

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(a joint venture of the CITY OF JONESBORO, AR
and CRAIGHEAD COUNTY, AR)

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

with

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Craighead County Jonesboro Public Library (A Joint Venture of the
City of Jonesboro, AR and Craighead County, AR)
Jonesboro, Arkansas

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities of Craighead County Jonesboro Public Library (A Joint Venture) ("the Library"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Library, as of December 31, 2024 and 2023, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

Matters Giving Rise to the Qualified Opinion

Management has not adopted an accounting policy to capitalize books and materials in the government-wide financial statements and management has not adopted Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions* for the Library. Accounting principles generally accepted in the United States of America require that books and materials be capitalized over their estimated useful lives, which would increase the assets and net position and change the expenses in the statements of activities. Accounting principles generally accepted in the United States of America require that assets, liabilities, deferred revenue, and deferred expenses for defined benefit pension plans have an actuarial study to determine the effect on net assets. The amount by which these departures would affect the assets, net position, and expenses has not been determined.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Library'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 Library'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2026, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

HCS CPA & Advisors, PLLC

Jonesboro, Arkansas
January 2, 2026

FINANCIAL STATEMENTS

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)

STATEMENTS OF NET POSITION

DECEMBER 31, 2024 AND 2023

	<u>Assets</u>	
	2024	2023
Current Assets		
Cash and Cash Equivalents	\$ 6,843,177	\$ 5,898,853
Taxes and Other Receivables	205,208	817,166
Prepaid Expenses	2,130	-
Total Current Assets	7,050,515	6,716,019
Capital Assets		
Land	18,237	18,237
Other Capital Assets, Net of Depreciation	2,297,834	2,384,711
Total Capital Assets	2,316,071	2,402,948
Restricted Assets		
Cash and Investments - Endowments	906,577	786,702
Cash and Temporary Investments - Capital Improvements	715,169	629,608
Total Restricted Assets	1,621,746	1,416,310
Total Assets	\$ 10,988,332	\$ 10,535,277
	<u>Liabilities and Net Position</u>	
Current Liabilities		
Accounts Payable	\$ 64,134	\$ 67,438
Compensated Absences	112,567	116,123
Accrued Expenses	35,600	27,530
Total Current Liabilities	212,301	211,091
Net Position		
Invested in Capital Assets	2,316,071	2,402,948
Restricted, Expendable	715,169	629,608
Restricted, Nonexpendable	906,577	786,702
Unrestricted	6,838,214	6,504,928
Total Net Position	10,776,031	10,324,186
Total Liabilities and Net Position	\$ 10,988,332	\$ 10,535,277

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

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Public Services	\$ 1,996,559	\$ 47,875	\$ 8,162	\$ (1,940,522)
Information Technology	95,535	-	-	(95,535)
Administration	60,444	-	-	(60,444)
Maintenance and Operations	768,128	-	-	(768,128)
Total Governmental Activities	2,920,666	47,875	8,162	(2,864,629)
General Revenue				
Property Taxes				2,527,312
State Aid				221,449
Unrestricted Investment Earnings				479,644
Other General Revenue				88,069
Total General Revenue				3,316,474
Change in Net Position				451,845
Net Position:				
Beginning of Year				10,324,186
End of Year				\$ 10,776,031

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

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Public Services	\$ 2,543,542	\$ 28,958	\$ 6,565	\$ (2,508,019)
Information Technology	160,110	-	-	(160,110)
Administration	117,046	-	-	(117,046)
Maintenance and Operations	938,428	-	-	(938,428)
Total Governmental Activities	3,759,126	28,958	6,565	(3,723,603)
General Revenue				
Property Taxes				2,458,142
State Aid				220,849
Unrestricted Investment Earnings				436,142
Other General Revenue				86,450
Total General Revenue				3,201,583
Change in Net Position				(522,020)
Net Position:				
Beginning of Year				10,846,206
End of Year				\$ 10,324,186

