to the foregoing notice, in the event such Bonds to be redeemed are not by their terms subject to redemption within the next succeeding 65 days, the Trustee shall give further notice that the deposit required by the provisions of the Indenture regarding deposit of funds for payment of Bonds has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the provisions of the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on said Bonds; such further notice shall be given promptly following the making of the deposit required by the Indenture. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of the deposit.

If the Issuer has retained any rights to provide for optional redemption of Bonds on dates other than planned pursuant to a defeasance pursuant to the provisions of the Indenture described at the “Deposit of Funds for Payment of Bonds” above, notice thereof shall be sent to Bondholders of such Bonds as soon as practicable and not later than any notice required by the Indenture and described above.

Rights of AG Regarding Defeasance. Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the Series 2026 Bonds shall be paid by AG pursuant to the Municipal Bond Insurance Policy, the Series 2026 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Issuer to the registered owners of the Series 2026 Bonds shall continue to exist and shall run to the benefit of AG and AG shall be subrogated to the rights of such registered owners.

Supplemental Indentures

Supplemental Indentures without Bondholders’ Consent. The Issuer and the Trustee may from time to time and at any time enter into supplemental indentures, without the consent of or notice to any Bondholder, to effect any one or more of the following:

- (a) cure any ambiguity, defect, or omission, or correct or supplement any provision in the Indenture or in any supplemental indenture;
- (b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee which are not contrary to or inconsistent with the Indenture as theretofore in effect or to subject to the pledge and lien of the Indenture additional revenues, properties, or collateral;
- (c) add to the covenants and agreements of the Issuer other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power reserved to or conferred upon the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (d) permit the appointment of a co-trustee under the Indenture;
- (e) modify, alter, supplement, or amend the Indenture in such manner as shall permit the qualification of the Indenture, if required, under the Trust Indenture Act of 1939 or the Securities Act of 1933, as from time to time amended, or any similar federal statute hereafter in effect;

(f) make any other change in the Indenture which is determined by the Trustee to be not materially adverse to the interests of the Bondholders and which does not involve a change described in the Indenture regarding supplemental indentures requiring Bondholders' consent (see the "Supplemental Indentures Requiring Bondholders' Consent" below);

(g) implement the issuance of Additional Bonds as provided by Section 2.13 hereof; or

(h) amend, modify, alter, or replace the Letter of Representations or other provisions relating to Book-Entry Bonds.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties, or immunities under the Indenture.

Supplemental Indentures Requiring Bondholders' Consent. The Issuer and the Trustee, at any time and from time to time, may execute and deliver a supplemental indenture for the purpose of making any modification or amendment to the Indenture, but only with the written consent, given as provided in the Indenture and described at "Consents of Bondholders and Opinions" below, of the holders of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. Notwithstanding the foregoing, no modification or amendment contained in any such supplemental indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity or redemption of any Bond or of any installment of interest thereon; (b) a reduction in the principal amount of or redemption premium on any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate or the money or assets pledged under the Indenture, or any part thereof; (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment; or (f) a change in the provisions of the provisions of the Indenture regarding waiver of defaults (see the caption "SUMMARY OF PORTIONS OF THE INDENTURE—Events of Default and Remedies—Waiver of Defaults" in this APPENDIX B). Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Consents of Bondholders and Opinions. Each supplemental indenture executed and delivered pursuant to the provisions of the Indenture regarding supplemental indentures requiring Bondholders' consent (see "Supplemental Indentures Requiring Bondholders' Consent" above) shall take effect only when and as provided in the Indenture and described at this caption. A copy of such supplemental indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be sent by the Trustee to Bondholders by first class mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the supplemental indenture when consented to as provided in the Indenture. Such supplemental indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Bondholders of the percentage of Bonds specified in the Indenture regarding supplemental indentures requiring Bondholders' consent (see "Supplemental Indentures Requiring Bondholders' Consent" above) given as provided in the Indenture and described in APPENDIX B—Summary of Portions of the Indenture—Miscellaneous Provisions—Consent of Holders, and (b) the opinion of Counsel described in the

Indenture and described at “Reliance Upon Counsel’s Opinion with Respect to Supplemental Indentures” below. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Bondholder has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent holder of such Bonds by filing such revocation with the Trustee prior to the date the Trustee receives the material required in the Indenture and described in (a) and (b) at this caption.

Exclusion of Certain Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds regarding supplemental indentures, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Indenture. At the time of any consent or other action taken under the provisions of the Indenture regarding supplemental indentures, the Issuer shall furnish the Trustee an Officer’s Certificate of the Issuer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in the provisions of the Indenture regarding supplemental indentures and amendments may, and if the Issuer so determines shall, bear a notation by endorsement or otherwise in form approved by the Trustee as to such action, and in that case upon demand of the holder of any Outstanding Bond at such effective date and presentation of such Bond for the purpose at the Principal Office of the Trustee, or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer by the Trustee as to any such action. If the Issuer shall so determine, new Bonds so modified as in the opinion of the Trustee and the Issuer to conform to such action shall be prepared, authenticated, and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder for Bonds then Outstanding, upon surrender of such Bonds for Bonds of an equal aggregate principal amount and of the same series, maturity, and interest rate, in any Authorized Denomination.

Reliance upon Counsel’s Opinion with Respect to Supplemental Indentures. Subject to the provisions of the Indenture described in this APPENDIX B—Summary of Portions of the Indenture—The Trustee—Duties and Liabilities of the Trustee, the Trustee in executing or accepting the additional trusts permitted by the provisions of the Indenture regarding supplemental indentures and amendments or the modifications thereby of the trusts created by the Indenture may rely, and shall be fully protected in relying on, an opinion of Counsel acceptable to it stating that: (a) the execution of such supplemental indenture is authorized or permitted by the Indenture and (b) all conditions precedent to the execution and delivery of such supplemental indenture have been complied with. The Trustee may accept and rely upon such opinion of Counsel as conclusive evidence that any supplemental indenture complies with the requirements of the Indenture.

Effect of Supplemental Indentures. Upon the execution of any supplemental indenture, the Indenture shall be modified in accordance therewith; such supplemental indenture shall form a part of the Indenture for all purposes; and every holder of any Bond theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

Consent of Holders

Any consent, request, direction, approval, objection, or other instrument required to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of execution of any such consent, request, direction, approval, objection, or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged the execution thereof, or by an affidavit of any witness to such execution.

(b) The Issuer may establish a Record Date for the purpose of identifying Bondholders entitled to issue any such consent, request, direction, approval, or instrument.

Bond Insurance Provisions.

Consistent with the terms of the Municipal Bond Insurance Policy, the Indenture, as supplemented with respect to the issuance of the Series 2026 Bonds, contains certain provisions which address the rights of AG. Some of the provisions involve the following:

(a) AG is given rights to control remedies, grace periods, declarations of default, acceleration of principal, subrogation, and reimbursement;

(b) Additional approvals and notices are reserved or given to AG, including conditions to amendments in the Indenture, resignation of the Trustee, documents required for the defeasance of the Series 2026 Bonds and financial information or reports; and

(c) Specifying the procedure for the Trustee to make claims under the Municipal Bond Insurance Policy.

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APPENDIX C

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement dated as of July 9, 2026 (the “Agreement”) is executed and delivered by the City of Texarkana, Arkansas (the “Issuer”), and Bank OZK, as Trustee (the “Trustee”), in connection with the issuance by the Issuer of its \$29,410,000 Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2026 (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of July 9, 2026 (the “Indenture”), between the Issuer and the Trustee. Pursuant to Rule 15c2-12(b)(5) (17 C.F.R. § 240.15c2-12) (the “Rule”) adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), the Issuer and the Trustee covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the first paragraph of this Agreement and in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means the financial information (which shall be prepared in accordance with GAAP for governmental units as prescribed by GASB which are applicable to information of the type being provided) with respect to the Issuer, provided at least annually, consisting of the financial and operating information contained in the Official Statement under the caption “Financial Information—Assessed Valuation,” which Annual Financial Information may, but is not required to, include Audited Financial Statements. Any or all of the items listed above may be included in the Annual Financial Information by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been previously provided to the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify in the Annual Financial Information each such other document so included by reference.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by a firm of independent certified public accountants or such auditor as shall be required or permitted by the State of Arkansas.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed a written acceptance of such designation with the Trustee.

“EMMA” means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii).

“Fiscal Year” means any period of 12 consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes. At the date of this Agreement the Fiscal Year of the Issuer means the calendar year.

“GAAP” means generally accepted accounting principles.

“GASB” means the Governmental Accounting Standards Board.

“Insurer” shall mean Assured Guaranty Inc. issuer of a municipal bond insurance policy or policies on the payment of the principal of and interest on the Bonds.

“Listed Event” means any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

“Listed Event Notice” means notice of a Listed Event.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act, or any successor thereto for purposes of the Rule.

“Obligated Person” means the Issuer.

“Official Statement” means the Issuer’s Official Statement, dated June 1, 2026, relating to the Bonds, as the same may be amended or supplemented.

“Participating Underwriter” means the original underwriter or underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Report Date” means 180 days after the end of each of the Issuer’s Fiscal Year.

“State” means the State of Arkansas.

Section 2. Purpose of this Agreement; Obligated Persons; Agreement to Constitute Contract.

(a) This Agreement is being executed and delivered by the Issuer and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking for the Beneficial Owners required by the Rule.

(b) The Issuer is an “obligated person” within the meaning of the Rule (and is the only “obligated person” within the meaning of the Rule for whom financial information or operating data is presented in the Official Statement) , and agrees to provide Annual Financial Information, Audited Financial Statements, if any, and Listed Event Notices as provided in this Agreement.

(c) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Agreement shall be deemed to be and shall constitute a contract among the Issuer, the Trustee, and the Beneficial Owners from time to time of the Bonds; and the covenants and agreements set forth in this Agreement to be performed on behalf of the Issuer and the Trustee shall be for the benefit of the Beneficial Owners of any and all of the Bonds.

Section 3. Provision of Annual Financial Information.

(a) While any of the Bonds are Outstanding, the Issuer shall, or shall cause the Dissemination Agent to, provide the Annual Financial Information on or before each Report Date, commencing with the Fiscal Year ended December 31, 2026, to the Insurer and MSRB through EMMA or any similar system acceptable to the SEC. The Annual Financial Information shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than 15 days prior to said date, the Issuer shall provide the Annual Financial Information to the Dissemination Agent (unless the Issuer is serving as Dissemination Agent). The Issuer shall include with each such submission of Annual Financial Information to the Dissemination Agent (unless the Issuer is serving as Dissemination Agent) a written representation to the effect that the Annual Financial Information is the Annual Financial Information required to be provided by it pursuant to this Agreement and that it complies with the applicable requirements of this Agreement. In each case, the Annual Financial Information may be submitted as a single document or as a set of documents, and all or any part of such Annual Financial Information may be provided by specific cross-reference to other documents previously provided to the MSRB, or filed with the SEC and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB, as provided in the definition of Annual Financial Information. Audited Financial Statements may, but are not required to be, provided as a part of the Annual Financial Information.

(c) If not provided as part of the Annual Financial Information, the Issuer shall, or shall cause the Dissemination Agent to, provide the Audited Financial Statements when and if available while any Bonds are Outstanding to the MSRB through EMMA.

(d) If the Issuer is not serving as Dissemination Agent, and if by 15 days prior to a Report Date the Dissemination Agent has not received a copy of the Annual Financial Information, the Dissemination Agent shall contact the Issuer to notify the Issuer that it has not received the Annual Financial Information and remind each party that such information must be provided to the MSRB by the Report Date. For the purposes of determining whether information received from the Issuer is Annual Financial Information, the Dissemination Agent shall be entitled conclusively to rely on the Issuer’s written representation made pursuant to (a).

(e) The Dissemination Agent shall file a report to be maintained by the Issuer certifying that the Annual Financial Information has been provided pursuant to this Agreement and stating the date it was provided.

(f) If the Issuer is not serving as Dissemination Agent, and if the Dissemination Agent does not receive the Annual Financial Information, the Dissemination Agent shall, without further direction or instruction from the Issuer, provide in a timely manner to the MSRB and the Insurer notice of any failure by the Issuer while any Bonds are Outstanding to provide to the Dissemination Agent Annual Financial Information on or before the Report Date.

Section 4. Reporting of Listed Events.

(a) If a Listed Event occurs while any Bonds are Outstanding, the Issuer shall provide, or shall cause to be provided by the Trustee, a Listed Event Notice, in a timely manner not in excess of 10 business days after the occurrence of such Listed Event, to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.msrb.emma.org> or any other similar system that is acceptable to the SEC with a copy to the Insurer and the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be captioned “Notice of Listed Event” and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB

(b) Notwithstanding the foregoing, notice of Listed Events described in subsections (viii) and (ix) of the definition of “Listed Event” need not be given any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected Bonds pursuant to the Indenture.

Section 5. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall automatically terminate once the Bonds are no longer Outstanding. Any provision of this Agreement shall be null and void in the event the Issuer delivers an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the provisions of such undertaking or portion thereof are invalid, have been repealed retroactively, or otherwise do not apply to the Bonds; provided that the Issuer shall have provided notice of such delivery and the cancellation of such undertaking or provision thereof to the MSRB.

Section 6. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The Issuer hereby designates the Trustee as the initial Dissemination Agent.

(b) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer and the Dissemination Agent shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer’s information.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, provided that the Issuer shall have provided notice of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal reimbursements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the Beneficial Owners, as determined by a nationally recognized bond counsel, or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

Section 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Agreement, any Beneficial Owner, the Insurer, the Participating Underwriter (and the Trustee, at the request of the Underwriter, the Insurer or the Beneficial Owners of at least 25% of the Series 2026 Bonds), may seek mandate or specific performance by court order to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of an “Event of Default” shall not apply to any such failure. The Issuer shall not be liable for any breach of its obligations under this Section unless such breach is the result of willful or reckless actions or omissions. The sole remedy under this Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Agreement shall be an action to compel performance and the Issuer, its members, officers, and employees shall incur no liability under this Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle any person to attorney’s fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 10. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Insurer, the Dissemination Agent, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds or any interest therein and shall create no rights in any other person or entity.

Section 12. Interpretation. It being the intention of the parties that there be full and complete compliance with the Rule, this Agreement shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the SEC and its staff with respect to the Rule.

Section 13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, provided that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer: City of Texarkana, Arkansas
 216 Walnut Street
 P.O. Box 2711
 Texarkana, AR 71854
 Attn: Finance Director

To the Trustee: Bank OZK
 18000 Cantrell Road
 Little Rock, AR 72223
 Attention: Corporate Trust
 Phone: (501) 320-4050

Any person may, by written notice to the other persons listed above, designate a different address or telephone number to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the undersigned parties have executed this Continuing Disclosure Agreement as of the day and year first written above.

CITY OF TEXARKANA, ARKANSAS, Issuer

By: _____
 Allen Brown, Mayor

BANK OZK, Trustee

By: _____
 Eric Mitzel, Executive Vice President

APPENDIX D

Annual Comprehensive Financial Report for year ended December 31, 2024

City of Texarkana, Arkansas

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2024



Prepared By:
Finance Department

Shena Washington
Finance Director

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City of Texarkana, Arkansas
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2024

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Introductory Section

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CITY OF TEXARKANA ARKANSAS

FINANCE DEPARTMENT
216 WALNUT ST 71854-6024
P O BOX 2711 TEXARKANA ARKANSAS 75504-2711
PHONE (870) 779-4954 FAX (870) 772-8182

Honorable Mayor and Members
of the Board of Directors and
Citizens
City of Texarkana, Arkansas

The Annual Comprehensive Financial Report (ACFR) of the City of Texarkana, Arkansas (the City) for the year ended December 31, 2024, is submitted in accordance with State statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

The report is published to provide the Board of Directors, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Forvis Mazars, LLP has issued unmodified opinions on the City of Texarkana, Arkansas' financial statements for the year ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Texarkana, Arkansas was founded in 1873 and incorporated in 1880 and is located on the Arkansas – Texas state line in the southwest corner of the State of Arkansas. The City is 28 miles south of Oklahoma and 25 miles north of the Louisiana boundary line. The City currently occupies a land area of 42 square miles and serves a population of 29,387. The City of Texarkana, Arkansas is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Board of Directors.

The City of Texarkana, Arkansas operates under the city manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The Board of Directors is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Board of Directors, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Board of Directors is elected on a non-partisan basis. Board directors serve four-year staggered terms with three directors elected every two years. The mayor is elected to serve a four-year term. The six directors are elected by ward. The mayor is elected at large.

The City of Texarkana, Arkansas provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; education; health and social services; planning and zoning; and general administrative services. Water and sewer distribution and collection activities are provided by Texarkana Water Utilities (TWU). The Arkansas activity of the Texarkana Water Utilities is accounted for as if it were part of the operations of the primary government. Texarkana, Arkansas Water Utilities is not a legally separate entity from the City. The Texarkana, Arkansas Water Utilities is included as an enterprise fund of the City with its fiscal year end of September 30, 2024.

The City of Texarkana, Arkansas is also financially accountable for a legally separate Advertising and Promotion Commission, which is reported separately within the City of Texarkana, Arkansas' financial statements.

Local Economy

Texarkana's economy relies on an industrial base that is strong and broadly diversified. Throughout the history of Texarkana, manufacturing employment has grown steadily with approximately 80% of the new jobs coming from expansions of existing industry and 20% from new plants. Employers such as Red River Army Depot, International Paper, and Domtar, Inc. have plants in the Texarkana area. These employers draw their workers from a population of more than 200,000 within a 30-mile radius of Texarkana. Once Interstate 49 connecting Shreveport, Louisiana, and Kansas City, Missouri, is complete, Texarkana will be a part of interstates connecting Canada, the United States, and Mexico (I-49 and I-69). In addition, Texarkana is served by the Union Pacific and Kansas City Southern railroads and the Texarkana Regional Airport, a full-service commercial facility.

The City enters into tax abatement agreements with businesses in accordance with state law to attract and retain economic development within its jurisdiction. The City currently has an agreement with a hotel company under which all A&P taxes are abated for a 5-year period, ending in 2025, to support the operation and maintenance of a convention center and water park. The agreement, authorized by the City Manager with approval from the Board of Directors, required construction of the hotel, convention center, and water park in Crossroads Business Park. These incentives are justified by the long-term economic benefits generated through increased tourism, job creation, and expanded tax base growth.

Many developments have taken place in 2024 and 2025 within the City. One hundred seven certificates of occupancy were issued in 2024 and 78 have been issued so far in 2025. New construction projects are ongoing for a nursing home, Gregg Orr Auto Collection, Safe Storage, Dollar General, 8 town homes and several residential and commercial projects.

Relevant Financial Policies

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, risk management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Arkansas State Statutes and the City of Texarkana, Arkansas City Charter.

The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures are generally recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on an accrual basis.

The annual budget serves as the foundation for the City of Texarkana, Arkansas' financial planning and control. All agencies of the City of Texarkana, Arkansas are required to submit requests for appropriation

to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Board of Directors for review prior to December 1. Prior to February 1, the budget is legally enacted through passage of a resolution. The appropriated budget is prepared by fund, function (e.g., public safety), and department, (e.g., police). The City Manager may make transfers of appropriations between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The City Charter prohibits budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Public Works Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information section of this report.

Long-Term Financial Plans

The City has three outstanding bonds. The bonds are comprised of various issues for the purpose of capital improvements for the police department, fire department, streets department, public infrastructure, the Crossroads Business Park, and Economic Development. Bonds outstanding at December 31, 2024, are as follows:

	Interest Rates	Final Maturity Date	Principal at December 31, 2024
General Obligation Bond, Series 2012	2.00% - 5.00%	February 1, 2042	\$ 3,550,000
Revenue Bond, Series 2018	2.00% - 3.625%	April 1, 2032	1,395,000
Revenue Bond, Series 2021 A & B	0.50% - 2.785%	January 19, 2040	9,595,000
			<u>\$ 14,540,000</u>

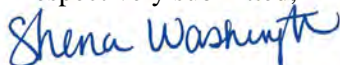
Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Texarkana, Arkansas for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2023. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Acknowledgements: The preparation of this report would not have been made possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Directors for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,



Shena Washington
Finance Director

December 30, 2025



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Texarkana
Arkansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

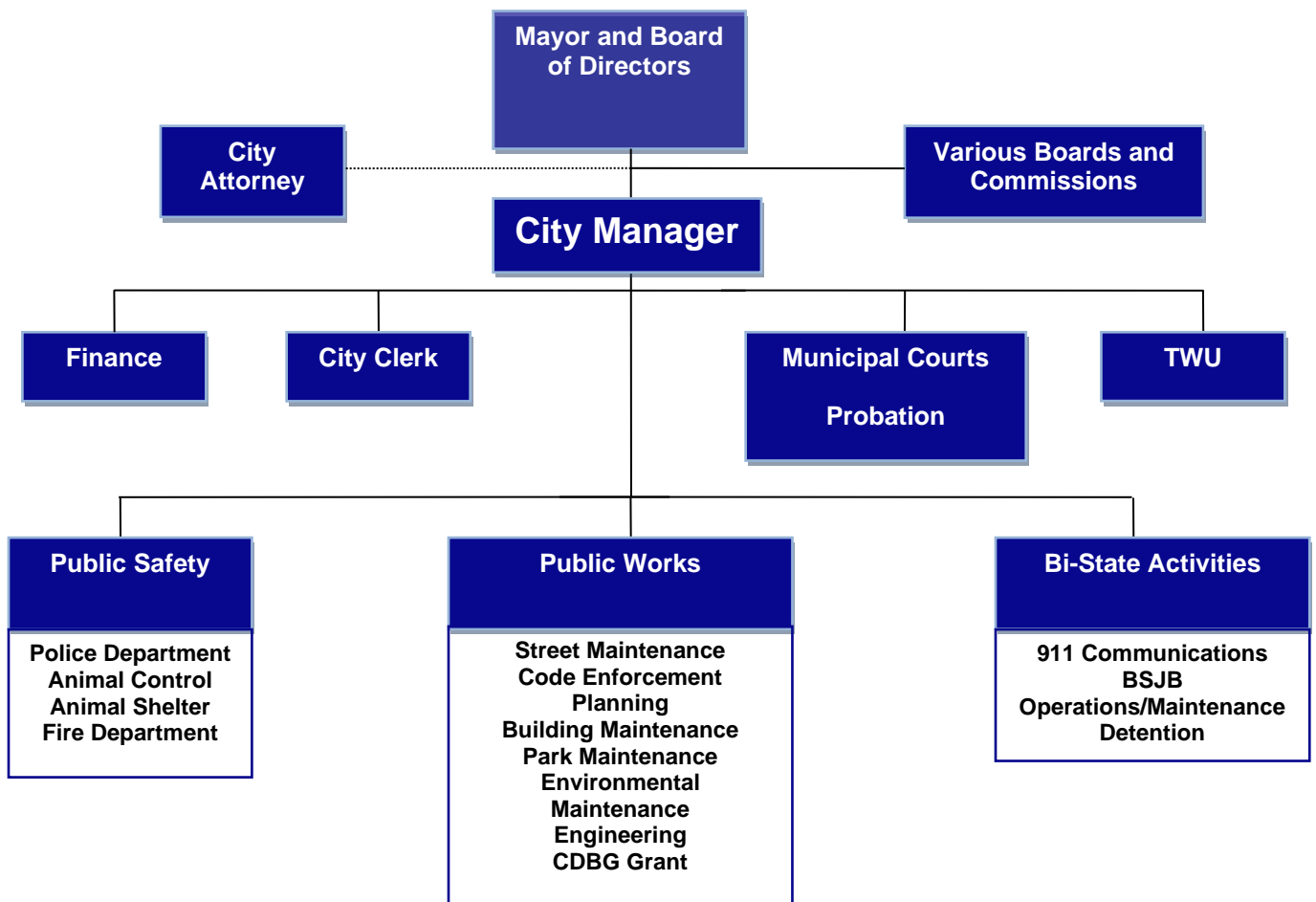
December 31, 2023

Christopher P. Morill

Executive Director/CEO



CITY OF TEXARKANA, ARKANSAS ORGANIZATIONAL CHART



City of Texarkana, Arkansas

Elected Officials:

Allen L. Brown	Mayor
Terry Roberts	Director – Ward 1
Laney J. Harris	Director – Ward 2
Steven Hollibush	Director – Ward 3
Ulysses Brewer	Director – Ward 4
Danny Jewell	Director – Ward 5
Jeff Hart	Assistant Mayor, Director – Ward 6
Tommy Potter	District Court Judge

Appointed Officials:

Tyler Richards	City Manager
Josh Potter	City Attorney

Financial Section

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Independent Auditor's Report

The Honorable Mayor, City Manager
and Members of the Board of Directors
City of Texarkana, Arkansas
Texarkana, Arkansas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Texarkana, 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 basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Public Works, and American Rescue Plan Act funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Texarkana Airport Authority, a joint venture of the City included in the governmental activities opinion unit. The City's investment in Texarkana Airport Authority reported at December 31, 2024 is \$35,360,140, which includes a current year increase of \$13,562,804. We also did not audit the financial statements of Texarkana Urban Transit District, included in the governmental activities opinion unit. The City's investment in Texarkana Urban Transit District reported at December 31, 2024 is \$1,191,996, which includes a current year increase of \$306,374. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Texarkana Airport Authority and Texarkana Urban Transit District, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or 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 12 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Forvis Mazars, LLP

**Rogers, Arkansas
December 30, 2025**

City of Texarkana, Arkansas

Management's Discussion and Analysis

December 31, 2024

As management of the City of Texarkana, Arkansas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Texarkana, Arkansas exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$98,917,743 (net position).
- The City's total net position increased by \$26,906,198 from operations during fiscal year 2024.
- Governmental funds reported combined ending fund balances of \$13,444,533.
- At the end of the current fiscal year, unassigned fund balance was \$6,157,743.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (*e.g.*, uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, police department, fire department, protective inspection, public works, public service, health and welfare, and cultural and recreation. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City of Texarkana, Arkansas itself (known as the primary government), but also a legally separate Advertising and Promotion Commission for which the City of Texarkana, Arkansas is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 18 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Works Fund and American Rescue Plan Act Fund, which are considered to be major funds. Data from the other 15 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Public Works, and American Rescue Plan Act Fund. Budgetary comparison statements have been provided for the General Fund, the Public Works and American Rescue Plan Act Fund to demonstrate compliance with these budgets.

Proprietary Funds - The City maintains three enterprise proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Texarkana, Arkansas Water Utilities since it is considered to be a major fund of the City. Individual fund data for the two non-major proprietary funds are provided in the form of combining statements elsewhere in this report. These statements are as of September 30, 2024, which is the year-end for the proprietary funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Texarkana, Arkansas' own programs.

The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three pension trust funds and two custodial funds. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Texarkana, Arkansas, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98,917,743 as of December 31, 2024. The largest portion of the City's net position, 69% (\$67,965,578), reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, infrastructure, water rights, construction in progress, and lease assets), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position represents resources that are subject to restriction on how they may be used. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Texarkana, Arkansas						
Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 61,983,717	\$ 50,133,515	\$ 31,427,050	\$ 29,987,912	\$ 93,410,767	\$ 80,121,427
Capital and lease assets	40,498,858	40,317,053	57,300,208	50,110,713	97,799,066	90,427,766
Other assets	-	-	2,475,546	2,224,925	2,475,546	2,224,925
Total assets	102,482,575	90,450,568	91,202,804	82,323,550	193,685,379	172,774,118
Deferred outflows of resources	7,188,297	10,433,031	989,617	1,656,916	8,177,914	12,089,947
Long-term liabilities	49,221,852	57,261,102	39,164,202	41,216,829	88,386,054	98,477,931
Other liabilities	3,983,950	7,293,387	5,927,019	3,466,309	9,910,969	10,759,696
Total liabilities	53,205,802	64,554,489	45,091,221	44,683,138	98,297,023	109,237,627
Deferred inflows of resources	4,399,279	3,274,933	249,248	339,960	4,648,527	3,614,893
Net position:						
Net investment in capital assets	24,836,305	21,914,550	43,129,273	34,933,360	67,965,578	56,847,910
Restricted	3,810,777	3,641,478	2,475,546	2,224,925	6,286,323	5,866,403
Unrestricted	23,418,709	7,498,149	1,247,133	1,799,083	24,665,842	9,297,232
Total net position	\$ 52,065,791	\$ 33,054,177	\$ 46,851,952	\$ 38,957,368	\$ 98,917,743	\$ 72,011,545

Analysis of the City's Operations - The following table provides a summary of the City's operations for the year ended December 31, 2024. Governmental activities increased the City's net position by \$19,011,614. From 2023 to 2024 revenues increased by \$11,514,070 and expenses increased by

\$156,138. The increase in revenue can be attributed to the increases in operating grants and contributions and property taxes. Business-type activities increased the City’s net position by \$7,894,584. From 2023 to 2024 revenues increased by \$9,874,372 and expenses increased by \$1,047,382. The increase in revenues can be attributed to increase in water sales and sewer charges along with an increase in rates in October 2023. The increase in expenses can be attributed to increase in cost of water due to increase in sales and increase in interest expense due to debt issued in 2023.

In addition, deferred outflows for the governmental-type activities decreased by \$3,244,734 while the deferred inflows increased \$1,124,346, due to the annual activity within the various pension and other postemployment benefit plans of the City, which are shown in detail within *Notes 10* and *12*. Long term liabilities for the governmental activities decreased \$8,039,250 due to the decrease in net pension liabilities and payments on bonds and for the business-type activities decreased by \$2,052,627 due to payment on bonds. Additional information on the City of Texarkana, Arkansas’ debt can be found in *Note 6* of this report.

City of Texarkana, Arkansas
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 6,868,593	\$ 6,798,012	\$ 15,584,120	\$ 12,395,361	\$ 22,452,713	\$ 19,193,373
Operating grants and contributions	18,358,381	8,679,856	-	-	18,358,381	8,679,856
Capital grants and contributions	606,910	487,840	5,078,026	241,335	5,684,936	729,175
General revenues:						
Property taxes	6,464,384	5,555,834	-	-	6,464,384	5,555,834
Other taxes	16,599,207	17,334,139	-	-	16,599,207	17,334,139
Other revenue	4,996,046	3,530,927	1,943,559	94,637	6,939,605	3,625,564
Total revenues	53,893,521	42,386,608	22,605,705	12,731,333	76,499,226	55,117,941
Expenses:						
General administration	6,749,641	5,686,228	-	-	6,749,641	5,686,228
Police department	7,869,697	9,087,473	-	-	7,869,697	9,087,473
Fire department	5,610,446	6,674,554	-	-	5,610,446	6,674,554
Other public safety	2,513,767	2,100,099	-	-	2,513,767	2,100,099
Protective inspection	656,071	591,121	-	-	656,071	591,121
Public works	9,034,637	7,952,617	-	-	9,034,637	7,952,617
Public services	63,877	25,934	-	-	63,877	25,934
Health and welfare	620,326	549,787	-	-	620,326	549,787
Cultural and recreation	1,794,449	2,002,982	-	-	1,794,449	2,002,982
Interest on long-term debt	483,078	576,213	-	-	483,078	576,213
Water and sewer	-	-	14,362,381	13,314,999	14,362,381	13,314,999
	35,395,989	35,247,008	14,362,381	13,314,999	49,758,370	48,562,007
Increase (decrease) in net position before transfers	18,497,532	7,139,600	8,243,324	(583,666)	26,740,856	6,555,934
Transfers	514,082	445,795	(348,740)	(316,750)	165,342	129,045
Increase (decrease) in net position	19,011,614	7,585,395	7,894,584	(900,416)	26,906,198	6,684,979
Net position - beginning of year	33,054,177	25,468,782	38,957,368	39,857,784	72,011,545	65,326,566
Net position - end of year	\$ 52,065,791	\$ 33,054,177	\$ 46,851,952	\$ 38,957,368	\$ 98,917,743	\$ 72,011,545

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental funds - The focus of the City of Texarkana, Arkansas’ governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is

useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Texarkana, Arkansas' governmental funds reported combined ending fund balances of \$13,444,533.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$6,264,678. Unassigned fund balance represents approximately 29% of the total General Fund expenditures. There are 102 days of expenditures in unassigned fund balance, representing an increase of 2 days from 2023.

For the City's General Fund, from 2023 to 2024, total expenditures decreased by 9% due to an decrease in general government expenditures and minimal capital outlay purchases approved by the board in 2024 budget. The City's General Fund balance decreased by \$398,177 and resulted in an ending fund balance of \$7,121,030.

For the City's Public Works Fund, from 2023 to 2024, total revenue increased by 4% primarily due to an increase in the property tax millage rate. Total expenditures increased by 5% due to an overall increase in public works expenditures approved by the board in the 2024 budget. The Public Works Fund reported a net increase in fund balance of \$436,032, which resulted in an ending fund balance of \$1,999,798.

The City's American Rescue Plan Act Fund was set up in 2022 to account for the funding received from the U.S. Department of Treasury under the Coronavirus State and Local Fiscal Recovery Funds. The American Rescue Plan Act Fund reported no change in fund balance for the year which resulted in an ending fund balance of \$0.

