

City of Harrison, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HARRISON, ARKANSAS
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Arkansas

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Senate Chair
Sen. Jim Dotson
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Rep. Robin Lundstrum
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Harrison, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2024; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended; and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Harrison, Arkansas as of December 31, 2024; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Harrison, Arkansas, as of December 31, 2024, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included another fund under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
October 8, 2025
LOM104224

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Harrison, Arkansas (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated October 8, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

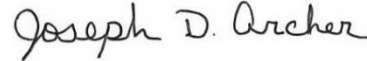
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated October 8, 2025.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 8, 2025

Arkansas



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

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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The finding contained in this letter relates to the following officials who held office during 2024:

Mayor: Jerry Jackson
Recorder/Treasurer: James White
District Court Clerk: Sandy Wright
Police Chief: Chris Graddy
City Advertising Tourism and Promotion Commission Chairperson: Robin Reeves

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

District Court Clerk

Bank reconciliations were not properly prepared for all accounts and balances remaining in the bank account were not identified with receipts issued for cases not yet adjudicated and payments made on all unpaid individual time accounts, as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous two reports dating back to 2022.

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

ARKANSAS LEGISLATIVE AUDIT

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
October 8, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 7,288,230	\$ 803,205	\$ 21,939,814
Investments			6,066,619
Accounts receivable	682,303	101,025	1,177,424
Interfund receivables	570,521	3,298,124	906,976
	<u>570,521</u>	<u>3,298,124</u>	<u>906,976</u>
TOTAL ASSETS	<u>\$ 8,541,054</u>	<u>\$ 4,202,354</u>	<u>\$ 30,090,833</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,001,557	\$ 59,390	\$ 1,599,874
Interfund payables	2,217,165	6,716	2,551,740
Settlements pending			209,149
Total Liabilities	<u>3,218,722</u>	<u>66,106</u>	<u>4,360,763</u>
Fund Balances:			
Nonspendable			1,000,000
Restricted		4,136,248	23,903,954
Committed			826,790
Assigned	52,751		100
Unassigned	5,269,581		(774)
Total Fund Balances	<u>5,322,332</u>	<u>4,136,248</u>	<u>25,730,070</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,541,054</u>	<u>\$ 4,202,354</u>	<u>\$ 30,090,833</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 194,331	\$ 1,174,674	\$ 62,011
Federal aid		264,493	77,634
Property taxes	1,231,574	121,187	391,843
Franchise fees			1,044,490
Sales taxes	4,646,864		9,562,883
Fines, forfeitures, and costs	322,383		23,280
Interest	140,487	102,347	1,102,053
Local permits and fees	226,891		183,150
Advertising and promotion taxes			986,715
Conservation fees	169,214		
Parks and recreation fees			817,950
School resource officer reimbursement			287,746
Net increase in fair value of investments			389,467
Other	14,753	14,591	254,615
TOTAL REVENUES	6,946,497	1,677,292	15,183,837
EXPENDITURES			
Current:			
General government	2,837,981		1,163,160
Law enforcement	172,365		5,031,031
Highways and streets		3,579,350	
Public safety			4,085,097
Recreation and culture	1,582		10,391,844
Advertising and promotion	4,292		814,098
Cemetery			71,116
Total Current	3,016,220	3,579,350	21,556,346
Debt Service:			
Bond principal			1,820,000
Bond interest and other charges			557,838
TOTAL EXPENDITURES	3,016,220	3,579,350	23,934,184

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,930,277	\$ (1,902,058)	\$ (8,750,347)
OTHER FINANCING SOURCES (USES)			
Transfers in	381,866	1,344,371	4,856,377
Transfers out	(4,263,673)		(2,318,941)
Contribution to water department			(344,033)
TOTAL OTHER FINANCING SOURCES (USES)	(3,881,807)	1,344,371	2,193,403
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	48,470	(557,687)	(6,556,944)
FUND BALANCES - JANUARY 1	5,273,862	4,693,935	32,287,014
FUND BALANCES - DECEMBER 31	\$ 5,322,332	\$ 4,136,248	\$ 25,730,070

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

CITY OF HARRISON, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 194,331	\$ 194,331	\$ 0	\$ 1,074,674	\$ 1,174,674	\$ 100,000
Federal aid				264,493	264,493	0
Property taxes	1,231,574	1,231,574	0	120,412	121,187	775
Sales taxes	4,646,864	4,646,864	0			
Fines, forfeitures, and costs	342,725	322,383	(20,342)			
Interest	140,253	140,487	234	102,347	102,347	0
Local permits and fees	186,736	226,891	40,155			
Conservation fees	169,214	169,214	0			
Other	278,136	14,753	(263,383)	114,591	14,591	(100,000)
TOTAL REVENUES	7,189,833	6,946,497	(243,336)	1,676,517	1,677,292	775
EXPENDITURES						
Current:						
General government	3,096,621	2,837,981	258,640			
Law enforcement	171,425	172,365	(940)			
Highways and streets				3,579,350	3,579,350	0
Recreation and culture	1,029	1,582	(553)			
Advertising and promotion	4,292	4,292	0			
TOTAL EXPENDITURES	3,273,367	3,016,220	257,147	3,579,350	3,579,350	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,916,466	3,930,277	13,811	(1,902,833)	(1,902,058)	775
OTHER FINANCING SOURCES (USES)						
Transfers in	381,866	381,866	0	1,344,371	1,344,371	0
Transfers out	(4,233,673)	(4,263,673)	(30,000)			
TOTAL OTHER FINANCING SOURCES (USES)	(3,851,807)	(3,881,807)	(30,000)	1,344,371	1,344,371	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	64,659	48,470	(16,189)	(558,462)	(557,687)	775
FUND BALANCES - JANUARY 1	4,880,466	5,273,862	393,396	4,693,936	4,693,935	(1)
FUND BALANCES - DECEMBER 31	\$ 4,945,125	\$ 5,322,332	\$ 377,207	\$ 4,135,474	\$ 4,136,248	\$ 774