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

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)

BALANCE SHEETS - GOVERNMENTAL FUND

DECEMBER 31, 2024 AND 2023

<u>Assets</u>	<u>General Fund 2024</u>	<u>General Fund 2023</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,843,177	\$ 5,898,853
Taxes and Other Receivables	205,208	817,166
Prepaid Expenses	2,130	-
Total Current Assets	<u>7,050,515</u>	<u>6,716,019</u>
Restricted assets		
Cash and Investments - Endowments	906,577	786,702
Cash and Temporary Investments - Capital Improvements	715,169	629,608
Total Restricted Assets	<u>1,621,746</u>	<u>1,416,310</u>
Total Assets	<u><u>\$ 8,672,261</u></u>	<u><u>\$ 8,132,329</u></u>
<u>Liabilities and Fund Balance</u>		
Current Liabilities		
Accounts Payable	\$ 64,134	\$ 67,438
Accrued Expenses	35,600	27,530
Total Current Liabilities	<u>99,734</u>	<u>94,968</u>
Fund Balances		
Unassigned	6,950,781	6,621,051
Assigned	715,169	629,608
Nonspendable	906,577	786,702
Total Fund Balances	<u>8,572,527</u>	<u>8,037,361</u>
Total Liabilities and Fund Balances	<u><u>\$ 8,672,261</u></u>	<u><u>\$ 8,132,329</u></u>
Amounts Reported for Governmental Activities in the Statement of Net		
Position are Different Due to:		
Capital Assets Used in Governmental Activities are not Financial Resources and therefore, are not Reported as Assets in the Fund	2,316,071	2,402,948
Certain Long-Term Liabilities are not due and Payable in the Current Period and are therefore not Reported in the Fund	<u>(112,567)</u>	<u>(116,123)</u>
Net Position of the Governmental Activities	<u><u>\$ 10,776,031</u></u>	<u><u>\$ 10,324,186</u></u>

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

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2024

Revenues

State Aid	\$ 221,449
Property Tax	2,527,312
Investment Income	479,563
Memorials, Gifts, and Endowments	8,162
City Water and Light Refund	11,188
Other Revenue	124,837
Total Revenue	<u>3,372,511</u>

Expenditures

Advertising	4,924
Professional Fees	17,875
Auto and Travel	3,341
Books, Tapes, and Software	393,617
Capital Improvements	59,120
Computer Operations	111,737
Employee Benefits	354,770
Equipment Repairs	14,328
Insurance	65,397
Maintenance - Building and Grounds	228,808
Payroll Taxes	100,955
Postage	2,741
Salaries	1,410,068
Staff Development	4,531
Supplies	32,783
Utilities	23,568
Miscellaneous Expense	8,782
Total Expenditures	<u>2,837,345</u>

Net Change in Fund Balance	\$ 535,166
Fund balance, beginning of year	<u>8,037,361</u>

Fund Balance, End of Year	<u><u>\$ 8,572,527</u></u>
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Amount reported for governmental activities in the statement of activities are different due to:

Net change in fund balances - total governmental fund	\$ 535,166
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Government funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(86,877)

Expenses reported in the statement of activities for compensated absences do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.

3,556

Change in net position of governmental activities	<u><u>\$ 451,845</u></u>
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The accompanying notes are an integral part of these financial statements.

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2023

Revenues

State Aid	\$ 220,849
Property Tax	2,458,142
Investment Income	436,062
Memorials, Gifts, and Endowments	6,565
City Water and Light Refund	12,690
Other Revenue	102,798
Total Revenue	<u>3,237,106</u>

Expenditures

Advertising	12,609
Professional Fees	41,500
Auto and Travel	6,447
Books, Tapes, and Software	577,616
Capital Improvements	452,590
Computer Operations	166,117
Equipment Purchases	7,533
Employee Benefits	514,201
Equipment Repairs	22,097
Insurance	61,331
Maintenance - Building and Grounds	231,932
Payroll Taxes	131,845
Postage	2,534
Salaries	1,741,930
Staff Development	10,437
Supplies	57,197
Utilities	32,880
Miscellaneous Expense	27,519
Total Expenditures	<u>4,098,315</u>