Proprietary funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of Texarkana, Arkansas Water Utilities at the end of the year amounted to \$628,003. The total increase in net position for Texarkana, Arkansas Water Utilities was \$7,459,702. The increase for the Texarkana, Arkansas Water Utilities was primarily attributable to increase in water sales and sewer charges due to increased water usage.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the Board of Directors. Overall, actual results reflected a net decrease and negative change in fund balance of \$398,117 or ending fund balance of \$7,121,030. Significant variances between the final amended budget and actuals occurred as a result of various factors and reflected a net increase in fund balance of \$542,432 over the final budget. This is mostly a result of expenditures being under budget by \$155,869 and revenues being under budget by \$392,534. This was offset by other financing uses being under budget by \$779,097. Capital Outlay expenditures were under budget by \$58,737. This is primarily due to various budgeted capital outlay projects that were not completed during 2024 due to time constraints or planned multi-year projects. General government expenditures were under budget by \$691,306 and police department expenditures were over budget by \$504,359. Total revenues were under budget due to sales and other tax revenue being under budget by \$238,100 and fines, forfeitures and penalties being under budget by \$169,361.

Capital Assets

The City of Texarkana, Arkansas' investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$97,799,066 (net of accumulated depreciation and amortization expense). This investment in capital assets includes land, buildings, improvements other

than buildings, machinery and equipment, infrastructure, water rights, construction in progress, and lease assets.

**Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,563,907	\$ 2,563,907	\$ 832,844	\$ 832,844	\$ 3,396,751	\$ 3,396,751
Buildings	5,181,199	5,002,700	674,373	630,472	5,855,572	5,633,172
Improvements other than buildings	8,058,457	2,352,682	27,010,865	28,132,139	35,069,322	30,484,821
Machinery and equipment	5,098,180	5,482,363	1,805,017	1,865,858	6,903,197	7,348,221
Infrastructure	17,499,789	21,104,196	-	-	17,499,789	21,104,196
Right to use assets	389,526	510,391	-	-	389,526	510,391
Water rights	-	-	17,784,128	17,784,128	17,784,128	17,784,128
Construction in progress	1,707,800	3,300,814	9,192,981	865,272	10,900,781	4,166,086
Total	\$ 40,498,858	\$ 40,317,053	\$ 57,300,208	\$ 50,110,713	\$ 97,799,066	\$ 90,427,766

Major capital asset additions for the governmental activities and business-type activities during 2024 included approximately \$3.8 million and \$970 thousand respectively for various construction in progress projects. The increase in governmental activities is due to investments in buildings, machinery and equipment. The decrease in capital assets for business-type activities is due to depreciation expense exceeding capital purchases in the current year. Additional information on the City of Texarkana, Arkansas' capital assets can be found in *Note 3* of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the governmental activities of the City of Texarkana, Arkansas had total bonded debt of \$14,707,026. Of this amount, \$3,702,352 comprises bonded debt backed by the full faith and credit of the government and \$11,004,674 represents bonds secured solely by franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way. Business-type activities long-term debt of \$22,629,983 represents bonds secured solely by water and sewer revenues.

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds, net	\$ 3,702,352	\$ 4,650,816	\$ -	\$ -	\$ 3,702,352	\$ 4,650,816
Revenue bonds, net	11,004,674	11,736,076	22,629,983	23,723,491	33,634,657	35,459,567
Total	\$ 14,707,026	\$ 16,386,892	\$ 22,629,983	\$ 23,723,491	\$ 37,337,009	\$ 40,110,383

The City has a rating Aa3 from Moody's Investors Service for general obligation and revenue bonds.

Additional information of the City of Texarkana, Arkansas' long-term obligations can be found in *Note 5* of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In order to offset salary increase and associated benefits since 1996, the City has collected a special 0.25% sales tax for both the Police and Fire departments. The board of directors adopted competitive pay ordinances for both the Police and Fire departments, ordinances 18-2019 and 19-2019, in order to regain control of determining the amount and timing of COLA increases.

The cost of housing inmates continues to be an issue for the City and will continue to be a budget issue for 2024 and beyond.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Shena Washington, Finance Director, at P.O. Box 2711, Texarkana, Arkansas 75504, call 870.779.4954, or email Shena.Washington@txkusa.org.

Basic Financial Statements

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City of Texarkana, Arkansas
Statement of Net Position
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Texarkana Advertising & Promotion Commission
Assets				
Cash	\$ 6,047,453	\$ 3,568,765	\$ 9,616,218	\$ 854,415
Investments	2,741,674	619,835	3,361,509	-
Accounts receivable, net of allowance				
Property taxes	7,029,639	-	7,029,639	-
Accounts	446,546	1,884,710	2,331,256	-
Other government agencies	3,599,822	351,003	3,950,825	-
Accrued interest	-	545	545	-
Other	7	-	7	130,855
Due from fiduciary funds	14,426	-	14,426	-
Due from primary government	-	-	-	53,716
Inventories	-	526,553	526,553	-
Prepaid items	27,500	129,720	157,220	883
Restricted assets				
Cash	3,756,646	22,021,308	25,777,954	-
Investments	-	102,674	102,674	-
Accounts receivable	-	6,788	6,788	-
Prepaid capital improvement deposits	-	446,022	446,022	-
Net investment in direct financing lease:				
Due within one year	-	412,120	412,120	-
Due in more than one year	-	1,357,007	1,357,007	-
Investment in joint ventures	38,320,004	-	38,320,004	-
Net pension asset	-	2,475,546	2,475,546	-
Capital assets				
Lease assets, net	389,526	-	389,526	-
Non-depreciable	4,271,707	27,809,953	32,081,660	126,850
Depreciable, net	35,837,625	29,490,255	65,327,880	372,816
Total assets	102,482,575	91,202,804	193,685,379	1,539,535
Deferred Outflows of Resources				
Deferred outflows - pension	4,214,625	531,173	4,745,798	-
Deferred outflows - pension contributions	1,992,006	433,187	2,425,193	-
Deferred outflows - other postemployment benefits	475,950	25,257	501,207	-
Deferred outflows - bond refunding	505,716	-	505,716	-
Total deferred outflows of resources	7,188,297	989,617	8,177,914	-

City of Texarkana, Arkansas
Statement of Net Position (Continued)
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Texarkana Advertising & Promotion Commission
Liabilities				
Accounts payable	\$ 1,702,178	\$ 149,580	\$ 1,851,758	\$ 30,667
Accrued liabilities	599,447	507,306	1,106,753	44,122
Due to other governments	799,829	1,007,038	1,806,867	-
Due to fiduciary funds	576,162	-	576,162	-
Due to component unit	53,716	-	53,716	-
Customer deposits	-	610,513	610,513	-
Capital improvement deposits	-	880,983	880,983	-
Unearned revenue	210,164	-	210,164	-
Other liabilities	42,454	2,771,599	2,814,053	-
Long-term liabilities				
Due within one year:				
Bonds payable	1,030,000	1,166,595	2,196,595	-
Notes payable	165,312	-	165,312	-
Lease payable	160,759	-	160,759	-
Accrued compensated absences	237,937	40,215	278,152	-
Contracts payable	-	181,861	181,861	-
Total other postemployment benefits liability	173,277	-	173,277	-
Due in more than one year				
Bonds payable, net	13,677,026	21,463,388	35,140,414	-
Notes payable	953,372	-	953,372	-
Lease payable	181,800	-	181,800	-
Accrued compensated absences	1,593,437	226,201	1,819,638	-
Net pension and total other postemployment benefits liability	31,048,932	2,602,869	33,651,801	-
Contracts payable	-	13,483,073	13,483,073	-
Total liabilities	53,205,802	45,091,221	98,297,023	74,789
Deferred Inflows of Resources				
Deferred inflows - pension	2,194,070	102,654	2,296,724	-
Deferred inflows - other postemployment benefits	2,205,209	146,594	2,351,803	-
Total deferred inflows of resources	4,399,279	249,248	4,648,527	-
Net Position				
Net investment in capital assets	24,836,305	43,129,273	67,965,578	499,666
Restricted				
Police department	67,831	-	67,831	-
Fire department	124,341	-	124,341	-
Public works	1,347,004	-	1,347,004	-
Pension asset	-	2,475,546	2,475,546	-
Animal shelter	13,706	-	13,706	-
Cultural and recreation	47,409	-	47,409	965,080
Debt service	2,210,486	-	2,210,486	-
Unrestricted	23,418,709	1,247,133	24,665,842	-
Total net position	\$ 52,065,791	\$ 46,851,952	\$ 98,917,743	\$ 1,464,746

City of Texarkana, Arkansas
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit Texarkana Advertising & Promotion Commission
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 6,749,641	\$ 233,104	\$ 1,384,135	\$ 131,685	\$ (5,000,717)	\$ -	\$ (5,000,717)	
Police department	7,869,697	907,281	328,683	-	(6,633,733)	-	(6,633,733)	
Fire department	5,610,446	-	-	-	(5,610,446)	-	(5,610,446)	
Other public safety	2,513,767	-	282,807	-	(2,230,960)	-	(2,230,960)	
Protective inspection	656,071	-	-	-	(656,071)	-	(656,071)	
Public works	9,034,637	5,720,721	2,236,075	-	(1,077,841)	-	(1,077,841)	
Public services	63,877	7,487	13,916,635	475,225	14,335,470	-	14,335,470	
Health and welfare	620,326	-	-	-	(620,326)	-	(620,326)	
Cultural and recreation	1,794,449	-	210,046	-	(1,584,403)	-	(1,584,403)	
Interest on long-term debt	483,078	-	-	-	(483,078)	-	(483,078)	
Total governmental activities	<u>35,395,989</u>	<u>6,868,593</u>	<u>18,358,381</u>	<u>606,910</u>	<u>(9,562,105)</u>	<u>-</u>	<u>(9,562,105)</u>	
Business-Type Activities								
Texarkana Water Utilities	14,362,381	15,584,120	-	5,078,026	-	6,299,765	6,299,765	
Total business-type activities	<u>14,362,381</u>	<u>15,584,120</u>	<u>-</u>	<u>5,078,026</u>	<u>-</u>	<u>6,299,765</u>	<u>6,299,765</u>	
Total primary government	<u>\$ 49,758,370</u>	<u>\$ 22,452,713</u>	<u>\$ 18,358,381</u>	<u>\$ 5,684,936</u>	<u>(9,562,105)</u>	<u>6,299,765</u>	<u>(3,262,340)</u>	
Component Unit								
Texarkana Advertising & Promotion	<u>\$ 1,480,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (1,480,971)</u>

City of Texarkana, Arkansas
Statement of Activities (Continued)
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Texarkana Advertising & Promotion Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
General revenues								
Property taxes				\$ 6,464,384	\$ -	\$ 6,464,384	\$ -	
Sales taxes				13,248,843	-	13,248,843	-	
Franchise taxes				3,227,188	-	3,227,188	-	
Other taxes				123,176	-	123,176	1,420,773	
Unrestricted investment earnings				53,083	1,943,559	1,996,642	406	
Miscellaneous				748,496	-	748,496	47	
Grants not restricted to specific programs				4,194,467	-	4,194,467	-	
Transfers				514,082	(348,740)	165,342	-	
Total general revenues and transfers				28,573,719	1,594,819	30,168,538	1,421,226	
Change in Net Position				19,011,614	7,894,584	26,906,198	(59,745)	
Net Position, Beginning of Year				33,054,177	38,957,368	72,011,545	1,524,491	
Net Position, End of Year				\$ 52,065,791	\$ 46,851,952	\$ 98,917,743	\$ 1,464,746	

City of Texarkana, Arkansas
Balance Sheet
Governmental Funds
December 31, 2024

	General	Public Works	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 5,635,125	\$ 1,008,212	\$ 412,328	\$ 2,748,434	\$ 9,804,099
Investments	601,748	-	-	2,139,926	2,741,674
Receivables					
Property taxes, net of allowance for uncollectible accounts of \$369,212	3,932,083	1,010,680	-	2,086,876	7,029,639
Accounts	446,546	-	-	-	446,546
Other government agencies	2,901,462	682,552	-	15,808	3,599,822
Other	-	-	-	7	7
Due from other funds	387,793	941,788	-	3,109	1,332,690
Prepaid items	2,500	25,000	-	-	27,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,907,257</u>	<u>\$ 3,668,232</u>	<u>\$ 412,328</u>	<u>\$ 6,994,160</u>	<u>\$ 24,981,977</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 657,474	\$ 645,615	\$ -	\$ 399,089	\$ 1,702,178
Accrued liabilities	373,725	54,386	-	-	428,111
Due to other governments	799,822	-	-	7	799,829
Due to other funds	1,326,274	2,206	264,090	301,856	1,894,426
Due to component unit	-	-	-	53,716	53,716
Unearned revenue	61,926	-	148,238	-	210,164
Other liabilities	-	42,454	-	-	42,454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,219,221</u>	<u>744,661</u>	<u>412,328</u>	<u>754,668</u>	<u>5,130,878</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	3,567,006	923,773	-	1,915,787	6,406,566
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>3,567,006</u>	<u>923,773</u>	<u>-</u>	<u>1,915,787</u>	<u>6,406,566</u>
Fund Balances (Deficit)					
Nonspendable					
Prepaid items	2,500	25,000	-	-	27,500
Restricted					
Police department	-	-	-	67,831	67,831
Fire department	-	-	-	124,341	124,341
Public works	-	-	-	1,347,004	1,347,004
Debt service	-	-	-	2,381,822	2,381,822
Animal shelter	13,706	-	-	-	13,706
Culture and recreation	-	-	-	47,409	47,409
Committed					
Public works	-	425,139	-	-	425,139
Cultural and recreation	11,723	-	-	-	11,723
Assigned					
Police department	36,496	-	-	105,324	141,820
Other public safety	761,635	-	-	-	761,635
Public works	30,292	1,549,659	-	356,909	1,936,860
Unassigned	6,264,678	-	-	(106,935)	6,157,743
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>7,121,030</u>	<u>1,999,798</u>	<u>-</u>	<u>4,323,705</u>	<u>13,444,533</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 13,907,257</u>	<u>\$ 3,668,232</u>	<u>\$ 412,328</u>	<u>\$ 6,994,160</u>	<u>\$ 24,981,977</u>

City of Texarkana, Arkansas
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2024

Total fund balances - total governmental funds \$ 13,444,533

Amounts reported for the governmental activities in the statement of net position are different because:

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds. 40,498,858

Deferred inflows and outflows of resources related to pensions and total other postemployment benefits and bond refundings are not due and payable in the current period and, therefore, are not reported in the funds. 2,789,018

The City's equity investment in joint ventures is not a financial resource and, therefore, is not reported in the funds. 38,320,004

Other long-term assets, such as property tax receivables, are not available to pay for current-period expenditures and, therefore, are presented as deferred inflows in the funds. 6,406,566

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:

Accrued interest payable (171,336)

Accrued compensated absences (1,831,374)

Net pension and total other postemployment benefits liability (31,222,209)

Bonds payable, net of unamortized premiums (14,707,026)

Lease payable (342,559)

Notes payable (1,118,684)

Total net position - governmental activities \$ 52,065,791

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2024

	General	Public Works	American Rescue Plan Fund	Other Governmental Funds	Total
Revenues					
Property taxes	\$ 3,212,793	\$ 813,879	\$ -	\$ 1,681,920	\$ 5,708,592
Sales taxes	13,031,540	217,303	-	-	13,248,843
Other taxes	123,176	-	-	-	123,176
Utility franchise	3,227,188	-	-	-	3,227,188
Licenses and permits	58,402	235,308	-	-	293,710
Fines, forfeitures and penalties	867,453	-	-	12,698	880,151
Charges for services	182,189	5,485,413	-	27,130	5,694,732
Grants and entitlements	308,168	29,952	4,194,467	660,350	5,192,937
Intergovernmental	1,442,845	2,206,123	-	173,024	3,821,992
Investment income	2,563	731	-	49,789	53,083
Miscellaneous	478,124	194,130	-	76,242	748,496
Total revenues	<u>22,934,441</u>	<u>9,182,839</u>	<u>4,194,467</u>	<u>2,681,153</u>	<u>38,992,900</u>
Expenditures					
Current:					
General government	3,917,966	-	2,694,750	56,350	6,669,066
Police department	7,918,839	-	-	-	7,918,839
Fire department	5,872,222	-	-	-	5,872,222
Other public safety	2,445,088	-	-	77,120	2,522,208
Protective inspection	-	624,501	-	-	624,501
Public works	-	7,440,786	-	93,153	7,533,939
Public services	-	-	-	93,265	93,265
Health and welfare	586,342	-	-	-	586,342
Cultural and recreation	309,207	-	-	1,151,712	1,460,919
Capital outlay	703,321	1,066,827	1,499,717	238,205	3,508,070
Debt service:					
Principal retirement	167,623	131,655	-	1,706,000	2,005,278
Interest and fiscal charges	27,936	14,441	-	428,082	470,459
Total expenditures	<u>21,948,544</u>	<u>9,278,210</u>	<u>4,194,467</u>	<u>3,843,887</u>	<u>39,265,108</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>985,897</u>	<u>(95,371)</u>	<u>-</u>	<u>(1,162,734)</u>	<u>(272,208)</u>
Other Financing Sources (Uses)					
Transfers in	735,488	829,992	-	1,384,693	2,950,173
Transfers out	<u>(2,119,502)</u>	<u>(298,589)</u>	<u>-</u>	<u>(18,000)</u>	<u>(2,436,091)</u>
Total other financing sources (uses)	<u>(1,384,014)</u>	<u>531,403</u>	<u>-</u>	<u>1,366,693</u>	<u>514,082</u>
Net Change in Fund Balances	(398,117)	436,032	-	203,959	241,874
Fund Balances, Beginning of Year	<u>7,519,147</u>	<u>1,563,766</u>	<u>-</u>	<u>4,119,746</u>	<u>13,202,659</u>
Fund Balances, End of Year	<u>\$ 7,121,030</u>	<u>\$ 1,999,798</u>	<u>\$ -</u>	<u>\$ 4,323,705</u>	<u>\$ 13,444,533</u>

City of Texarkana, Arkansas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended December 31, 2024

Net change in fund balances - total governmental funds \$ 241,874

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The Statement of Activities reports a gain or loss on the sale of the asset based on the proceeds received and the net book value of the asset at the time of the disposal and the accumulated depreciation of assets disposed

Capital purchases	3,508,070
Loss on disposal of capital assets	(6,011)
Depreciation and amortization expense – capital and lease assets	(3,320,254)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 755,792

Gains from the change in the equity investment in joint ventures do not provide current financial resources and are not reported in the funds. 14,151,986

The issuance of long-term debt (*e.g.*, bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid on long-term debt	2,005,278
Amortization of premiums and discounts	9,866
Net change in deferred outflows of resources related to bond refunding	(32,472)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the net change in these items this year.

Accrued interest	9,987
Accrued compensated absences	86,769
Net pension liability	4,691,339
Total other postemployment benefits liability	1,245,998
Net change in deferred inflows/outflows of resources related to pensions and total other postemployment benefits liability	<u>(4,336,608)</u>

Change in net position of governmental activities \$ 19,011,614

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes
In Fund Balances – Budget and Actual – General Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 3,153,450	\$ 3,216,100	\$ 3,212,793	\$ (3,307)
Sales taxes	13,404,000	13,134,000	13,031,540	(102,460)
Other taxes	215,400	258,816	123,176	(135,640)
Utility franchise	3,875,500	3,313,241	3,227,188	(86,053)
Licenses and permits	52,775	57,335	58,402	1,067
Fines, forfeitures and penalties	663,114	1,036,814	867,453	(169,361)
Charges for services	115,100	121,600	182,189	60,589
Grants and entitlements	314,825	307,216	308,168	952
Intergovernmental	1,467,921	1,428,086	1,442,845	14,759
Investment income	1,810	1,810	2,563	753
Miscellaneous	263,301	451,957	478,124	26,167
Total revenues	<u>23,527,196</u>	<u>23,326,975</u>	<u>22,934,441</u>	<u>(392,534)</u>
Expenditures				
Current:				
General government	4,671,382	4,609,272	3,917,966	691,306
Police department	9,403,350	8,054,706	7,918,839	135,867
Fire department	6,089,418	6,001,307	5,872,222	129,085
Other public safety	1,695,412	1,696,332	2,445,088	(748,756)
Health and welfare	689,140	601,838	586,342	15,496
Cultural and recreation	308,146	310,600	309,207	1,393
Capital outlay	298,200	762,058	703,321	58,737
Debt service:				
Principal retirement	4,840	68,300	167,623	(99,323)
Interest and fiscal charges	-	-	27,936	(27,936)
Total expenditures	<u>23,159,888</u>	<u>22,104,413</u>	<u>21,948,544</u>	<u>155,869</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>367,308</u>	<u>1,222,562</u>	<u>985,897</u>	<u>(236,665)</u>
Other Financing Sources (Uses)				
Transfers in	332,551	341,551	735,488	393,937
Transfers out	(2,868,876)	(2,504,662)	(2,119,502)	385,160
Total other financing sources (uses)	<u>(2,536,325)</u>	<u>(2,163,111)</u>	<u>(1,384,014)</u>	<u>779,097</u>
Net Change in Fund Balances	(2,169,017)	(940,549)	(398,117)	542,432
Fund Balances, Beginning of Year	<u>7,519,147</u>	<u>7,519,147</u>	<u>7,519,147</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,350,130</u>	<u>\$ 6,578,598</u>	<u>\$ 7,121,030</u>	<u>\$ 542,432</u>

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual – Public Works Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 122,000	\$ 778,500	\$ 813,879	\$ 35,379
Sales taxes	189,000	223,500	217,303	(6,197)
Licenses and permits	309,500	268,255	235,308	(32,947)
Charges for services	5,466,000	5,819,000	5,485,413	(333,587)
Grants and entitlements	-	29,952	29,952	-
Intergovernmental	2,427,000	2,264,000	2,206,123	(57,877)
Investment income	-	-	731	731
Miscellaneous	26,800	112,921	194,130	81,209
	<u>8,540,300</u>	<u>9,496,128</u>	<u>9,182,839</u>	<u>(313,289)</u>
Total revenues				
Expenditures				
Current:				
Protective inspection	670,998	626,492	624,501	1,991
Public works	8,045,848	7,815,802	7,440,786	375,016
Capital outlay	1,715,000	2,403,791	1,066,827	1,336,964
Debt Service				
Principal retirement	-	138,049	131,655	6,394
Interest and fiscal charges	-	-	14,441	(14,441)
	<u>10,431,846</u>	<u>10,984,134</u>	<u>9,278,210</u>	<u>1,705,924</u>
Total expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures				
	<u>(1,891,546)</u>	<u>(1,488,006)</u>	<u>(95,371)</u>	<u>1,392,635</u>
Other Financing Sources (Uses)				
Transfers in	1,114,809	1,114,809	829,992	(284,817)
Transfers out	-	-	(298,589)	(298,589)
	<u>1,114,809</u>	<u>1,114,809</u>	<u>531,403</u>	<u>(583,406)</u>
Total other financing sources (uses)				
Net Change in Fund Balances				
	(776,737)	(373,197)	436,032	809,229
Fund Balances, Beginning of Year				
	<u>1,563,766</u>	<u>1,563,766</u>	<u>1,563,766</u>	<u>-</u>
Fund Balances, End of Year				
	<u>\$ 787,029</u>	<u>\$ 1,190,569</u>	<u>\$ 1,999,798</u>	<u>\$ 809,229</u>

City of Texarkana, Arkansas
Statement of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual – American Rescue Plan Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ 3,218,310	\$ 4,342,705	\$ 4,194,467	\$ (148,238)
Total revenues	<u>3,218,310</u>	<u>4,342,705</u>	<u>4,194,467</u>	<u>(148,238)</u>
Expenditures				
Current:				
General government	1,022,847	1,088,968	2,694,750	(1,605,782)
Capital outlay	<u>2,195,463</u>	<u>3,223,907</u>	<u>1,499,717</u>	<u>1,724,190</u>
Total expenditures	<u>3,218,310</u>	<u>4,312,875</u>	<u>4,194,467</u>	<u>118,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>29,830</u>	<u>-</u>	<u>(29,830)</u>
Net Change in Fund Balances	-	29,830	-	(29,830)
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 29,830</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (29,830)</u></u>

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City of Texarkana, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2024

	<u>Texarkana Water Utilities</u>		<u>Total Enterprise Funds</u>
	<u>Water Utilities</u>	<u>Nonmajor Enterprise Funds</u>	
Assets			
Current assets			
Cash	\$ 2,807,267	\$ 761,498	\$ 3,568,765
Investments	575,832	44,003	619,835
Receivables:			
Accounts (net of allowance for uncollectible)	1,751,167	133,543	1,884,710
Accrued interest	544	1	545
Due from other funds	16,654	1,940	18,594
Due from other governments	342,486	8,517	351,003
Inventories	526,553	-	526,553
Prepaid items	128,287	1,433	129,720
Other	412,120	-	412,120
Total current assets	<u>6,560,910</u>	<u>950,935</u>	<u>7,511,845</u>
Noncurrent assets			
Restricted assets			
Cash	21,952,951	68,357	22,021,308
Investments	-	102,674	102,674
Receivables			
Interest	6,786	2	6,788
Total restricted assets	<u>21,959,737</u>	<u>171,033</u>	<u>22,130,770</u>
Capital assets (net of accumulated depreciation)			
Land	817,397	15,447	832,844
Buildings	672,992	1,381	674,373
Improvements other than buildings	18,861,851	1,599,065	20,460,916
Machinery and equipment	1,767,814	37,203	1,805,017
Intersystem shared assets	6,549,949	-	6,549,949
Water rights	17,784,128	-	17,784,128
Construction in progress	8,928,908	264,073	9,192,981
Net capital assets	<u>55,383,039</u>	<u>1,917,169</u>	<u>57,300,208</u>
Other assets			
Prepaid capital improvement deposits	446,022	-	446,022
Net pension asset	2,475,546	-	2,475,546
Other	1,357,007	-	1,357,007
Total other assets	<u>4,278,575</u>	<u>-</u>	<u>4,278,575</u>
Total noncurrent assets	<u>81,621,351</u>	<u>2,088,202</u>	<u>83,709,553</u>
Total assets	<u>88,182,261</u>	<u>3,039,137</u>	<u>91,221,398</u>

City of Texarkana, Arkansas
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2024

	<u>Texarkana Water Utilities</u>		Total Enterprise Funds
	Water Utilities	Nonmajor Enterprise Funds	
Deferred Outflows of Resources			
Deferred outflows - pension	\$ 514,501	\$ 16,672	\$ 531,173
Deferred outflows - pension contributions	433,187	-	433,187
Deferred outflows - other postemployment benefits	25,257	-	25,257
	<u>972,945</u>	<u>16,672</u>	<u>989,617</u>
Liabilities			
Current liabilities			
Accounts payable	148,077	1,503	149,580
Construction contracts payable	181,861	-	181,861
Accrued liabilities	161,395	7,874	169,269
Accrued interest payable	335,037	3,000	338,037
Due to other funds	-	18,594	18,594
Due to other governments	979,506	27,532	1,007,038
Other payables	2,576,725	194,874	2,771,599
Compensated absences - current portion	40,215	-	40,215
Bonds payable - current portion	1,033,448	133,147	1,166,595
	<u>5,456,264</u>	<u>386,524</u>	<u>5,842,788</u>
Noncurrent liabilities			
Customer deposits	575,558	34,955	610,513
Capital improvement deposits	863,242	17,741	880,983
Contracts payable	13,483,073	-	13,483,073
Compensated absences	226,201	-	226,201
Net pension and total OPEB liability	2,562,283	40,586	2,602,869
Revenue bonds, net	21,390,970	72,418	21,463,388
	<u>39,101,327</u>	<u>165,700</u>	<u>39,267,027</u>
Total liabilities	<u>44,557,591</u>	<u>552,224</u>	<u>45,109,815</u>

City of Texarkana, Arkansas
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2024

	Texarkana Water Utilities		Total Enterprise Funds
	Water Utilities	Nonmajor Enterprise Funds	
Deferred Inflows of Resources			
Deferred inflows - pension	100,834	1,820	102,654
Deferred inflows - other postemployment benefits	146,594	-	146,594
Total deferred inflows of resources	247,428	1,820	249,248
Net Position			
Net investment in capital assets	41,246,638	1,882,635	43,129,273
Restricted for pensions	2,475,546	-	2,475,546
Unrestricted	628,003	619,130	1,247,133
Total net position	\$ 44,350,187	\$ 2,501,765	\$ 46,851,952

City of Texarkana, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2024

	Texarkana Water Utilities		Total Enterprise Funds
	Water Utilities	Nonmajor Enterprise Funds	
Operating Revenues			
Water sales	\$ 6,732,592	\$ 873,286	\$ 7,605,878
Wholesale water sales	93,515	-	93,515
Water connection fees	2,775	1,575	4,350
Sewer charges	5,789,482	-	5,789,482
Penalties and service charges	413,425	30,716	444,141
Other income	1,638,578	8,176	1,646,754
	<u>14,670,367</u>	<u>913,753</u>	<u>15,584,120</u>
Total operating revenues			
Operating Expenses			
Administrative	266,240	-	266,240
Finance	266,542	8,980	275,522
Information technology	420,234	-	420,234
Customer service	475,237	62,256	537,493
Water production	2,589,575	175,199	2,764,774
Waster distribution	711,689	31,680	743,369
Sewer collection	607,414	1,161	608,575
Inflow and infiltration	118,487	-	118,487
Wastewater treatment	2,053,111	-	2,053,111
Environmental service	189,781	-	189,781
Engineer design	284,217	843	285,060
Geographical information systems	174,418	-	174,418
Composting	171,581	-	171,581
Operations administration	125,518	-	125,518
Service center	465,400	-	465,400
Field service	327,396	43,429	370,825
Construction oversight	835,733	16,545	852,278
Depreciation	1,985,614	123,028	2,108,642
Other expenses	-	7,990	7,990
Other managed systems	27,579	-	27,579
	<u>12,095,766</u>	<u>471,111</u>	<u>12,566,877</u>
Total operating expenses			
Operating Income	<u>2,574,601</u>	<u>442,642</u>	<u>3,017,243</u>
Nonoperating Revenues (Expenses)			
Investment income - investments	1,332,017	1,396	1,333,413
Interest income - notes payable	610,146	-	610,146
Interest expense and paying agent fees	(1,786,348)	(9,156)	(1,795,504)
	<u>155,815</u>	<u>(7,760)</u>	<u>148,055</u>
Total nonoperating revenues (expenses)			
Income Before Capital Grants and Transfers	2,730,416	434,882	3,165,298
State grants	5,078,026	-	5,078,026
Transfers Out	(348,740)	-	(348,740)
	<u>7,459,702</u>	<u>434,882</u>	<u>7,894,584</u>
Changes in Net Position			
Net Position, Beginning of Year	36,890,485	2,066,883	38,957,368
Net Position, End of Year	<u>\$ 44,350,187</u>	<u>\$ 2,501,765</u>	<u>\$ 46,851,952</u>

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City of Texarkana, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2024

	<u>Texarkana Water Utilities</u>		Total
	Water Utilities	Nonmajor Enterprise Funds	
Cash Flows From Operating Activities			
Cash received from customers	\$ 14,128,283	\$ 878,980	\$ 15,007,263
Cash paid to suppliers	(5,496,980)	(140,082)	(5,637,062)
Cash paid to employees	(3,640,661)	(68,832)	(3,709,493)
	<u>4,990,642</u>	<u>670,066</u>	<u>5,660,708</u>
Cash Flows From Noncapital Financing Activities			
Transfers paid to City general fund	(348,740)	-	(348,740)
	<u>(348,740)</u>	<u>-</u>	<u>(348,740)</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(8,985,549)	(312,588)	(9,298,137)
Principal paid on bonds	(823,967)	(269,541)	(1,093,508)
Interest paid on bonds	(1,561,883)	(13,234)	(1,575,117)
Principal received on notes payable	(192,810)	-	(192,810)
Interest received on notes payable	610,146	-	610,146
Capital improvement deposits returned	540,223	29,267	569,490
Payment on contracts payable	(177,196)	-	(177,196)
State grants received	5,078,026	-	5,078,026
	<u>(5,513,010)</u>	<u>(566,096)</u>	<u>(6,079,106)</u>
Cash Flows From Investing Activities			
Purchase of investments	(588,220)	(146,685)	(734,905)
Proceeds from sale and maturities of investments	712,373	146,673	859,046
Interest received on investments	1,331,442	1,394	1,332,836
	<u>1,455,595</u>	<u>1,382</u>	<u>1,456,977</u>
Increase in Cash	584,487	105,352	689,839
Cash, Beginning of Year	<u>24,175,731</u>	<u>724,503</u>	<u>24,900,234</u>
Cash, End of Year	<u>\$ 24,760,218</u>	<u>\$ 829,855</u>	<u>\$ 25,590,073</u>
Cash of Proprietary Funds, as Presented, on the "Statement of Net Position - Proprietary Funds" is as Follows:			
Cash	\$ 2,807,267	\$ 761,498	\$ 3,568,765
Restricted cash	21,952,951	68,357	22,021,308
	<u>\$ 24,760,218</u>	<u>\$ 829,855</u>	<u>\$ 25,590,073</u>

City of Texarkana, Arkansas
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2024

	<u>Texarkana Water Utilities</u>		Total
	Water Utilities	Nonmajor Enterprise Funds	
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating income	\$ 2,574,601	\$ 442,642	\$ 3,017,243
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,985,614	123,028	2,108,642
(Increase) decrease in assets:			
Accounts receivable	(583,180)	(32,940)	(616,120)
Due from other governments	23,776	(69)	23,707
Due from other funds	(145,147)	(4,645)	(149,792)
Inventories	(107,592)	-	(107,592)
Prepaid expenses	(31,532)	(54)	(31,586)
Net pension asset	(250,621)	-	(250,621)
(Increase) decrease in deferred outflows	650,922	16,377	667,299
Increase (decrease) in liabilities:			
Accounts payable	(250,713)	(189)	(250,902)
Accrued liabilities	(31,165)	(40,759)	(71,924)
Due to other funds	(44,632)	7,457	(37,175)
Accrued compensated absences	37,217	-	37,217
Customer deposits	17,320	(1,764)	15,556
Net pension and total other postemployment benefits liabilities	(803,626)	(15,514)	(819,140)
Other payables	2,041,653	174,955	2,216,608
Increase (decrease) in deferred inflows	(92,253)	1,541	(90,712)
Net cash provided by operating activities	<u>\$ 4,990,642</u>	<u>\$ 670,066</u>	<u>\$ 5,660,708</u>

City of Texarkana, Arkansas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 798,152	\$ 341,435
Investments		
U.S. government obligations	1,161,995	-
Mortgage backed securities	348,058	-
Corporate bonds and notes	970,091	-
Mutual funds and other investments	7,264,200	-
Interest receivable	151,938	3,656
Due from other funds	576,162	-
Total assets	11,270,596	345,091
Liabilities		
Accounts payable	41,026	-
Total liabilities	41,026	-
Net Position		
Restricted for:		
Pensions	11,229,570	-
Other governments	-	345,091
Total net position	\$ 11,229,570	\$ 345,091

City of Texarkana, Arkansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2024

	Pension Trust Funds	Custodial Funds
Additions		
Employer	\$ 1,055,546	\$ -
Employee	9,469	-
Intergovernmental	362,022	-
Donations	-	80,000
Other	41,469	-
	<u>1,468,506</u>	<u>80,000</u>
 Total contributions	 <u>1,468,506</u>	 <u>80,000</u>
 Receipt of police bond funds	 -	 2,870,535
 Investment income		
Net increase in fair value of investments	497,253	-
Interest and dividends	193,482	2,482
	<u>690,735</u>	<u>2,482</u>
Less investment expense	25,634	-
	<u>665,101</u>	<u>2,482</u>
 Net investment income	 <u>665,101</u>	 <u>2,482</u>
 Total additions	 <u>2,133,607</u>	 <u>2,953,017</u>
 Deductions		
Benefits paid directly to participants	1,488,887	-
Return of police bond funds	-	2,834,340
Administrative expenses	15,146	-
	<u>1,504,033</u>	<u>2,834,340</u>
 Total deductions	 <u>1,504,033</u>	 <u>2,834,340</u>
 Net Increase in Net Position	 629,574	 118,677
 Net Position, Beginning of Year	 <u>10,599,996</u>	 <u>226,414</u>
 Net Position, End of Year	 <u>\$ 11,229,570</u>	 <u>\$ 345,091</u>

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Texarkana, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city manager form of government. Six elected directors and the Mayor set policy and employ the City Manager. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Texarkana and its component unit. The component unit is a legally separate entity for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. Component units can be further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's Employee Defined Benefit Retirement System, Water Utilities Employee Defined Benefit Retirement System and Policemen's Defined Benefit Relief and Pension Plans are reported as fiduciary component units as fiduciary funds in the fiduciary funds statements. The other benefit plans are maintained by the Arkansas Local Police and Fire Retirement System (LOPFI), the Texas Municipal Retirement System (TMRS), and Arkansas Public Employees Retirement System (APERS) and are properly excluded from the financial statements.

