INDEPENDENT AUDITOR'S REPORT

CITY OF HOPE, ARKANSAS

DECEMBER 31, 2024

CITY OF HOPE, ARKANSAS
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

City Manager and Board of Directors
City of Hope, Arkansas

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Hope, Arkansas (the "City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hope, Arkansas, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Audits of the Financial Statements" section of our report. We are required to be independent of City of Hope, Arkansas, 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.

Management's Responsibilities 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 ability of City of Hope, Arkansas, 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 internal control of City of Hope, Arkansas. 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 ability of City of Hope, Arkansas, to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such 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. The required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hope, Arkansas's basic financial statements. The budgetary comparison schedules-proprietary fund and the schedule of operating transfers as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniforms Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analyses and are not a required part of the basic financial statements.

Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary comparison schedules-proprietary funds, the schedule of operating transfers, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025, on our consideration of City of Hope, Arkansas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 City'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 City of Hope, Arkansas's internal control over financial reporting and compliance.

William C Miller, LLC

September 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HOPE, ARKANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

As management of the City of Hope, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2024. The information contained in this analysis should be considered in conjunction with the basic financial statements, notes, and supplementary information to enhance one's understanding of the City's overall performance.

City of Hope - 2024 Accomplishments

Fiscal year ending December 31, 2024 marked a transformative year for the City of Hope, with major strides in infrastructure, public services, and community development that will benefit residents for generations to come. Key accomplishments included:

* Creation of a Parks Improvement Plan to guide long-term recreational development.
* Voter approval of a $31 million special election capital improvements initiative authorizing the issuance of a one cent sales and use tax to fund park and public safety improvements.
* Securing co-ownership of the local hospital, strengthening healthcare access and oversight.
* Acquisition of a new ladder truck for the Hope Fire Department, enhancing emergency response capabilities.
* Strategic improvements to the wastewater system, helping environmental sustainability and future growth.
* West 6th Street Project.
* An approximate 1.675 million-dollar Airport Drainage repair project to improve aviation safety.

Bond Election & Sales Tax Impact

The voter-approved $31,000,000 bond initiative authorized the construction of a new fire station and a series of targeted park improvements that include a recreation/aquatic center, a splashpad, tennis/pickleball courts, and soccer field complex improvements. Funding is supported by a 1-cent sales tax, structured as follows:

* 7/8 of the penny: Dedicated to repaying bonded indebtedness; this portion will sunset upon final payment.
* 1/8 of the penny: Permanently allocated for operations and maintenance of City Parks.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2024 by $28,053,578, which is an increase of $3,800,151 over last year.

- As of the close of the current year, the City's governmental funds reported an ending fund balance of $7,661,382, of which $4,715,068 is available for spending at the City's discretion (unrestricted and unassigned) and $2,946,314 is restricted for use inside specified funds.

- At the end of 2024, unassigned, unrestricted fund balance for the General Fund was $4,715,068, which is 85.06% of total general fund expenditures.

- The City's long-term debt, including current maturities, decreased by $1,811,838 due to decreased liability for net pension liability and for landfill/closure, post-closure care payable.

- The City's capital assets, net of depreciation, increased $2,017,395 largely due to construction and purchase of large equipment.

- The City's component units, Hope Water & Light and Hope Tourist Promotion, have net position of $48,894,904 and $1,176,816, respectively, as of December 31, 2024.

CITY OF HOPE, ARKANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These two statements report the City's net position and changes in them. You can think of the City's net position - the difference between assets and outflows and liabilities and inflows - as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City will be divided into two kinds of activities.

* Governmental Activities - Most of the City's basic services are reported here, including police, fire, streets, parks, and general administration. Sales tax, turnback, property tax, and fines finance most of these activities.

* Business-Type Activities - the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sewer and sanitation are reported here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law. However, the City's Board of Directors establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. The two kinds of funds, Governmental and Proprietary, use different accounting approaches.

* Governmental Funds - Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the difference between governmental activities and governmental funds in a reconciliation following the fund financial statement.

* Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Proprietary Funds are the same as the business-type activities that will be reported in the government-wide statements but provides more detail and information, such as cash flows.

Fund Financial Statements (Continued)

* Fiduciary Funds - The City is trustee for the Firemen's Relief and Pension Fund and custodial funds. The financial information from the Firemen's Relief and Pension Fund is excluded from the government-wide statements because the City cannot use these assets to finance operations. A separate statement of fiduciary net position and a statement of changes in fiduciary net position are provided.

Government-wide Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hope, assets and deferred outflows exceeded liabilities and deferred inflows by $28,053,578 at the close of 2024.

By far, the City's largest portion of net position (87.53%) is its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. These capital assets are used to provide services to citizens and, therefore, are not available for future spending. Restricted net position includes those assets restricted for debt and other purposes. The unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors; however the City's unrestricted net position reflects a deficit.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current & Other Assets	$ 8,122,089	$ 8,416,908	$ 2,951,852	$ 2,244,298	$ 11,073,941	$ 10,661,206
Capital Assets	23,669,681	21,806,871	12,497,218	12,342,633	36,166,899	34,149,504
Total Assets	31,791,770	30,223,779	15,449,070	14,586,931	47,240,840	44,810,710
Deferred Outflows	1,158,652	2,022,222	667,118	914,204	1,825,770	2,936,426
Long-term Liabilities Outstanding	6,063,879	7,386,763	12,911,363	13,451,102	18,975,242	20,837,865
Other Liabilities	594,893	1,598,111	752,418	753,917	1,347,311	2,352,028
Total Liabilities	6,658,772	8,984,874	13,663,781	14,205,019	20,322,553	23,189,893
Deferred Inflows	574,789	283,279	115,690	20,537	690,479	303,816
Net Position						
Invested in Capital Assets, Net of Related Debt	22,200,176	20,045,367	2,354,734	1,808,513	24,554,910	21,853,880
Restricted	2,946,314	2,709,352	742,949	729,070	3,689,263	3,438,422
Unrestricted	570,371	223,129	(760,966)	(1,262,004)	(190,595)	(1,038,875)
Total Net Position	$25,716,861	$22,977,848	$ 2,336,717	$ 1,275,579	$ 28,053,578	$ 24,253,427

Net Position (Continued)

During the current fiscal year, the net position of the city increased by $3,800,151. The City's revenues are largely comprised of sales tax revenues as well as charges for services through sanitation and wastewater. The increase in net position was largely due to increases in service revenues, grants, and tax revenue.

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program Revenues						
Charges for Services	$ 304,101	$ 3,742,669	$ 4,046,770	$ 343,958	$ 3,417,675	$ 3,761,633
Operating Grants & Contributions	759,843		759,843	160,747		160,747
Capital Grants & Contributions	1,643,259	13,200	1,656,459	930,454		930,454
General Revenues						
Sales Tax	4,599,955		4,599,955	4,563,338		4,563,338
Property Tax	624,080		624,080	549,111		549,111
State Turnback	939,811		939,811	954,787		954,787
Franchise Fees	131,723		131,723	160,873		160,873
Interest Dividends	288,295	83,112	371,407	121,141	59,103	180,244
Other Income	1,313,630	50,016	1,363,646	1,791,743	114,692	1,906,435
Transfers	430,067	277,221	707,288	1,124,015	103,283	1,227,298
Total Revenues	11,034,764	4,166,218	15,200,982	10,700,167	3,694,753	14,394,920
Expenses						
Law Enforcement	3,008,090		3,008,090	2,681,776		2,681,776
Public Safety	931,155		931,155	1,477,360		1,477,360
Recreation & Culture	448,366		448,366	1,150,841		1,150,841
General Government	3,837,917		3,837,917	2,283,719		2,283,719
Interest on Long-term Debt	70,223		70,223	75,537		75,537
Sanitation		1,705,705	1,705,705		1,595,023	1,595,023
Wastewater		1,399,375	1,399,375		1,475,320	1,475,320
Total Expenses	8,295,751	3,105,080	11,400,831	7,669,233	3,070,343	10,739,576
Change In Net Position	2,739,013	1,061,138	3,800,151	3,030,934	624,410	3,655,344
Beginning Net Position	22,977,848	1,275,579	24,253,427	19,946,914	651,169	20,598,083
Ending Net Position	$ 25,716,861	$ 2,336,717	$28,053,578	$ 22,977,848	$ 1,275,579	$24,253,427

Governmental Activities

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net revenues available for spending for program purposes at the end of the fiscal year. As of the end of 2024, the City's governmental funds reported an ending fund balance of $7,661,382.