Net Change in Fund Balance	(861,209)
Fund Balance, Beginning of Year	<u>8,898,570</u>
Fund Balance, End of Year	<u><u>\$ 8,037,361</u></u>

Amount reported for governmental activities in the statement of activities are different due to:

Net change in fund balances - total governmental fund	\$ (861,209)
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Government funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and loss on sale of equipment in the current period.

316,573

Expenses reported in the statement of activities for compensated absences do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.

22,616

Change in net position of governmental activities	<u><u>\$ (522,020)</u></u>
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**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Reporting Entity

Organization

Craighead County Jonesboro Public Library (the "Library") provides services to Craighead County, Arkansas and is jointly owned and operated by the City of Jonesboro, AR and Craighead County, AR per an agreement entered into in July of 1941 in accordance with Ark. Code Ann. 13-2-401. The agreement states that resources would be consolidated in order to provide more complete, efficient, and economical services. The County and City were given equal representation on the Library's board and each entity retained title to all books, bookcases, shelves, desks, etc. that were moved to the Library located at 315 West Oak Avenue in Jonesboro, AR. These financial statements represent only the activities of the Library and are not intended to present financial positions, results of operations, or any other activities of the City of Jonesboro, AR or Craighead County, AR.

Note 2: Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements (i.e. the statements of net position and the statements of activities) report information on all the non-fiduciary activities of the Library. Governmental activities, which are normally supported by intergovernmental revenues and taxes, are reported separately. The Library has no *business-type activities*.

The statements of activities demonstrate the degree to which direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or benefit from the services provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) interest income that is restricted for use on a particular function or segment. Unrestricted interest income and other items not included among program revenues are reported as *general revenues*.

The government-wide financial statements are reported using the economic resources *measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset is used, regardless of the timing of the related cash flows. Grants, endowments, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. City and county millage are recorded as revenue when collected and available to be remitted to the Library by tax collection agencies. Expenditures are recognized when the related fund liability is incurred. The Library has implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Non-spendable - Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. The restricted amounts are an endowment set up for the maintenance of the fish tanks.

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board or a Library official that has been delegated authority may assign amounts for specific purposes. The assigned fund balance reflects amounts that are assigned for construction or other capital outlay projects by the Board.

Unassigned - Includes any remaining fund balance that has not been reported in any other classification.

The Library assumes that funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Unrestricted funds are considered spent in the following order as available; committed (if any), assigned (if any), and then unassigned funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considered restricted funds to have been spent first, unless legal requirements disallow it or unrestricted funds will be lost if not utilized. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considered amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Library has provided otherwise in its commitment or assignment actions.

The Library's net position is categorized as invested in capital assets, restricted expendable, restricted nonexpendable and unrestricted. The invested in capital assets consists of the capital assets owned by the Library, net of any related debt, if any. The restricted expendable category represents an endowment that the Board of Directors has restricted for capital improvements. The restricted nonexpendable category represents endowment funds with donor-imposed restrictions for operations and maintenance. The unrestricted category includes amounts that do not meet the definition of invested in capital assets or restricted.

Expenditures generally are recorded when the liability is incurred, as under usual accrual accounting except debt related costs and other long-term liabilities which are recorded as expenditures when due. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant certifications and requirements have been met and the amounts are considered available. Interest and reimbursements associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

Basis of Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Fund Financial Statements

For purposes of the financial statements, operations are organized into funds, each of which is considered separately. The Library has only one such governmental fund that accounts for the daily operating activity of the Library. A description of this fund is as follows:

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

The General Fund is the primary and only operating fund of the Library. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of a primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which a primary government is financially accountable or that is financially significant to the primary government. As of December 31, 2024 and 2023, the Library has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, such as interest income, not properly included among program revenues are reported instead as *general revenues*.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2024 and 2023, was \$4,924 and \$12,609, respectively.