The City's primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under these criteria, the following are included in the primary government reporting entity:

Discretely Presented Component Unit

Texarkana Advertising and Promotion Commission (Commission) – The Commission is governed by a seven member board appointed by the City Board of Directors. The Commission is comprised of four owners or managers of businesses in the tourism industry, two members of the City Board of Directors, and one member not associated with the tourism industry or the City Board of Directors. The Commission is primarily funded by a City tax imposed on gross receipts from hotel/motel and restaurant sales. Arkansas state statutes require this to be collected by the City. The proceeds of the tax are used for advertising and promoting the City. The City performs all accounting functions for the Commission. The City tax provided to the Commission during the year ended December 31, 2024, totaled \$1,420,773. The Commission does not have separately issued financial statements.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Joint Ventures

Texarkana Airport Authority

The City is a participant with Texarkana, Texas in a joint venture to operate Texarkana Regional Airport. The Texarkana Airport Authority was created in 1956 by ordinance enacted by the two cities. The governing body of Texarkana Airport Authority consists of eight members, four of whom are residents of Texarkana, Arkansas and four of whom are residents of Texarkana, Texas. Arkansas members are appointed by the City of Texarkana, Arkansas Board of Directors. Texas members are appointed by the mayor of the City of Texarkana, Texas. The Airport Authority Board has governance responsibilities over all activities relating to operating and maintaining the Texarkana Regional Airport. The Board receives funding from airport operations and from various local, state and federal agencies and must comply with any requirements of these funding sources.

Cumulative assets contributed to the Airport Authority as of December 31, 2023, consisted of \$4,077,341 by Texarkana, Arkansas and \$4,189,717 by Texarkana, Texas. The City of Texarkana, Arkansas' net investment and its share of operating results of the Airport Authority are reported in the City's financial statements within governmental activities as a joint venture. The City's equity interest in the Airport Authority was \$35,360,140 at December 31, 2023, which is the latest information available. Complete financial statements for the Authority can be obtained from the Texarkana Airport Authority's administrative office.

Bi-State Justice Center

The City is also a participant in a joint venture in the Bi-State Justice Center with the City of Texarkana, Texas and Bowie County. The Bi-State Justice Center is jointly occupied by the law enforcement and criminal justice agencies of the City of Texarkana, Arkansas, the City of Texarkana, Texas, and Bowie County, Texas. The facility is located on the state line, half in Texarkana, Arkansas and half in Texarkana, Texas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven member committee is comprised two members from the City of Texarkana, Texas City Council, two members from the Texarkana, Arkansas Board of Directors, the Bowie County Judge, one Bowie County Commissioner, and one independent member. The original contract only names the two City Managers and the Judge. The annual budget is underwritten by the participating entities based on a formula which uses floor space occupied, one third each for Central Records and Communications and the number of prisoners in the detention facility for each entity.

The City of Texarkana, Arkansas' net investment in the Bi-State Justice Center is reported in the City's governmental activities as a joint venture. The City's equity interest at December 31, 2024, was \$1,767,868. Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Texarkana Urban Transit District (TUTD)

The City of Texarkana, Arkansas is a participant with three other cities in the TUTD. The purpose of the TUTD is to provide public transportation services within the Texarkana urban area. The TUTD is a political subdivision district under the laws of the State of Texas as defined by Chapter 458 of the Texas Transportation code and Chapter 791 of the Texas Government Code.

Composition of the Transit District Board is as follows; the City of Texarkana, Arkansas – three members, one of whom is an elected official; the City of Texarkana, Texas – three members, one of whom is an elected official; the City of Wake Village, Texas – two members, one of whom is an elected official; and the City of Nash, Texas – two members, one of whom is an elected official.

The TUTD receives federal, state, and local funding, as well as user charges generated by the public transportation system. The City has an ongoing financial responsibility for the TUTD since the TUTD's continued existence depends on continued funding by the City.

The City of Texarkana, Arkansas' net investment in the TUTD is reported in the City's governmental activities as a joint venture. The City's interest at September 30, 2023, which is the latest information available, was \$1,191,996.

Jointly Governed Organizations

The City's officials are responsible for appointing a portion of the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Board of Directors or specific committees of the City Board appoint board members to the following organizations: Historic District Commission, Housing Authority, Texarkana Public Library Board, Public Facilities Board, Council of Governments Board, City Beautiful Commission and Solid Waste Management Committee. Positions on these boards are appointed in certain instances in entirety, partially, or with City Board members.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component unit. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund type-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income.

The *Public Works Fund* accounts for the receipts and disbursements of state turnback funds, property taxes, licenses and permits, refuse collections and other revenues legally designated for street and refuse projects.

The *American Rescue Plan Fund* accounts for the receipt and disbursements of grant funds.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

The City reports the following major enterprise fund:

The Cities of Texarkana, Arkansas and Texarkana, Texas both have an undivided interest in the Texarkana Water Utilities (TWU). The following funds are reported in the audited financial statements for TWU and have a September 30 fiscal year-end. Transfers between Texarkana, Arkansas Water Utilities Fund and the City's governmental activities do not balance because TWU has a different year end than the City.

The *Texarkana, Arkansas Water Utilities Fund* accounts for the water and sewer services provided to the general public, industry, and other municipalities on the Arkansas side of the City of Texarkana.

Nonmajor funds of the City are comprised of the following:

Special Revenue Funds – The special revenue funds, which include federal grants, are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

Debt Service Funds – The debt service funds are used to account for financial resources that are restricted, committed or assigned to the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – The capital projects funds are used to account for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

Enterprise Fund – The enterprise funds are used to account for activities for which a fee is charged to external user for goods or services. The Union and Mandeville Utilities has a September 30 fiscal year-end.

Additionally, the City reports the following fund types:

Pension Trust Funds – Accounts for assets held in trust for the Texarkana, Arkansas Public Employee Retirement System and the Texarkana, Arkansas Water Utilities Employee Retirement System (both June 30 year-ends) and the Police Relief and Pension Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Custodial Fund – Accounts for monies collected and held by the courts until they are disbursed to various governmental agencies and monies collected for the Airshow.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

In proprietary funds, operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period in which the taxes are levied. City and county sales taxes, franchise taxes, licenses and permits, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and deferred outflows of resources and liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and obligations for worker's compensation and other postemployment benefits, which are recognized as expenditures when payment is due. Pension expenditures are recognized when contributed to a plan or when expected to be liquidated with expendable available financial resources.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, cash on hand and short-term instruments with original maturities at purchase of 90 days or less. At December 31, 2024, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Investment Income

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices for all investments.

Net investment income (loss) includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made, except where required otherwise by bond indentures or City policy.

Inventories

Inventories of the enterprise funds consist of repair materials and spare parts for water and wastewater treatment and distribution valued at the lower of average cost or market value. The costs of governmental fund type inventories are recorded as expenditures when purchased/constructed.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Restricted Assets

Certain proceeds of governmental and enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Capital Assets

Capital assets, which include infrastructure, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Governmental activities and component units:

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 10 – 30 years for infrastructure, 40 years for buildings, 20 years for improvements other than buildings and 5 – 20 years for machinery and equipment.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

Business-type activities:

Capital assets are defined by business type activities as assets with an initial, individual cost of more than the following amounts and an estimated life in excess of one year.

Furniture and fixtures	\$	300
Motor vehicles		1,000
Machinery and equipment		500
Communication equipment		500
Pumps and purification equipment		1,000
Buildings and facilities new improvements		1,000
Water and sewer systems		1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Furniture and fixtures	5 years
Motor vehicles	5 years
Machinery and equipment	5 - 10 years
Communication equipment	5 years
Pumps and purification equipment	10 years
Buildings and facilities new improvements	10 - 50 years
Water and sewer systems	12 - 99 years

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenue

In the governmental funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The American Rescue Plan Fund had \$148,238 of unearned revenues at year-end related to cash received in advance of incurring eligible expenditures.

Pensions

For the purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For the purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, The City recognizes benefit payments when due and payable with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and statement of fund net position and the balance sheet includes a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure/reduction in liability) until that time. The City has four items that qualify for reporting in this category. Two items are related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other comprised of the difference in assumption changes, the difference between actual and expected experience, net difference between projected and actual earnings on investments, and changes in proportion for cost-sharing plans. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability in the following year ended December 31. The remaining amounts will be amortized over future periods as shown within *Note 9*. The third item relates to total OPEB for the difference between expected and actual experience of the total OPEB liability and changes in assumptions and will be amortized to OPEB expense over future periods as shown in *Note 11*. The fourth item is related to the deferred loss on bond refunding and will be amortized to interest expense over future periods.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

In addition to liabilities, the statement of net position, statement of fund net position and the balance sheet will sometimes report a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, unavailable revenue, deferred inflows-pensions, and deferred inflows – other postemployment benefits. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows - pensions, consists of changes in assumptions, the difference between the expected and actual experience related to the pension plans and the difference in investment experience between actual earnings and projected earnings on pension plan investments as well as the changes in proportion for cost-sharing plans. These amounts are amortized over future periods as shown within *Note 9*. The third item, deferred inflows – OPEB, consists of changes of assumptions and the difference between expected and actual experience. Deferred inflows – OPEB are amortized to OPEB expense over future periods as shown in *Note 11*.

Lease Payable

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities and business-type activities. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums, discounts and deferred losses on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of unamortized premiums or discounts.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Compensated Absences

City employees earn sick pay and vacation leave benefits on the basis of length of service time. Subject to certain restrictions, City employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. All vacation and sick leave is accrued when earned in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. General revenues are used to liquidate the liability for compensated absences from the fund in which the employee retired. The City's policy is that leave earned in the current year will be used prior to leave earned in previous periods. The compensated absences liability presented in *Note 5* is the net change in the liability.

Net Position

Net position of the City is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets and deferred outflows less remaining liabilities and deferred inflows that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Fund Balance - Governmental Funds

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Directors. Commitments may be changed or lifted only by issuance of a resolution by the City Board of Directors.

Assigned - Assigned fund balances are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the City Manager to assign fund balance. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$965,080 of restricted net position for Texarkana Advertising and Promotion Commission, which is restricted by enabling legislation. This amount consists of unspent hotel/motel taxes.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Public Works Fund, American Rescue Plan Act Fund and the following nonmajor special revenue funds: Community Development Block Grant, Police Fund, Domestic Violence, Front Street Project, Bail Bond, Parks and Recreation Fund, Court Automation, North Texarkana Redevelopment District, Library and Public Safety. All annual appropriations lapse at year end and are re-established in the succeeding year.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

The appropriated budget is prepared by fund, function, and activity. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The Board of Directors may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Directors. City policy prohibits budgeting total proposed expenditures in excess of total anticipated revenues and unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years. The legal level of budgetary control (*i.e.*, the lowest level at which expenditures may not legally exceed appropriation) is the fund level. The Board of Directors made several supplemental budgetary appropriations throughout the year.

Deficit Fund Equity

At December 31, 2024, the Community Development Block Grant (CDBG) Fund and Parks and Recreation Fund, nonmajor funds, have deficit fund balances of \$26,992 and \$79,943, respectively. The deficits are due to funds not received within 60 days of year-end for the CDBG Fund and repair of equipment for the Parks and Recreation Fund and will be eliminated as additional revenues are received.

New Governmental Accounting Standards Board (GASB) Pronouncements

GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2024:

GASB Statement No. 102 – *Certain Risk Disclosures*: The objective of this statement is to provide users of financial statements with essential information regarding certain concentrations and constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – *Financial Reporting Model Improvements*: The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*: The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 105 – *Subsequent Events*: The objective of this statement is to enhance consistency in the application of requirements for subsequent events. The requirements of this statement are effective for fiscal years beginning after June 15, 2026 and all reporting periods thereafter. Earlier application is encouraged.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

The effect of these statements on the City has not been determined but could have a significant impact on the City's overall net position.

Adoption of GASB Statements

The City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* (GASB 100) for the year ended December 31, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and comparable information for making decisions or assessing accountability. The adoption of GASB 100 had no effect on the beginning net position or fund balances at January 1, 2024.

The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended December 31, 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of GASB 101 had no effect on beginning net position or fund balances at January 1, 2024.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

At December 31, 2024 and September 30, 2024, none of the City's or Utilities' bank balances were exposed to custodial credit risk, respectively.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings, or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposits.

Arkansas statutes also authorize the City to invest in no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the Investment Company Act of 1940 with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds, and other appropriate securities.

For fiscal year 2024, TWU invested \$722,509 in non-negotiable certificates of deposits measured at amortized cost.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

At December 31, 2024, the City and its Fiduciary funds had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 1,161,995	\$ 205,584	\$ 791,726	\$ 34,704	\$ 129,981
Corporate bonds	841,059	193,934	484,111	93,385	69,629
Money market mutual funds	2,966,921	2,966,921	-	-	-
Mortgage backed securities	348,058	22	8,189	28,525	311,322
Municipal bonds	39,689	-	39,689	-	-
International bond mutual funds	79,458	-	-	-	79,458
Bond mutual funds	1,505,666	265,520	1,111,114	-	129,032
		<u>\$ 3,631,981</u>	<u>\$ 2,434,829</u>	<u>\$ 156,614</u>	<u>\$ 719,422</u>
Equity mutual funds	5,703,871				
Alternative Investments	<u>66,250</u>				
	<u>\$ 12,712,967</u>				

Interest Rate Risk – Statutes authorize the City along with its component unit, the Texarkana Advertising and Promotion Commission, to invest in certificates of deposits, obligations of the U.S. Treasury and U.S. agencies, and obligations of the State of Arkansas and any political subdivision of the state. The City’s policy seeks to minimize the risk that the fair value of securities will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s pension fund policies limit the percentages of each type of portfolio asset.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2024:

- U.S. Treasury obligations of \$1,161,995 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Corporate and municipal bonds of \$841,059 and \$39,689 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Money market mutual funds of \$2,966,921 are valued at amortized cost and are not considered a fair value measurement

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

- Mortgage backed securities of \$348,058 are valued using a matrix pricing technique, which values the securities based on the securities’ relationship to benchmark quoted prices (Level 2 inputs)
- Bond and equity mutual funds of \$1,505,666 and \$5,703,871, respectively, are valued using quoted market prices (Level 1 inputs)
- International bond mutual funds of \$79,458 are valued using quoted market prices (Level 1 inputs)

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to limit investments to the safest types of securities and to pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the City will do business. At December 31, 2024, the City’s and its component unit’s investments not directly guaranteed by the U.S. government were rated as follows:

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody’s	AAA/Aaa
Mortgage-Backed Securities	S&P/Moody’s	BB to AAA/Ba2 to Aaa
U.S. Agency Obligations	S&P/Moody’s	AAA/Aaa
Corporate Bonds	S&P/Moody’s	BB to AAA/Ba2 to Aaa

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. While the City’s investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City in the City’s name are insured or collateralized or limited to Treasury Fund Money Markets.

Concentration of Credit Risk – The City’s policy is to diversify the investment portfolio so that potential losses on individual securities will be minimized.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statement of net position as follows:

	Primary Government	Component Unit
Carrying value		
Deposits	\$ 33,269,089	\$ 854,415
Cash on hand	3,584	-
Investments	12,712,967	-
	<u>\$ 45,985,640</u>	<u>\$ 854,415</u>

Included in the following statement of net position captions

Cash	\$ 9,616,218	\$ 854,415
Investments	3,361,509	-
Restricted cash	22,021,308	-
Restricted investments	102,674	-

Included in the following fiduciary net position captions

Cash and cash equivalents - Custodial Funds	341,435	-
Cash and cash equivalents - Pension Trust Funds	798,152	-
Investments - Pension Trust Funds		
U.S. government obligations	1,161,995	-
Mortgage backed securities	348,058	-
Corporate bonds and notes	970,091	-
Mutual funds and other investments	7,264,200	-
	<u>\$ 45,985,640</u>	<u>\$ 854,415</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Note 3: Capital Assets

Capital asset activity, including lease assets, in the governmental activities for the year ended December 31, 2024, was as follows:

Governmental Activities	Balance, January 1, 2024	Additions	Retirements	Transfers	Balance December 31, 2024
Capital assets, non-depreciable:					
Land	\$ 2,563,907	\$ -	\$ -	\$ -	\$ 2,563,907
Construction in progress	3,300,814	2,280,708		(3,873,722)	1,707,800
Total capital assets, non-depreciable	<u>5,864,721</u>	<u>2,280,708</u>	<u>-</u>	<u>(3,873,722)</u>	<u>4,271,707</u>
Capital assets, depreciable					
Buildings	25,425,771	61,475	(59,497)	759,773	26,187,522
Improvements other than buildings	13,016,798	-	(184,783)	6,303,120	19,135,135
Machinery and equipment	12,011,807	1,159,763	(489,051)	(458,025)	12,224,494
Infrastructure	51,969,817	6,124	-	(2,731,146)	49,244,795
Total capital assets, depreciable	<u>102,424,193</u>	<u>1,227,362</u>	<u>(733,331)</u>	<u>3,873,722</u>	<u>106,791,946</u>
Less accumulated depreciation					
Buildings	20,423,071	636,738	(53,486)	-	21,006,323
Improvements other than buildings	10,664,116	597,345	(184,783)	-	11,076,678
Machinery and equipment	6,529,444	1,085,921	(489,051)	-	7,126,314
Infrastructure	30,865,621	879,385	-	-	31,745,006
Total accumulated depreciation	<u>68,482,252</u>	<u>3,199,389</u>	<u>(727,320)</u>	<u>-</u>	<u>70,954,321</u>
Total capital assets, depreciable, net	<u>33,941,941</u>	<u>(1,972,027)</u>	<u>(6,011)</u>	<u>3,873,722</u>	<u>35,837,625</u>
Lease assets					
Machinery and equipment	631,908	-	-	-	631,908
Total lease assets	<u>631,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,908</u>
Less accumulated amortization					
Machinery and equipment	121,517	120,865	-	-	242,382
Total accumulated amortization	<u>121,517</u>	<u>120,865</u>	<u>-</u>	<u>-</u>	<u>242,382</u>
Total lease assets, net	<u>510,391</u>	<u>(120,865)</u>	<u>-</u>	<u>-</u>	<u>389,526</u>
Total governmental activities, net	<u>\$ 40,317,053</u>	<u>\$ 187,816</u>	<u>\$ (6,011)</u>	<u>\$ -</u>	<u>\$ 40,498,858</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Capital asset activity in the business-type activities for the year ended December 31, 2024, was as follows:

Business-Type Activities	Balance January 1, 2023	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2024
Capital Assets, non-depreciable				
Land	\$ 832,844	\$ -	\$ -	\$ 832,844
Water rights	17,784,128	-	-	17,784,128
Construction in progress	<u>865,272</u>	<u>9,298,141</u>	<u>(970,432)</u>	<u>9,192,981</u>
Total capital assets, non-depreciable	<u>19,482,244</u>	<u>9,298,141</u>	<u>(970,432)</u>	<u>27,809,953</u>
Capital assets, depreciable				
Buildings and improvements	3,593,039	45,017	-	3,638,056
Improvements other than buildings	46,274,557	469,735	-	46,744,292
Intersystem shared assets	23,644,704	-	-	23,644,704
Machinery and equipment	<u>7,767,667</u>	<u>455,680</u>	<u>(43,850)</u>	<u>8,179,497</u>
Total capital assets, depreciable	<u>81,279,967</u>	<u>970,432</u>	<u>(43,850)</u>	<u>82,206,549</u>
Less accumulated depreciation				
Buildings and improvements	2,962,567	1,116	-	2,963,683
Improvements other than buildings	25,097,145	1,186,231	-	26,283,376
Intersystem shared assets	16,689,977	404,778	-	17,094,755
Machinery and equipment	<u>5,901,809</u>	<u>516,517</u>	<u>(43,846)</u>	<u>6,374,480</u>
Total accumulated depreciation	<u>50,651,498</u>	<u>2,108,642</u>	<u>(43,846)</u>	<u>52,716,294</u>
Total capital assets, depreciable, net	<u>30,628,469</u>	<u>(1,138,210)</u>	<u>(4)</u>	<u>29,490,255</u>
Total business-type activities, net	<u>\$ 50,110,713</u>	<u>\$ 8,159,931</u>	<u>\$ (970,436)</u>	<u>\$ 57,300,208</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	
General government	\$ 128,518
Police department	847,236
Fire department	404,175
Public works	1,458,748
Health	24,013
Culture and recreation	336,699
	<u>3,199,389</u>
Total depreciation expense – governmental activities	<u>\$ 3,199,389</u>

Business-Type Activities

Texarkana Water Utilities	\$ 2,108,642
	<u>2,108,642</u>
Total depreciation expense - business-type activities	<u>\$ 2,108,642</u>

Amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General Government	
General government	\$ 10,277
Public Works	110,588
	<u>120,865</u>
Total amortization expense - governmental activities	<u>\$ 120,865</u>

Note 4: Construction Projects

At December 31, 2024, the City had the following commitments with respect to unfinished capital projects. These projects are being funded with grant funds, bond proceeds and franchise fees.

Governmental activities construction projects

	Project Authorization	Expended Through December 31, 2024	Required Future Financing
Accounting Software	\$ 209,283	\$ 69,730	\$ 139,553
Animal Shelter	1,525,000	1,085,526	439,474
Calhoun Trail Improvement	50,000	22,326	27,674
City Hall Restroom Remodel	50,000	44,550	5,450
Dentention Pond - Crossroads Parkway	40,000	24,500	15,500
Drainage Improvements	265,726	218,827	46,899
I-30 Bridge Lights	251,999	250,397	1,602
	<u>\$ 2,392,008</u>	<u>\$ 1,715,856</u>	<u>\$ 676,152</u>
Total	<u>\$ 2,392,008</u>	<u>\$ 1,715,856</u>	<u>\$ 676,152</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Note 5: Long-Term Liabilities

Changes in long-term liabilities in the governmental activities for the year ended December 31, 2024, and for the business-type activities for the year ended December 31, 2024, were as follows:

Governmental Activities	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 11,720,000	\$ -	\$ 730,000	\$ 10,990,000	\$ 740,000
Less issuance discounts	13,615	-	908	12,707	-
Add issuance premiums	29,691	-	2,310	27,381	-
	<u>11,736,076</u>	<u>-</u>	<u>731,402</u>	<u>11,004,674</u>	<u>740,000</u>
General obligation bonds	4,490,000	-	940,000	3,550,000	290,000
Add issuance premiums	160,816	-	8,464	152,352	-
	<u>4,650,816</u>	<u>-</u>	<u>948,464</u>	<u>3,702,352</u>	<u>290,000</u>
Bonds payable, net	16,386,892	-	1,679,866	14,707,026	1,030,000
Notes payable (direct borrowing)	1,279,821	-	161,137	1,118,684	165,312
Lease payable	516,700	-	174,141	342,559	160,759
Compensated absences	1,918,143	-	86,769	1,831,374	237,937
Net pension liability	34,348,373	-	4,691,339	29,657,034	-
Total other postemployment benefits	2,811,173	-	1,245,998	1,565,175	173,277
Total governmental activities long-term liabilities	<u>\$ 57,261,102</u>	<u>\$ -</u>	<u>\$ 8,039,250</u>	<u>\$ 49,221,852</u>	<u>\$ 1,767,285</u>
Business-Type Activities	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 22,778,910	\$ -	\$ 1,053,454	\$ 21,725,456	\$ 1,166,595
Plus issuance premiums	944,581	-	40,054	904,527	-
Bonds payable, net	23,723,491	-	1,093,508	22,629,983	1,166,595
Compensated absences	229,199	37,217	-	266,416	40,215
Net pension liability	2,999,317	-	881,613	2,117,704	-
Contracts payable	13,842,130	-	177,196	13,664,934	181,861
Total other postemployment benefits	422,692	62,473	-	485,165	-
Total business-type activities long-term liabilities	<u>\$ 41,216,829</u>	<u>\$ 99,690</u>	<u>\$ 2,152,317</u>	<u>\$ 39,164,202</u>	<u>\$ 1,388,671</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Governmental Activities

2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds – Bonds in the amount of \$10,160,000 were issued with varying interest rates from 2.00% to 5.00% to finance capital improvements consisting generally of construction, reconstruction, or acquisition of, or improvements to, new or current streets, bridges, and viaducts and any necessary intersection improvements, traffic signalizations, speed calming measures, lighting, equipment, land and easement acquisition, and drainage improvements therefore and to refund the outstanding 2000 Refunding and Capital Improvement Bonds. Principal payments are due annually on October 1. Interest payments are due semiannually on February 1 and October 1.

2018 Franchise Fee Secured Capital Improvement Revenue Bonds – Bonds in the amount of \$2,260,000 were issued with varying interest rates from 2.000% to 3.625% to finance the purchase of public safety equipment, consisting of fire trucks and police communications equipment. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1.

General Revenue Note, Series 2019 – A note in the amount \$875,000 was issued with an interest rate of 2.536% for the purpose of acquiring, constructing, installing, and equipping a City Animal Shelter. Principal and interest payments are due annually on August 1.

US Department of HUD Section 108 Loan – A note in the amount \$885,000 was issued with a variable interest rate of 0.2% above the Applicable London Interbank Offered Rates (LIBOR) Rate for the purpose of renovating the Texarkana Recreational Facility. As of December 31, 2024, \$885,000 had been drawn. Principal and interest payments are due annually on August 1 starting August 1, 2020.

2021A Refunding Franchise Fee Revenue Bond – Bonds in the amount of \$3,165,000 were issued with varying interest rates from 0.50% to 2.0% to currently refund the outstanding 2015 Franchise Fee Secured Refunding Revenue Bonds. The net carrying amount of the bonds exceeded the reacquisition price of the 2015 bonds by \$124,521. This amount is recorded as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt using the effective-interest method. Amortization expense for 2024 is \$6,918. The City completed the current refunding to reduce its total debt service payments over the next 20 years by \$618,230 and obtained an economic gain (difference between the present value of the debt service payments of the new and old debt) of \$533,633. Principal payments are due annually on September 1. Interest payments are due semiannually on March 1 and September 1.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

2021B Refunding Franchise Fee Revenue Bond – Bonds in the amount of \$8,420,000 were issued with varying interest rates from 1.40% to 2.785% to advance refund the outstanding 2012 Franchise Fee Secured Refunding Bonds. The net proceeds of the Series 2022B bonds, along with the debt service funds from the Series 2012 bonds, were deposited into an irrevocable trust with an escrow agent. The 2012 bonds (\$7,600,000 in principal as of December 31, 2022) were redeemed in full on September 1, 2023. The net carrying amount of the bonds exceeded the reacquisition price of the 2012 bonds by \$511,083. This amount is recorded as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt using the effective-interest method. Amortization expense for 2024 is \$32,472. The City completed the advance refunding to reduce its total debt service payments over the next 18 years by \$618,984 and to obtain an economic gain (difference between the present values of the debt service payments on the new and old debt) of \$488,641. Principal payments are due annually on September 1. Interest payments are due semiannually on March 1 and September 1.

Business-type Activities

Revenue Bonds - Revenue bonds are comprised of various issues for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing additions and improvements of City facilities.

2004B City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Revenue Bonds – Bonds in the amount of \$3,830,000 were issued with an interest rate of 3.25%.

2007 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Refunding Bonds – Bonds in the amount of \$9,085,000 were issued with a variable interest rate from 4.00% to 4.15%.

2023 City of Texarkana, Arkansas Public Facilities Board Revenue Bonds – Bonds in the amount of \$20,655,000 were issued with a variable interest rate from 4.00% to 5.00%.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds and notes payable, outstanding at December 31, 2024.

Year	Primary Government				Business-Type Activities	
	Governmental Activities					
	General Obligation Bonds and Revenue Bonds - Publicly Traded		Note Payable - Direct Borrowing		Revenue Bonds - Publicly Traded	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,030,000	\$ 525,226	\$ 165,312	\$ 16,735	\$ 1,166,595	\$ 983,771
2026	1,060,000	498,786	171,005	12,043	743,861	935,644
2027	1,085,000	468,850	176,862	7,186	775,000	902,800
2028	1,125,000	437,576	38,842	2,158	815,000	864,050
2029	1,155,000	407,469	40,978	10,080	855,000	823,300
2030-2034	4,420,000	1,570,579	228,146	7,854	4,960,000	3,430,750
2035-2039	4,060,000	746,608	274,448	3,552	6,320,000	2,073,500
2040-2043	605,000	93,720	23,091	119	6,090,000	621,000
	<u>\$ 14,540,000</u>	<u>\$ 4,748,814</u>	<u>\$ 1,118,684</u>	<u>\$ 59,727</u>	<u>\$ 21,725,456</u>	<u>\$ 10,634,815</u>

There are a number of limitation and restrictions contained in the various bond indentures. The City is in substantial compliance with all significant limitations and requirements. The City is also subject to a statutory limitation by the State of Arkansas for general bonded indebtedness. The limitation is 25 percent of the total assessed valuation of all real and personal property within the municipality subject to taxation. At December 31, 2024, the City met the statutory limitation for its general bonded indebtedness, leaving a sufficient legal debt margin. Also, for the governmental activities, the net pension liability and total other postemployment benefit obligations have historically been the responsibility of the General Fund.

Notes Payable from Direct Borrowings

Governmental Activities

The City's outstanding notes payable from direct borrowings of \$1,118,684 contain a provision that in the event of default, the lender may make all or part of the note immediately due. The City has pledged general revenues as collateral for one note and a HUD guarantee for the other note.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

The following is a summary of pledged revenues of the City for the year ended December 31, 2024.