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Harrison was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following fund of the City would have been included in the reporting entity: Water and Sewer. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. See Schedules 1 and 2 for the Permanent Fund reported with other funds in the aggregate.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

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

C. Basis of Accounting – Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications (Continued)

3. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
4. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
5. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 2,749,739	\$ 2,746,017
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	<u>27,277,911</u>	<u>27,873,442</u>
Total Deposits	<u>\$ 30,027,650</u>	<u>\$ 30,619,459</u>

The above total deposits do not include cash on hand of \$3,599.

Bank account balances totaling \$1,397,246 included in Insured (FDIC) are swept daily to a number of banks in which all cash deposits in the bank are insured.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

Pension Trust Funds

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

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	<u>December 31, 2024</u> Fair Value
Permanent:	
Cemetery Perpetual Care	\$ 1,767,621
Trust:	
Firemen's Pension	4,298,998
Total	<u>\$ 6,066,619</u>

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

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

The City's investments are composed of the following:

<u>December 31, 2024</u>	Quoted Prices in Active Markets for Identical Investments	Other Observable Inputs	
Investment Type	Level I	Level II	Total
Equities			
Preferred Stock	\$ 207,520		\$ 207,520
Real Estate Investment Trusts	9,680		9,680
Common Stock	415,035		415,035
Mutual funds	4,298,998		4,298,998
Fixed income			
Corporate Bonds		\$ 196,461	196,461
Municipal Bonds		938,925	938,925
Totals	<u>\$ 4,931,233</u>	<u>\$ 1,135,386</u>	<u>\$ 6,066,619</u>

The fair value of federated treasury obligations, money market obligations and the cash management fund are measured on a recurring basis and is based on quoted market prices obtained from independent pricing sources. U.S. Government, mortgage-backed and corporate bonds are valued at fair value using quoted market prices from third parties that use, as their basis readily observable market inputs, such as yields of similar instruments with comparable inputs. As a result, these were classified as Level II inputs.

Ark. Code Ann. § 24-11-216 authorizes the Firemen's Pension Board of Trustees to have full power to invest and reinvest monies in accordance with the rules promulgated by the Arkansas Fire and Police Pension Review Board.

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

NOTE 4: Public Fund Investments (Continued)

The code also states the Board shall establish written investment policies to incorporate a rate of return that is at least equal to the rate of return of one-year United States Treasury notes. The 2024 asset allocation guidelines have been established as follows:

Asset Allocation	Minimum	Target	Maximum
Firemen's Pension			
Total equity	10.0%	60.0%	70.0%
Fixed income	25.0%	35.0%	80.0%
Real estate	0.0%	0.0%	0.0%
Cash equivalents	0.0%	5.0%	20.0%

Ark. Code Ann. § 20-17-1013 states the principal of the permanent Cemetery maintenance fund shall be invested and remain invested in securities and funds permitted by the laws of Arkansas for the investment of policy reserves of life insurance companies under § 23-60-101 et seq., and in the common trust funds of state or national banks. The code limits the portfolio's investments by no more than 20% of assets can be made up of medium or low-grade obligations. Of these obligations, no more than 1% of the medium grade obligations can be held by one institution, and no more than 0.5% of the lower grade obligations can be held by one institution. Common stocks cannot make up more than 25% of assets, and preferred stocks cannot make up more than 20% of assets.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The follow summary details the maturity dates in years:

Investment Type	Fair Value	Investment Maturities (In Years)		
		1 - 5	6 - 10	More than 10
Corporate Bonds	\$ 196,461	\$ 74,574	\$ 121,887	
Municipal Bonds	938,925	103,303	559,612	\$ 276,010
Bond Mutual Funds	2,118,757	1,815,278	303,479	
Totals	<u>\$ 3,254,143</u>	<u>\$ 1,993,155</u>	<u>\$ 984,978</u>	<u>\$ 276,010</u>

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

NOTE 4: Public Fund Investments (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the credit quality rating of investments in debt securities as described by nationally recognized statistical rating organizations. Obligations of or guaranteed by the U.S. Government are not considered to be exposed to credit risk and are not included in this disclosure. The City's exposure to credit risk as of December 31, 2024, is as follows:

	Fair Value
Corporate Bonds	
A+	\$ 10,000
AA	48,902
A	75,276
BBB+	31,763
BBB-	30,520
	<u>196,461</u>
Municipal Bonds	
A	\$ 9,882
AA-	97,238
AA	497,737
Aa1	35,096
AA+	97,231
A-	41,257
Not rated	160,484
	<u>938,925</u>
Bond Mutual Funds	
B+	\$ 295,234
BBB	303,479
Not rated	1,520,044
	<u>2,118,757</u>
Total	<u><u>\$ 3,254,143</u></u>

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid			\$ 2,844
Property taxes	\$ 76,990	\$ 1,025	22,455
Franchise fees			201,757
Sales taxes	390,659		820,955
Fines, forfeitures, and costs	55,893		
Local permits and fees	14,724		40,200
Advertising and promotion taxes			85,037
Conservation fees	53,137		
Other	90,900	100,000	4,176
Totals	<u><u>\$ 682,303</u></u>	<u><u>\$ 101,025</u></u>	<u><u>\$ 1,177,424</u></u>