Cash and Cash Equivalents

For purposes of the financial statements, the Library considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Subsequent Events

The Library has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 2, 2026, which is the date the report was available for release.

Inexhaustible Collections and Books

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them. Current year additions are charged against earnings as they are incurred.

Investments

Investments in marketable securities with readily determinable fair values and any investments in debt securities are recorded at fair value with unrealized and realized gains and losses reported in the statement of activities. Investments are valued using the market approach which uses quoted market prices to measure the fair value of the reported investments which is in accordance with GASB 72.

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Capital Assets

Capital Assets are recorded at cost or, if donated, at its fair value at the date of donation. If donors stipulate how long the assets must be used or how to use the proceeds from the sale of such assets, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The Library depreciates its assets using the straight-line method over the estimated useful lives of five to fifty years depending on the asset class. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Repairs and maintenance are expensed as incurred. Depreciation expense for the years ended December 31, 2024 and 2023, was \$145,998 and \$143,550, respectively.

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 and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates included in these financial statements include the methods used in estimating the useful life of capital assets.

Credit Risk

Financial instruments, which potentially subject the Library to concentrations of credit risk, consist principally of temporary cash investments. The Library places its temporary cash investments with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution.

Property Taxes

Property taxes are levied annually due to a one mill tax passed by Craighead County, Arkansas and City of Jonesboro residents which went into effect January 1, 2023. Property taxes are collected by the County Tax Collector who then remits the money to the Craighead County Jonesboro Public Library System.

Compensated Absences

Library personnel policies make provisions for the granting of a specified number of days of leave with pay each year. There is no waiting period for the accrual or eligibility of use for paid time off (PTO) for both full time and part time employees. The paid time off accrual rate is determined based on the years of service as of an employee's anniversary date. Employees are paid up to one year of any unused PTO upon termination of employment.

Budgets

Budgeted amounts are as originally adopted, or as amended by the Board of Directors. The budget is prepared in November prior to the current year in which it applies. Budget to actual comparison reports are prepared and reviewed at each board meeting.

Taxes Receivable

Taxes receivable consists of property tax revenues received by the County Tax Collector as of December 31, 2024 and 2023, but not yet remitted to the Library. As of December 31, 2024 and 2023, the balance in taxes receivable was \$204,891 and \$792,597, respectively, all of which is expected to be collected.

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Recently Adopted Accounting Standards

GASB Statement No. 101, Compensated Absences, issued March 2023, is effective for fiscal years beginning after December 15, 2023, and was adopted by the Library beginning with its fiscal year ending December 31, 2024. Statement No. 101 establishes guidance for accounting and reporting of compensated absences, including vacation and sick leave. Under this statement, a government entity must recognize a liability for leave when it is more likely than not that the employee will use the leave or it will be paid. The entity must also disclose information about the nature and amount of these obligations. Statement No. 101 replaces guidance in GASB Statement No. 16, Accounting for Compensated Absences. The adoption of Statement No. 101 did not have a material impact on the financial statements of the Library.

Note 3: Cash Deposits

The carrying amount of the Library's deposits with financial institutions as of December 31, 2024 and 2023, was \$6,843,177 and \$5,898,853, respectively, and the bank balance was \$6,862,987 and \$5,977,181, respectively. As of December 31, 2024 and 2023, the difference between the bank balance and the carrying amount represents outstanding checks.

	<u>2024</u>	<u>2023</u>
Amount insured by the FDIC or collateralized with securities held by the Library in its name	\$ 397,072	\$ 358,448
Amount secured by an irrevocable letter of credit	6,465,915	5,618,733
Uncollateralized	-	-
Total Bank Balance	<u>\$ 6,862,987</u>	<u>\$ 5,977,181</u>

State law generally requires that Library funds be deposited in federally (FDIC) insured banks in the State of Arkansas. The Library deposits may be in the form of checking accounts, savings account, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations on which the principal and interest are fully guaranteed by the United States of America.