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
Governmental Activities:						
2018 Franchise Fee Secured Capital Improvement Revenue Bonds	Franchise Taxes	\$ 3,227,188	\$ 203,928	6.3%	\$ 1,802,156	Until 2032
2021A Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	3,227,188	195,738	6.1%	3,180,129	Until 2041
2021B Franchise Fee Secured Refunding Revenue Bonds	Franchise Taxes	3,227,188	581,300	18.0%	8,162,112	Until 2041
Business-Type Activities:						
2004B City of Texarkana, Arkansas Public Facilities Board Water Facilities Mandeville and Union Acquisition Bonds	Revenues of the Enterprise Fund	913,753	261,932	28.7%	718,635	Until 2026
2007 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Refunding Bonds	Revenues of the Enterprise Fund	14,670,367	721,066	4.9%	392,886	Until 2025
2023 City of Texarkana, Arkansas Public Facilities Board Waterworks and Sewer Facilities Revenue Bonds	Revenues of the Enterprise Fund	14,670,367	910,682	6.2%	31,248,750	Until 2025

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Note 6: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2024, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 387,793	\$ 1,326,274
Public Works	941,788	2,206
American Rescue Act Fund	-	264,090
Non-major governmental funds	3,109	301,856
Total governmental funds	<u>1,332,690</u>	<u>1,894,426</u>
Texarkana, Arkansas Water Utilities	16,654	-
Non-major proprietary funds	1,940	18,594
Total proprietary funds	<u>18,594</u>	<u>18,594</u>
Fiduciary Funds:		
City Employer Retirement System	-	14,426
Police Relief & Pension	576,162	-
Total fiduciary funds	<u>576,162</u>	<u>14,426</u>
Total	<u>\$ 1,927,446</u>	<u>\$ 1,927,446</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between the funds are made.

Transfers are used to move revenues from funds with collection authorization to debt service and pension funds and to move unrestricted revenues to various programs that the government must account for in other funds. Transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds as of December 31, 2024, are as follows:

Fund	Transfers In	Transfers Out
General	\$ 735,488	\$ 2,119,502
Public Works	829,992	298,589
Other Nonmajor Governmental Funds	1,384,693	18,000
Total governmental funds	<u>\$ 2,950,173</u>	<u>\$ 2,436,091</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Transfers recorded in the Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds are as follows:

Fund	Transfers In	Transfers Out
Proprietary Funds		
Texarkana, Arkansas Water Utilities	\$ -	\$ 348,740
Total proprietary funds	<u>\$ -</u>	<u>\$ 348,740</u>
Total primary government	<u>\$ 2,950,173</u>	<u>\$ 2,784,831</u>

The difference in the transfer in/out of \$165,342 is due to the different year end of the Texarkana, Arkansas Water Utilities (September 30, 2024), as compared to the City’s fiscal year ended December 31, 2024. See *Note 1* for additional information.

Note 7: Water Supply Contract Between Cities of Texarkana, Texas and Texarkana, Arkansas

Under a contract dated August 5, 1948 as subsequently amended, the Texarkana, Texas system supplies water to the City of Texarkana, Arkansas and disposes of sewage collected by that City. Charges to Texarkana, Arkansas for these services are computed by prorating certain expenses of the System, plus a set monthly fee. A revised agreement was executed between the Cities of Texarkana, Texas and Texarkana, Arkansas on May 20, 1969.

This revised agreement relates to the matter of supplying treated water only and does not amend the prior agreement relating to sewerage service. The terms of the revised contract provide that Texarkana, Arkansas will pay the same amount per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Texas under its contractual arrangements with other area cities. The Arkansas Utilities made total transfers to the Texas Utilities for water purchases of \$1,529,994 for 2024. In addition, the Union Utility made total transfers to the Texas Utilities for water purchases of \$94,748 for 2024. The Mandeville Utility made total transfers to the Texas Utilities for water purchases of \$23,214 for 2024.

A water system agreement entered into on December 1, 1982, and amended on October 15, 1985, between the two Cities provides for the sale of water taken from the Millwood Reservoir and processed in the Millwood Water Treatment Facilities. The agreement provides that the previous existing contract shall remain in full force as it relates to water taken from the Texarkana Reservoir. The agreement further provides that the City of Texarkana, Arkansas will sell treated water to the City of Texarkana, Texas at the cost per one thousand gallons of water supplied to it as shall be computed to be the cost to Texarkana, Arkansas. The Texas Utilities made total transfers to the Arkansas Utilities for water purchases of \$1,205,580 for 2024. In addition, the Union Utility made total transfers to the Arkansas Utilities for water purchases of \$46,062 for 2024, respectively. The Mandeville Utility made total transfers to the Arkansas Utilities for water purchases of \$11,175 for 2024.

Additionally, when the indebtedness the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the water treatment and transmission facilities has been

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total capital payments made on the system by both Texarkana, Arkansas and Texarkana, Texas. Capital payments are defined as payments made or to be made on the principal for the bond obligations of Texarkana, Arkansas. During 2024, the Texas Utilities made total transfers to the Arkansas Utilities for debt service of \$417,336.

Note 8: Wastewater Agreements Between Cities of Texarkana, Texas and Texarkana, Arkansas

South Regional Wastewater Facilities

A wastewater agreement dated March 1, 1983, was entered into between the City of Texarkana, Arkansas and the City of Texarkana, Texas. The agreement is a supplement to the previous agreement and provides that the City of Texarkana, Texas will process the wastewater from the City of Texarkana, Arkansas and charge the City of Texarkana, Arkansas the same amount per one thousand gallons as computed to be the cost to the City of Texarkana, Texas for wastewater treatment. The calculation of cost for retail customers billed on the City Rate Ordinance is based on the metered retail water sales of each City to the total retail water sales for both Cities. The contract wastewater treatment cost to the Cities is based on metered wastewater treated in combination with the retail customers for each City to the total for both Cities.

McKinney Bayou Wastewater Facilities

A wastewater agreement dated December 15, 1997, was entered into between the City of Texarkana, Arkansas and the City of Texarkana, Texas. The agreement relates to the operation and maintenance of a wastewater treatment facility, known as the McKinney Bayou Wastewater Facilities (the facilities), and related transmission lines located within the City of Texarkana, Arkansas to be used for the collection and treatment of a portion of the two cities' wastewater. The agreement provides that the City of Texarkana, Arkansas will process a portion of the wastewater from the City of Texarkana, Texas. The City of Texarkana, Texas will pay the City of Texarkana, Arkansas the same amount per one thousand gallons as computed to be the cost to the City of Texarkana, Arkansas for wastewater treatment. The calculation of cost for retail customers billed is based on the metered retail water sales of each City, whose wastewater is treated in the facilities, to the total retail water sales for both Cities, whose wastewater is being treated in the facilities.

The agreement further provides that, when the indebtedness of the City of Texarkana, Arkansas incurred in connection with the acquisition and construction of the wastewater treatment facilities has been discharged, the City of Texarkana, Arkansas will convey to the City of Texarkana, Texas an undivided interest in the system facilities used to serve Texas. Texarkana, Texas' undivided interest in the facilities shall be a pro rata portion of the total payments on bond obligations made on the system by both Texarkana, Arkansas and Texarkana, Texas. During 2024, the Texas Utilities made transfers to the Arkansas Utilities for debt service in the amounts of \$127,996. The effective transfer of assets pursuant to this agreement has been recorded as a note payable between the Utilities.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Note 9: Pension Plans

Substantially all of the City's employees receive retirement benefits. The City sponsors three single employer defined benefit plans that are reported as pension trust funds. The plan year end for the Texarkana, Arkansas Public Employees Retirement System (TAPERS), and the Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS), is June 30, 2024. The other single employer defined benefit plan is the Police Relief and Pension Fund (PRPF). The Firemen Relief and Pension Fund (FRPF) is an agent multi-employer plan, which also has a December 31 year end. The City also contributes to the Local Police and Fire Retirement System (LOPFI), a statewide cost-sharing multiple-employer defined benefit pension plan and the District Judges' division of Arkansas Public Employees Retirement System (APERS), a statewide cost-sharing multiple-employer public retirement system. Employees of the Enterprise funds (Utilities) participate in the Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The assets of the plans are maintained in legally separate trusts and each plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of Texarkana's financial statements for its single employer defined benefit plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices. The fair value of investments in mutual funds is determined using the fund's current per share price.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

B. Membership Information

Membership of each City administered plan consisted of the following at the plans most recent fiscal year-end:

	<u>June 30, 2024</u>		<u>December 31, 2024</u>
	<u>TAPERS</u>	<u>TWUPERS</u>	<u>PRPF</u>
Retirees and beneficiaries			
receiving benefits	32	8	36
Active plan members	10	7	-
Terminated members	30	21	-
Transitioned members	11	-	-
Total	<u>83</u>	<u>36</u>	<u>36</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

C. Financial Information

Separate financial reports are not issued on each plan. The following is the condensed financial information of the pension trust funds:

	Statement of Fiduciary Net Position			
	June 30, 2024		December 31, 2024	
	TAPERS	TWUPERS	PRPF	Total
Assets				
Cash and cash equivalents	\$ 160,004	\$ 77,245	\$ 560,903	\$ 798,152
Investments	2,185,441	3,038,988	4,519,915	9,744,344
Receivables	112,987	10,879	27,696	151,562
Due from other funds	-	-	576,162	576,162
	2,458,432	3,127,112	5,684,676	11,270,220
Liabilities				
Accounts payable	21,052	1,939	17,659	40,650
	21,052	1,939	17,659	40,650
Net Position				
Net position restricted for pensions	\$ 2,437,380	\$ 3,125,173	\$ 5,667,017	\$ 11,229,570

	Statement of Changes in Fiduciary Net Position			
	TAPERS	TWUPERS	PRPF	Total
Additions				
Contributions	\$ 327,220	\$ -	\$ 738,201	\$ 1,065,421
Intergovernmental	-	-	362,022	362,022
Other	-	-	41,063	41,063
Net investment income	364,308	258,094	68,333	690,735
	691,528	258,094	1,209,619	2,159,241
Deductions				
Benefits paid directly to participants	444,925	25,149	1,018,813	1,488,887
Administrative expenses and other	10,976	4,170	25,634	40,780
	455,901	29,319	1,044,447	1,529,667
Net Increase in Net Position	235,627	228,775	165,172	629,574
Net Position Restricted For Pensions, Beginning of Year	2,201,753	2,896,398	5,501,845	10,599,996
Net Position Restricted For Pensions, End of Year	\$ 2,437,380	\$ 3,125,173	\$ 5,667,017	\$ 11,229,570

City of Texarkana, Arkansas
Notes to Financial Statements
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D. Plan Descriptions and Funding Information

The City of Texarkana, Arkansas participates in seven defined benefit pension plans; which are comprised of three single-employer defined benefit pension plans, two cost-sharing defined benefit pension plans and two agent-multiple employer defined benefit pension plans, each of which are described and illustrated in detail below. Aggregate amounts for the seven pension plans are as follows:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Outflows of Resources - Contributions	Deferred Inflows of Resources	Pension Expense/(Income)
TAPERS	\$ -	\$ 6,189,187	\$ -	\$ 18,556	\$ 152,300	\$ 267,546
TWUPERS	2,475,546	-	-	-	-	250,621
PRPF	-	5,226,445	80,919	-	-	443,089
LOPFI	-	17,918,606	3,922,296	1,968,484	2,039,026	1,668,179
APERS	-	67,122	12,292	4,966	2,744	8,224
FRPF	-	255,674	199,118	-	-	(343,092)
TMRS	-	2,117,704	531,173	433,187	102,654	433,229
Total	<u>\$ 2,475,546</u>	<u>\$ 31,774,738</u>	<u>\$ 4,745,798</u>	<u>\$ 2,425,193</u>	<u>\$ 2,296,724</u>	<u>\$ 2,727,796</u>

Single-Employer Defined Benefit Pension Plans

The *Texarkana, Arkansas Public Employees Retirement System (TAPERS)* is a single-employer defined benefit pension plan administered by the Retirement Board of the City. The Retirement Board consists of two or more members appointed by the employer. Members of the Board are not required to be a participant within the plan.

TAPERS provides retirement benefits as well as death and disability benefits. Benefits vest on a graded schedule of 0% after 5 years, 20% after 6 years with an additional 20% added each year after that. Benefits are 100% vested after 10 years. Employees who retire at age 65 are entitled to a benefit of 1.8% of average annual compensation for each year of service. Average compensation is the average at the 5 consecutive years which give the highest result. Employees may retire early at or after age 55 with ten years of service. The benefit is computed as for normal retirement, but for participants who retire prior to age 60 with less than 20 years of vesting service, the benefit is reduced by 1/360th for each month preceding normal retirement date. Participants who are 60 years of age and have completed 20 years of vesting service or who are 55 year of age and have completed 30 years of vesting service have no reduction of their accrued benefits. The benefit is paid as a monthly life annuity. Other options may be elected. Late retirement, pre-retirement death benefits and disability benefits are also available in an amount actuarially equivalent to the present value of accrued benefits. There are no automatic Cost of Living Adjustments (COLAs) in this plan. No ad hoc COLAs have been given in the past.

City of Texarkana, Arkansas
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The plan was closed to employees who are not participants as of July 1, 2012. Participants who were not 100% vested in their retirement benefit as of July 1, 2012 (“Transitioned Participants”) will not receive any additional benefit accruals in the retirement system. These members will continue to earn service for the purposes of vesting and eligibility for early retirement. These Transition Participants will also not be eligible to receive a disability retirement benefit if they become disabled after the effective date of the plan change. Active participants who continue to earn benefit accruals in the retirement system will be required to contribute 2% of pay. The City of Texarkana also increased the employer contributions to the plan from 6% of pay to 10% of covered pay plus provided additional, annual appropriations to further strengthen the benefit security of the plan.

Contributions to the TAPERS are funded by the City of Texarkana, Arkansas. The annual contribution is guided by an annual cost valuation based on the frozen entry age cost method. However, since there is no longer any initial unfunded accrued liability, it is equivalent to the aggregate method. The Annual Required Contribution (ARC) is defined based on the aggregate cost method. Because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Administrative costs are financed from the trust. Employer contributions for the year ended December 31, 2024, were \$333,512.

The asset concentrations of over 5% are as follows:

Bank OZK Institutional INT Bearing Business	\$ 158,000
US Treasury Bond 3% 07/15/2025	244,760
US Treasury Bond 3% 07/31/2024	199,608
Harbor Capital Appreciation FD 12	441,533
Hartford Equity Income	334,668
Harding Loevner Intl Equity	152,162
Brandes International Equity FD	156,280

The ***Policemen’s Relief and Pension Fund (PRPF)*** is a single-employer defined benefit pension plan administered by a Board of Trustees, established in accordance with legislation enacted by the Arkansas General Assembly. The Board of Trustees consists of two members of City Management and five members elected by the plan members. The elected members are required to be participants within the plan. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen’s Fund assets are administered by a Board of Trustees.

City of Texarkana, Arkansas
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The Policemen’s Fund provides retirement benefits for policemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member’s final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member’s final salary. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member’s final salary. The PRPF also provides benefits for surviving spouses and dependent children in which widow’s receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to 10 years. All policemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the PRPF is effectively closed to new members.

Contributions to the Policemen’s Fund are set forth in Arkansas statute. The City’s contribution to the Policemen’s Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a percentage of fines and forfeitures collected. Administrative costs are financed by the Policemen’s Fund. Total contributions to the Policemen’s Fund were \$1,141,286. The City’s share of contributions was \$1,141,286 and included \$738,201 in property taxes, \$41,063 in other taxes and \$362,022 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

The asset concentrations of over 5% are as follows:

Federated Government Obligation	\$ 463,301
Harbor Capital Appreciation	749,641
The Hartford Equity Income	708,990
AlpsSmith Total Return Bonds	255,839
Lord Abbett Investment Trust	256,776
Weitz Funds Core PL Instl	264,422
Brandes International Equity FD	306,707
Harding Loevner Intl Equity	295,338

The plan has elected to participate in the Deferred Retirement Option Plan effective December 20, 1993. Members who elect to participate have a DROP account that is increased by the monthly amount of their retirement as if they had retired as of the date DROP was elected. As of December 31, 2024, the balances of these DROP accounts were \$2,014,515.

City of Texarkana, Arkansas

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The *Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)* is a single-employer, defined benefit pension plan established under Arkansas state law. Plan assets are administered by a committee appointed by the Texarkana, Arkansas Board of Directors. The committee consists of two or more members appointed by the employer. Members of the committee are not required to be a participant within the plan. The plan funds are held by an independent trustee.

The TWUPERS Plan provides retirement benefits as well as death and disability benefits. A participant is eligible for normal retirement benefits upon attainment of age 65. The annual normal retirement benefit, payable monthly, is equal to 1.8% of average annual earnings for each year of service credited. Average annual earnings are the average of the earnings received by the participant during the five consecutive years of highest earnings. Reduced early retirement benefit is available to participants who are at least age 55 and have 10 years of participation. The reduction is 1/360th for each month or part thereof by which the payment commencement date precedes the normal retirement date. Participants who are 60 years of age and have completed 20 years of vesting service or who are 55 years of age and have completed 30 years of vesting service, have no reduction of their accrued benefit. The benefit is paid as a monthly life annuity. Other options may be elected. Late retirement, pre-retirement death benefits and disability benefits are also available in an amount actuarially equivalent to the present value of accrued benefits. There are no automatic Cost of Living Adjustments (COLA) in this plan. No ad hoc COLA's have been given in the past. An amendment froze the plan as of November 15, 2000 and made all active participants 100% vested. Due to the plan freeze, no employee will become a participant after November 15, 2000.

Since the Plan was frozen as of November 15, 2000. There have been no required contributions or contributions made to the plan since 2000.

The asset concentrations of over 5% are as follows:

MFS Value Fund	\$	300,232
I Shares S + P 500		418,096
EuroPacific Growth Fund		170,748
JOHNCM International Select Fund		175,303

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Police Relief and Pension Fund. Actuarial evaluations are performed biennially, and the last evaluation was for the year ended December 31, 2024. Actuarial assumptions used in evaluating the fund and applicable to the PRPF include the following:

Valuation date	December 31, 2024
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Open amortization period
Amortization period	5 years
Assumptions:	
Inflation rate	2.50%
Investment rate of return	5.00%
Projected salary increases	N/A

Information pertaining to the actuarial valuations used for the remaining two single-employer defined benefit pension plans follows:

	TAPERS	TWUPERS
Actuarial valuation date	6/30/2024	6/30/2024
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Not applicable
Remaining amortization period	20 years	Not applicable
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	5.00%	3.50%
Projected salary increases	3.00%	N/A
Includes inflation at	2.25%	2.75%
Cost-of-living adjustments	None	None
Mortality table	MP-2014	2024 Funding Target

City of Texarkana, Arkansas
Notes to Financial Statements
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Net Pension Asset/Liability

The components of the net pension asset or liability of the City were as follows:

Plan	Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)	Plan Net Position as a % of Total Pension Asset/Liability
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2024	\$ 8,709,847	\$ 2,520,660	\$ (6,189,187)	28.94%
Police Relief and Pension Fund (PRPF)	12/31/2024	10,931,132	5,704,687	(5,226,445)	52.19%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2024	649,627	3,125,173	2,475,546	481.07%

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds, the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return and the associated asset allocation are shown in the tables below:

Targeted Asset Allocation			
Asset Class	TAPERS	PRPF	TWUPERS
Domestic Fixed Income		80.00%	
Domestic Equity	48.00%	10.00%	
Foreign Equity	6.00%		
Equities			43.50%
Fixed Income	39.00%		53.70%
Real Estate (REIT)	2.00%		
Marketable			1.60%
Cash & Equivalents	5.00%	10.00%	1.20%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

City of Texarkana, Arkansas
Notes to Financial Statements
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Discount Rate

Texarkana, Arkansas Public Employees Retirement System (TAPERS)

In the June 30, 2024 actuarial valuation, a blended discount rate of 4.26% (4.11% in the prior year) was used to measure the total pension liability. This blended discount rate was based on the expected rate of return on pension plan investments of 5.00% and a municipal bond rate of 3.96% (based on the Fidelity Index's 20-year Municipal GO AA Index as of June 30, 2024). Based on the stated assumptions and the projection of cash flows, the pension plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the 2037 fiscal year. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2037 fiscal year and the municipal bond rate was applied to all benefit payments after that date.

Policemen's Relief and Pension Fund (PRPF)

In the December 31, 2024 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)

In the June 30, 2024 actuarial valuation, a single discount rate of 3.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 3.5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas
Notes to Financial Statements
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Changes in the Net Pension Liability

Texarkana, Arkansas Public Employees Retirement System (TAPERS)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2024	\$ 8,764,411	\$ 2,201,753	\$ 6,562,658
Changes for the year:			
Service cost	84,126	-	84,126
Interest	353,502	-	353,502
Differences between expected and actual experience	71,328	-	71,328
Assumption changes	(149,279)	-	(149,279)
Contributions - employer	-	333,512	(333,512)
Contributions - employee	-	9,817	(9,817)
Net investment income	-	364,310	(364,310)
Benefit payments, including refunds of employee contributions	(414,241)	(414,241)	-
Administrative expense	-	(37,316)	37,316
Other changes	-	62,825	(62,825)
Net changes	(54,564)	318,907	(373,471)
Balances at December 31, 2024	\$ 8,709,847	\$ 2,520,660	\$ 6,189,187

City of Texarkana, Arkansas
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Policemen's Relief and Pension Fund (PRPF)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2024	\$ 11,118,073	\$ 5,501,845	\$ 5,616,228
Changes for the year:			
Service cost	-	-	-
Interest	533,017	-	533,017
Differences between expected and actual experience	195,525	-	195,525
Contributions - employer	-	985,725	(985,725)
Net investment income	-	81,267	(81,267)
Benefit payments, including refunds of employee contributions	(915,483)	(915,483)	-
Other changes	-	51,333	(51,333)
Net changes	(186,941)	202,842	(389,783)
Balances at December 31, 2024	\$ 10,931,132	\$ 5,704,687	\$ 5,226,445

Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at January 1, 2024	\$ 671,473	\$ 2,896,398	\$ (2,224,925)
Changes for the year:			
Interest	23,061	-	23,061
Differences between expected and actual experience	(19,758)	-	(19,758)
Net investment income	-	258,094	(258,094)
Benefit payments, including refunds of employee contributions	(25,149)	(25,149)	-
Administrative expense	-	(4,170)	4,170
Net changes	(21,846)	228,775	(250,621)
Balances at December 31, 2024	\$ 649,627	\$ 3,125,173	\$ (2,475,546)

City of Texarkana, Arkansas
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Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the net pension liability/(asset) for each plan of the City using the current rate as compared to what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage higher than the current rate:

		Sensitivity of the Net Position Liability/(Asset) to the Single Discount Rate Assumption		
		1% Decrease 3.26%	Current Blended Rate Assumption 4.26%	1% Increase 5.26%
TAPERS	Net Pension Liability	\$ 7,330,704	\$ 6,189,187	\$ 5,353,488
		1% Decrease 4.00%	Current Single Rate Assumption 5.00%	1% Increase 6.00%
PRPF	Net Pension Liability	\$ 5,836,653	\$ 5,226,445	\$ 4,611,934
		1% Decrease 2.50%	Current Single Rate Assumption 3.50%	1% Increase 4.50%
TWUPERS	Net Pension Asset	\$ (2,407,710)	\$ (2,475,546)	\$ (2,532,753)

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

Plan	FY Ended	Annual Return
Texarkana, Arkansas Public Employees Retirement System (TAPERS)	6/30/2024	16.92%
Police Relief and Pension Fund (PRPF)	12/31/2024	1.66%
Texarkana, Arkansas Water Utilities Employee Retirement System (TWUPERS)	6/30/2024	8.96%

City of Texarkana, Arkansas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of 267,546 for TAPERS, \$250,621 for TWUPERS and \$443,089 for PRPF. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to these pensions from the following sources:

TAPERS

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows (Inflows) of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 152,300	\$ (152,300)
Contributions subsequent to the measurement date	18,556	-	18,556
Total	<u>\$ 18,556</u>	<u>\$ 152,300</u>	<u>\$ (133,744)</u>

PRPF

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 80,919	\$ -	\$ 80,919
Total	<u>\$ 80,919</u>	<u>\$ -</u>	<u>\$ 80,919</u>

City of Texarkana, Arkansas
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The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$18,556 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

TAPERS

Year Ending December 31	Net Deferred Outflows of Resources
2025	\$ (58,748)
2026	18,105
2027	(60,279)
2028	(51,378)
Total	\$ (152,300)

PRPF

Year Ending December 31	Net Deferred Inflows of Resources
2025	\$ 17,845
2026	75,197
2027	(44,764)
2028	32,641
Total	\$ 80,919

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

The *Arkansas District Judges Retirement System* (ADJRS) provides pension benefits for the City’s municipal judges. In accordance with Act 1374 of 2003, the ADJRS was established effective January 1, 2005 and the City’s local plan was abolished. A deferred benefit was established for all district judges and court clerks in the local plans that were active on December 31, 2004. These deferred annuities will be eligible for benefits when the eligibility requirements for their previous local plans are met. Act 177 of the 86th General Assembly abolished the ADJRS and transferred all powers, duties and plan liabilities to the Arkansas Public Retirement System (APERS) effective July 1, 2007. The APERS plan, which includes the District Judges’ division, is a cost-sharing multiple-employer public retirement system. All current members in the former ADJRS system maintain the same benefit package.

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APERS issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained by writing to 124 West Capitol Avenue, Suite 400, Little Rock, AR 72201.

Benefits provided. Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005, while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the members final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional .5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

Under both the non-contributory and contributory plan, the member's final average salary is the highest 36 calendar months of covered compensation. In addition, a cost-of-living adjustment of 3% annually is included in the current benefits.

Contributions. Contributions to APERS are made by both the members (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City contributed 14.59% of covered employee's salaries to the plan for the period January 1, 2024 to December 31, 2024. Contributions made to the plan the City for the year ended December 31, 2024, amounted to \$4,966. There were no contributions made by the Member.

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

At December 31, 2024, the City reported a liability of \$67,122 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the .00269771 percent, which was an increase of .000014864 percent from the prior year.

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For the year ended December 31, 2024, the City recognized pension expense of \$8,224. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,605	\$ 2,744
Change of assumptions	2,339	-
Changes in proportion	5,401	-
Net difference between projected and actual earnings on pension plan investments	1,947	-
Contributions subsequent to the measurement date	4,966	-
Total	\$ 17,258	\$ 2,744

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,966 will be recognized as a reduction of the net pension liability for the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as:

	Year Ending December 31
2025	\$ (591)
2026	9,266
2027	(2,923)
2028	3,796
Total	\$ 9,548

City of Texarkana, Arkansas
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Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 9.85 percent, average, including inflation
Investment rate of return	7.00% net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022. As a result of the 2022 actuarial experience study, the expectation of life after disability was adjusted in the June 30, actuarial evaluation to more closely reflect actual experience.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39%	5.03%
International Equity	17%	6.34%
Real Estate	16%	4.51%
Private Equity	5%	9.00%
Hedge Funds	2%	3.63%
Domestic Fixed	21%	3.38%
Total	100%	

Discount Rate

In the June 30, 2024 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on the assumptions made, found that the pension plan’s net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	Sensitivity of the Net Pension Liability (Asset) to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	\$ 114,535	\$ 67,122	\$ 28,034

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued APERS financial report.

City of Texarkana, Arkansas

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The *Local Police and Fire Retirement System (LOPFI)* is a statewide cost-sharing multiple-employer defined benefit retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the Plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained by contacting the following:

Arkansas Local Police and Fire Retirement System
P.O. Drawer 34164
Little Rock, Arkansas 72203
501.682.1745

Benefits provided. LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age at retirement, retirement multiplier, amount of credit services (years and months), and final average pay (FAP). Each option available to the member provides for a different calculation based on these factors.

Contributions. Contributions to LOPFI are made by both the members and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 8.5 percent of covered payroll for policemen and firemen. The City contributed 24.00% of covered employee's salaries to the plan for policeman and 24.00% of covered employees' salaries to the plan for firemen for the year ended December 31, 2024. Contributions made to the plan by employees and the City for the year ended December 31, 2024 amounted to \$766,370 and \$1,968,484, respectively.

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

At December 31, 2024, the City reported a liability of \$17,918,606 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2023, the City's proportion was 1.79018 percent, which was a decrease of .18971 percent from the prior year.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

For the year ended December 31, 2024, the City recognized pension expense of \$1,668,179. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,196,441	\$ -
Change of assumptions	67,438	838,298
Net difference between projected and actual earnings on pension plan investments	1,658,417	-
Changes in proportion	-	1,200,728
Contributions subsequent to the measurement date	<u>1,968,484</u>	<u>-</u>
Total	<u>\$ 5,890,780</u>	<u>\$ 2,039,026</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,968,484 will be recognized as a reduction of the net pension liability for the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as:

<u>Year Ending December 31</u>	
2025	\$ 433,584
2026	949,851
2027	1,291,721
2028	<u>(791,886)</u>
Total	<u>\$ 1,883,270</u>

City of Texarkana, Arkansas
Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.25 percent
Wage inflation	3.00 percent
Salary increases	3.50 to 18.00 percent, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	1.18%
U.S. Stock - Small Cap	21%	1.23%
International Equity	9%	0.62%
Emerging Markets	9%	0.81%
U.S. Corporate Bonds	25%	0.57%
Real Estate	5%	0.18%
Private Equity	10%	0.95%
Total	100%	

City of Texarkana, Arkansas
Notes to Financial Statements
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Discount Rate

In the December 31, 2023 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on the assumptions made, found that the pension plan’s net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's proportionate share of the net pension liability	<u>\$ 1,568,968,526</u>	<u>\$ 17,918,606</u>	<u>\$ 9,693,567</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report.

Agent Multiple-Employer Defined Benefit Plans

The *Firefighter’s Relief and Pension Fund (FRPF)* is an agent multiple-employer defined benefit pension plan for employees of the Fire Department who were hired prior to January 1, 1983. The Plan was established in accordance with Arkansas statutes and was closed, by state law, to new employees effective January 1, 1983. On September 6, 2016, the City entered into an agreement with the Arkansas local police and fire (LOPFI) retirement system whereby LOPFI assumed responsibility for administration and a portion of the obligation of the Old Plans pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas. Per the Agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the Plan’s net pension obligation over a 15-year open amortization period. The Plan’s benefit structure remains unchanged under the administration of LOPFI. The assets of the Plan are included in the pooled assets of the LOPFI System and a financial report that includes disclosures about the elements of the basic financial statements is available on the LOPFI’s website at www.lopfi-prb.com.

City of Texarkana, Arkansas
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The FRPF provides retirement benefits for firemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member’s final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member’s final salary. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member’s final salary. The FRPF also provides benefits for surviving spouses and dependent children in which widow’s receive the same amount the member is receiving or would be eligible to receive and children receive \$1,500 per year until age 18 (23, if still in school). No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to 10 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Fire and Fire Retirement System created by Act 364 of 1981. Therefore, the FRPF is effectively closed to new members.

Contributions to the Firemen’s Fund were previously set forth in Arkansas statute. The City’s contribution to the Firemen’s Fund previously consisted of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs were financed by the Firemen’s Fund. As the administration of the Plan was transferred to LOPFI in 2016, contributions from that point forth will now be actuarially determined annually. Contributions made to the plan by the City for the year ended December 31, 2023 amounted to \$92,188.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	23
DROP members	-
Active members	-
	-
Total	23

As the plan is closed to new members and there are no active members included in the plan, there are no contributions made by members to the plan. The contribution rate for the City is actuarially determined on an annual basis.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

Actuarial Assumptions

Valuation date	December 31, 2023
Cost method	Individual entry-age normal
Asset valuation method	Market value of assets
Amortization method	Closed amortization period
Amortization period	10 years
Assumptions:	
Inflation rate	2.25%
Investment rate of return	7.25%
Projected salary increases	N/A

Mortality rates for retirees, beneficiaries, and DROP members were based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 7.25%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the LOPFI Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of the plan.

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	5.62%
U.S. Stock - Small Cap	21%	5.86%
International Equity	9%	6.92%
Emerging Markets	9%	8.95%
U.S. Corporate Bonds	25%	2.29%
Real Estate	5%	3.61%
Private Equity	10%	9.48%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of retired and DROP members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2024	\$ 5,715,545	\$ 4,759,450	\$ 956,095
Changes for the year:			
Service cost	-	-	-
Interest	391,808	-	391,808
Differences between expected and actual experience	(311,947)	-	(311,947)
Assumption changes	-	-	-
Contributions - employer	-	92,188	(92,188)
Contributions - employee	-	-	-
Net investment income	-	693,909	(693,909)
Benefit payments, including refunds of employee contributions	(622,603)	(622,603)	-
Administrative expense	-	(5,815)	5,815
Net changes	<u>(542,742)</u>	<u>157,679</u>	<u>(700,421)</u>
Balances at December 31, 2024	<u>\$ 5,172,803</u>	<u>\$ 4,917,129</u>	<u>\$ 255,674</u>

City of Texarkana, Arkansas
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Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the net pension liability/(asset) for the City using the current rate as compared to what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Sensitivity of the Net Position Liability (Asset) to the Single Discount Rate Assumption		
	1% Decrease	Current Single Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability/(Asset)	\$ 627,649	\$ 255,674	\$ (79,877)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources

For the year ended December 31, 2024, the City recognized pension income of \$343,092 related to this plan.

At December 31, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 199,118
Total	\$ 199,118

The amounts reported as deferred outflows of resources related to pensions will be recognized in pension income as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2025	\$ 12,496
2026	77,386
2027	182,895
2028	(73,659)
Total	\$ 199,118

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The *Texas Municipal Retirement System* (TMRS) provides pension benefits for all of the Utilities' full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Utilities are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS at P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Benefits. TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the Utility, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Utility-finance monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of the benefit as a Partial Lump Sum Distribution in the amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan's provisions are adopted by the Texarkana, Texas City Council, within the options available in the state statutes governing TMRS. Plan provisions for the Utility were as follows:

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Updated Service Credit:	
Rate	100T
Year effective	1992R
Increased benefits to retirees	
Rate	70%
Year effective	1992R
Military service credit effective date	October 1988
Years required for vesting	5 Years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Restricted prior service credit effective date	June 1995

City of Texarkana, Arkansas
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At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms for the plan as a whole:

Inactive employees or beneficiaries currently receiving benefits	136
Inactive employees entitled to but not yet receiving benefits	78
Active Employees	178
 Total	 392

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Utility. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Utility were required to contribute 7% of their annual gross earnings during the fiscal year. The Utility’s contributions to TMRS for the year ended December 31, 2024, were \$443,187, and were equal to the required contributions.