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

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 932,925	\$ 35,668	\$ 1,285,071
Salaries payable	50,800	19,337	251,568
Payroll taxes payable	17,832	4,385	63,235
Totals	<u>\$ 1,001,557</u>	<u>\$ 59,390</u>	<u>\$ 1,599,874</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund	\$ 570,521	\$ 2,217,165
Street Fund	3,298,124	6,716
Other Funds in the Aggregate:		
Special Revenue Funds:		
City Advertising, Tourism, and Promotion Commission (CATPC)		57,444
Parks and Recreation	188,751	392,628
Fire	168,102	329
Police	197,700	
Economic Development Fund	348,878	23,777
American Rescue Plan Act	3,545	
Capital Projects Funds:		
Infrastructure		1,543,868
Debt Service Funds:		
Series 2020 Franchise Fee Bond - Debt Service		280,381
Series 2021 Sales and Use Tax Bond - Debt Service		136,986
Permanent Funds:		
Cemetery Perpetual Care		116,327
Totals	<u>\$ 4,775,621</u>	<u>\$ 4,775,621</u>

Interfund receivables and payables consist of interfund loans. These balances were repaid in 2025.

NOTE 8: Federal Funds Program Compliance

As of report date, the American Rescue Plan Act funds of 2021 were in the process of an audit in accordance with federal program requirements; therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

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

NOTE 9: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Nonspendable:			
Cemetery			\$ 1,000,000
Restricted for:			
General government			799,732
Law enforcement			1,073,389
Highways and streets		\$ 4,136,248	
Public safety			1,326,764
Recreation and culture			653,203
Advertising and promotion			779,723
Pension benefits			4,514,368
Capital outlay			12,748,794
Debt service			2,007,981
Total Restricted		<u>4,136,248</u>	<u>23,903,954</u>
Committed for:			
Cemetery			<u>826,790</u>
Assigned to:			
General government	\$ 52,751		<u>100</u>
Unassigned	<u>5,269,581</u>		<u>(774)</u>
Totals	<u>\$ 5,322,332</u>	<u>\$ 4,136,248</u>	<u>\$ 25,730,070</u>

NOTE 10: Deficit Fund Balances

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

	December 31, <u>2024</u>
Other Funds in the Aggregate:	
Capital Projects Funds:	
Series 2021 Sales and Use Tax Bond - Capital Improvements	<u>\$ (774)</u>

NOTE 11: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was \$51,982,678. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2024, the legal debt limit for short-term financing obligations was \$13,760,165. There were no short-term financing obligations.

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

NOTE 12: Commitments

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

	December 31, 2024
Long-term liabilities	\$ 19,788,534
Leases	1,157,354
Construction contracts	2,094,577
	<hr/>
Total Commitments	\$ 23,040,465
	<hr/>

Long-term liabilities

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

	December 31, 2024
	<hr/>
<u>Bonds</u>	
Franchise Fee Bonds, Series 2020, dated October 6, 2020, in the amount of \$4,180,000, for the construction and equipping of a new city hall and public safety complex, due in annual installments of \$340,000 to \$385,000 plus interest through October 1, 2032; interest of 1.125 to 2%. Payments are to be made from the Series 2020 Franchise Fee Bond Debt Service Fund.	\$ 2,885,000
Sales and Use Tax Bonds, Series 2021, dated August 17, 2021, in the amount of \$18,725,000, for the acquisition, construction, equipping, operation and maintenance of new or existing park and recreational facilities; and economic development, due in annual installments of \$475,000 to \$1,155,000 plus interest through December 1, 2042; interest of 2 to 4%. Payments are to be made from the Series 2021 Sales and Use Tax Bond Debt Service Fund.	16,115,000
Total Bonds	<hr/> 19,000,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	788,534
	<hr/>
Total Long-term liabilities	\$ 19,788,534
	<hr/>

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

The City's outstanding bonds payable of \$19,000,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

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

NOTE 12: Commitments (Continued)

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	\$ 701,182
Ending balance compensated absences	788,534
Net increase	<u>\$ 87,352</u>

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2024	Maturities to December 31, 2024
<u>Bonds</u>					
10/6/20	10/1/32	1.125-2%	\$ 4,180,000	\$ 2,885,000	\$ 1,295,000
8/17/21	12/1/42	2-4%	18,725,000	16,115,000	2,610,000
Total Long-Term Debt			<u>\$ 22,905,000</u>	<u>\$ 19,000,000</u>	<u>\$ 3,905,000</u>

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	<u>\$ 20,820,000</u>	<u>\$ 0</u>	<u>\$ 1,820,000</u>	<u>\$ 19,000,000</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2024:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2025	\$ 1,045,000	\$ 510,088	\$ 1,555,088
2026	1,080,000	475,088	1,555,088
2027	1,110,000	441,806	1,551,806
2028	1,145,000	407,031	1,552,031
2029	1,190,000	368,331	1,558,331
2030 through 2034	5,640,000	1,355,031	6,995,031
2035 through 2039	5,200,000	622,407	5,822,407
2040 through 2042	2,590,000	88,300	2,678,300
Totals	<u>\$ 19,000,000</u>	<u>\$ 4,268,082</u>	<u>\$ 23,268,082</u>

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

NOTE 12: Commitments (Continued)

Leases

The City entered into multiple lease agreements with Enterprise Fleet Management for 30 vehicles with lease dates ranging from May 1, 2023 to May 1, 2024. Terms of the leases are monthly rental payments ranging from \$454 to \$1,089 for 36 to 60 months resulting in monthly rental payments of \$25,727 at the end of 2024. At the end of the lease terms, the City will return the vehicles to the lessor, or the vehicles will be auctioned during the lease term if the lessor and lessee agree. The City is obligated for the following amounts for the next five years:

Year	December 31, 2024
2025	\$ 308,718
2026	305,088
2027	294,564
2028	220,670
2029	28,314
Totals	<u>\$ 1,157,354</u>

Lease expense for 2024, was \$265,003.