During the year ended December 31, 2024, the bank issued an irrevocable letter of credit to cover the amounts in excess of FDIC in the amount of \$6,500,000.

Note 4: Adjustments from Fund to Government-Wide Financial Statements

Land and capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the general fund. Capital outlays are reported as expenditures in the general fund. However, these assets are reported as capital assets in the statement of net position and the costs of those assets are allocated over their useful lives and reported as depreciation expense in the statement of activities. The assigned and unassigned fund balance of the general fund is reported as net investments in capital assets and unrestricted net assets in the statement of net position.

Compensated absences are reported on the statement of net position as a current liability. Because these are not actual expenses during the year, compensated absences are not reported on the governmental fund balance sheets and are not included on the governmental statement of revenues, expenditures and changes in fund balance.

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Taxes Receivable and Allowance for Credit Losses

Taxes receivable are city and county millage amounts and reimbursements due from the City of Jonesboro and Craighead County, Arkansas and do not bear interest. Assessing the collectability of accounts receivable requires management's judgement. Upon determination that a receivable is uncollectible, the receivable balance is written off to the allowance for credit losses. Management did not record an allowance for credit losses as of December 31, 2024 and 2023, due to the funding being distributed by the government.

Note 6: Fair Value

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. They also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Following are the three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used as of December 31, 2024 and 2023.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Money funds and mutual funds: Valued at the net asset value (NAV) of shares held by the Library at year end.

The following table presents the Library's hierarchy for its assets measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	2024		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Cash Balance	\$ 3,619	\$ -	\$ -
Common Stock	265,766	-	-
Mutual Funds	<u>1,352,361</u>	-	-
	<u>\$ 1,621,746</u>	<u>\$ -</u>	<u>\$ -</u>

CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)

NOTES TO THE FINANCIAL STATEMENTS

	2023		
	Level 1	Level 2	Level 3
Money Market Cash Balance	\$ 5,785	\$ -	\$ -
Common Stock	222,362	-	-
Mutual Funds	1,188,163	-	-
	<u>\$ 1,416,310</u>	<u>\$ -</u>	<u>\$ -</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or relative of future fair values. Furthermore, while the Library believes its valuation methods are appropriate and consistent with other market participants, the use of different methods is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7: Risk Management and Litigation

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job-related illness or injuries to employees for which the Library carries commercial insurance purchased from independent third parties. The Library had no settlements in excess of insurance coverage in any of the prior three fiscal years.

Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, management considers reported claims as well as events that may give rise to claims.

Note 8: Capital Assets

Capital asset activity for years ended December 31, 2024 and 2023, was as follows:

	2024			
	Balance 1/1/2024	Transfers In and Additions	Transfers Out and Retirement	Balance 12/31/2024
Capital Assets, Not Being Depreciated:				
Land	\$ 18,237	\$ -	\$ -	\$ 18,237
Capital Assets, Being Depreciated:				
Leasehold Improvements and Other Depreciable Assets	3,411,044	59,121	-	3,470,165
Less Accumulated Depreciation	(1,026,333)	(145,998)	-	(1,172,331)
Total Capital Assets, Being Depreciated, Net	<u>2,384,711</u>	<u>(86,877)</u>	<u>-</u>	<u>2,297,834</u>
Total Capital Assets, Net	<u>\$ 2,402,948</u>	<u>\$ (86,877)</u>	<u>\$ -</u>	<u>\$ 2,316,071</u>