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.65%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

City of Texarkana, Arkansas
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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Real Return	12.00%	8.10%
Real Estate	12.00%	5.80%
Absolute Return	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Texarkana, Arkansas
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Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2024	\$ 17,829,685	\$ 14,830,371	\$ 2,999,314
Changes for the year:			
Service cost	465,535	-	465,535
Interest	1,173,118	-	1,173,118
Differences between expected and actual experience	74	-	74
Assumption changes	(130,733)	-	(130,733)
Contributions - employer	-	500,808	(500,808)
Contributions - employee	-	209,919	(209,919)
Net investment income	-	1,689,713	(1,689,713)
Benefit payments, including refunds of employee contributions	(885,741)	(885,741)	-
Administrative expense	-	(10,757)	10,757
Other changes	-	(79)	79
Net changes	622,253	1,503,863	(881,610)
Balances at December 31, 2024	\$ 18,451,938	\$ 16,334,234	\$ 2,117,704

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the net pension liability/(asset) for the Utility using the current rate as compared to what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Utility's Net Pension Liability/(Asset)	\$ 4,473,385	\$ 2,117,704	\$ 167,643

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

For the year ended December 31, 2024, the Utility recognized pension expense of \$433,229.

City of Texarkana, Arkansas
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At December 31, 2024, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,092	\$ 907
Change of assumptions	-	101,747
Net difference between projected and actual earnings on pension plan investments	404,081	-
Contributions subsequent to the measurement date	433,187	-
Total	\$ 964,360	\$ 102,654

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$433,187 will be recognized as a reduction of the net pension liability for the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ending December 31
2025	\$ 156,528
2026	129,495
2027	280,395
2028	(137,899)
Total	\$ 428,519

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Note 10: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City’s plan was amended effective July 15, 1997, to provide that all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

The City has delegated administrative and investment responsibilities to a third party administrator, ICMA Retirement Corporation, and as such, the plan assets do not meet the requirements for inclusion in the City’s financial statements as of December 31, 2024.

Note 11: Other Postemployment Benefits

The City of Texarkana, Arkansas participates in two other postemployment benefit plans. The aggregate amounts for the two plans are as follows:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities	\$ 1,565,175	\$ 475,950	\$ 2,205,209	\$ 1,587
Proprietary Funds	485,165	25,257	146,594	240,001
	<u>\$ 2,050,340</u>	<u>\$ 501,207</u>	<u>\$ 2,351,803</u>	<u>\$ 241,588</u>

Governmental Activities

Plan Description: The City of Texarkana sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal city official or employee vested in any of the City’s retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City’s healthcare plan after retirement. The State of Arkansas has the authority to establish and amend the requirements of this statute. The City does not issue stand-alone financial statements of the plan but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City’s health insurance plan. Currently, retired employees who retired under age 55 and employees retiring who are under age 55 are eligible to continue medical coverage only with a lifetime maximum benefit of \$250,000 provided they have participated in the Fund for at least five years. Such retired employees and their dependents shall not have benefit of the stop-loss provision or have dental and vision benefits. Retired employees

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

who retired at age 55 and over are eligible to continue medical, dental and vision coverage only. All retired employees shall be entitled to \$5,000 annual reinstatement of benefits. Retired employees may remain covered provided the City remains in the Municipal Health Benefit Fund.

As of December 31, 2024, there are 22 retirees participating in the postemployment health benefit program. Participant contributions totaled \$150,399 in 2024.

Employees covered by benefit terms – at December 31, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not receiving benefit payments	-
Active members	193
 Total	 215

Total OPEB Liability – The City’s total OPEB liability of \$1,565,175 was measured as of December 31, 2024 and was determined by an actuarial valuation as December 31, 2024.

Actuarial Methods and Assumptions – The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.00 percent based on the 20 year municipal bond rate from the S & P Municipal Bond index. Prior discount rate was 4.31 percent based on the 20 year municipal bond rate
Inflation rate	3.00 percent
Healthcare cost trend rates	8.00 percent for 2024 decreasing 0.5% annually, to an ultimate rate of 5.00 percent for 2031
Cost method	Entry age normal
Mortality	RP 2014 Mortality Table

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Changes in Total OPEB Liability

Total OPEB liability - January 1	<u>\$ 2,811,173</u>
Service Cost	60,148
Interest	111,845
Differences between expected and actual experience	(1,236,395)
Changes of assumptions or other inputs	(31,197)
Benefit payments	<u>(150,399)</u>
Net change in total OPEB liability	<u>(1,245,998)</u>
Total OPEB liability - December 31	<u><u>\$ 1,565,175</u></u>

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current discount rate:

	<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>		
	1% Decrease 3.28%	Discount Rate 4.28%	1% Increase 5.28%
Other Postemployment Benefits Liability	<u>\$ 1,679,847</u>	<u>\$ 1,565,175</u>	<u>\$ 1,459,562</u>

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates – The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</u>		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Other Postemployment Benefits Liability	<u>\$ 1,422,774</u>	<u>\$ 1,565,175</u>	<u>\$ 1,731,250</u>

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

OPEB Expense and Deferred Outflows/ Inflows of Resources Related to OPEB – For the year ended December 31, 2024, the City recognized OPEB expense of \$1,587. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 162,749	\$ 1,745,070
Changes of assumptions	313,201	460,139
Total	\$ 475,950	\$ 2,205,209

The balances as of December 31, 2024 of the deferred outflows/inflows of resources will be recognized in OPEB expense in the future fiscal years as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost
2025	\$ (170,406)
2026	(170,406)
2027	(170,406)
2028	(170,406)
2029	(170,412)
Thereafter	(877,223)
	\$ (1,729,259)

Required Supplementary Information – Required supplementary information for the schedule of changes in City’s total OPEB liability and related ratios is presented immediately following the Notes to the Financial Statements.

Proprietary Funds

In addition to the retirement benefits described in *Note 9*, eligible employees hired before January 1, 2010, receive upon retirement 1) a lump sum payment of their sick leave balance at retirement which is equal to their sick leave hours (limited to 720 for non-Civil Service) valued at their hourly pay rate, and 2) an additional amount equal to their sick leave balance used to pay future monthly healthcare contributions. Since the sick leave balance in item two can only be used for healthcare, it is included as a single-employer other postemployment defined benefit plan (OPEB).

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Upon retirement, eligible employees hired after January 1, 2010 may choose either a lump sum payment of up to 720 hours of sick leave at their current rate of pay or an equivalent amount to be used to pay future monthly healthcare contributions, but they cannot get both. Once retirees participating in postemployment health care benefits reach sufficient age to become Medicare eligible, they can no longer remain on the insurance, but if they enroll in Medicare, their Medicare supplement premiums can then be paid from any remaining sick leave buyout balance. Eligible employees who retire at Medicare eligible age cannot remain on the employer insurance, but their Medicare supplement premiums can be paid from their sick leave buyout balance.

Eligible employees who choose to remain on the employer insurance are allowed to continue any coverage they may have at retirement, which includes self, spouse, children, and family coverage options, but those coverage options cannot be added post-retirement.

For the plan, no assets are accumulated in a trust that meet the criteria of GASB Statement No. 75.

At the September 30, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Actives	178
Retirees	13
Total	191

Contributions

Benefit levels and contribution rates are approved annually by City management and the City Council as part of the budget process. The Utility does not make advance funding contributions, but instead operates under a pay-as-you-go method. An irrevocable trust has not been established that meets the criteria established under GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund and does not issue a separate financial report.

Total OPEB Liability

The Utility’s Total OPEB Liability was measured as of September 30, 2024 and Total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation as of October 1, 2024.

Actuarial methods and assumptions

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under this method, a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant’s date of employment by the employer or any predecessor employer (thus, entry age) to his assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

sufficient to fund his projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used.

Valuation Date	October 1, 2024
Measurement Date	September 30, 2024
Discount Rate for Valuing Liabilities	4.06% per annum, as required by GASB 75 (4.87% in prior year)
Rate of Inflation	2.5%, per annum
Mortality Rates	Non-Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general employees with mortality improvement scale MP-2021 Annuitants: Sex distinct headcount weighted 2010 PUB mortality table for general retirees with mortality scale MP-2021
Assumed Sick Leave Balance	Active participants assumed to have the maximum sick leave balance accrued at time of retirement. Retirees use actual sick leave balance.
Disability Rates	None
Payroll Increase	2.75%
Participation Assumption	100% of those with an accrued balance at retirement are assumed to elect medical coverage and 25% of retirees are assumed to cover their spouse.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Changes in Total OPEB Liability

Balance as of January 1, 2024	\$	422,692
Changes for the year:		
Service cost		35,388
Interest on total OPEB liability		23,042
Difference between expected and actual experience		-
Effect of assumptions changes or inputs		20,536
Benefit payments		(16,493)
		(16,493)
Balance as of December 31, 2024	\$	485,165

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Utility calculated using the discount rate of 4.06%, as well as what the Utility’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.06%) or 1% higher (5.06%) than the current rate. This is also calculated using healthcare cost trend rates.

Discount Rate Sensitivity			Healthcare Cost Trend Rates		
1% Decrease 3.06%	Discount Rate 4.06%	1% Increase 5.06%	1% Decrease 5.51%/3.79%	Current Rates 6.51%/4.79%	1% Increase 7.51%/5.79%
\$ 434,270	\$ 485,165	\$ 388,872	\$ 405,124	\$ 485,165	\$ 417,212

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the Utility recognized the OPEB expense of \$240,001.

At December 31, 2024, the Utility had deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	25,257	146,594
Total	\$ 25,257	\$ 146,594

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year December 31	Amounts to be Expenses in Future Expense Calculations
2025	\$ (24,717)
2026	(33,218)
2027	(32,773)
2028	(22,097)
2029	(11,803)
2030	3,271
	\$ (121,337)

Note 12: Risk Management

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided through the Arkansas Public Entities Risk Management Association (APERMA), which is an association of local governments. APERMA provides the City with property coverage. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered City property.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

The city provides statutory workmen's compensation benefits under an insured plan of the Arkansas Municipal League Workers Compensation Trust. Costs of the program are charged to the appropriate fund. Contributions are made by members and the funds are deposited in the Trust account managed by the Arkansas Municipal League and used to pay claims. Depending on the status of the fund at the end of the year, assessments are made or dividends are declared. Unpaid claims reserve represents Arkansas Municipal League's estimation of the amount to be paid for the claims submitted.

There have been no significant reductions in coverage from 2022 to 2024; nor have settlement amounts exceeded insurance coverage for each of the past three years.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Note 13: Property Taxes

City property taxes are levied each November on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Miller County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2024, property taxes receivable of \$7,029,639 and related deferred inflows of resources of \$6,406,566 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

Note 14: Tax Abatements

The City enters into certain tax abatement agreements with local businesses in accordance with State Law for the purpose of attracting or retaining businesses within its jurisdiction. The abatements may be granted to any business located within or promising to relocate to the City.

The City currently has an agreement with a hotel company whereby the City will rebate all A&P taxes for a period of 15 years, to be concluded in 2025, to be used exclusively for the operation and maintenance of the convention center and Water Park constructed. Authority to enter into the agreements were afforded to the City Manager by the City's Board of Directors. In order to be eligible for the abatement, the company was required to construct a hotel/convention center and Water Park in the Crossroads Business Park in Texarkana, Arkansas.

City of Texarkana, Arkansas

Notes to Financial Statements

December 31, 2024

For the fiscal year ended December 31, 2024, the City abated A&P taxes totaling approximately \$62,000, which account for approximately 4% of the A&P fund tax revenue. In addition to the annual rebate, the City has made other commitments in association with the agreement, which include an annual contribution of \$250,000 for 20 years (expiring in 2030) for maintenance and operation of the Water Park. These annual contributions are contingent upon the continued operation of the facilities and the need for maintenance and are evaluated annually. For the fiscal year ended December 31, 2024, the City made an annual contribution of \$375,000 to the company.

There were no amounts received or receivable from other governments in association with the forgone tax revenues.

Note 15: Contingencies and Commitments

Contingencies

The City participates in several federal financial assistance programs. The City's grant programs are subject to multiple compliance requirements and are subject to resolution of questioned costs, if any. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The City is a member of the Arkansas Municipal League (AML). The program shall provide legal defense in civil rights suits against the City government of a participating City and pay judgments imposed on City officials and employees and the City government and city-formed boards and commissions. AML will pay any judgement rendered against the City in an amount not to exceed 25% of the AML available funds at the time the lawsuit was filed or the judgement becomes final, or one million dollars, whichever is less unless a pending case is excluded from coverage. The City shall pay into the program each year a charge established annually. In the opinion of the City Attorney, the amount of financial exposure to the City as a result of litigation matters handled by the Program is not significant to the City.

The City, its agencies, and its employees are defendants in various legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts, and alleged violations of state and federal laws. It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current status of all of the legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

City of Texarkana, Arkansas
Notes to Financial Statements
December 31, 2024

Commitments

On December 22, 2020, the City entered into a joint lease agreement with the City of Texarkana, Arkansas, Public Facilities Board and Miller County. The lease agreement is for a one-year period with options to extend in annual increments through 2041. The option to extend shall be deemed automatically exercised by each Lessee unless one hundred twenty days prior to the end of the term the Lessee shall give notice to the Lessor, the Bondholder and other Lessee written notice that the Lessee does not elect to have this agreement extended. In the event that the extensions are exercised, the City will pay approximately \$306,000 annually through 2041.

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Required Supplementary Information

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – PRPF

Fiscal year ended December 31,	2024	2023	2022	2021	2020
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	533,017	536,061	590,004	592,792	594,556
Benefit Changes	-	-	-	-	-
Difference Between Actual & Expected Experience	195,525	404,357	(604,579)	(89,261)	398,320
Assumption Changes	-	-	-	456,067	-
Benefit Payments	(915,483)	(1,087,135)	(1,041,429)	(989,306)	(1,066,970)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	(186,941)	(146,717)	(1,056,004)	(29,708)	(74,094)
Total Pension Liability - Beginning	11,118,073	11,264,790	12,320,794	12,350,502	12,424,596
Total Pension Liability - Ending (a)	<u>\$ 10,931,132</u>	<u>\$ 11,118,073</u>	<u>\$ 11,264,790</u>	<u>\$ 12,320,794</u>	<u>\$ 12,350,502</u>
Plan Fiduciary Net Position					
Contributions - Employee	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	985,725	869,017	870,270	697,821	678,497
Net Investment Income	81,267	604,813	(354,700)	555,434	559,509
Benefit Payments	(915,483)	(1,087,135)	(1,041,429)	(989,306)	(1,066,970)
Administrative Expense	51,333	-	-	-	(7,300)
Reconciliation Adjustment	-	125,072	(2,574)	2,904	-
Net Change in Plan Fiduciary Net Position	202,842	511,767	(528,433)	266,853	163,736
Plan Fiduciary Net Position - Beginning	5,501,845	4,990,078	5,518,511	5,251,658	5,087,922
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,704,687</u>	<u>\$ 5,501,845</u>	<u>\$ 4,990,078</u>	<u>\$ 5,518,511</u>	<u>\$ 5,251,658</u>
Net Pension Liability (a) - (b)	<u>\$ 5,226,445</u>	<u>\$ 5,616,228</u>	<u>\$ 6,274,712</u>	<u>\$ 6,802,283</u>	<u>\$ 7,098,844</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.19%	49.49%	44.30%	42.52%	40.95%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: This information is presented as of the measurement date, which is December 31.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios – PRPF
(Continued)

Fiscal year ended December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	408,721	628,849	659,269	751,303	878,014
Benefit Changes	-	-	-	-	(378,000)
Difference Between Actual & Expected Experience	193,772	57,548	195,575	(1,311,299)	(476,658)
Assumption Changes	-	-	-	-	-
Benefit Payments	(1,130,268)	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	<u>(527,775)</u>	<u>(336,852)</u>	<u>(551,887)</u>	<u>(1,724,088)</u>	<u>(1,138,977)</u>
Total Pension Liability - Beginning	<u>12,952,371</u>	<u>13,289,223</u>	<u>13,841,110</u>	<u>15,565,198</u>	<u>16,704,175</u>
Total Pension Liability - Ending (a)	<u><u>\$ 12,424,596</u></u>	<u><u>\$ 12,952,371</u></u>	<u><u>\$ 13,289,223</u></u>	<u><u>\$ 13,841,110</u></u>	<u><u>\$ 15,565,198</u></u>
Plan Fiduciary Net Position					
Contributions - Employee	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	759,151	734,533	893,926	895,983	854,698
Net Investment Income	742,303	(186,564)	469,539	365,678	(229,837)
Benefit Payments	(1,130,268)	(1,023,249)	(1,406,731)	(1,164,092)	(1,162,333)
Administrative Expense	6,100	(6,000)	(5,850)	(5,750)	(5,650)
Reconciliation Adjustment	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>377,286</u>	<u>(481,280)</u>	<u>(49,116)</u>	<u>91,819</u>	<u>(543,122)</u>
Plan Fiduciary Net Position - Beginning	<u>4,710,636</u>	<u>5,191,916</u>	<u>5,241,032</u>	<u>5,149,213</u>	<u>5,692,335</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 5,087,922</u></u>	<u><u>\$ 4,710,636</u></u>	<u><u>\$ 5,191,916</u></u>	<u><u>\$ 5,241,032</u></u>	<u><u>\$ 5,149,213</u></u>
Net Pension Liability (a) - (b)	<u><u>\$ 7,336,674</u></u>	<u><u>\$ 8,241,735</u></u>	<u><u>\$ 8,097,307</u></u>	<u><u>\$ 8,600,078</u></u>	<u><u>\$ 10,415,985</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	40.95%	36.37%	39.07%	37.87%	33.08%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: This information is presented as of the measurement date, which is December 31.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions – PRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 2,572,506	\$ 774,794	\$ 1,797,712	N/A	N/A
2016	2,443,461	794,945	1,648,516	N/A	N/A
2017	2,034,940	741,282	1,293,658	N/A	N/A
2018	1,880,817	734,533	1,146,284	N/A	N/A
2019	1,935,832	759,151	1,176,681	N/A	N/A
2020	1,755,461	678,497	1,076,964	N/A	N/A
2021	1,711,724	697,821	1,013,903	N/A	N/A
2022	1,653,429	870,270	783,159	N/A	N/A
2023	1,745,101	1,053,539	691,562	N/A	N/A
2024	1,412,308	1,141,286	271,022	N/A	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization	5 Years
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Mortality	After 2021, Pub-2010 General, Below Median Income, Healthy Set forward 1 year males, 2 years female, projected MP-2020 (Before 2022, 1983 GAM)

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns – PRPF

Fiscal Year Ended December 31,	Annual Return
2015	-4.72%
2016	8.22%
2017	10.91%
2018	-6.22%
2019	21.37%
2020	11.61%
2021	11.21%
2022	-7.23%
2023	13.88%
2024	1.66%

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the City's Net Pension Liability and Related Ratios –
TAPERS**

Fiscal year ended June 30,	2024	2023	2022	2021	2020
Total Pension Liability					
Service Cost	\$ 84,126	\$ 88,977	\$ 152,908	\$ 144,788	\$ 118,256
Interest	353,502	342,363	236,255	292,483	343,890
Difference Between Actual & Expected Experience	71,328	(55,216)	147,575	(564,312)	109,323
Assumption Changes	(149,279)	(271,508)	(2,253,642)	677,215	1,185,194
Benefit Payments	(414,241)	(373,840)	(631,672)	(859,649)	(478,343)
Net Change in Total Pension Liability	(54,564)	(269,224)	(2,348,576)	(309,475)	1,278,320
Total Pension Liability - Beginning	8,764,411	9,033,635	11,382,211	11,691,686	10,413,366
Total Pension Liability - Ending (a)	<u>\$ 8,709,847</u>	<u>\$ 8,764,411</u>	<u>\$ 9,033,635</u>	<u>\$ 11,382,211</u>	<u>\$ 11,691,686</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 333,512	\$ 294,866	\$ 247,647	\$ 161,807	\$ 150,227
Contributions - Member	9,817	8,973	9,529	12,361	13,379
Net Investment Income	364,310	149,697	(261,133)	517,237	(38,807)
Benefit Payments	(414,241)	(373,840)	(631,672)	(859,649)	(478,343)
Administrative Expense	(37,316)	(32,127)	(26,402)	(26,909)	(34,689)
Other changes	62,825	2,021	-	(2,321)	(2,311)
Net Change in Plan Fiduciary Net Position	318,907	49,590	(662,031)	(197,474)	(390,544)
Plan Fiduciary Net Position - Beginning	2,201,753	2,152,163	2,814,194	3,011,668	3,402,212
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,520,660</u>	<u>\$ 2,201,753</u>	<u>\$ 2,152,163</u>	<u>\$ 2,814,194</u>	<u>\$ 3,011,668</u>
Net Pension Liability (a) - (b)	<u>\$ 6,189,187</u>	<u>\$ 6,562,658</u>	<u>\$ 6,881,472</u>	<u>\$ 8,568,017</u>	<u>\$ 8,680,018</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	28.94%	25.12%	23.82%	24.72%	25.76%
Covered Payroll	\$ 455,692	\$ 450,354	\$ 476,861	\$ 620,511	\$ 597,900
Net Pension Liability as a Percentage of Covered Payroll	1358.20%	1457.22%	1443.08%	1380.80%	1451.75%

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the City's Net Pension Liability and Related Ratios –
TAPERS (Continued)**

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 127,376	\$ 155,442	\$ 190,741	\$ 148,947	\$ 157,063
Interest	369,514	371,029	312,689	352,380	383,918
Benefit Changes	-	-	-	-	-
Difference Between Actual & Expected Experience	(773)	(189,311)	244,662	(12,438)	(303,978)
Assumption Changes	643,576	(37,703)	(567,285)	1,176,834	533,271
Benefit Payments	<u>(467,864)</u>	<u>(333,624)</u>	<u>(284,717)</u>	<u>(427,407)</u>	<u>(599,657)</u>
Net Change in Total Pension Liability	671,829	(34,167)	(103,910)	1,238,316	170,617
Total Pension Liability - Beginning	<u>9,741,537</u>	<u>9,775,704</u>	<u>9,879,614</u>	<u>8,641,298</u>	<u>8,470,681</u>
Total Pension Liability - Ending (a)	<u>\$ 10,413,366</u>	<u>\$ 9,741,537</u>	<u>\$ 9,775,704</u>	<u>\$ 9,879,614</u>	<u>\$ 8,641,298</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 108,742	\$ 125,659	\$ 124,282	\$ 162,438	\$ 100,142
Contributions - Member	12,582	15,132	16,340	16,870	18,255
Net Investment Income	94,486	269,494	336,470	(23,036)	74,808
Benefit Payments	(467,864)	(333,624)	(284,717)	(427,407)	(599,657)
Administrative Expense	<u>(30,884)</u>	<u>(28,179)</u>	<u>(46,899)</u>	<u>(29,946)</u>	<u>(59,688)</u>
Net Change in Plan Fiduciary Net Position	(282,938)	48,482	145,476	(301,081)	(466,140)
Plan Fiduciary Net Position - Beginning	<u>3,685,150</u>	<u>3,636,668</u>	<u>3,491,192</u>	<u>3,792,273</u>	<u>4,258,413</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,402,212</u>	<u>\$ 3,685,150</u>	<u>\$ 3,636,668</u>	<u>\$ 3,491,192</u>	<u>\$ 3,792,273</u>
Net Pension Liability (a) - (b)	<u>\$ 7,011,154</u>	<u>\$ 6,056,387</u>	<u>\$ 6,139,036</u>	<u>\$ 6,388,422</u>	<u>\$ 4,849,025</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	32.67%	37.83%	37.20%	35.34%	43.89%
Covered Payroll	\$ 625,483	\$ 807,499	\$ 817,749	\$ 823,930	\$ 943,584
Net Pension Liability as a Percentage of Covered Payroll	1120.92%	750.02%	750.72%	775.36%	513.89%

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions – TAPERS

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 382,196	\$ 101,157	\$ 281,039	\$ 943,584	10.72%
2016	424,388	159,348	265,040	823,930	19.34%
2017	416,373	121,286	295,087	817,749	14.83%
2018	440,488	125,659	314,829	807,499	15.56%
2019	433,759	108,742	325,017	625,483	17.39%
2020 (1)	440,502	148,799	291,703	597,900	24.89%
2021 (2)	540,985	161,807	379,178	620,511	26.08%
2022 (3)	504,337	247,647	256,690	476,861	51.93%
2023 (4)	536,995	294,866	242,129	450,354	65.47%
2024 (4)	535,686	333,512	202,174	455,692	73.19%

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	20 Years
Asset Valuation	Market Value
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	5.00%
Cost of Living Increases	None
Mortality	Gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate rates of scale MP-2014 to account for future mortality improvements

Note: Information in this schedule has been determined as of City's most recent year-end.

- (1): Assumption changes for the 2020 valuation include a change in discount rate from 3.36% in 2019 to 2.58% in 2020
(2): Assumption changes for the 2021 valuation include a change in discount rate from 2.58% in 2020 to 2.13% in 2021
(3): Assumption changes for the 2022 valuation include a change in discount rate from 2.13% in 2021 to 3.85% in 2022
(4): Assumption changes for the 2023 valuation include a change in discount rate from 3.85% in 2022 to 4.11% in 2023
(5): Assumption changes for the 2024 valuation include a change in discount rate from 4.11% in 2023 to 4.26% in 2024

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns – TAPERS

Fiscal Year Ended June 30,	Annual Return
2015	1.36%
2016	-1.12%
2017	9.70%
2018	7.59%
2019	2.68%
2020	-1.20%
2021	19.00%
2022	-10.33%
2023	7.14%
2024	16.92%

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the City's Net Pension Asset and Related Ratios –
TWUPERS**

Fiscal year ended June 30,	2024	2023	2022	2021	2020
Total Pension Liability					
Interest	\$ 23,061	\$ 54,555	\$ 29,123	\$ 32,087	\$ 36,997
Difference Between Actual & Expected Experience	(19,758)	(52,951)	(55,282)	(38,646)	(8,635)
Assumption Changes	-	-	1,000	9,000	(95,000)
Benefit Payments	(25,149)	(68,131)	(137,841)	(36,441)	(33,046)
Net Change in Total Pension Liability	(21,846)	(66,527)	(163,000)	(34,000)	(99,684)
Total Pension Liability - Beginning	671,473	738,000	901,000	935,000	1,034,684
Total Pension Liability - Ending (a)	<u>\$ 649,627</u>	<u>\$ 671,473</u>	<u>\$ 738,000</u>	<u>\$ 901,000</u>	<u>\$ 935,000</u>
Plan Fiduciary Net Position					
Net Investment Income	\$ 258,094	\$ 147,497	\$ (491,781)	\$ 571,559	\$ 187,877
Benefit Payments	(25,149)	(68,131)	(137,841)	(36,441)	(33,046)
Administrative Expense	(4,170)	(9,424)	(20,391)	(19,902)	(17,156)
Reconciliation Adjustment	-	-	(341)	(8,964)	(7,723)
Net Change in Plan Fiduciary Net Position	228,775	69,942	(650,354)	506,252	129,952
Plan Fiduciary Net Position - Beginning	2,896,398	2,826,456	3,476,810	2,970,558	2,840,606
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,125,173</u>	<u>\$ 2,896,398</u>	<u>\$ 2,826,456</u>	<u>\$ 3,476,810</u>	<u>\$ 2,970,558</u>
Net Pension Asset (a) - (b)	<u>\$ (2,475,546)</u>	<u>\$ (2,224,925)</u>	<u>\$ (2,088,456)</u>	<u>\$ (2,575,810)</u>	<u>\$ (2,035,558)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	481.07%	431.35%	382.99%	385.88%	317.71%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the City's Net Pension Asset and Related Ratios –
TWUPERS (Continued)**

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Interest	\$ 25,715	\$ 49,713	\$ 42,459	\$ 48,445	\$ 48,440
Difference Between Actual & Expected Experience	(29,670)	10,643	(14,236)	(113,096)	(17,519)
Assumption Changes	(5,000)	41,000	3,000	3,000	3,000
Benefit Payments	(68,697)	(172,696)	(121,267)	(87,302)	(66,248)
Net Change in Total Pension Liability	(77,652)	(71,340)	(90,044)	(148,953)	(32,327)
Total Pension Liability - Beginning	1,112,336	1,183,676	1,273,720	1,422,673	1,455,000
Total Pension Liability - Ending (a)	<u>\$ 1,034,684</u>	<u>\$ 1,112,336</u>	<u>\$ 1,183,676</u>	<u>\$ 1,273,720</u>	<u>\$ 1,422,673</u>
Plan Fiduciary Net Position					
Net Investment Income	\$ 207,360	\$ 134,374	\$ 230,631	\$ 30,416	\$ 87,231
Benefit Payments	(68,697)	(172,696)	(121,267)	(87,302)	(66,248)
Administrative Expense	(27,370)	(16,053)	(21,467)	(44,277)	(19,991)
Reconciliation Adjustment	(7,560)	(8,082)	-	-	-
Net Change in Plan Fiduciary Net Position	103,733	(62,457)	87,897	(101,163)	992
Plan Fiduciary Net Position - Beginning	2,736,873	2,799,330	2,711,433	2,812,596	2,811,604
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,840,606</u>	<u>\$ 2,736,873</u>	<u>\$ 2,799,330</u>	<u>\$ 2,711,433</u>	<u>\$ 2,812,596</u>
Net Pension Asset (a) - (b)	<u>\$ (1,805,922)</u>	<u>\$ (1,624,537)</u>	<u>\$ (1,615,654)</u>	<u>\$ (1,437,713)</u>	<u>\$ (1,389,923)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	274.54%	246.05%	236.49%	212.88%	197.70%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Investment Returns – TWUPERS

Fiscal Year Ended June 30,	Annual Return
2015	3.15%
2016	1.11%
2017	8.63%
2018	4.98%
2019	7.74%
2020	6.64%
2021	17.98%
2022	-15.60%
2023	5.29%
2024	8.96%

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability – APERS

City Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.00269771%	0.00254907%	0.00241595%	0.00204743%	0.00315034%	0.00298197%	0.00297747%	0.00302246%	0.00293398%	0.00292311%
City's proportionate share of the net pension liability	\$ 67,122	\$ 74,285	\$ 65,143	\$ 15,741	\$ 90,213	\$ 71,941	\$ 65,681	\$ 78,105	\$ 70,162	\$ 53,836
City's covered payroll	60,877	59,305	50,503	36,033	62,575	58,010	56,472	54,473	53,158	51,863
City's proportionate share of the net pension liability as a percentage of its covered payroll	110.26%	125.26%	128.99%	43.68%	144.17%	124.01%	116.31%	143.38%	131.99%	103.80%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the year of the most recent fiscal year-end) of the City's net pension liability.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of City Contributions – APERS

City Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,389	\$ 8,655	\$ 7,737	\$ 7,263	\$ 9,417	\$ 8,742	\$ 8,490	\$ 7,899	\$ 7,808	\$ 7,686
Contributions in relate to the contractually required contribution	(9,389)	(8,655)	(7,737)	(7,263)	(9,417)	(8,742)	(8,490)	(7,899)	(7,808)	(7,686)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 60,877	\$ 59,305	\$ 50,503	\$ 36,033	\$ 62,575	\$ 58,010	\$ 56,472	\$ 55,168	\$ 53,849	\$ 52,545
Contributions as a percentage of covered payroll	15.42%	14.59%	15.32%	20.16%	15.05%	15.07%	15.03%	14.32%	14.50%	14.63%

Note: Information in this schedule has been determined as of the measurement date which is June 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability – LOPFI

City Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.79018000%	1.97989000%	2.01592000%	2.04607000% (3)	2.06896000%	2.11039000% (2)	2.11065000%	2.02054000%	2.03802867% (1)	2.00463000%
City's proportionate share of the net pension liability	\$ 17,918,606	\$ 21,139,107	\$ 10,186,730	\$ 14,066,456	\$ 15,987,658	\$ 19,043,709	\$ 14,998,214	\$ 11,527,812	\$ 10,695,056	\$ 7,256,932
City's covered payroll	8,803,674	8,446,353	8,289,407	8,399,486	8,288,751	8,465,248	7,800,263	7,484,833	7,516,626	7,527,269
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.54%	250.27%	122.89%	167.47%	192.88%	224.96%	192.28%	154.02%	142.29%	96.41%
Plan fiduciary net position as a percentage of the total pension liability	73.50%	69.07%	84.67%	77.68%	73.20%	66.09%	71.50%	72.90%	72.90%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

(1): Assumption changes for 2015 valuation include a decrease in price inflation from 3.00 to 2.75 percent; a decrease in wage inflation from 4.00 to 3.75 percent; a decrease in salary increases from 4.50 to 19 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

(2): Assumption changes for 2018 valuation include a price inflation change from 2.75 to 2.50 percent; a wage inflation change from 3.75 to 3.25 percent and investment rate of return from 7.75% to 7.00%

(3): Assumption changes for 2020 valuation include a salary increases change from a range of 4.25 to 18.75 in 2019 to a range of 3.75 to 18.25

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of City Contributions – LOPFI

City Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,968,484	\$ 1,975,536	\$ 1,910,611	\$ 1,836,012 (2)	\$ 1,809,656	\$ 1,726,580	\$ 1,647,850	\$ 1,585,751	\$ 1,334,945 (1)	\$ 1,262,355
Contributions in relate to the contractually required contribution	(1,968,484)	(1,975,536)	(1,910,611)	(1,836,012)	(1,809,656)	(1,726,580)	(1,647,850)	(1,585,751)	(1,334,945)	(1,262,355)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,234,404	\$ 8,803,674	\$ 8,446,353	\$ 8,289,407	\$ 8,399,486	\$ 8,288,751	\$ 8,465,248	\$ 7,800,263	\$ 7,484,833	\$ 7,516,626
Contributions as a percentage of covered payroll	23.91%	22.44%	22.62%	22.15%	21.54%	20.83%	19.47%	20.33%	17.84%	16.79%

Note: Information in this schedule has been determined as of the City's most recent year-end.