Construction Contracts

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

Project Name	Completed	Contract Balance December 31, 2024
Creekside Fire Substation	June 2025	\$ 670,354
Camp Jack Renovations	August 2025	<u>1,424,223</u>
Total Construction Contracts		<u>\$ 2,094,577</u>

NOTE 13: Interfund Transfers

The General Fund transferred \$4,263,673 to the Other Funds in the Aggregate for operations. Other Funds in the Aggregate transferred \$1,344,371 to the Street Fund for capital improvements, and \$381,866 to the General Fund for excess franchise fees. Within Other Funds in the Aggregate, \$185,398 was transferred for Parks and Recreation Fund operations, and \$407,306 was for prior year expenditures.

NOTE 14: Pledged Revenues

The City pledged future franchise fees to repay \$4,180,000 in bonds that were issued in 2020 to provide funding for the construction and equipping of a new city hall and public safety building. Total principal and interest remaining on the bonds are \$2,885,000 and \$240,675, respectively, payable through October 1, 2032. For 2024, principal and interest paid were \$335,000 and \$57,338, respectively.

The Debt Service Fund received \$1,044,490 in franchise fees in 2024. Any franchise fees collected in excess of debt service payments on these bonds is permitted for other city expenditures.

The City pledged future 0.25% sales and use taxes to repay \$18,725,000 in bonds that were issued in 2021 to provide funding for the Creekside Community Center, parks improvements, and economic development. Total principal and interest remaining on the bonds are \$16,115,000 and \$4,027,407, respectively, payable through December 1, 2042. For 2024, principal and interest paid were \$1,485,000 and \$494,550, respectively.

The Debt Service Fund received \$1,593,813 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for early retirement of debt.

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

NOTE 15: Jointly Governed Organizations

Ozark Mountain Solid Waste District

The City is a member of the Ozark Mountain Solid Waste District (District), formerly the Northwest Arkansas Regional Solid Waste District. The District is a jointly governed organization comprised of representatives from Baxter, Boone, Marion, Newton, and Searcy counties and participating cities with the aforementioned counties. Representatives are the respective county judges and mayors unless some other representative is appointed by the participating entity. The City made no payments to the District.

Fourteenth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourteenth Judicial District, the Sheriffs' departments of Baxter, Boone, Marion, and Newton counties, and the Police Departments of Harrison and Mountain Home entered into an agreement to establish the Fourteenth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fourteenth Judicial District. Financial statements of the Fourteenth Judicial District Drug Task Force are not available.

NOTE 16: Risk Management

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

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

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

Municipal Vehicle Program

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

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

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

NOTE 16: Risk Management (Continued)

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed, or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

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

NOTE 17: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$314,092 for the year ended December 31, 2024. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2024, actuarial valuation, the plan has a net pension liability of \$1,688,917.

**NOTE 18: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On December 29, 2023, administration of the City of Harrison Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of this plan was not changed.

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

NOTE 18: Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$944,996 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$370,781 for the year ended December 31, 2024.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2024, (actuarial valuation date and measurement date) was \$6,724,746.

NOTE 19: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.75% as of July 1, 2024. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2024, (date of APERS Employer Allocation Report) was \$690,172.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2024, (actuarial valuation date and measurement date) was \$4,934,227.

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

NOTE 20: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayors Bob Reynolds and Dan Harness \$28,869 and \$28,869, respectively, for the year ended December 31, 2024.

NOTE 21: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer Joel Williams \$11,789 for the year ended December 31, 2024.

NOTE 22: City Attorney Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of service. The City paid former City Attorney James Gresham \$13,175, for the year ended December 31, 2024.

NOTE 23: Related Party Transactions

The Infrastructure Fund (Capital Projects Fund) distributed \$344,033 of sales tax to the Water Department to fund water capital projects.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	District Court Probation	City Advertising, Tourism, and Promotion Commission (CATPC)	Parks and Recreation	Fire	Police	Economic Development Fund	American Rescue Plan Act	Learning Center Grant	Police Retirement (LOPFI)
ASSETS									
Cash and cash equivalents	\$ 39,066	\$ 762,697	\$ 1,045,754	\$ 1,514,090	\$ 807,763	\$ 267,652	\$ 203,434	\$ 100	\$ 125,823
Investments									
Accounts receivable		85,037	154,663	134,448	97,710				6,416
Interfund receivables			188,751	168,102	197,700	348,878	3,545		
TOTAL ASSETS	<u>\$ 39,066</u>	<u>\$ 847,734</u>	<u>\$ 1,389,168</u>	<u>\$ 1,816,640</u>	<u>\$ 1,103,173</u>	<u>\$ 616,530</u>	<u>\$ 206,979</u>	<u>\$ 100</u>	<u>\$ 132,239</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,889	\$ 10,567	\$ 343,337	\$ 489,547	\$ 198,200				
Interfund payables		57,444	392,628	329		\$ 23,777			
Settlements pending									
Total Liabilities	<u>2,889</u>	<u>68,011</u>	<u>735,965</u>	<u>489,876</u>	<u>198,200</u>	<u>23,777</u>			
Fund Balances:									
Nonspendable									
Restricted	36,177	779,723	653,203	1,326,764	904,973	592,753	\$ 206,979		\$ 132,239
Committed									
Assigned								\$ 100	
Unassigned									
Total Fund Balances	<u>36,177</u>	<u>779,723</u>	<u>653,203</u>	<u>1,326,764</u>	<u>904,973</u>	<u>592,753</u>	<u>206,979</u>	<u>100</u>	<u>132,239</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,066</u>	<u>\$ 847,734</u>	<u>\$ 1,389,168</u>	<u>\$ 1,816,640</u>	<u>\$ 1,103,173</u>	<u>\$ 616,530</u>	<u>\$ 206,979</u>	<u>\$ 100</u>	<u>\$ 132,239</u>