Business-type Activities

The Sanitation Fund reported income of $373,410 before transfers, compared to a loss of $383,763 before operating transfers in 2023. Wastewater reported income of $397,307 before capital contributions and transfers, compared to income of $137,364 before operating transfers in 2023. The increase in income in Sanitation was largely due to increased service fees and a decrease in landfill closure/post closure costs. The Wastewater Fund increase in income was largely due to an increase in revenues from 2023 and a decrease in nonoperating expenses.

General Fund Budgetary Highlights

The General Fund relies heavily on sales taxes, which continue to be somewhat unpredictable and slow-growing. In response, the City is conservative in the area of budgeting sales tax revenues. Overall, revenues in the General Fund were over budget and expenses were under budget for the year, with net excess over budget of $463,281.

Capital Assets

At the end of 2024, the City had $36,166,899, net of accumulated depreciation, invested in capital assets including police and fire equipment, buildings, park facilities, roads, airport, and wastewater treatment plants. This represents a increase, net of accumulated depreciation, of $2,017,395 from last year. The increase is largely due to construction and purchase of large equipment.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Building/Plant	$ 8,772,478	$ 8,464,255	$ 18,951,745	$ 18,936,629	$ 27,724,223	$ 27,400,884
Infrastructure	14,985,420	14,254,237			14,985,420	14,254,237
Land	2,012,225	2,012,225	1,168,808	1,168,808	3,181,033	3,181,033
Construction in Progress	3,656,352	2,176,736	488,988	26,958	4,145,340	2,203,694
Vehicles & Equipment	7,282,115	6,902,125	3,239,941	2,897,036	10,522,056	9,799,161
Accumulated Depreciation	(13,038,909)	(12,002,707)	(11,352,264)	(10,686,798)	(24,391,173)	(22,689,505)
Totals	$ 23,669,681	$ 21,806,871	$ 12,497,218	$ 12,342,633	$ 36,166,899	$ 34,149,504

This year's additions included the following:

Fire equipment	$ 132,474
Vehicles	118,499
Park equipment	55,929
Airport building	31,131
Airport lighting	136,935
Airport construction in progress	1,599,728
Sanitation dump truck	105,000
Wastewater Truvac	132,116
Wastewater construction in progress	462,030

Debt

At year-end, the City had $19,850,950 in outstanding bonds, and other long-term debt compared to $21,662,788 last year. The decrease of $1,811,838 can largely be attributed to decreases in net pension liability and estimated closure/post closure costs. The net pension liability and closure/post closure costs are generally out of management control.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue Bonds	$ 1,389,032	$ 1,455,508	$10,273,090	$10,804,088	$11,662,122	$12,259,596
Other long-term debt	471,314	457,322	2,250,559	1,901,314	2,721,873	2,358,636
Net pension liability	4,390,970	5,674,956	1,075,985	1,369,600	5,466,955	7,044,556
Totals	$ 6,251,316	$ 7,587,786	$13,599,634	$14,075,002	$19,850,950	$21,662,788

The loan from ARNC is included in total debt services above but is excluded from the summary of changes in long-term liability in Note 9.

Economic Factors and Next Year's Budget and Rates

Sales tax and all other revenues and fees are expected to remain steady and staff continues to budget conservatively, limit capital projects and purchases, and closely monitor all spending. To counteract lack of growth and other factors, staff will present various alternatives to the Board of Directors for their input and direction.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Clark, Finance Director, or J.R. Wilson, City Manager, at City Hall during normal business hours. You may obtain information about Hope Water and Light by contacting their management in the offices located at 105 North Elm.