(1): Assumption changes for 2015 valuation include a decrease in price inflation from 3.00 to 2.75 percent; a decrease in wage inflation from 4.00 to 3.75 percent; a decrease in salary increases from 4.50 to 19 percent to 4.25 to 18.75 percent; and a decrease in the investment rate of return from 8.00 to 7.75 percent.

(2): Assumption changes for 2020 valuation include a decrease in price inflation from 2.75 to 2.50 percent; a decrease in wage inflation from 3.75 to 3.25 percent; a decrease in salary increases from 4.25 to 18.75 percent to 3.75 to 18.25 percent; and a decrease in the investment rate of return from 7.75 to 7.50 percent.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16.0 years beginning January 1, 2023
Asset Valuation Method	5-Year smoothed market, 20% corridor
Wage Inflation	3.00%
Price Inflation	2.25%
Salary Increases	3.50% to 18.00%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last update for the 2021 valuation pursuant to the experience study of the period 2017-2020
Mortality	The healthy post-retirement tables used were the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Disabled Retiree tables for males and females. The death-in-service mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the City's Net Pension Liability and Related Ratios –
FRPF**

Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016**	2015**
Total Pension Liability										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	391,808	388,604	392,402	395,141	412,882	418,380	452,267	575,430	426,648	425,030
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Actual & Expected Experience	(311,947)	189,719	179,384	164,733	(67,576)	107,232	(20)	(967,290)	(635,022)	123,866
Assumption Changes	-	(99,745)	(7,129)	-	-	-	289,364	-	-	-
Benefit Payments	(622,603)	(629,028)	(608,803)	(589,217)	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
Net Change in Total Pension Liability	(542,742)	(150,450)	(44,146)	(29,343)	(262,970)	(74,425)	140,749	(944,229)	(802,624)	(62,508)
Total Pension Liability - Beginning	5,715,545	5,865,995	5,910,141	5,939,484	6,202,454	6,276,879	6,136,130	7,080,359	7,882,983	7,945,491
Total Pension Liability - Ending (a)	\$ 5,172,803	\$ 5,715,545	\$ 5,865,995	\$ 5,910,141	\$ 5,939,484	\$ 6,202,454	\$ 6,276,879	\$ 6,136,130	\$ 7,080,359	\$ 7,882,983
Plan Fiduciary Net Position										
Contributions - Employer	92,188	88,354	84,689	80,865	60,790	50,880	122,010	-	431,342	435,704
Contributions - Member	-	-	-	-	-	-	-	-	7,732	7,134
Net Investment Income	693,909	(869,599)	914,417	699,111	925,598	(162,044)	763,135	(340,441)	(258,063)	269,654
Benefit Payments	(622,603)	(629,028)	(608,803)	(589,217)	(608,276)	(600,037)	(600,862)	(552,369)	(594,250)	(611,404)
Administrative Expense	(5,815)	(5,714)	(7,589)	(8,646)	(8,140)	(10,743)	(9,784)	(5,753)	(5,650)	(4,500)
Net Change in Plan Fiduciary Net Position	157,679	(1,415,987)	382,714	182,113	369,972	(721,944)	274,499	(898,563)	(418,889)	96,588
Plan Fiduciary Net Position - Beginning	4,759,450	6,175,437	5,792,723	5,610,610	5,240,638	5,962,582	5,688,083	6,586,646	7,005,535	6,908,947
Plan Fiduciary Net Position - Ending (b)	\$ 4,917,129	\$ 4,759,450	\$ 6,175,437	\$ 5,792,723	\$ 5,610,610	\$ 5,240,638	\$ 5,962,582	\$ 5,688,083	\$ 6,586,646	\$ 7,005,535
Net Pension (Asset) Liability (a) - (b)	\$ 255,674	\$ 956,095	\$ (309,442)	\$ 117,418	\$ 328,874	\$ 961,816	\$ 314,297	\$ 448,047	\$ 493,713	\$ 877,448
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	95.06%	83.27%	105.28%	98.01%	94.46%	84.49%	94.99%	92.70%	93.03%	88.87%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**As noted within Note 9, this plan was transferred to the administration of LOPFI in 2016. Therefore, all data shown above for 2016 and prior were previously reported for the plan as a Single-Employer plan. All data from 2017 onward will be reported as an Agent Multiple-Employer Plan.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions – FRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015**	\$ 543,933	\$ 431,342	\$ 112,591	N/A	N/A
2016**	256,940	339,581	(82,641)	N/A	N/A
2017	75,881	75,881	-	N/A	N/A
2018	12,480	12,480	-	N/A	N/A
2019	12,636	12,636	-	N/A	N/A
2020	35,832	35,832	-	N/A	N/A
2021	36,156	36,156	-	N/A	N/A
2022	36,156	36,156	-	N/A	N/A
2023	36,156	36,156	-	N/A	N/A
2024	36,156	36,156	-	N/A	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Closed
Remaining Amortization	10 Years
Asset Valuation	Market Value
Investment Rate of Return	7.25%
Retirement	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2017-2020.
Mortality	Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, Disabled Retiree and Employee mortality tables for males and females. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

**As noted within *Note 9*, this plan was transferred to the administration of LOPFI in 2016. Therefore, all data shown above for 2016 and prior were previously reported for the plan as a Single-Employer plan. All data from 2017 onward will be reported as an Agent Multiple-Employer Plan.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan

**Schedule of Changes in the Utility's Net Pension Liability and Related Ratios –
TMRS**

Fiscal year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 465,535	\$ 463,849	\$ 420,107	\$ 431,781	\$ 408,103	\$ 381,055	\$ 363,212	\$ 358,959	\$ 351,625	\$ 341,893
Interest	1,173,118	1,131,732	1,091,842	1,006,439	984,505	956,913	891,945	869,957	871,573	849,350
Difference between actual & expected experience	74	78,538	296,908	(13,225)	(108,853)	23,346	(209,579)	(22,844)	(267,852)	(338,578)
Assumption Changes	(130,733)	-	-	-	20,628	-	-	-	55,137	-
Benefit payments	(885,741)	(818,679)	(848,635)	(694,801)	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
Net Change in Total Pension Liability	622,253	855,440	960,222	730,194	631,852	608,104	444,606	550,666	507,397	304,494
Total Pension Liability - Beginning	17,829,685	16,974,245	16,014,023	15,283,829	14,651,977	14,043,873	13,599,267	13,048,601	12,541,204	12,236,710
Total Pension Liability - Ending (a)	\$ 18,451,938	\$ 17,829,685	\$ 16,974,245	\$ 16,014,023	\$ 15,283,829	\$ 14,651,977	\$ 14,043,873	\$ 13,599,267	\$ 13,048,601	\$ 12,541,204
Plan Fiduciary Net Position										
Contributions - employer	\$ 500,808	\$ 441,278	\$ 432,398	\$ 418,539	\$ 400,134	\$ 394,682	\$ 359,350	\$ 347,118	\$ 378,344	\$ 408,640
Contributions - employee	209,919	192,697	187,534	181,948	174,297	161,954	155,275	153,495	158,492	161,609
Net investment income	1,689,713	(1,179,167)	1,937,217	1,016,749	1,845,333	(370,678)	1,498,658	707,849	15,397	564,425
Benefit payments	(885,741)	(818,676)	(848,635)	(694,801)	(672,531)	(753,210)	(600,972)	(655,406)	(503,086)	(548,171)
Administrative expense	(10,757)	(10,209)	(8,965)	(6,581)	(10,428)	(7,164)	(7,766)	(7,994)	(9,378)	(5,893)
Other	(79)	3,215	61	(10,506)	(313)	(376)	(396)	(431)	(463)	(484)
Net Change in Plan Fiduciary Net Position	1,503,863	(1,370,862)	1,699,610	905,348	1,736,492	(574,792)	1,404,149	544,631	39,306	580,126
Plan Fiduciary Net Position - Beginning	14,830,371	16,201,233	14,501,623	13,596,275	11,859,783	12,434,575	11,030,426	10,485,795	10,446,489	9,866,363
Plan Fiduciary Net Position - Ending (b)	\$ 16,334,234	\$ 14,830,371	\$ 16,201,233	\$ 14,501,623	\$ 13,596,275	\$ 11,859,783	\$ 12,434,575	\$ 11,030,426	\$ 10,485,795	\$ 10,446,489
Net Pension Liability (a) - (b)	\$ 2,117,704	\$ 2,999,314	\$ 773,012	\$ 1,512,400	\$ 1,687,554	\$ 2,792,194	\$ 1,609,298	\$ 2,568,841	\$ 2,562,806	\$ 2,094,715
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.52%	83.18%	95.45%	90.56%	88.96%	80.94%	88.54%	81.11%	80.36%	83.30%
Covered Payroll	\$ 3,053,349	\$ 2,763,950	\$ 2,679,051	\$ 2,596,400	\$ 2,320,661	\$ 2,234,955	\$ 2,234,955	\$ 2,192,788	\$ 2,194,045	\$ 2,308,702
Net Pension Liability as a Percentage of Covered Payroll	69.36%	108.52%	28.85%	58.25%	72.72%	124.93%	72.01%	117.15%	116.81%	90.73%

Note: Information in this schedule has been determined as of the measurement date, which is September 30.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of Contributions – TMRS

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 386,933	\$ 386,933	\$ -	\$ 2,278,173	16.98%
2016	378,344	378,344	-	2,194,045	17.24%
2017	386,487	386,487	-	2,192,788	17.63%
2018	359,350	359,350	-	2,560,845	14.03%
2019	386,640	386,640	-	2,382,218	16.23%
2020	427,026	427,026	-	2,489,951	17.15%
2021	418,539	418,539	-	2,596,400	16.12%
2022	432,398	432,398	-	2,679,051	16.14%
2023	443,063	443,063	-	2,752,817	16.09%
2024	381,184	381,184	-	2,244,329	16.98%

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	23 Years
Asset Valuation	10 Year Smoothed Market, 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to experience study of the period ended 2022.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Table. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).</p> <p>Pre-retirement: Pub(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence).</p>

Note: Information in this schedule has been determined as of the Utility's most recent year-end.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Other Postemployment Benefit Plan
Schedule of the City's Changes In Total OPEB Liability and Related Ratios
Retired Healthcare Plan
Year Ended December 31, 2024

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - January 1	\$ 2,811,173	\$ 2,744,690	\$ 4,019,379	\$ 4,152,888	\$ 3,542,024	\$ 3,473,820	\$ 3,596,608
Service Cost	60,148	56,576	95,071	100,949	73,735	68,497	72,807
Interest	111,845	117,172	90,279	79,911	114,265	124,932	113,653
Differences between expected and actual experience	(1,236,395)	-	(828,102)	-	271,731	-	10,174
Changes of assumptions or other inputs	(31,197)	58,054	(427,825)	(87,577)	372,553	95,002	(126,052)
Benefit payments	(150,399)	(165,319)	(204,112)	(226,792)	(221,420)	(220,227)	(193,370)
Net change in total OPEB liability	(1,245,998)	66,483	(1,274,689)	(133,509)	610,864	68,204	(122,788)
Total OPEB liability - December 31	<u>\$ 1,565,175</u>	<u>\$ 2,811,173</u>	<u>\$ 2,744,690</u>	<u>\$ 4,019,379</u>	<u>\$ 4,152,888</u>	<u>\$ 3,542,024</u>	<u>\$ 3,473,820</u>
Covered-employee payroll	\$ 13,225,221	\$ 13,270,737	\$ 12,538,881	\$ 12,363,492	\$ 12,363,492	\$ 10,474,289	\$ 10,549,097
Total OPEB liability as a percentage of covered-employee payroll	11.83%	21.18%	21.89%	32.51%	33.59%	32.96%	32.93%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

Changes of Assumptions: The discount rate decreased from 3.64% in 2018 to 3.26% in 2019 to 1.93% in 2020 to 2.25% in 2021 to 4.31% in 2022 to 4.00% in 2023 to 4.28% in 2024.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

City of Texarkana, Arkansas
Required Supplementary Information
Defined Benefit Other Postemployment Benefit Plan
Schedule of the TWU's Changes in Total OPEB Liability and Related Ratios
Sick Leave
Year Ended December 31, 2024

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 35,388	\$ 39,412	\$ 43,609	\$ 26,108	\$ 25,013	\$ 42,095	\$ 60,997
Interest	23,042	24,101	14,323	13,598	20,703	57,405	49,673
Differences between expected and actual experience	-	(1,925)	-	(2,604)	-	(11,856)	-
Changes of assumptions or other inputs	20,536	(98,392)	(73,412)	(72,486)	49,931	(841,406)	(67,822)
Benefit payments	<u>(16,493)</u>	<u>(40,846)</u>	<u>(50,849)</u>	<u>(30,923)</u>	<u>(31,945)</u>	<u>(16,367)</u>	<u>(14,042)</u>
Net change in total OPEB liability	62,473	(77,650)	(66,329)	(66,307)	63,702	(770,129)	28,806
Total OPEB obligation - beginning of year	<u>422,692</u>	<u>500,342</u>	<u>566,671</u>	<u>632,978</u>	<u>569,276</u>	<u>1,339,405</u>	<u>1,310,599</u>
Total OPEB obligation - end of year	<u>\$ 485,165</u>	<u>\$ 422,692</u>	<u>\$ 500,342</u>	<u>\$ 566,671</u>	<u>\$ 632,978</u>	<u>\$ 569,276</u>	<u>\$ 1,339,405</u>
Covered-employee payroll	\$2,619,998	\$2,784,727	\$2,732,095	\$2,319,912	\$2,402,258	\$2,016,091	\$2,560,845
Total OPEB liability as a percentage of covered-employee payroll	18.52%	15.18%	18.31%	24.43%	26.35%	28.24%	52.30%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

Changes of Assumptions: The discount rate decreased from 4.18 in 2018 to 3.97% in 2019 to 2.14% in 2020 to 2.43% in 2021 to 4.77% in 2022 to 4.87% in 2023 to 4.06% in 2024.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

Nonmajor Governmental Funds

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NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

Community Development Fund (CDBG) – Accounts for CDBG and other funds received from the U.S. Department of Housing and Urban Development. These monies are expended to provide housing or housing assistance to qualifying citizens, to improve neighborhood streets and drainage and to operate community health and recreation facilities.

Police Fund – This fund is established to account for private donations to the City’s Police Department and is used to purchase materials and supplies.

Front Street Project – This fund is established to account for private donations to the Front Street Project and is used to improve the Front Street area.

Domestic Violence - This fund is established to account for the revenues and expenditures of the fines and forfeitures dedicated to domestic violence prevention.

Bail Bond – This fund is established to account for the revenues and expenditures related to bail bond fees.

Parks and Recreation – This fund is established to account for revenues and expenditures related to parks and recreation activities.

Library – This fund is established to account for the revenues and expenditures related to the Texarkana Public Library. Funding is primarily from property taxes and grants.

Court Automation – This fund is established to set aside a portion of a service fee charged on installment payment of fines and is to be used to fund future court related technology as part of a statewide project with a goal of connecting all Circuit courts and District courts to an automated court system.

North Texarkana Redevelopment District – This fund is established to set aside property tax from the North Texarkana Redevelopment Tax Increment Financing District solely for the purpose of development within that district.

Public Safety – This fund is established to set aside a portion of fines and forfeitures to be used solely for the promotion of public safety.

NONMAJOR GOVERNMENTAL FUNDS

The **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2012 Capital Improvement and Refunding Limited Tax General Obligation Bonds. Funding is primarily from property taxes and interest earned from investments.

2018 Franchise Fee Revenue Bonds - This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2018 Franchise Fee Secured Capital Improvement Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

2021 Franchise Fee Revenue Bonds – This fund is used to account for the accumulation of revenues and payment of principal and interest on the 2021A and 2021B Franchise Fee Secured Refunding Revenue Bonds. Funding is primarily from franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

The **Capital Projects Funds** account for the acquisition or construction of major capital assets from the proceeds from general obligation bond issues and other financing sources.

Capital Improvement Fund – This fund is used to account for the purchase of capital assets, including infrastructure acquisitions and construction from general government resources and intergovernmental grants.

Section 108 Loan - This fund is used to account for the renovation of the Boys and Girls Club.

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City of Texarkana, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2024

	<u>Special Revenue</u>			
	<u>Community Development Block Grant</u>	<u>Police Fund</u>	<u>Front Street Project</u>	<u>Domestic Violence</u>
Assets				
Cash	\$ 131,207	\$ 39,455	\$ 40,489	\$ 1,845
Receivables (net of allowance)				
Property taxes	-	-	-	-
Other government agencies	-	-	-	-
Other	-	-	-	-
Due from other funds	<u>1,300</u>	<u>45</u>	<u>1,166</u>	<u>-</u>
Total assets	<u>\$ 132,507</u>	<u>\$ 39,500</u>	<u>\$ 41,655</u>	<u>\$ 1,845</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 71	\$ -
Due to other funds	159,102	22,705	-	-
Due to other governments	-	-	-	-
Due to component units	<u>397</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>159,499</u>	<u>22,705</u>	<u>71</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Restricted				
Police department	-	16,795	-	1,845
Public works	-	-	-	-
Cultural and recreation	-	-	41,584	-
Unassigned	<u>(26,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(26,992)</u>	<u>16,795</u>	<u>41,584</u>	<u>1,845</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 132,507</u>	<u>\$ 39,500</u>	<u>\$ 41,655</u>	<u>\$ 1,845</u>

Special Revenue

Bail Bond	Parks and Recreation	Library	Court Automation	North Texarkana Redevelopment District	Public Safety	Total
\$ 4,848	\$ 24,103	\$ 392,608	\$ 38,252	\$ 1,346,144	\$ 5,923	\$ 2,024,874
-	-	561,726	-	120,835	-	682,561
-	-	-	-	-	-	-
-	7	-	-	-	-	7
-	396	10	168	-	-	3,085
<u>\$ 4,848</u>	<u>\$ 24,506</u>	<u>\$ 954,344</u>	<u>\$ 38,420</u>	<u>\$ 1,466,979</u>	<u>\$ 5,923</u>	<u>\$ 2,710,527</u>
\$ -	\$ 3,935	\$ 389,251	\$ -	\$ -	\$ -	\$ 393,257
-	93,356	-	-	57	-	275,220
-	-	-	-	7	-	7
-	7,158	46,161	-	-	-	53,716
-	104,449	435,412	-	64	-	722,200
-	-	513,107	-	119,911	-	633,018
-	-	513,107	-	119,911	-	633,018
4,848	-	-	38,420	-	5,923	67,831
-	-	-	-	1,347,004	-	1,347,004
-	-	5,825	-	-	-	47,409
-	(79,943)	-	-	-	-	(106,935)
<u>4,848</u>	<u>(79,943)</u>	<u>5,825</u>	<u>38,420</u>	<u>1,347,004</u>	<u>5,923</u>	<u>1,355,309</u>
<u>\$ 4,848</u>	<u>\$ 24,506</u>	<u>\$ 954,344</u>	<u>\$ 38,420</u>	<u>\$ 1,466,979</u>	<u>\$ 5,923</u>	<u>\$ 2,710,527</u>

City of Texarkana, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor (Continued)
December 31, 2024

	Debt Service			Total
	2012 Cap Imp & Refunding Limited Tax GO Bonds	2018 Franchise Fee Revenue Bonds	2021 Franchise Fee Revenue Bonds	
Assets				
Cash	\$ 120,326	\$ -	\$ -	\$ 120,326
Investments	1,137,377	261,438	741,111	2,139,926
Receivables (net of allowance)				
Property taxes	1,404,315	-	-	1,404,315
Other government agencies	-	-	-	-
Other	-	-	-	-
Due from other funds	24	-	-	24
	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total assets	<u>\$ 2,662,042</u>	<u>\$ 261,438</u>	<u>\$ 741,111</u>	<u>\$ 3,664,591</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Due to component units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	1,282,769	-	-	1,282,769
	<u>1,282,769</u>	<u>-</u>	<u>-</u>	<u>1,282,769</u>
Total deferred inflows of resources	<u>1,282,769</u>	<u>-</u>	<u>-</u>	<u>1,282,769</u>
Fund Balances				
Restricted				
Police department	-	-	-	-
Fire department	-	-	-	-
Public works	-	-	-	-
Debt service	1,379,273	261,438	741,111	2,381,822
Culture and recreation	-	-	-	-
Assigned				
Police department	-	-	-	-
Public works	-	-	-	-
Unassigned				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,379,273</u>	<u>261,438</u>	<u>741,111</u>	<u>2,381,822</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,662,042</u>	<u>\$ 261,438</u>	<u>\$ 741,111</u>	<u>\$ 3,664,591</u>

Capital Projects Funds

Capital Improvement Fund	Section 108 Loan	Total	Total Nonmajor Governmental Funds
\$ 601,234	\$ 2,000	\$ 603,234	\$ 2,748,434
-	-	-	2,139,926
-	-	-	2,086,876
15,808	-	15,808	15,808
-	-	-	7
-	-	-	3,109
<u>\$ 617,042</u>	<u>\$ 2,000</u>	<u>\$ 619,042</u>	<u>\$ 6,994,160</u>
\$ 5,832	\$ -	\$ 5,832	\$ 399,089
24,636	2,000	26,636	301,856
-	-	-	7
-	-	-	53,716
<u>30,468</u>	<u>2,000</u>	<u>32,468</u>	<u>754,668</u>
-	-	-	1,915,787
-	-	-	1,915,787
-	-	-	67,831
124,341	-	124,341	124,341
-	-	-	1,347,004
-	-	-	2,381,822
-	-	-	47,409
105,324	-	105,324	105,324
356,909	-	356,909	356,909
-	-	-	(106,935)
<u>586,574</u>	<u>-</u>	<u>586,574</u>	<u>4,323,705</u>
<u>\$ 617,042</u>	<u>\$ 2,000</u>	<u>\$ 619,042</u>	<u>\$ 6,994,160</u>

City of Texarkana, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2024

	Special Revenue			
	Community Development Block Grant	Police Fund	Front Street Project	Domestic Violence
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	3,753
Charges for services	-	-	-	-
Grants and entitlements	482,382	9,261	-	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	19,604	-	-
Total revenues	<u>482,382</u>	<u>28,865</u>	<u>-</u>	<u>3,753</u>
Expenditures				
Current				
General government	54,577	-	-	-
Other public safety	-	3,087	-	2,700
Public works	93,153	-	-	-
Public services	93,265	-	-	-
Cultural and recreation	-	-	2,645	-
Capital outlay	228,262	5,557	-	-
Debt service				
Principal retirement	36,000	-	-	-
Interest and fiscal charges	10,741	-	-	-
Total expenditures	<u>515,998</u>	<u>8,644</u>	<u>2,645</u>	<u>2,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,616)</u>	<u>20,221</u>	<u>(2,645)</u>	<u>1,053</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(3,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(33,616)	17,221	(2,645)	1,053
Fund Balances (Deficit), Beginning of Year	<u>6,624</u>	<u>(426)</u>	<u>44,229</u>	<u>792</u>
Fund Balances (Deficit), End of Year	<u>\$ (26,992)</u>	<u>\$ 16,795</u>	<u>\$ 41,584</u>	<u>\$ 1,845</u>

Special Revenue

Bail Bond	Parks and Recreation	Library	Court Automation	North Texarkana Redevelopment District	Public Safety	Total
\$ -	\$ -	\$ 453,032	\$ -	\$ 96,299	\$ -	\$ 549,331
8,497	-	-	-	-	448	12,698
-	-	-	27,130	-	-	27,130
-	-	37,022	-	-	-	528,665
-	173,024	-	-	-	-	173,024
-	70	76	228	3	-	377
-	62,045	-	-	-	-	81,649
<u>8,497</u>	<u>235,139</u>	<u>490,130</u>	<u>27,358</u>	<u>96,302</u>	<u>448</u>	<u>1,372,874</u>
-	-	-	1,773	-	-	56,350
-	-	-	-	-	-	5,787
-	-	-	-	-	-	93,153
-	-	-	-	-	-	93,265
4,000	644,220	500,847	-	-	-	1,151,712
-	-	-	-	-	-	233,819
-	-	-	-	-	-	36,000
-	-	-	-	-	-	10,741
<u>4,000</u>	<u>644,220</u>	<u>500,847</u>	<u>1,773</u>	<u>-</u>	<u>-</u>	<u>1,680,827</u>
<u>4,497</u>	<u>(409,081)</u>	<u>(10,717)</u>	<u>25,585</u>	<u>96,302</u>	<u>448</u>	<u>(307,953)</u>
-	379,344	10,000	-	-	-	389,344
-	-	-	-	-	-	(3,000)
-	<u>379,344</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,344</u>
4,497	(29,737)	(717)	25,585	96,302	448	78,391
351	(50,206)	6,542	12,835	1,250,702	5,475	1,276,918
<u>\$ 4,848</u>	<u>\$ (79,943)</u>	<u>\$ 5,825</u>	<u>\$ 38,420</u>	<u>\$ 1,347,004</u>	<u>\$ 5,923</u>	<u>\$ 1,355,309</u>

City of Texarkana, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor (Continued)
Year Ended December 31, 2024

	Debt Service			Total
	2012 Cap Imp & Refunding Limited Tax GO Bonds	2018 Franchise Fee Revenue Bonds	2021 Franchise Fee Revenue Bonds	
Revenues				
Property taxes	\$ 1,132,589	\$ -	\$ -	\$ 1,132,589
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	-	-
Grants and entitlements	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	67	9,947	39,113	49,127
Miscellaneous	-	-	-	-
	<u>1,132,656</u>	<u>9,947</u>	<u>39,113</u>	<u>1,181,716</u>
Expenditures				
Current				
General government				-
Other public safety	-	-	6,713	6,713
Public works	-	-	-	-
Public services	-	-	-	-
Cultural and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	940,000	155,000	575,000	1,670,000
Interest and fiscal charges	165,110	50,193	202,038	417,341
	<u>1,105,110</u>	<u>205,193</u>	<u>783,751</u>	<u>2,094,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,546</u>	<u>(195,246)</u>	<u>(744,638)</u>	<u>(912,338)</u>
Other Financing Sources (Uses)				
Transfers in	-	205,011	790,338	995,349
Transfers out	-	-	-	-
	<u>-</u>	<u>205,011</u>	<u>790,338</u>	<u>995,349</u>
Net Change in Fund Balances	27,546	9,765	45,700	83,011
Fund Balances, Beginning of Year	<u>1,351,727</u>	<u>251,673</u>	<u>695,411</u>	<u>2,298,811</u>
Fund Balances, End of Year	<u>\$ 1,379,273</u>	<u>\$ 261,438</u>	<u>\$ 741,111</u>	<u>\$ 2,381,822</u>

Capital Projects Funds

Capital Improvement Fund	Section 108 Loan	Total	Total Nonmajor Governmental Fund
\$ -	\$ -	\$ -	\$ 1,681,920
-	-	-	12,698
-	-	-	27,130
131,685	-	131,685	660,350
-	-	-	173,024
285	-	285	49,789
(5,407)	-	(5,407)	76,242
<u>126,563</u>	<u>-</u>	<u>126,563</u>	<u>2,681,153</u>
			56,350
64,620	-	64,620	77,120
-	-	-	93,153
-	-	-	93,265
-	-	-	1,151,712
4,386	-	4,386	238,205
-	-	-	1,706,000
-	-	-	428,082
<u>69,006</u>	<u>-</u>	<u>69,006</u>	<u>3,843,887</u>
			(1,162,734)
			1,384,693
(15,000)	-	(15,000)	(18,000)
<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>1,366,693</u>
42,557	-	42,557	203,959
<u>544,017</u>	<u>-</u>	<u>544,017</u>	<u>4,119,746</u>
<u>\$ 586,574</u>	<u>\$ -</u>	<u>\$ 586,574</u>	<u>\$ 4,323,705</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Community Development Block Grant Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ 633,757	\$ 169,721	\$ 482,382	\$ 312,661
Miscellaneous	-	7,808	-	(7,808)
Total revenues	<u>633,757</u>	<u>177,529</u>	<u>482,382</u>	<u>304,853</u>
Expenditures				
Current:				
General government	60,000	62,000	54,577	7,423
Public works	88,922	82,000	93,153	(11,153)
Public services	484,835	360,000	93,265	266,735
Capital outlay	-	-	228,262	(228,262)
Debt service				
Principal retirement	-	-	36,000	(36,000)
Interest and fiscal charges	-	-	10,741	(10,741)
Total expenditures	<u>633,757</u>	<u>504,000</u>	<u>515,998</u>	<u>(11,998)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(326,471)</u>	<u>(33,616)</u>	<u>292,855</u>
Net Change in Fund Balances	-	(326,471)	(33,616)	292,855
Fund Balances (Deficit), Beginning of Year	<u>6,624</u>	<u>6,624</u>	<u>6,624</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ 6,624</u>	<u>\$ (319,847)</u>	<u>\$ (26,992)</u>	<u>\$ 292,855</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Police Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants and entitlements	\$ -	\$ 8,643	\$ 9,261	\$ 618
Miscellaneous	10,100	19,100	19,604	504
Total revenues	10,100	27,743	28,865	1,122
Expenditures				
Current:				
Other public safety	1,700	8,643	3,087	5,556
Capital outlay	-	-	5,557	
Total expenditures	1,700	8,643	8,644	5,556
Excess of Revenues Over Expenditures	8,400	19,100	20,221	6,678
Other Financing Uses				
Transfers out	(6,391)	(6,391)	(3,000)	3,391
Total other financing uses	(6,391)	(6,391)	(3,000)	3,391
Net Change in Fund Balances	2,009	12,709	17,221	10,069
Fund Balances (Deficit), Beginning of Year	(426)	(426)	(426)	-
Fund Balances (Deficit), End of Year	\$ 1,583	\$ 12,283	\$ 16,795	\$ 10,069

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Domestic Violence Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 3,110	\$ 3,900	\$ 3,753	\$ (147)
Total revenues	<u>3,110</u>	<u>3,900</u>	<u>3,753</u>	<u>(147)</u>
Expenditures				
Current:				
Other public safety	<u>3,387</u>	<u>3,887</u>	<u>2,700</u>	<u>1,187</u>
Total expenditures	<u>3,387</u>	<u>3,887</u>	<u>2,700</u>	<u>1,187</u>
Net Change in Fund Balances	(277)	13	1,053	1,040
Fund Balances, Beginning of Year	<u>792</u>	<u>792</u>	<u>792</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 515</u></u>	<u><u>\$ 805</u></u>	<u><u>\$ 1,845</u></u>	<u><u>\$ 1,040</u></u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Front Street Project Fund
Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures				
Current:				
Cultural and recreation	11,042	12,081	2,645	9,436
Total expenditures	11,042	12,081	2,645	9,436
Net Change in Fund Balances	(11,042)	(12,081)	(2,645)	9,436
Fund Balances, Beginning of Year	44,229	44,229	44,229	-
Fund Balances, End of Year	<u>\$ 33,187</u>	<u>\$ 32,148</u>	<u>\$ 41,584</u>	<u>\$ 9,436</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Bail Bond Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 5,300	\$ 8,500	\$ 8,497	\$ (3)
Total revenues	<u>5,300</u>	<u>8,500</u>	<u>8,497</u>	<u>(3)</u>
Expenditures				
Current:				
Other public safety	<u>5,581</u>	<u>5,581</u>	<u>4,000</u>	<u>1,581</u>
Total expenditures	<u>5,581</u>	<u>5,581</u>	<u>4,000</u>	<u>1,581</u>
Net Change in Fund Balances	(281)	2,919	4,497	1,578
Fund Balances, Beginning of Year	<u>351</u>	<u>351</u>	<u>351</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 70</u></u>	<u><u>\$ 3,270</u></u>	<u><u>\$ 4,848</u></u>	<u><u>\$ 1,578</u></u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Parks and Recreation Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 5,900	\$ 6,050	\$ 173,024	\$ 166,974
Investment income	-	-	70	70
Miscellaneous	50,675	50,525	62,045	11,520
Total revenues	56,575	56,575	235,139	178,564
Expenditures				
Current:				
Cultural and recreation	815,263	815,263	644,220	171,043
Capital outlay	12,000	12,000	-	-
Total expenditures	827,263	827,263	644,220	171,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	(770,688)	(770,688)	(409,081)	349,607
Other Financing Sources				
Transfers in	940,721	940,721	379,344	(561,377)
Total other financing sources	940,721	940,721	379,344	(561,377)
Net Change in Fund Balances	170,033	170,033	(29,737)	(211,770)
Fund Balances, Beginning of Year	(50,206)	(50,206)	(50,206)	-
Fund Balances (Deficit), End of Year	\$ 119,827	\$ 119,827	\$ (79,943)	\$ (211,770)

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Court Automation Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 17,000	\$ 27,000	\$ 27,130	\$ 130
Investment income	20	200	228	28
	<u>17,020</u>	<u>27,200</u>	<u>27,358</u>	<u>158</u>
Expenditures				
Current:				
General government	-	3,500	1,773	1,727
	<u>-</u>	<u>3,500</u>	<u>1,773</u>	<u>1,727</u>
Net Change in Fund Balances	17,020	23,700	25,585	1,885
Fund Balances (Deficit), Beginning of Year	<u>12,835</u>	<u>12,835</u>	<u>12,835</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 29,855</u>	<u>\$ 36,535</u>	<u>\$ 38,420</u>	<u>\$ 1,885</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
North Texarkana Redevelopment District
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 111,250	\$ 91,000	\$ 96,299	\$ 5,299
Investment income	5	3	3	-
	<u>111,255</u>	<u>91,003</u>	<u>96,302</u>	<u>5,299</u>
Total revenues				
	111,255	91,003	96,302	5,299
Net Change in Fund Balances	111,255	91,003	96,302	5,299
Fund Balances, Beginning of Year	<u>1,250,702</u>	<u>1,250,702</u>	<u>1,250,702</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 1,361,957</u></u>	<u><u>\$ 1,341,705</u></u>	<u><u>\$ 1,347,004</u></u>	<u><u>\$ 5,299</u></u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Library Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 393,500	\$ 445,000	\$ 453,032	\$ 8,032
Grants and entitlements	74,230	74,000	37,022	(36,978)
Investment income	50	40	76	36
	<u>467,780</u>	<u>519,040</u>	<u>490,130</u>	<u>(28,910)</u>
Total revenues				
Expenditures				
Current:				
Cultural and recreation	477,780	477,780	500,847	(23,067)
	<u>477,780</u>	<u>477,780</u>	<u>500,847</u>	<u>(23,067)</u>
Total expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(10,000)</u>	<u>41,260</u>	<u>(10,717)</u>	<u>(51,977)</u>
Other Financing Sources				
Transfers in	10,000	10,000	10,000	-
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources				
Net Change in Fund Balances				
	-	51,260	(717)	(51,977)
Fund Balances, Beginning of Year				
	<u>6,542</u>	<u>6,542</u>	<u>6,542</u>	<u>-</u>
Fund Balances, End of Year				
	<u>\$ 6,542</u>	<u>\$ 57,802</u>	<u>\$ 5,825</u>	<u>\$ (51,977)</u>

City of Texarkana, Arkansas
Budgetary Comparison Schedule
Public Safety Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines, forfeitures and penalties	\$ 237	\$ 450	\$ 448	\$ (2)
Total revenues	<u>237</u>	<u>450</u>	<u>448</u>	<u>(2)</u>
Expenditures				
Current:				
Other public safety	<u>3,723</u>	<u>3,723</u>	<u>-</u>	<u>3,723</u>
Total expenditures	<u>3,723</u>	<u>3,723</u>	<u>-</u>	<u>3,723</u>
Net Change in Fund Balances	(3,486)	(3,273)	448	3,721
Fund Balances, Beginning of Year	<u>5,475</u>	<u>5,475</u>	<u>5,475</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 1,989</u></u>	<u><u>\$ 2,202</u></u>	<u><u>\$ 5,923</u></u>	<u><u>\$ 3,721</u></u>

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Nonmajor Enterprise Funds

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NONMAJOR ENTERPRISE FUNDS

The **Texarkana, Arkansas Union Water Utilities Fund** accounts for the water and sewer services provided by the Union Water Utilities.