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

Schedule 1

	CAPITAL PROJECTS FUNDS					DEBT SERVICE FUNDS		PERMANENT FUND
	Infrastructure	Fire Capital Projects	Police Capital Projects	Series 2020 Franchise Fee Bond - Capital Improvements	Series 2021 Sales and Use Tax Bond - Capital Improvements	Series 2020 Franchise Fee Bond - Debt Service	Series 2021 Sales and Use Tax Bond - Debt Service	Cemetery Perpetual Care
ASSETS								
Cash and cash equivalents	\$ 14,257,370	\$ 116	\$ 143,950	\$ 5	\$ 97,349	\$ 1,425,283	\$ 664,599	\$ 176,283
Investments								1,767,621
Accounts receivable	267,419	40,113	40,113			201,757	133,709	
Interfund receivables								
TOTAL ASSETS	\$ 14,524,789	\$ 40,229	\$ 184,063	\$ 5	\$ 97,349	\$ 1,627,040	\$ 798,308	\$ 1,943,904
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 456,424				\$ 98,123			\$ 787
Interfund payables	1,543,868					\$ 280,381	\$ 136,986	116,327
Settlements pending								
Total Liabilities	2,000,292				98,123	280,381	136,986	117,114
Fund Balances:								
Nonspendable								1,000,000
Restricted	12,524,497	\$ 40,229	\$ 184,063	\$ 5		1,346,659	661,322	
Committed								826,790
Assigned								
Unassigned					(774)			
Total Fund Balances	12,524,497	40,229	184,063	5	(774)	1,346,659	661,322	1,826,790
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,524,789	\$ 40,229	\$ 184,063	\$ 5	\$ 97,349	\$ 1,627,040	\$ 798,308	\$ 1,943,904

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

Schedule 1

	TRUST FUND	CUSTODIAL FUNDS			
	Firemen's Pension	Police Bond and Fine	District Court	District Court Probation Office	Totals
ASSETS					
Cash and cash equivalents	\$ 199,331	\$ 57	\$ 209,022	\$ 70	\$ 21,939,814
Investments	4,298,998				6,066,619
Accounts receivable	16,039				1,177,424
Interfund receivables					906,976
TOTAL ASSETS	<u>\$ 4,514,368</u>	<u>\$ 57</u>	<u>\$ 209,022</u>	<u>\$ 70</u>	<u>\$ 30,090,833</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 1,599,874
Interfund payables					2,551,740
Settlements pending		\$ 57	\$ 209,022	\$ 70	209,149
Total Liabilities		<u>57</u>	<u>209,022</u>	<u>70</u>	<u>4,360,763</u>
Fund Balances:					
Nonspendable					1,000,000
Restricted	\$ 4,514,368				23,903,954
Committed					826,790
Assigned					100
Unassigned					(774)
Total Fund Balances	<u>4,514,368</u>				<u>25,730,070</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,514,368</u>	<u>\$ 57</u>	<u>\$ 209,022</u>	<u>\$ 70</u>	<u>\$ 30,090,833</u>

CITY OF HARRISON, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	SPECIAL REVENUE FUNDS								
	District Court Probation	City Advertising, Tourism, and Promotion Commission (CATPC)	Parks and Recreation	Fire	Police	Economic Development Fund	American Rescue Plan Act	Learning Center Grant	Police Retirement (LOPFI)
REVENUES									
State aid				\$ 24,783					
Federal aid					\$ 64,714			\$ 12,920	
Property taxes									\$ 114,979
Franchise fees									
Sales taxes			\$ 1,593,814	1,115,670	1,115,670				
Fines, forfeitures, and costs									23,280
Interest	\$ 431	\$ 4,222	23,824	29,745	8,100	\$ 7,966	\$ 73,350		2,120
Local permits and fees	42,111			141,039					
Advertising and promotion taxes		986,715							
Parks and recreation fees			817,950						
School resource officer reimbursement					287,746				
Net increase/(decrease) in fair value of investments									
Other	30,000	57,568	14,771	9,069	142,418				256
TOTAL REVENUES	72,542	1,048,505	2,450,359	1,320,306	1,618,648	7,966	73,350	12,920	140,635
EXPENDITURES									
Current:									
General government						120	1,150,120	12,920	
Law enforcement	60,795				4,122,980				44,000
Public safety				2,571,653					
Recreation and culture			2,508,450				759,926		
Advertising and promotion		814,098							
Cemetery									
Total Current	60,795	814,098	2,508,450	2,571,653	4,122,980	120	1,910,046	12,920	44,000
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES	60,795	814,098	2,508,450	2,571,653	4,122,980	120	1,910,046	12,920	44,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,747	234,407	(58,091)	(1,251,347)	(2,504,332)	7,846	(1,836,696)		96,635
OTHER FINANCING SOURCES (USES)									
Transfers in	30,000		185,398	1,743,923	2,897,056				
Transfers out		(185,398)							
Contribution to water department									
TOTAL OTHER FINANCING SOURCES (USES)	30,000	(185,398)	185,398	1,743,923	2,897,056				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	41,747	49,009	127,307	492,576	392,724	7,846	(1,836,696)		96,635
FUND BALANCES - JANUARY 1	(5,570)	730,714	525,896	834,188	512,249	584,907	2,043,675	100	35,604
FUND BALANCES - DECEMBER 31	\$ 36,177	\$ 779,723	\$ 653,203	\$ 1,326,764	\$ 904,973	\$ 592,753	\$ 206,979	\$ 100	\$ 132,239