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

	2023			
	<u>Balance 1/1/2023</u>	<u>Transfers In and Additions</u>	<u>Transfers Out and Retirement</u>	<u>Balance 12/31/2023</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 18,237	\$ -	\$ -	\$ 18,237
Capital assets, being depreciated:				
Leasehold Improvements and Other Depreciable Assets	2,950,921	460,123	-	3,411,044
Less Accumulated Depreciation	(882,783)	(143,550)	-	(1,026,333)
Total Capital Assets, Being Depreciated, Net	<u>2,068,138</u>	<u>316,573</u>	<u>-</u>	<u>2,384,711</u>
Total Capital Assets, Net	<u>\$ 2,086,375</u>	<u>\$ 316,573</u>	<u>\$ -</u>	<u>\$ 2,402,948</u>

Note 9: Employees Retirement and Pension Costs

Full time employees of the Craighead County Jonesboro Public Library participate in the Arkansas Public Employee Retirement System, a cost-sharing multiple-employer defined benefit plan qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options. Employees become fully vested after five years of service to the Library. Employees who retire at or after 65 with 5 years of credited service are entitled to a retirement, payable monthly for life, computed as the difference between 1.625% of final average pay and 1.25% of Social Security primary benefit; plus, for each year of credited service resulting from employment in a position never covered by Social Security or another federal retirement plan, 1.625% of final average pay. Final average pay is equal to the employee's average salary over the three highest paid years. Vested employees may retire with full retirement benefits after 28 years of service or reduced benefits taken from either age 65 or 28 years of service. The Library is required by state statute to contribute 15.32% of the employees' salaries to the plan for the year ended December 31, 2024 and 2023. A copy of the APERS financial statements can be found on the APERS website at www.apers.org in the section labeled "Annual Reports". For the year ended December 31, 2024 and 2023, the Library's contribution to the plan was \$206,109 and \$246,865, respectively.

The Library adopted Governmental Accounting Standards Board No. 68 (GASB No. 68), Accounting and Financial Reporting for Pensions, and obtained an actuarial study related to the defined benefit pension plan as a whole. However, the management of the Library decided that a separate actuarial study covering only its applicable portion of the same plan was not cost beneficial. The amount by which the Library's departure from adopting GASB No. 68 would affect the assets, liabilities, deferred revenue, deferred expenses, and net assets has not been determined and is expected to be material to the Library's financial statements.

Note 10: Accounts Payable and Accrued Expenses

The accounts payable balances as of December 31, 2024 and 2023, are comprised of vendor payables. Accrued expenses as of December 21, 2024 and 2023, consist of salaries and benefits payable.

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO, AR AND CRAIGHEAD COUNTY, AR)**

NOTES TO THE FINANCIAL STATEMENTS

Note 11: Economic Dependency Risk

During the years ended December 31, 2024 and 2023, approximately 76% of the Library's revenue was provided by the City of Jonesboro and Craighead County, Arkansas millage collected from its residents. Thus, the continued success of the Library will be directly affected by millage collection rates and changes in population at both the city and county level. A reduction in funding from the City of Jonesboro and Craighead County could significantly impact operations of the Library.

Note 12: Related Party Transactions

Craighead County Jonesboro Public Library shares facilities with Crowley Ridge Regional Library. The Library is providing facilities to Crowley Ridge Regional Library free of charge. The Library pays for the utilities and other overhead costs. The director of the Library is also the director of Crowley Ridge Regional Library.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Craighead County Jonesboro Public Library (A Joint Venture)
Jonesboro, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Craighead County Jonesboro Pubic Library (A Joint Venture) (the "Library") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated January 2, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Jonesboro Office

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCI CPA & Advisors, PLLC

Jonesboro, Arkansas
January 2, 2026

**CRAIGHEAD COUNTY JONESBORO PUBLIC LIBRARY
(A JOINT VENTURE OF THE CITY OF JONESBORO AND CRAIGHEAD COUNTY, AR)
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Findings Required to be Reported by Government Auditing Standards:

Reference Number	Findings
Current Year Findings and Responses	
<i>None</i>	
Prior Year Findings and Responses	
<i>None</i>	