The **Texarkana, Arkansas Mandeville Water Utilities Funds** accounts for the water and sewer services provided by the Mandeville Water Utilities

City of Texarkana, Arkansas
Combining Statement of Net Position
Enterprise Funds – Nonmajor
December 31, 2024

	Union Utilities	Mandeville Utilities	Total
Assets			
Current assets			
Cash	\$ 531,264	\$ 230,234	\$ 761,498
Investments	44,003	-	44,003
Receivables:			
Accounts (net of allowance for uncollectible)	93,608	39,935	133,543
Accrued interest	1	-	1
Due from other funds	1,940	-	1,940
Due from other governments	4,952	3,565	8,517
Prepaid items	1,147	286	1,433
Total current assets	<u>676,915</u>	<u>274,020</u>	<u>950,935</u>
Noncurrent assets			
Restricted assets			
Cash	56,718	11,639	68,357
Investments	102,674	-	102,674
Receivables			
Interest	2	-	2
Total restricted assets	<u>159,394</u>	<u>11,639</u>	<u>171,033</u>
Capital assets (net of accumulated depreciation)			
Land	13,750	1,697	15,447
Buildings	1,069	312	1,381
Improvements other than buildings	1,450,615	148,450	1,599,065
Machinery and equipment	29,177	8,026	37,203
Construction in progress	134,545	129,528	264,073
Net capital assets	<u>1,629,156</u>	<u>288,013</u>	<u>1,917,169</u>
Total noncurrent assets	<u>1,788,550</u>	<u>299,652</u>	<u>2,088,202</u>
Total assets	<u>2,465,465</u>	<u>573,672</u>	<u>3,039,137</u>
Deferred Outflows of Resources			
Deferred outflows - pension	13,615	3,057	16,672
Deferred outflows - pension contributions	-	-	-
Total deferred outflows of resources	<u>13,615</u>	<u>3,057</u>	<u>16,672</u>

City of Texarkana, Arkansas
Combining Statement of Net Position (Continued)
Enterprise Funds – Nonmajor
December 31, 2024

	Union Utilities	Mandeville Utilities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 1,144	\$ 359	\$ 1,503
Accrued liabilities	7,647	227	7,874
Accrued interest payable	2,489	511	3,000
Due to other funds	14,400	4,194	18,594
Due to other governments	19,384	8,148	27,532
Other payables	70,975	123,899	194,874
Bonds payable - current portion	110,477	22,670	133,147
Total current liabilities	<u>226,516</u>	<u>160,008</u>	<u>386,524</u>
Noncurrent liabilities			
Customer deposits	27,593	7,362	34,955
Capital improvement deposits	16,868	873	17,741
Net pension and total OPEB liability	25,703	14,883	40,586
Revenue bonds	60,088	12,330	72,418
Total noncurrent liabilities	<u>130,252</u>	<u>35,448</u>	<u>165,700</u>
Total liabilities	<u>356,768</u>	<u>195,456</u>	<u>552,224</u>
Deferred Inflows of Resources			
Deferred inflows - pension	1,448	372	1,820
Total deferred inflows of resources	<u>1,448</u>	<u>372</u>	<u>1,820</u>
Net Position			
Net investment in capital assets	1,617,983	264,652	1,882,635
Unrestricted	502,881	116,249	619,130
Total net position	<u>\$ 2,120,864</u>	<u>\$ 380,901</u>	<u>\$ 2,501,765</u>

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City of Texarkana, Arkansas
Combining Statement of Revenues, Expenses and
Changes in Net Position
Enterprise Funds – Nonmajor
Year Ended December 31, 2024

	Union Utilities	Mandeville Utilities	Total
Operating Revenues			
Water sales	\$ 696,814	\$ 176,472	\$ 873,286
Water connection fees	1,350	225	1,575
Penalties and service charges	23,844	6,872	30,716
Other income	6,231	1,945	8,176
Total operating revenues	<u>728,239</u>	<u>185,514</u>	<u>913,753</u>
Operating Expenses			
Finance	7,220	1,760	8,980
Customer service	49,724	12,532	62,256
Water production	140,810	34,389	175,199
Waster distribution	20,826	10,854	31,680
Sewer collection	756	405	1,161
Engineer design	776	67	843
Field service	39,065	4,364	43,429
Construction oversight	11,204	5,341	16,545
Depreciation	110,578	12,450	123,028
Other expenses	638	7,352	7,990
Total operating expenses	<u>381,597</u>	<u>89,514</u>	<u>471,111</u>
Operating Income	<u>346,642</u>	<u>96,000</u>	<u>442,642</u>
Nonoperating Revenues (Expenses)			
Investment income - investments	1,246	150	1,396
Interest expense and paying agent fees	(7,738)	(1,418)	(9,156)
Total nonoperating revenues (expenses)	<u>(6,492)</u>	<u>(1,268)</u>	<u>(7,760)</u>
Changes in Net Position	340,150	94,732	434,882
Net Position, Beginning of Year	<u>1,780,714</u>	<u>286,169</u>	<u>2,066,883</u>
Net Position, End of Year	<u>\$ 2,120,864</u>	<u>\$ 380,901</u>	<u>\$ 2,501,765</u>

City of Texarkana, Arkansas
Combining Statement of Cash Flows
Enterprise Funds – Nonmajor
Year Ended December 31, 2024

	Union Utilities	Mandeville Utilities	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 704,697	\$ 174,283	\$ 878,980
Cash paid to suppliers	(194,619)	54,537	(140,082)
Cash paid to employees	(56,728)	(12,104)	(68,832)
	<u>453,350</u>	<u>216,716</u>	<u>670,066</u>
Net cash provided by operating activities			
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(185,642)	(126,946)	(312,588)
Principal paid on bonds	(238,406)	(31,135)	(269,541)
Interest paid on bonds	(11,341)	(1,893)	(13,234)
Capital improvement deposits returned	23,039	6,228	29,267
	<u>(412,350)</u>	<u>(153,746)</u>	<u>(566,096)</u>
Net cash used for capital and related financing activities			
Cash Flows From Investing Activities			
Purchase of investments	(146,685)	-	(146,685)
Proceeds from sale and maturities of investments	146,673	-	146,673
Interest received on investments	1,244	150	1,394
	<u>1,232</u>	<u>150</u>	<u>1,382</u>
Net cash provided by investing activities			
Increase in Cash	42,232	63,120	105,352
Cash, Beginning of Year	<u>545,750</u>	<u>178,753</u>	<u>724,503</u>
Cash, End of Year	<u>\$ 587,982</u>	<u>\$ 241,873</u>	<u>\$ 829,855</u>
Cash, as Presented, on the "Combining Statement of Net Position" is as follows:			
Cash	\$ 531,264	\$ 230,234	\$ 761,498
Restricted cash	56,718	11,639	68,357
	<u>\$ 587,982</u>	<u>\$ 241,873</u>	<u>\$ 829,855</u>

City of Texarkana, Arkansas
Combining Statement of Cash Flows (Continued)
Enterprise Funds – Nonmajor
Year Ended December 31, 2024

	Union Utilities	Mandeville Utilities	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 346,642	\$ 96,000	\$ 442,642
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	110,578	12,450	123,028
(Increase) decrease in assets:			
Accounts receivable	(22,168)	(10,772)	(32,940)
Due from other governments	-	(69)	(69)
Due from other funds	(3,574)	(1,071)	(4,645)
Prepaid expenses	(44)	(10)	(54)
Increase in deferred outflows	11,306	5,071	16,377
Increase (decrease) in liabilities:			
Accounts payable	(169)	(20)	(189)
Accrued liabilities	(40,781)	22	(40,759)
Due to other funds	7,422	35	7,457
Customer deposits	(1,374)	(390)	(1,764)
Net pension and total other postemployment benefits liabilities	(12,313)	(3,201)	(15,514)
Other payables	56,602	118,353	174,955
Decrease in deferred inflows	1,223	318	1,541
	<u>\$ 453,350</u>	<u>\$ 216,716</u>	<u>\$ 670,066</u>

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Fiduciary Funds

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FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the City Employee Retirement System, Water Utilities Employee Retirement System, and the Policemen's Relief and Pension Fund. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

CUSTODIAL FUNDS

The **Custodial Funds** account for monies collected and held by the courts until they are disbursed to various governmental agencies and include the police bond and drug seizure funds and monies collected for the Airshow.

City of Texarkana, Arkansas
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2024

	City Employee Retirement System	Water Utilities Employee Retirement System	Policemen's Relief and Pension	Total
Assets				
Cash and cash equivalents	160,004	77,245	560,903	\$ 798,152
Investments				
U. S. government obligations	444,368	304,990	412,637	1,161,995
Mortgage backed securities	-	348,058	-	348,058
Corporate bonds and notes	29,742	790,101	150,248	970,091
Mutual funds and other investments	1,711,331	1,595,839	3,957,030	7,264,200
Receivables	112,987	11,255	27,696	151,938
Due from other funds	-	-	576,162	576,162
	<u>2,458,432</u>	<u>3,127,488</u>	<u>5,684,676</u>	<u>11,270,596</u>
Total assets				
	<u>2,458,432</u>	<u>3,127,488</u>	<u>5,684,676</u>	<u>11,270,596</u>
Liabilities				
Accounts payable	21,052	2,315	17,659	41,026
	<u>21,052</u>	<u>2,315</u>	<u>17,659</u>	<u>41,026</u>
Total liabilities				
	<u>21,052</u>	<u>2,315</u>	<u>17,659</u>	<u>41,026</u>
Net Position				
Net position restricted for pensions	<u>\$ 2,437,380</u>	<u>\$ 3,125,173</u>	<u>\$ 5,667,017</u>	<u>\$ 11,229,570</u>

City of Texarkana, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended December 31, 2024

	City Employee Retirement System	Water Utilities Employee Retirement System	Policemen's Relief and Pension	Total
Additions				
Contributions				
Employer	\$ 317,345	\$ -	\$ 738,201	\$ 1,055,546
Employee	9,469	-	-	9,469
Intergovernmental	-	-	362,022	362,022
Other	406	-	41,063	41,469
Total contributions	<u>327,220</u>	<u>-</u>	<u>1,141,286</u>	<u>1,468,506</u>
Investment income				
Net increase in fair value of investments	201,358	258,094	37,801	497,253
Interest and dividends	162,950	-	30,532	193,482
	<u>364,308</u>	<u>258,094</u>	<u>68,333</u>	<u>690,735</u>
Less investment expense	-	-	25,634	25,634
Net investment income	<u>364,308</u>	<u>258,094</u>	<u>42,699</u>	<u>665,101</u>
Total additions	<u>691,528</u>	<u>258,094</u>	<u>1,183,985</u>	<u>2,133,607</u>
Deductions				
Benefits paid directly to participants	444,925	25,149	1,018,813	1,488,887
Administrative expenses	10,976	4,170	-	15,146
Total deductions	<u>455,901</u>	<u>29,319</u>	<u>1,018,813</u>	<u>1,504,033</u>
Net Increase in Net Position	235,627	228,775	165,172	629,574
Net Position Restricted for Pensions, Beginning of Year	<u>2,201,753</u>	<u>2,896,398</u>	<u>5,501,845</u>	<u>10,599,996</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 2,437,380</u>	<u>\$ 3,125,173</u>	<u>\$ 5,667,017</u>	<u>\$ 11,229,570</u>

City of Texarkana, Arkansas
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2024

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Airshow Fund</u>	<u>Total Custodial Funds</u>
Assets				
Cash and cash equivalents	261,426	9	80,000	\$ 341,435
Interest receivable	3,656	-		3,656
	<u>\$ 265,082</u>	<u>\$ 9</u>	<u>\$ 80,000</u>	<u>\$ 345,091</u>
Total assets				
	<u>\$ 265,082</u>	<u>\$ 9</u>	<u>\$ 80,000</u>	<u>\$ 345,091</u>
Net Position Restricted for other governments	<u>\$ 265,082</u>	<u>\$ 9</u>	<u>\$ 80,000</u>	<u>\$ 345,091</u>

City of Texarkana, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended December 31, 2024

	<u>Police Bond Fund</u>	<u>Drug Seizure Fund</u>	<u>Airshow Fund</u>	<u>Total Custodial Funds</u>
Additions				
Receipt of police bond funds	\$ 2,870,535	\$ -	\$ -	\$ 2,870,535
Donations	-	-	80,000	80,000
Interest and dividends	2,482	-	-	2,482
Total additions	<u>2,873,017</u>	<u>-</u>	<u>80,000</u>	<u>2,953,017</u>
Deductions				
Return of police bond funds	<u>2,834,340</u>	<u>-</u>	<u>-</u>	<u>2,834,340</u>
Total Deductions	<u>2,834,340</u>	<u>-</u>	<u>-</u>	<u>2,834,340</u>
Change in Net Position	38,677	-	80,000	118,677
Net Position, Beginning of Year	<u>226,405</u>	<u>9</u>	<u>-</u>	<u>226,414</u>
Net Position, End of Year	<u>\$ 265,082</u>	<u>\$ 9</u>	<u>\$ 80,000</u>	<u>\$ 345,091</u>

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Statistical Section

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City of Texarkana, Arkansas

Statistical Section

This section of the City of Texarkana, Arkansas annual comprehensive financial report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflects about the City's overall financial health.

Contents	Page
Financial Trends (Tables 1-5)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.	192
Revenue Capacity (Tables 6-11)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.	199
Debt Capacity (Tables 12-16)	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	206
Demographic and Economic Information (Tables 17-18)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place.	211
Operating Information (Tables 19-21)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs.	213

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City of Texarkana, Arkansas
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities:										
Net investment in capital assets	\$ 13,418,445	\$ 12,228,378	\$ 12,173,375	\$ 12,149,281	\$ 11,887,149	\$ 11,573,523	\$ 16,852,481	\$ 17,630,352	\$ 21,914,550	\$ 24,836,305
Restricted	1,838,537	2,948,305	3,085,466	3,575,927	3,778,615	5,021,170	4,444,937	5,280,024	3,641,478	3,810,777
Unrestricted (deficit)	<u>(2,521,327)</u>	<u>(2,174,520)</u>	<u>135,812</u>	<u>(4,185,767)</u>	<u>(4,829,476)</u>	<u>(5,576,380)</u>	<u>(5,994,265)</u>	<u>2,558,406</u>	<u>7,498,149</u>	<u>23,418,709</u>
Total governmental activities net position	<u>12,735,655</u>	<u>13,002,163</u>	<u>15,394,653</u>	<u>11,539,441</u>	<u>10,836,288</u>	<u>11,018,313</u>	<u>15,303,153</u>	<u>25,468,782</u>	<u>33,054,177</u>	<u>52,065,791</u>
Business-type activities:										
Net investment in capital assets	29,689,707	32,066,618	32,849,130	33,457,909	34,951,626	35,033,478	34,298,104	34,862,939	34,933,360	43,129,273
Restricted	6,617,438	5,271,993	5,259,198	5,027,526	1,805,922	2,035,558	2,575,810	2,088,456	2,224,925	2,475,546
Unrestricted	<u>6,107,274</u>	<u>5,867,366</u>	<u>5,543,209</u>	<u>4,150,856</u>	<u>5,102,543</u>	<u>3,943,000</u>	<u>3,931,840</u>	<u>2,906,389</u>	<u>1,799,083</u>	<u>1,247,133</u>
Total business-type activities net position	<u>42,414,419</u>	<u>43,205,977</u>	<u>43,651,537</u>	<u>42,636,291</u>	<u>41,860,091</u>	<u>41,012,036</u>	<u>40,805,754</u>	<u>39,857,784</u>	<u>38,957,368</u>	<u>46,851,952</u>
Primary government										
Net investment in capital assets	43,108,152	44,294,996	45,022,505	45,607,190	46,838,775	46,607,001	51,150,585	52,493,291	56,847,910	67,965,578
Restricted	8,455,975	8,220,298	8,344,664	8,603,453	5,584,537	7,056,728	7,020,747	7,368,480	5,866,403	6,286,323
Unrestricted (deficit)	<u>3,585,947</u>	<u>3,692,846</u>	<u>5,679,021</u>	<u>(34,911)</u>	<u>273,067</u>	<u>(1,633,380)</u>	<u>(2,062,425)</u>	<u>5,464,795</u>	<u>9,297,232</u>	<u>24,665,842</u>
Total primary government net position	<u>\$ 55,150,074</u>	<u>\$ 56,208,140</u>	<u>\$ 59,046,190</u>	<u>\$ 54,175,732</u>	<u>\$ 52,696,379</u>	<u>\$ 52,030,349</u>	<u>\$ 56,108,907</u>	<u>\$ 65,326,566</u>	<u>\$ 72,011,545</u>	<u>\$ 98,917,743</u>

*The cumulative effect of applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27*, resulted in beginning statement of net position for 2015 being restated. Fiscal year 2014 and

City of Texarkana, Arkansas
Change in Net Position
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
Current:										
General administration	\$ 2,489,042	\$ 2,582,956	\$ 2,272,254	\$ 2,128,025	\$ 2,431,094	\$ 3,585,283	\$ 3,058,338	\$ 3,234,460	\$ 5,686,228	\$ 6,749,641
Police department	6,265,820	6,351,864	8,535,330	9,082,042	9,147,662	10,057,223	10,202,870	8,277,318	9,087,473	7,869,697
Fire department	3,606,197	4,577,604	5,930,240	6,369,763	6,424,089	6,316,894	5,891,420	5,252,500	6,674,554	5,610,446
Other public safety	3,205,227	2,877,212	2,106,118	1,909,304	1,807,769	1,083,063	1,280,126	1,233,710	2,100,099	2,513,767
Protective inspection	474,893	567,880	473,860	433,700	542,856	602,488	577,365	458,665	591,121	656,071
Public works	5,922,407	6,365,907	6,145,067	6,284,490	6,931,855	7,125,056	6,796,732	6,582,936	7,952,617	9,034,637
Public services	532,551	541,432	31,950	32,746	61,695	71,343	84,351	70,473	25,934	63,877
Health and welfare	410,477	459,236	573,179	386,403	609,728	696,837	605,567	489,148	549,787	620,326
Cultural and recreation	1,157,670	1,171,381	1,138,931	1,119,164	1,214,342	1,260,562	1,546,288	1,484,920	2,002,982	1,794,449
Interest on long-term debt	933,184	811,774	773,234	861,792	769,576	762,801	627,969	547,300	576,213	483,078
Total governmental activities expenses	<u>24,997,468</u>	<u>26,307,246</u>	<u>27,980,163</u>	<u>28,607,429</u>	<u>29,940,666</u>	<u>31,561,550</u>	<u>30,671,026</u>	<u>27,631,430</u>	<u>35,247,008</u>	<u>35,395,989</u>
Business-type activities:										
Water and sewer	8,827,599	8,724,209	9,016,083	9,221,277	9,631,871	10,479,232	10,125,149	11,436,013	13,314,999	14,362,381
Total business-type activities expenses	<u>8,827,599</u>	<u>8,724,209</u>	<u>9,016,083</u>	<u>9,221,277</u>	<u>9,631,871</u>	<u>10,479,232</u>	<u>10,125,149</u>	<u>11,436,013</u>	<u>13,314,999</u>	<u>14,362,381</u>
Total primary government expenses	<u>33,825,067</u>	<u>35,031,455</u>	<u>36,996,246</u>	<u>37,828,706</u>	<u>39,572,537</u>	<u>42,040,782</u>	<u>40,796,175</u>	<u>39,067,443</u>	<u>48,562,007</u>	<u>49,758,370</u>
Program Revenues										
Governmental activities:										
Charges for services	5,338,355	5,485,953	8,458,140	5,154,080	5,571,532	5,911,828	7,660,255	6,285,949	6,798,012	6,868,593
Operating grants and contributions	3,153,469	3,320,465	3,673,664	3,625,951	3,944,769	4,819,791	4,330,754	6,938,348	8,679,856	18,358,381
Capital grants and contributions	1,199,000	1,078,636	851,360	750,793	724,333	509,874	503,372	394,939	487,840	606,910
Total governmental activities program revenues	<u>9,690,824</u>	<u>9,885,054</u>	<u>12,983,164</u>	<u>9,530,824</u>	<u>10,240,634</u>	<u>11,241,493</u>	<u>12,494,381</u>	<u>13,619,236</u>	<u>15,965,708</u>	<u>25,833,884</u>
Business-type activities:										
Charges for services	9,413,488	9,590,596	9,560,808	9,598,816	9,285,223	9,689,488	9,937,564	10,685,204	12,395,361	15,584,120
Capital grants and contributions	27,748	-	-	-	-	-	-	8,765	241,335	5,078,026
Total business-type activities program revenues	<u>9,441,236</u>	<u>9,590,596</u>	<u>9,560,808</u>	<u>9,598,816</u>	<u>9,285,223</u>	<u>9,689,488</u>	<u>9,937,564</u>	<u>10,693,969</u>	<u>12,636,696</u>	<u>20,662,146</u>
Total primary government program revenues	<u>\$ 19,132,060</u>	<u>\$ 19,475,650</u>	<u>\$ 22,543,972</u>	<u>\$ 19,129,640</u>	<u>\$ 19,525,857</u>	<u>\$ 20,930,981</u>	<u>\$ 22,431,945</u>	<u>\$ 24,313,205</u>	<u>\$ 28,602,404</u>	<u>\$ 46,496,030</u>

City of Texarkana, Arkansas
Change in Net Position (Continued)
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net (Expense)/Revenue										
Governmental activities	\$ (15,306,644)	\$ (16,422,192)	\$ (14,996,999)	\$ (19,076,605)	\$ (19,700,032)	\$ (20,320,057)	\$ (18,176,645)	\$ (14,012,194)	\$ (19,281,300)	\$ (9,562,105)
Business-type activities	613,637	866,387	544,725	377,539	(346,648)	(789,744)	(187,585)	(742,044)	(678,303)	6,299,765
Total primary government net expense	<u>(14,693,007)</u>	<u>(15,555,805)</u>	<u>(14,452,274)</u>	<u>(18,699,066)</u>	<u>(20,046,680)</u>	<u>(21,109,801)</u>	<u>(18,364,230)</u>	<u>(14,754,238)</u>	<u>(19,959,603)</u>	<u>(3,262,340)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	3,868,690	3,902,704	4,161,676	3,752,005	4,490,963	4,143,548	4,659,625	4,836,599	5,555,834	6,464,384
Sales taxes	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098	13,657,606	14,309,866	13,965,036	13,248,843
Franchise taxes	2,859,259	2,640,381	2,528,697	2,637,048	2,427,491	2,580,633	2,908,404	3,485,108	3,234,319	3,227,188
Other taxes	67,975	57,884	79,969	81,351	80,414	73,150	108,234	137,403	134,784	123,176
Unrestricted investment earnings	15,444	5,885	10,570	19,591	26,472	11,095	4,142	11,176	47,643	53,083
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	(20,365)	-
Miscellaneous	289,351	100,279	541,419	471,372	562,639	1,289,257	728,221	703,610	568,829	748,496
Intergovernmental	-	-	-	-	-	-	-	265,786	2,934,820	4,194,467
Transfers	183,034	335,094	238,504	1,036,864	560,828	404,301	395,253	428,275	445,795	514,082
Total governmental activities	<u>17,042,200</u>	<u>16,688,700</u>	<u>17,389,489</u>	<u>18,679,262</u>	<u>18,996,879</u>	<u>20,502,082</u>	<u>22,461,485</u>	<u>24,177,823</u>	<u>26,866,695</u>	<u>28,573,719</u>
Business-type activities:										
Unrestricted investment earnings	267,423	152,922	156,212	174,072	179,535	234,884	229,621	67,753	94,637	1,943,559
Transfers	(233,566)	(227,751)	(255,377)	(853,431)	(609,087)	(293,195)	(248,318)	(273,679)	(316,750)	(348,740)
Total business-type activities	<u>33,857</u>	<u>(74,829)</u>	<u>(99,165)</u>	<u>(679,359)</u>	<u>(429,552)</u>	<u>(58,311)</u>	<u>(18,697)</u>	<u>(205,926)</u>	<u>(222,113)</u>	<u>1,594,819</u>
Total primary government general revenues and other changes in net position	<u>17,076,057</u>	<u>16,613,871</u>	<u>17,290,324</u>	<u>17,999,903</u>	<u>18,567,327</u>	<u>20,443,771</u>	<u>22,442,788</u>	<u>23,971,897</u>	<u>26,644,582</u>	<u>30,168,538</u>
Change in Net Position										
Governmental activities	1,735,556	266,508	2,392,490	(397,343)	(703,153)	182,025	4,284,840	10,165,629	7,585,395	19,011,614
Business-type activities	647,494	791,558	445,560	(301,820)	(776,200)	(848,055)	(206,282)	(947,970)	(900,416)	7,894,584
Total primary government changes in net position	<u>\$ 2,383,050</u>	<u>\$ 1,058,066</u>	<u>\$ 2,838,050</u>	<u>\$ (699,163)</u>	<u>\$ (1,479,353)</u>	<u>\$ (666,030)</u>	<u>\$ 4,078,558</u>	<u>\$ 9,217,659</u>	<u>\$ 6,684,979</u>	<u>\$ 26,906,198</u>

City of Texarkana, Arkansas
Program Revenues by Function/Program
Last Ten Years
(Accrual Basis of Accounting)

Table 3

Function/ Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General administration	\$ 2,429,549	\$ 2,309,740	\$ 2,355,799	\$ 2,097,646	\$ 2,053,071	\$ 1,680,671	\$ 1,848,312	\$ 1,739,228	\$ 1,879,271	\$ 1,748,924
Police department	979,346	1,174,511	1,314,276	892,312	1,053,188	2,147,970	1,213,129	1,507,508	986,195	1,235,964
Fire department	7,481	5,870	-	-	-	-	57,483	-	-	-
Other public safety	1,501	178,555	-	-	-	-	13,995	76,319	821,270	282,807
Public works	5,930,278	5,862,094	5,699,490	6,489,157	6,791,276	6,450,872	6,483,074	6,980,574	7,735,745	-
Public services	263,869	274,870	3,510,486	(32,500)	263,804	894,767	2,804,375	3,207,125	4,285,396	7,956,796
Health and welfare	-	-	-	-	-	-	1,615	19,653	-	14,399,347
Cultural and recreation	78,800	79,414	103,113	84,209	79,295	67,213	72,398	88,829	257,831	210,046
Subtotal governmental activities	<u>9,690,824</u>	<u>9,885,054</u>	<u>12,983,164</u>	<u>9,530,824</u>	<u>10,240,634</u>	<u>11,241,493</u>	<u>12,494,381</u>	<u>13,619,236</u>	<u>15,965,708</u>	<u>25,833,884</u>
Business-type activities:										
Water and sewer	<u>9,441,236</u>	<u>9,590,596</u>	<u>9,560,808</u>	<u>9,598,816</u>	<u>9,285,223</u>	<u>9,689,488</u>	<u>9,937,564</u>	<u>10,693,969</u>	<u>12,636,696</u>	<u>20,662,146</u>
Subtotal business-type activities	<u>9,441,236</u>	<u>9,590,596</u>	<u>9,560,808</u>	<u>9,598,816</u>	<u>9,285,223</u>	<u>9,689,488</u>	<u>9,937,564</u>	<u>10,693,969</u>	<u>12,636,696</u>	<u>20,662,146</u>
Total primary government	<u><u>\$ 19,132,060</u></u>	<u><u>\$ 19,475,650</u></u>	<u><u>\$ 22,543,972</u></u>	<u><u>\$ 19,129,640</u></u>	<u><u>\$ 19,525,857</u></u>	<u><u>\$ 20,930,981</u></u>	<u><u>\$ 22,431,945</u></u>	<u><u>\$ 24,313,205</u></u>	<u><u>\$ 28,602,404</u></u>	<u><u>\$ 46,496,030</u></u>

City of Texarkana, Arkansas
Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 4

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable										
Prepaid items	\$ 180,061	\$ 263,696	\$ 5,087	\$ 10,961	\$ 124,016	\$ 129,438	\$ 211,363	\$ 103,044	\$ 61,456	\$ 2,500
Restricted										
Police department	-	19,105	-	-	13,796	-	-	-	-	-
Animal Shelter	-	-	-	-	-	1,000,000	199,356	132,598	14,235	13,706
Committed										
Cultural and recreation	17,723	17,254	14,106	13,175	14,175	10,577	10,411	10,811	10,723	11,723
Assigned										
Police department	33,090	18,646	18,646	39,173	20,902	24,890	43,275	43,275	36,496	36,496
Other public safety	-	-	-	-	-	-	833,168	787,051	761,635	761,635
Public works	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292	30,292
Unassigned	3,397,384	3,405,025	3,684,175	5,309,483	6,652,827	6,993,171	7,467,785	8,200,886	6,604,310	6,264,678
Total general fund	<u>\$ 3,658,550</u>	<u>\$ 3,754,018</u>	<u>\$ 3,752,306</u>	<u>\$ 5,403,084</u>	<u>\$ 6,856,008</u>	<u>\$ 8,188,368</u>	<u>\$ 8,795,650</u>	<u>\$ 9,307,957</u>	<u>\$ 7,519,147</u>	<u>\$ 7,121,030</u>
All Other Governmental Funds										
Nonspendable										
Prepaid items	\$ 35,044	\$ 32,878	\$ 9,084	\$ 10,338	\$ 8,650	\$ 8,436	\$ 1,598	\$ 1,018	\$ 25,773	\$ 25,000
Restricted										
General administration	76,600	74,710	69,204	55,803	42,913	1,842	-	-	-	-
Police department	15,332	6,167	4,422	44,602	36,212	41,057	9,924	6,164	6,618	67,831
Fire department	29,607	20,322	22,669	24,514	46,697	46,697	48,433	48,433	84,198	124,341
Public works	302,180	356,038	502,289	608,286	822,305	952,685	1,101,231	1,155,555	1,250,702	1,347,004
Debt service	1,734,277	1,768,212	1,820,312	2,085,820	2,169,733	2,098,635	2,090,684	2,094,850	2,298,811	2,381,822
Cultural and recreation	91,864	98,952	92,679	65,944	125,609	904,535	189,723	274,157	565	47,409
Committed										
Public works	307,575	240,855	309,211	302,820	375,357	389,125	389,174	344,782	329,956	425,139
Assigned										
Police department	321,472	406,223	371,024	371,024	180,005	141,598	155,327	155,327	-	105,324
Fire department	-	-	-	-	-	-	-	-	-	-
Public works	1,397,208	1,829,769	1,965,830	1,901,999	1,982,813	1,856,004	954,826	1,758,240	1,423,480	1,906,568
Unassigned	-	-	(769)	(1,223)	-	-	(15,433)	(4,645)	19,033	(106,935)
Total all other governmental funds	<u>\$ 4,311,159</u>	<u>\$ 4,834,126</u>	<u>\$ 5,165,955</u>	<u>\$ 5,469,927</u>	<u>\$ 5,790,294</u>	<u>\$ 6,440,614</u>	<u>\$ 4,925,487</u>	<u>\$ 5,833,881</u>	<u>\$ 5,439,136</u>	<u>\$ 6,323,503</u>