BASIC FINANCIAL STATEMENTS

CITY OF HOPE, ARKANSAS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hope Water and Light Commission	Hope Tourism Commission
Assets and Deferred Outflows					
Cash	$ 4,157,700	$ 1,021,941	$ 5,179,641	$ 11,705,439	$ 1,078,288
Investments	2,700,000	320,000	3,020,000	2,650,000	62,987
Receivables, net of allowance for doubtful accounts	964,362	8,140	972,502	3,099,986	65,338
Other current assets				268,218	
Internal balances/advances	79,567	(79,567)			
Due from component units		306,789	306,789		
Prepaid expenses	16,684	9,817	26,501		
Materials/supplies inventory	38,310		38,310	632,601	
Restricted assets:					
Cash	130,189	606,474	736,663	1,109,457	
Investments		136,475	136,475	4,575,000	
Accrued interest receivable				9,838	
Internal advances	35,277	(35,277)			
ANRC receivables		657,060	657,060		
Property, plant and equipment, net	23,669,681	12,497,218	36,166,899	48,193,753	
Total Assets	31,791,770	15,449,070	47,240,840	72,244,292	1,206,613
Deferred Outflows Of Resources					
Deferred amounts on refunding		432,406	432,406	103,895	
Pension related deferred outflows	1,158,652	234,712	1,393,364	791,634	
Total Deferred Outflows Of Resources	1,158,652	667,118	1,825,770	895,529	
Total Assets and Deferred Outflows Of Resources	$32,950,422	$16,116,188	$49,066,610	$73,139,821	$1,206,613

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

CITY OF HOPE, ARKANSAS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hope Water and Light Commission	Hope Tourism Commission
Liabilities and Deferred Inflows					
Current liabilities					
Accounts payable	$ 353,257		$ 353,257	$ 2,378,639	$ 29,797
Due to government funds				306,789	
Accrued liabilities	54,199	$ 34,271	88,470	762,346	
Customer deposits				1,025,695	
Contracts payable				17,919	
Notes payable	64,743	122,425	187,168		
Bonds payable	69,443	550,000	619,443	930,000	
Compensated absences	53,251	15,846	69,097	69,512	
Accrued interest payable		29,876	29,876	71,380	
Noncurrent Liabilities					
ANRC payable		714,000	714,000		
Notes payable	15,730	78,684	94,414		
Bonds payable	1,319,589	9,723,090	11,042,679	13,894,243	
Contracts payable				419,840	
Net pension liability	4,390,970	1,075,985	5,466,955	3,740,340	
Closure/post-closure payable		1,212,946	1,212,946		
Accrued compensated absences	337,590	106,658	444,248	409,341	
Total Liabilities	6,658,772	13,663,781	20,322,553	24,026,044	29,797
Deferred Inflows Of Resources					
Pension related deferred inflows	574,789	115,690	690,479	218,873	
Total Liabilities and Deferred Inflows of Resources	7,233,561	13,779,471	21,013,032	24,244,917	
Net Position					
Net investment in capital assets	22,200,176	2,354,734	24,554,910	32,524,689	
Restricted for:					
Capital projects	2,722,758	43,080	2,765,838		
Debt service	130,189	699,869	830,058	4,693,404	
Other purposes					
Spendable	38,373		38,373		
Nonspendable	54,994		54,994		
Unrestricted	570,371	(760,966)	(190,595)	11,676,811	1,176,816
Total Net Position	25,716,861	2,336,717	28,053,578	48,894,904	1,176,816
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 32,950,422	$ 16,116,188	$ 49,066,610	$ 73,139,821	$ 1,206,613