CITY OF HARRISON, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	CAPITAL PROJECTS FUNDS					DEBT SERVICE FUNDS		PERMANENT FUND	TRUST FUND	
	Infrastructure	Fire Capital Projects	Police Capital Projects	Series 2020 Franchise Fee Bond - Capital Improvements	Series 2021 Sales and Use Tax Bond - Capital Improvements	Series 2020 Franchise Fee Bond - Debt Service	Series 2021 Sales and Use Tax Bond - Debt Service	Cemetery Perpetual Care	Firemen's Pension	Totals
REVENUES										
State aid									\$ 37,228	\$ 62,011
Federal aid										77,634
Property taxes									276,864	391,843
Franchise fees						\$ 1,044,490				1,044,490
Sales taxes	\$ 3,187,628	\$ 478,144	\$ 478,144				\$ 1,593,813			9,562,883
Fines, forfeitures, and costs										23,280
Interest	491,853	8,363	19,803		\$ 32,165	21,224	42,830	\$ 77,736	258,321	1,102,053
Local permits and fees										183,150
Advertising and promotion taxes										986,715
Parks and recreation fees										817,950
School resource officer reimbursement										287,746
Net increase/(decrease) in fair value of investments								33,102	356,365	389,467
Other		533								254,615
TOTAL REVENUES	3,679,481	487,040	497,947		32,165	1,065,714	1,636,643	110,838	928,778	15,183,837
EXPENDITURES										
Current:										
General government										1,163,160
Law enforcement			803,256							5,031,031
Public safety		973,413							540,031	4,085,097
Recreation and culture					7,123,468					10,391,844
Advertising and promotion										814,098
Cemetery								71,116		71,116
Total Current		973,413	803,256		7,123,468			71,116	540,031	21,556,346
Debt Service:										
Bond principal						335,000	1,485,000			1,820,000
Bond interest and other charges						59,838	498,000			557,838
TOTAL EXPENDITURES		973,413	803,256		7,123,468	394,838	1,983,000	71,116	540,031	23,934,184
EXCESS OF REVENUES OVER (UNDER)										
EXPENDITURES	3,679,481	(486,373)	(305,309)		(7,091,303)	670,876	(346,357)	39,722	388,747	(8,750,347)
OTHER FINANCING SOURCES (USES)										
Transfers in										4,856,377
Transfers out	(1,344,371)		(407,306)			(381,866)				(2,318,941)
Contribution to water department	(344,033)									(344,033)
TOTAL OTHER FINANCING SOURCES (USES)	(1,688,404)		(407,306)			(381,866)				2,193,403
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)										
EXPENDITURES AND OTHER USES	1,991,077	(486,373)	(712,615)		(7,091,303)	289,010	(346,357)	39,722	388,747	(6,556,944)
FUND BALANCES - JANUARY 1	10,533,420	526,602	896,678	\$ 5	7,090,529	1,057,649	1,007,679	1,787,068	4,125,621	32,287,014
FUND BALANCES - DECEMBER 31	\$ 12,524,497	\$ 40,229	\$ 184,063	\$ 5	\$ (774)	\$ 1,346,659	\$ 661,322	\$ 1,826,790	\$ 4,514,368	\$ 25,730,070