City of Texarkana, Arkansas
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Property taxes	\$ 3,760,473	\$ 3,800,773	\$ 3,813,210	\$ 3,956,051	\$ 4,327,850	\$ 3,920,159	\$ 4,476,000	\$ 4,424,757	\$ 5,067,174	\$ 5,708,592
Sales taxes	9,758,447	9,646,473	9,828,654	10,681,031	10,848,072	12,000,098	13,657,606	14,309,866	13,965,036	13,248,843
Other taxes	67,975	57,884	79,969	81,351	80,414	73,150	108,234	137,403	134,784	123,176
Utility franchise	2,856,455	2,627,570	2,431,741	2,603,390	2,427,491	2,579,878	2,913,540	3,488,808	3,234,319	3,227,188
Licenses and permits	204,483	179,075	183,444	328,393	374,198	285,820	315,045	407,443	395,558	293,710
Fines, forfeitures and penalties	619,982	609,268	648,141	561,880	726,567	588,736	441,272	595,471	614,581	880,151
Charges for services	4,356,935	4,350,491	4,330,757	4,601,125	4,702,053	4,644,444	4,495,558	5,283,035	5,787,873	5,694,732
Grants and entitlements	1,729,598	1,581,993	1,521,589	1,501,847	1,683,823	2,564,904	1,952,542	1,636,370	3,964,729	5,192,937
Intergovernmental	2,717,855	2,750,738	3,003,435	2,874,897	2,980,101	2,797,192	2,913,901	2,933,033	3,518,198	3,821,992
Investment income	15,444	5,885	10,570	19,591	26,472	11,095	4,142	11,176	47,643	53,083
Miscellaneous	499,274	354,056	541,419	471,372	562,639	1,289,257	728,221	539,445	568,829	748,496
Total revenues	<u>26,586,921</u>	<u>25,964,206</u>	<u>26,392,929</u>	<u>27,680,928</u>	<u>28,739,680</u>	<u>30,754,733</u>	<u>32,006,061</u>	<u>33,766,807</u>	<u>37,298,724</u>	<u>38,992,900</u>
Expenditures										
Current:										
General government	2,193,123	2,165,381	2,024,355	1,960,905	2,072,000	2,989,699	2,885,286	3,676,618	5,631,293	6,669,066
Police department	6,851,193	7,064,815	7,733,463	8,071,706	8,409,285	8,647,948	8,338,120	9,196,694	8,264,919	7,918,839
Fire department	4,366,156	4,485,336	4,777,857	4,948,694	5,104,631	5,256,566	5,304,091	5,546,040	5,805,927	5,872,222
Other public safety	3,188,823	2,864,078	2,098,897	1,906,756	1,797,876	1,082,267	1,274,700	1,230,398	2,097,672	2,522,208
Protective inspection	449,576	505,396	457,378	428,638	490,360	515,739	559,864	547,396	620,693	624,501
Public works	4,799,586	4,731,277	5,010,786	5,241,503	5,422,068	5,284,363	5,606,747	6,297,420	6,581,935	7,533,939
Public services	37,511	57,434	30,885	32,752	55,333	60,953	82,092	82,653	25,583	93,265
Health and welfare	379,360	388,328	539,384	372,137	555,753	593,169	569,022	548,113	531,296	586,342
Cultural and recreation	758,175	736,245	757,833	768,728	784,469	779,679	1,164,225	1,347,862	1,677,383	1,460,919
Capital outlay	3,767,389	735,436	971,816	3,470,847	1,812,390	2,546,205	4,894,595	3,169,978	6,272,243	3,508,070
Debt service:										
Principal retirement	4,765,324	1,112,724	1,111,675	1,021,044	1,173,453	1,442,759	2,609,073	1,585,582	1,832,978	2,005,278
Interest and fiscal charges	873,139	834,415	786,987	798,015	797,521	784,969	477,737	530,256	559,754	470,459
Bond issuance costs	75,684	-	-	61,778	2,078	2,038	204,463	9,210	-	-
Total expenditures	<u>32,505,039</u>	<u>25,680,865</u>	<u>26,301,316</u>	<u>29,083,503</u>	<u>28,477,217</u>	<u>29,986,354</u>	<u>33,970,015</u>	<u>33,768,220</u>	<u>39,901,676</u>	<u>39,265,108</u>
Excess (deficiency) of revenues over expenditures	<u>(5,918,118)</u>	<u>283,341</u>	<u>91,613</u>	<u>(1,402,575)</u>	<u>262,463</u>	<u>768,379</u>	<u>(1,963,954)</u>	<u>(1,413)</u>	<u>(2,602,952)</u>	<u>(272,208)</u>

City of Texarkana, Arkansas
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 5

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Transfers in	\$ 5,799,742	\$ 2,232,441	\$ 2,140,719	\$ 5,273,045	\$ 2,460,006	\$ 2,084,653	\$ 2,595,101	\$ 1,840,199	\$ 2,371,257	\$ 2,950,173
Transfers out	(5,616,708)	(1,897,347)	(1,902,215)	(4,236,181)	(1,899,178)	(1,730,352)	(2,199,848)	(1,411,924)	(1,925,462)	(2,436,091)
Issuance of debt	54,460	-	-	2,316,606	950,000	810,000	11,640,849	650,000	217,978	-
Leases issued	-	-	-	-	-	-	-	343,840	-	-
Refunding bonds issued	3,770,000	-	-	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	36,621	-	-	-
Discount on refunding bonds issued	(40,864)	-	-	-	-	-	(16,339)	-	-	-
Original issue premium	-	-	-	3,855	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(11,000,275)	-	-	-
Total other financing sources (uses)	<u>3,966,630</u>	<u>335,094</u>	<u>238,504</u>	<u>3,357,325</u>	<u>1,510,828</u>	<u>1,164,301</u>	<u>1,056,109</u>	<u>1,422,115</u>	<u>663,773</u>	<u>514,082</u>
Net change in fund balances	<u>\$ (1,951,488)</u>	<u>\$ 618,435</u>	<u>\$ 330,117</u>	<u>\$ 1,954,750</u>	<u>\$ 1,773,291</u>	<u>\$ 1,932,680</u>	<u>\$ (907,845)</u>	<u>\$ 1,420,702</u>	<u>\$ (1,939,179)</u>	<u>\$ 241,874</u>
Debt Service as a percentage of noncapital expenditures	19.6%	7.8%	7.5%	7.1%	7.4%	8.1%	10.6%	6.9%	7.1%	6.9%

City of Texarkana, Arkansas
General Government Tax Revenues by Source
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 6

Fiscal Year	Property	Sales and Use	Other	Utility Franchise	Total
2015	3,760,473	9,758,447	67,975	2,856,455	16,443,350
2016	3,800,773	9,646,473	57,884	2,627,570	16,132,700
2017	3,813,210	9,828,654	79,969	2,431,741	16,153,574
2018	3,956,051	10,681,031	81,351	2,603,390	17,321,823
2019	4,327,850	10,848,072	80,414	2,427,491	17,683,827
2020	3,920,159	12,000,098	73,150	2,579,878	18,573,285
2021	4,476,000	13,657,606	108,234	2,913,540	21,155,380
2022	4,424,757	14,309,866	137,403	3,488,808	22,360,834
2023	5,067,174	13,965,036	134,784	3,234,319	22,401,313
2024	5,708,592	13,248,843	123,176	3,227,188	22,307,799

City of Texarkana, Arkansas

Assessed and Appraised Value of Taxable Property Last Ten Years

Table 7

Year	Tax Roll Year	Real Property Assessed Value	Personal Property Assessed Value	Total Property Assessed Value	Tax Rate (1)	Total Tax Levy	Tax Distribution					
							General Fund (2)	Debt Service	Firemen's Pension (2)	Policemen's Pension (2)	Library Fund	TIF District
2015	2014	\$ 253,856,840	\$ 98,258,389	\$ 352,115,229	0.1050	\$ 3,697,210	\$ 1,760,576	\$ 880,288	\$ 352,115	\$ 352,115	\$ 352,115	\$ -
2016	2015	253,696,935	106,190,069	359,887,004	0.1050	3,778,814	1,754,148	877,074	350,830	350,830	350,830	95,103
2017	2016	259,217,677	108,560,385	367,778,062	0.1050	3,861,670	1,792,736	896,368	358,547	358,547	358,547	96,924
2018	2017	263,840,379	117,889,390	381,729,769	0.1050	4,008,163	1,862,495	931,247	372,499	372,499	372,499	96,924
2019	2018	267,430,380	119,943,230	387,373,610	0.1050	4,067,423	1,890,714	945,357	378,143	378,143	378,143	96,924
2020	2019	271,050,681	117,981,340	389,032,021	0.1050	4,084,837	1,899,004	949,502	379,801	379,801	379,801	96,928
2021	2020	287,177,884	133,340,310	420,518,194	0.1050	4,415,441	2,057,090	1,028,545	411,418	411,418	411,418	95,552
2022	2021	294,631,989	139,685,129	434,317,118	0.1050	4,560,330	2,128,309	1,064,155	425,662	425,662	425,662	90,880
2023	2022	309,008,873	173,512,296	482,521,169	0.1050	5,066,472	2,367,342	1,183,672	473,469	473,469	473,469	95,051
2024	2023	316,046,763	172,586,056	488,632,819	0.1050	5,130,645	2,396,512	1,198,256	479,303	479,303	479,303	97,968
2025	2024	319,060,446	172,211,220	491,271,666	0.1050	5,158,352	2,408,428	1,204,213	481,685	481,685	481,685	100,656

Note:

(1) Tax rate per \$100 of assessed value.

(2) Firemen's Pension and Policemen's Pension are initially accounted for within the general fund.

Source - Miller County Tax Records per the Assessor's Office.

City of Texarkana, Arkansas
Property Tax Rates and Tax Levies of Direct and Overlapping Governments
Last Ten Years
Local Tax Rates – Per \$100 of Assessed Value

Table 8

Year	City of Texarkana, Arkansas						County School District	County	Total
	General Fund	Debt Service Fund	Firemen's Pension	Policemen's Pension	Library	Total			
Real Property Tax Rates:									
2015	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2016	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2017	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2018	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2019	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2020	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2021	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2022	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2023	5.00	2.50	1.00	1.00	1.00	10.50	38.90	8.00	57.40
2024	5.00	2.50	1.00	1.00	1.00	10.50	38.90	8.00	57.40
Personal Property Tax Rates:									
2015	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2016	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2017	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2018	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2019	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2020	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2021	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2022	5.00	2.50	1.00	1.00	1.00	10.50	38.90	5.50	54.90
2023	5.00	2.50	1.00	1.00	1.00	10.50	38.90	8.00	57.40
2024	5.00	2.50	1.00	1.00	1.00	10.50	38.90	8.00	57.40

Source - Miller County Tax Records.

Notes: Overlapping rates are those of local and county governments that apply to the property owners within the City of Texarkana, Arkansas. Not all overlapping rates apply to all City property owners.

City of Texarkana, Arkansas

Principal Sales Taxpayers

December 31, 2024

The City of Texarkana, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from three separate taxes; a two and one-half cent city tax based on point of sale, and a portion of the county's one and one-quarter cent tax based on an Interlocal Cooperation Agreement between Miller County, Arkansas and the municipal corporations of the State of Arkansas located within the county, and one-half cent road tax distribution from the State of Arkansas for the construction of four-lane highways to connect all four corners of the state. Per the agreement, the City of Texarkana receives forty-five percent of the county sales tax collections. In 2024, the City's sales tax generated revenue of \$13,248,843. The City's portion of the county sales tax generated revenue of \$3,220,017 and the municipal four-lane highway tax received from the State of Arkansas and the state wholesale fuel tax totaled \$217,303.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Texarkana is not able to identify the top 10 tax payers. However, Texarkana enjoys a diverse economic sales tax base.

City of Texarkana, Arkansas
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

Taxpayer	2024			2015		
	Rank	2024 Assessed Valuation (1) (2)	Percentage of Total Assessed Valuation	Rank	2015 Assessed Valuation (1) (3)	Percentage of Total Assessed Valuation
The Goodyear Tire & Rubber Co.	1	\$ 13,001,090	2.99%			
Southwestern Electric Power Co.	2	10,603,000	2.44%	2	10,113,650	2.81%
Cooper Tire & Rubber Co Bond 1	3	8,165,450	1.88%	4	4,745,494	1.32%
TAC Leasing	4	6,282,270	1.45%			
Southwest Ar Electric Co-op	5	4,187,580	0.96%	3	9,955,430	2.77%
Wal-Mart Stores, Inc. #04-0468	6	4,065,780	0.84%	5	4,119,283	1.14%
Centerpoint Energy ARKLA	7	3,326,340	0.77%			
Tri-State Iron & Metal	8	3,292,450	0.68%			
Valor Telecommunications	9	3,141,110	0.64%	7	3,676,420	1.02%
Smith-Blair	10	2,995,450	0.61%			
Union Pacific System				1	10,437,570	2.90%
Southwest Ark Telephone Co				6	3,966,482	1.10%
Garland Farms				8	2,612,462	0.73%
Tyson Foods, Inc.				9	2,747,924	0.76%
AT&T Mobility LLC				10	2,338,820	0.65%
Total principal taxpayers		<u>\$ 59,060,520</u>	<u>13.26%</u>		<u>\$ 54,713,535</u>	<u>15.20%</u>

Notes:

(1) Net of exemptions

(2) Source - Miller County Tax Records per the Collector's office

(3) Source - City of Texarkana AR ACFR statistical section for fiscal year December 31, 2015

City of Texarkana, Arkansas
Property Tax Levies and Collections
Last Ten Years

Table 10

Fiscal Year	Tax Roll Year	Total Tax Levy(2)(3)	Current Taxes Collected(1)	Percent of Current Taxes Collected	Delinquent Taxes Collected(1)	Total Tax Collections	Percent Total Tax Collections to Tax Levy(3)	Outstanding Delinquent Taxes	Percent Delinquent Taxes to Tax Levy
2014	2013	3,528,590	2,938,121	83.27%	370,183	3,308,304	0.94	220,286	0.06
2015	2014	3,697,210	3,168,089	85.69%	495,408	3,663,497	99.09%	33,713	0.91%
2016	2015	3,778,814	3,219,125	85.19%	481,402	3,700,527	97.93%	78,287	2.07%
2017	2016	3,861,670	3,329,353	86.22%	483,855	3,813,208	98.75%	48,462	1.25%
2018	2017	4,008,163	3,507,408	87.51%	342,965	3,850,373	96.06%	157,790	3.94%
2019	2018	4,067,423	3,692,123	90.77%	581,343	4,273,466	105.07%	375,300	9.23%
2020	2019	4,415,441	3,359,499	76.09%	364,831	3,724,330	84.35%	1,002,305	22.70%
2021	2020	4,560,330	3,472,798	76.15%	461,207	3,934,005	86.27%	626,325	13.73%
2022	2021	5,066,472	3,836,107	75.72%	322,369	4,158,476	82.08%	907,996	17.92%
2023	2022	5,130,645	4,456,710	86.86%	475,108	4,931,818	96.12%	198,827	3.88%
2024	2023	5,158,352	4,105,687	79.59%	449,720	4,555,407	88.31%	602,946	11.69%

(1) Excludes City portion of county road taxes shown in Special Revenue Fund.

(2) Tax levies include separate assessment shown on Utilities.

(3) Source - Miller County Tax Records per the Collector's Office.

City of Texarkana, Arkansas
Direct and Overlapping Sales Tax Rates
Last Ten Years

Table 11

Year	City Direct Rate	Miller County Rate
2015	2.50%	1.25%
2016	2.50%	1.25%
2017	2.50%	1.25%
2018	2.50%	1.25%
2019	2.50%	1.25%
2020	2.50%	1.25%
2021	2.50%	1.25%
2022	2.50%	1.25%
2023	2.50%	1.25%
2024	2.50%	1.25%

Source: Arkansas Department of Finance and Administration

City of Texarkana, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Years

Table 12

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income(1)	Per Capita(1)
	General Obligation Bonds	Revenue Bonds	Installment loans	Leases Payable	Water Revenue Bonds	Contracts Payable	Leases Payable			
2015	9,623,528	13,184,382	548,454	39,962	11,483,954	56,910	-	34,937,190	5.43%	1,164
2016	9,135,064	12,834,303	283,498	22,194	10,359,438	15,420,815	-	48,055,312	7.48%	1,595
2017	8,661,600	12,434,224	55,509	3,508	9,192,660	14,814,128	-	45,161,629	7.03%	1,498
2018	8,118,136	14,282,725	-	44,579	7,982,470	14,734,050	-	45,161,960	6.77%	1,499
2019	7,509,672	13,727,370	950,000	26,126	6,728,413	14,506,625	-	43,448,206	6.10%	1,443
2020	6,846,208	13,157,015	1,561,667	6,700	5,429,525	14,346,918	-	41,348,033	5.72%	1,383
2021	6,187,744	13,178,880	820,000	42,996	4,269,040	14,183,008	-	38,681,668	5.20%	1,295
2022	5,439,280	12,462,478	1,463,920	442,601	3,208,778	14,014,783	-	37,031,840	4.80%	1,263
2023	4,650,816	11,736,076	1,297,821	516,700	23,723,491	13,842,130	-	55,767,034	7.13%	1,912
2024	3,702,352	11,004,674	1,118,684	342,559	22,629,983	13,664,934	-	52,463,186	6.39%	1,798

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Demographic and Economic Statistics Schedule for personal income and population data.

City of Texarkana, Arkansas
Ratios of General Bonded Debt Outstanding
Last Ten Years

Table 13

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015	30,015	359,887,004	9,623,528	767,335	8,856,193	2.46%	295
2016	30,127	367,778,062	9,135,064	830,435	8,304,629	2.26%	276
2017	30,155	381,729,769	8,661,600	898,787	7,762,813	2.03%	257
2018	30,120	387,373,610	8,118,136	948,354	7,169,782	1.85%	238
2019	30,104	389,032,021	7,509,672	949,123	6,560,549	1.69%	218
2020	29,901	420,518,194	6,846,208	916,320	5,929,888	1.41%	198
2021	29,864	434,317,118	6,187,744	977,978	5,209,766	1.20%	174
2022	29,314	482,521,169	5,439,280	991,182	4,448,098	0.92%	152
2023	29,172	488,632,819	4,650,816	1,122,342	3,528,474	0.72%	121
2024	29,387	491,271,666	3,702,352	1,137,377	2,564,975	0.52%	87

Notes:

- (1) Source - Bureau of Census
- (2) Source - Miller County Tax Records
- (3) Gross bonded debt consists of General Obligation bonds only

City of Texarkana, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2024

Table 14

Jurisdiction	Debt Outstanding	Percentage of Debt Applicable to City of Texarkana	Amount Applicable to City of Texarkana
Direct:			
City of Texarkana, Arkansas	\$ 16,168,269 (2)	100.00%	<u>\$ 16,168,269</u>
Overlapping:			
Texarkana, Arkansas School District	43,745,000 (1)	78.62%	<u>34,392,319</u>
Subtotal - Overlapping debt			<u>34,392,319</u>
Total direct and overlapping			<u><u>\$ 50,560,588</u></u>
Per capita overlapping debt			<u><u>\$ 1,720.51</u></u>

Notes:

Source-City and County tax records. The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

(1) Source - Texarkana Arkansas School District

(2) Including \$3,702,352 of general obligation, \$11,004,674 of revenue bonds and \$1,118,684 of notes payable

City of Texarkana, Arkansas
Legal Debt Margin Information
December 31, 2024

Table 15

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Debt limit	\$ 89,971,751	\$ 91,944,516	\$ 95,432,442	\$ 96,843,403	\$ 97,258,005	\$ 105,129,549	\$ 108,579,280	\$ 120,630,292	\$ 122,158,205	\$ 122,817,917
Total net debt applicable to limit	<u>8,856,193</u>	<u>8,147,993</u>	<u>7,762,813</u>	<u>7,169,782</u>	<u>6,560,549</u>	<u>5,929,888</u>	<u>5,209,766</u>	<u>4,448,098</u>	<u>3,528,474</u>	<u>2,564,975</u>
Legal debt margin	<u>\$ 81,115,558</u>	<u>\$ 83,796,523</u>	<u>\$ 87,669,629</u>	<u>\$ 89,673,621</u>	<u>\$ 90,697,456</u>	<u>\$ 99,199,661</u>	<u>\$ 103,369,514</u>	<u>\$ 116,182,194</u>	<u>\$ 118,629,731</u>	<u>\$ 120,252,942</u>
Total net debt applicable to the limit as a percentage of debt limit	10.92%	9.72%	8.85%	8.00%	7.23%	5.98%	7.23%	3.83%	2.97%	2.13%

Legal Debt Margin Calculation for 2022

Assessed value	\$ 491,271,666
Debt limit - 25% of assessed value:	
General obligation debt limitation	122,817,917
Debt applicable to limit:	
General obligation bonds	3,702,352
Less: Amount set aside for repayment in debt services funds	<u>1,137,377</u>
Total net debt applicable to limit	<u>2,564,975</u>
Legal debt margin	<u>\$ 120,252,942</u>

City of Texarkana, Arkansas
Pledged Revenue Coverage – Texarkana, Arkansas Water Utilities
Last Ten Years

Table 16

Fiscal Year Ended December 31	Gross Revenue(1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)	Coverage
2015	\$ 9,948,542	\$ 6,215,070	\$ 3,733,472	\$ 1,542,258	2.42
2016	10,127,143	6,027,246	4,099,897	1,546,698	2.56
2017	10,118,750	6,285,420	3,833,330	1,498,806	2.56
2018	10,196,477	6,423,493	3,772,984	1,505,272	2.51
2019	10,561,331	6,788,047	3,773,284	1,467,442	2.12
2020	10,167,404	7,315,297	2,852,107	1,373,310	1.90
2021	10,161,962	7,209,252	2,952,710	1,201,015	2.46
2022	10,885,705	8,446,231	2,439,474	1,131,378	2.16
2023	12,670,572	9,928,022	2,742,550	2,150,367	1.28
2024	17,163,492	10,458,235	6,705,257	2,150,367	3.12

Notes:

- (1) Gross revenue includes interest income on investment and proceeds from sale of fixed assets.
Gross revenue also includes payments received from Texarkana, Texas Water Utilities for debt service on revenue bonds issued for construction of Millwood Water Treatment Facilities and McKinney Bayou Wastewater Treatment Facilities.
- (2) Operating expenses exclude depreciation.
- (3) Principal and interest on revenue bonds only. Amounts do not include payments on obligations under leases.

City of Texarkana, Arkansas

Demographic and Economic Statistics

Last Ten Years

Table 17

Fiscal Year	Population (1)	Personal Income (3)	Median Age (1)	Per Capita Income(1)	Unemployment Rate(2)
2015	30,015	643,881,780	37.2	21,452	5.5%
2016	30,127	642,247,386	37.3	21,318	3.9%
2017	30,155	642,572,895	37.6	21,309	3.7%
2018	30,120	666,917,040	38.5	22,142	3.6%
2019	30,104	712,591,784	38.8	23,671	3.6%
2020	29,901	712,591,784	39.5	24,183	6.1%
2021	29,864	744,121,288	40.2	24,917	4.2%
2022	29,314	771,339,282	40.2	26,313	4.2%
2023	29,172	782,597,244	39.1	26,827	3.4%
2024	29,387	827,361,598	38.4	28,154	4.2%

Notes:

(1) Source - U.S. Census Bureau

(2) Source - U.S. Bureau of Labor Statistics

(3) Personal Income is a calculation of per capital income multiplied by the population

City of Texarkana, Arkansas
Principal Employers, Metropolitan Statistical Area (MSA) –
Texarkana, Arkansas and Texarkana, Texas
Current Year and Nine Years Ago

Table 18

Employer	2024			2015		
	Employees	Rank	Percentage of Total MSA Employment (1)	Employees	Rank	Percentage of Total MSA Employment (2)
Christus St. Michael Health System	2,200	1	3.67%	1,800	2	3.03%
Red River Army Depot	2,103	2	3.51%	4,135	1	6.95%
The Goodyear Tire & Rubber Company	1,820	3	3.03%			0.00%
Texarkana, Texas ISD	1,350	4	2.25%	1,150	7	1.93%
Graphic Packaging	814	5	1.36%			
Wal-Mart/Sam's	802	6	1.34%	1,200	6	2.02%
Wadley Regional Medical Center	622	7	1.04%	755	10	1.27%
Ledwell	611	8	1.02%			
Texarkana, Arkansas ISD	603	9	1.01%			0.00%
Domtar, Inc.	572	10	0.95%	900	8	1.51%
Cooper Tire & Rubber				1,750	3	2.94%
ACEOM/URS				1,300	4	2.18%
International Paper Company				800	9	1.34%
Southern Refrigerated Transport				1,235	5	2.08%
City of Texarkana, Texas						
Total	11,497		19.16%	15,025		25.00%

Source:
Chamber of Commerce
Texas Workforce Commission LMI Tracer

Notes:
(1) MSA employment for 2023 is 60,000
(2) MSA employment for 2014 is 59,500

City of Texarkana, Arkansas

Full-time Equivalent City Government Employees by Function Last Ten Years

Table 19

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government										
Administration	3	5	4	4	4	4	4	4	4	4
Finance	9	8	8	8	8	8	8	8	9	9
City Clerk	2	2	2	2	2	2	2	2	2	2
Courts	5	5	5	5	5	5	5	5	5	7
Marketing & Communications	1	0	0	0	0	0	0	0	0	0
Police department										
Police General	76	76	77	77	77	77	77	77	77	77
Police Housing	2	2	2	2	2	2	2	2	2	2
Cops in School	1	1	0	0	0	0	0	0	0	0
Police Narcotics	5	5	5	5	5	5	5	5	5	5
Police Support	11	11	26	26	26	26	26	24	25	25
Police Animal	0	0	0	0	0	0	0	0	0	0
Probation	4	4	4	4	4	4	4	4	4	3
Fire department										
Fire	59	59	59	59	59	59	59	59	59	59
Public works										
Street	17	13	13	13	13	13	15	19	19	19
Environmental	4	4	4	4	4	4	4	4	4	4
Engineering	1	1	1	1	1	1	1	1	1	1
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	6	6	6	6	6	6	6	6	6	6
Parks and recreation	4	4	4	4	4	4	4	6	6	6
Building maintenance	1	1	1	1	1	1	1	1	1	1
ADC	3	9	9	9	9	9	9	9	9	9
Refuse Operator	1	1	1	1	1	1	1	0	0	0
Public services										
RSVP - Arkansas	1	0	0	0	0	0	0	0	0	0
RSVP - Texas	1	0	0	0	0	0	0	0	0	0
Parks and recreation										
Manager	0	0	0	0	0	0	0	0	1	1
Foreman	0	0	0	0	0	0	0	0	1	1
Equipment Operator III	0	0	0	0	0	0	0	0	1	1
Equipment Operator I	0	0	0	0	0	0	0	0	2	2
Administrative assistant	0	0	0	0	0	0	0	0	1	1
ADC	0	0	0	0	0	0	0	0	4	4
Other										
Bi-State Maintenance	13	13	13	13	13	13	13	14	14	15
Bi-State CRC	1	1	1	1	1	1	1	1	0	0
Animal Shelter	5	5	5	5	6	6	7	7	7	7
Animal Control	3	3	3	3	2	2	2	2	2	2
Total	241	241	255	255	255	255	258	262	273	275

City of Texarkana, Arkansas
Operating Indicators by Function/Program
Last Ten Years

Table 20

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police										
Uniformed employees	84	84	84	84	82	81	84	84	84	84
Fire										
Firefighters	58	58	58	58	57	57	58	58	58	58
Public works										
Building permits issued	454	464	501	438	358	307	488	552	618	541
Building permits (\$)	\$ 18,909,224	\$ 24,230,960	\$ 28,894,884	\$ 20,822,418	\$ 47,446,145	\$ 23,671,824	\$ 21,182,459	\$ 45,048,320	\$ 33,769,842	\$ 46,168,634
Water										
Average daily consumption (millions of gallons)	4.703	6.317	4.372	3.814	4.111	2.930	3.390	3.970	4.180	5,345
Raw water production (millions of gallons)	5.076	6.563	4.481	3.783	4.061	7.525	5.636	5.762	5.842	6,905

Source: Various City Departments

City of Texarkana, Arkansas

Capital Asset Statistics by Function

Last Ten Years

Table 21

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police										
Stations	2	2	2	2	2	2	2	2	3	4
Total units	117	117	96	96	83	84	75	73	82	103
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles)	252	252	252	252	253	253	253	253	256	267
Recreation										
Number of parks	24	24	24	24	24	24	24	24	24	24
Acres	296.3	296.3	311	311	311	311	321	321	321	321
Pools	1	1	1	1	1	1	0	0	0	0
Ball Fields	15	15	16	16	16	16	16	16	16	16
Tennis courts:										
Lighted	3	3	4	4	4	4	4	4	4	4
Unlighted	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	5	5	5	5
Soccer fields	1	1	1	1	1	1	1	1	1	1
Walking/biking trails (miles)	13.91	13.91	13.91	13.91	13.91	15.91	15.91	15.91	15.91	15.91
Utilities										
Plant capacity										
(million gallon average per day)	15	15	15	15	15	15	15	15	15	15
Water mains (miles)	407	412	405	405	408	408	406	410	409	406
Number of water meters	10,154	10,169	10,155	10,152	10,168	11,361	14,459	10,482	10,194	10,212
Sewer mains (miles)	216	233	218	218	219	218	217	217	219	204
Number of fire hydrants	1,469	1,409	1,447	1,482	1,486	1,507	1,499	1,505	1,531	1,350
Number of Mandeville water meters	316	315	315	314	316	320	463	303	295	314
Number of Union water meters	1,231	1,246	1,252	1,274	1,265	1,285	1,611	1,264	1,247	1,324

Source: Various City Departments

Other Required Report

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Independent Accountant's Report on Compliance With Certain Arkansas State Requirements

The Honorable Mayor and Members of Board of Directors
City of Texarkana, Arkansas
Texarkana, Arkansas

We have examined management's assertion that the City of Texarkana, Arkansas (City) complied with the requirements of *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2024.

- (A) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (B) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (C) Improvement contracts, §§ 22-9-202–22-9-204;
- (D) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (E) Investment of public funds, § 19-1-501 et seq.; and
- (F) Deposit of public funds, §§ 19-8-101–19-8-107.

Management of the City is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion about the City's compliance with aforementioned requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the requirements mentioned above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City of Texarkana, Arkansas, complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2024.

Forvis Mazars, LLP

**Rogers, Arkansas
December 30, 2025**

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APPENDIX E

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the City of Texarkana, Arkansas’ (the “Issuer”), Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2026 (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notice be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Trustee, the Issuer, or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, Issuer, or Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer, Trustee, or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this APPENDIX E concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX F

Form of Bond Counsel Opinion

[Letterhead of Bond Counsel]

July 9, 2026

City of Texarkana, Arkansas
Texarkana, Arkansas

Stephens Inc.
Little Rock, Arkansas

Bank OZK
Little Rock, Arkansas

Assured Guaranty, Inc.
New York, New York

Re: \$29,410,000 City of Texarkana, Arkansas Capital Improvement and Refunding Limited
Tax General Obligation Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to City of Texarkana, Arkansas (the “Issuer”), in connection with the issuance by the Issuer of \$29,410,000 Capital Improvement and Refunding Limited Tax General Obligation Bonds, Series 2026, (the “Bonds”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion, including particularly certified copies of Ordinance No. 15-2026 of the Issuer adopted on June 1, 2026 authorizing the issuance of the Bonds, Ordinance No. 4-2026 of the Issuer adopted on January 20, 2026 levying a tax of 5.0 mills on the taxable property in the jurisdiction of the Issuer (the “Tax”) and a Trust Indenture dated as of July 9, 2026 (the “Indenture”) by and between the Issuer and Bank OZK, as Trustee.

The Bonds are issued pursuant to the Constitution and laws of the State of Arkansas (the “State”), including particularly Amendment No. 62 to the Constitution of the State and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code Annotated, as amended.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is validly existing as a municipality and political subdivision of the State with the power to execute and deliver the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly executed and delivered by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. The Bonds have been duly authorized, executed, and delivered by the Issuer and are binding limited tax general obligations of the Issuer, secured by the Tax.

4. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, it should be noted with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the interest thereon are exempt from all state, county, and municipal taxes in the State.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Rose Law Firm,
a Professional Association

JMF/NMS

APPENDIX G

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)