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

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

<u>Fund Name</u>	<u>Fund Description</u>
District Court Probation	Ark. Code Ann. § 5-4-322 authorizes district court fees for probation and public service work supervision.
City Advertising, Tourism, and Promotion Commission (CATPC)	Ark. Code Ann. § 26-75-606 and Harrison Ordinance no. 755 (April 4, 1977) established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the City and its environs; construction, maintenance and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Ark. Code Ann. § 26-75-703 established fund to receive sales tax monies that are used to promote the City.
Parks and Recreation	Harrison Ordinance no. 1476 (November 19, 2020) established fund for the purpose of accounting for any and all Parks and Recreation department funds. Harrison Ordinance no. 1480 (February 25, 2021) called for a special election for the levy of a one-quarter percent (.25%) sales and use tax, with part of the revenues collected permitted to be used to acquire, construct, improve, expand, equip, furnish, operate and maintain new or existing park and recreational facilities. This fund is used to account for the Parks and Recreation Department's share of the sales and use tax revenues, and all other revenues of the Department.
Fire	Harrison Ordinance no. 1383 (June 5, 2014) called for a special election for the levy of a one-half percent (.5%) sales and use tax, with one-half of the revenues collected to be designated for the Fire Department. The issue passed in a special election held August 12, 2014. This fund was established to account for the Fire Department's share of the revenues.
Police	Harrison Ordinance no. 1383 (June 5, 2014) called for a special election for the levy of a one-half percent (.5%) sales and use tax, with one-half of the revenues collected to be designated for the Police Department. The issue passed in a special election held August 12, 2014. This fund was established to account for the Police Department's share of the revenues.
Economic Development Fund	Harrison Ordinance no. 1480 (February 25, 2021) called for a special election for the levy of a one-quarter percent (.25%) sales and use tax, with part of the revenues collected permitted to be used to support the creation of job opportunities and to stimulate the local economy. This fund was established to account for the share of revenues designated by the City to be used for economic development.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Learning Center Grant	Established to account for grant funding related to a learning center.
Police Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Infrastructure	Established to account for sales and use tax collected pursuant to Ark. Code Ann. § 26-75-301.
Fire Capital Projects	Harrison Ordinance no. 1383 (June 5, 2014) established fund to account for 30% of restricted sales tax revenue. The revenue shall be used for fire department buildings and equipment.
Police Capital Projects	Harrison Ordinance no. 1383 (June 5, 2014) established fund to account for 30% of restricted sales tax revenue. The revenue shall be used for police department buildings and equipment.
Series 2020 Franchise Fee Bond - Capital Improvements	Harrison Ordinance no. 1469 (August 27, 2020) authorized the issuance of franchise fee bonds for the purpose of financing capital improvements.
Series 2021 Sales and Use Tax Bond - Capital Improvements	Harrison Ordinance no. 1485 (July 8, 2021) authorized the issuance of sales and use tax bonds for the purpose of financing capital improvements.
Series 2020 Franchise Fee Bond - Debt Service	Harrison Ordinance no. 1469 (August 27, 2020) authorized the issuance of franchise fee bonds for the purpose of financing capital improvements. The funds will be used to pay principal and interest on the bonds.
Series 2021 Sales and Use Tax Bond - Debt Service	Harrison Ordinance no. 1485 (July 8, 2021) authorized the issuance of sales and use tax bonds for the purpose of financing capital improvements. Harrison Ordinance no. 1481 (February 25, 2021) called for a special election to levy a .25% sales and use tax to be used for principal and interest payments on sales and use tax bonds.
Cemetery Perpetual Care	Harrison Ordinance no. 605 (February 5, 1986) established fund for the purpose of maintaining the various cemeteries owned by the City.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the Police Department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court.
District Court Probation Office	Consists of probation fees awaiting disposition to the District Court Probation Fund.

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

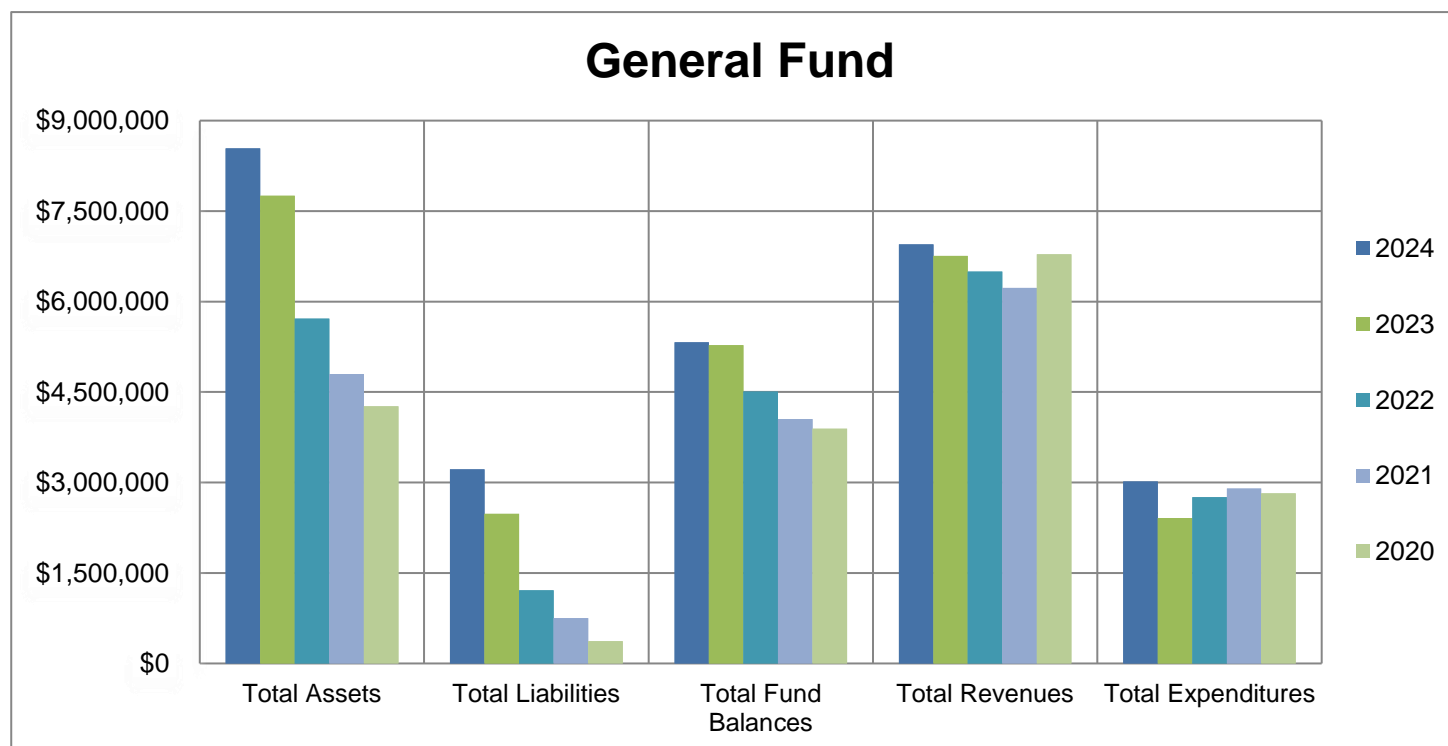
Schedule 3

	December 31, 2024
	<hr/>
Land	\$ 600,595
Buildings	42,703,587
Equipment	<hr/> 12,233,052
	<hr/>
Total	<u><u>\$ 55,537,234</u></u>

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

Schedule 4-1

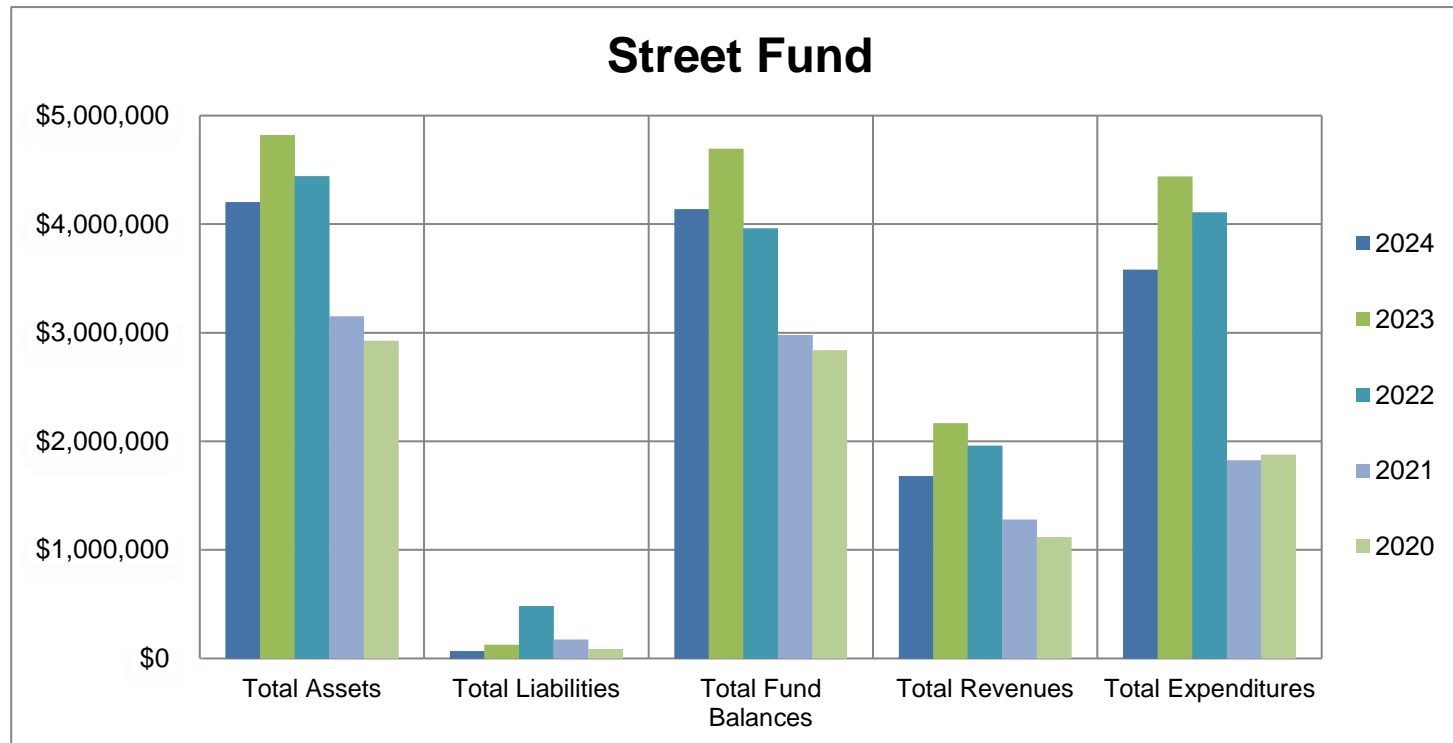
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 8,541,054	\$ 7,756,602	\$ 5,718,805	\$ 4,799,849	\$ 4,262,943
Total Liabilities	3,218,722	2,482,740	1,213,396	750,709	371,122
Total Fund Balances	5,322,332	5,273,862	4,505,409	4,049,140	3,891,821
Total Revenues	6,946,497	6,755,137	6,496,858	6,224,485	6,784,898
Total Expenditures	3,016,220	2,409,533	2,755,024	2,900,506	2,818,907
Total Other Financing Sources/Uses	(3,881,807)	(3,577,151)	(3,285,565)	(3,166,660)	(3,992,628)



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

Schedule 4-2

Street	2024	2023	2022	2021	2020
Total Assets	\$ 4,202,354	\$ 4,819,627	\$ 4,440,677	\$ 3,150,580	\$ 2,924,689
Total Liabilities	66,106	125,692	480,821	172,298	86,526
Total Fund Balances	4,136,248	4,693,935	3,959,856	2,978,282	2,838,163
Total Revenues	1,677,292	2,165,193	1,958,385	1,276,623	1,114,942
Total Expenditures	3,579,350	4,438,098	4,106,262	1,822,460	1,876,413
Total Other Financing Sources/Uses	1,344,371	3,006,984	3,129,451	685,956	929,054



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Assets	\$ 30,090,833	\$ 36,848,093	\$ 47,437,437	\$ 51,246,326	\$ 29,106,272
Total Liabilities	4,360,763	4,561,079	2,738,138	2,110,065	952,909
Total Fund Balances	25,730,070	32,287,014	44,699,299	49,136,261	28,153,363
Total Revenues	15,183,837	15,129,690	13,342,021	11,944,837	8,957,375
Total Expenditures	23,934,184	24,265,174	17,436,094	12,922,495	8,333,572
Total Other Financing Sources/Uses	2,193,403	(3,276,801)	(342,889)	21,960,556	7,021,708