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

CITY OF HOPE, ARKANSAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
Law enforcement	$ 3,008,090	$ 304,101	$ 51,998	$ 7,400
Public safety	931,155			12,956
Recreation and culture	448,366			
General government	3,837,917		707,845	1,622,903
Interest on long-term debt	70,223			
Total governmental activities	8,295,751	304,101	759,843	1,643,259
Business-type activities:				
Sanitation	1,705,705	2,010,221		
Wastewater	1,399,375	1,732,448		13,200
Total business-type activities	3,105,080	3,742,669		13,200
Total primary government				
Component units:				
Hope Tourism Commission	532,663	52,420		
Hope Water and Light Commission	28,241,691	30,846,304		207,143
Total component units	$ 28,774,354	$ 30,898,724		$ 207,143

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

CITY OF HOPE, ARKANSAS
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-type Activities	Total	Component Units Hope Water and Light Commission	Hope Tourism Commission
Primary Government					
Governmental activities:					
Law enforcement	$(2,644,591)		$(2,644,591)		
Public safety	(918,199)		(918,199)		
Recreation and culture	(448,366)		(448,366)		
General government	(1,507,169)		(1,507,169)		
Interest on long-term debt	(70,223)		(70,223)		
Total governmental activities	(5,588,548)		(5,588,548)		
Business-type activities:					
Sanitation		$ 304,516	304,516		
Wastewater		346,273	346,273		
Total business-type activities		650,789	650,789		
Total primary government	(5,588,548)	650,789	(4,937,759)		
Component units:					
Hope Tourism Commission					$(480,243)
Hope Water and Light Commission				$ 2,811,756	
Total component units				2,811,756	(480,243)
General revenues:					
Sales tax	4,599,955		4,599,955		759,220
Property tax	624,080		624,080		
State turnback	939,811		939,811		
Franchise taxes	131,723		131,723		
Interest/Dividends	288,295	83,112	371,407	1,012,451	4,044
Other income	1,313,630	50,016	1,363,646	(48,300)	
Transfers	430,067	277,221	707,288	(575,000)	(132,288)
Total general revenues, special items and transfers	8,327,561	410,349	8,737,910	389,151	630,976
Changes in Net Position	2,739,013	1,061,138	3,800,151	3,200,907	150,733
Net Position - Beginning	22,977,848	1,275,579	24,253,427	45,693,997	1,026,083
Net Position - Ending	$ 25,716,861	$ 2,336,717	$ 28,053,578	$ 48,894,904	$ 1,176,816

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

CITY OF HOPE, ARKANSAS
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds				Capital Projects Fund		
	General Fund	ARPA	Street Fund	Airport Fund	Capital Outlay Fund	Nonmajor Funds	Total Funds
Assets							
Cash	$ 2,514,773		$ 691,903	$ 925,607	$ 25,417		$ 4,157,700
Investments	1,850,000		350,000	500,000			2,700,000
Receivables, net of allowance for doubtful accounts	695,436		98,686	157,284	12,956		964,362
Inventories			12,412	25,898			38,310
Prepaid expenses	12,409		4,275				16,684
Due from other funds	126,514			1,595			128,109
Internal advances				68,874			68,874
Restricted assets:							
Cash and investments						$ 130,189	130,189
Total Assets	$ 5,199,132		$1,157,276	$1,679,258	$ 38,373	$ 130,189	$ 8,204,228
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 350,623		$ 579	$ 2,055			$ 353,257
Accrued compensated absences	51,124		2,003	124			53,251
Accrued payroll	49,110		4,528	561			54,199
Due to other funds	20,798		34,443	26,898			82,139
Total Liabilities	471,655		41,553	29,638			542,846
Fund Balances							
Nonspendable							
Prepaid expenses	12,409		4,275				16,684
Inventories			12,412	25,898			38,310
Restricted - expendable			1,099,036	1,623,722	$ 38,373	$ 130,189	2,891,320
Unassigned	4,715,068						4,715,068
Total Fund Balances	4,727,477		1,115,723	1,649,620	38,373	130,189	7,661,382
Total Liabilities and Fund Balances	$ 5,199,132		$1,157,276	$1,679,258	$ 38,373	$ 130,189	$ 8,204,228

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

CITY OF HOPE, ARKANSAS
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Total Governmental Fund Balance	$ 7,661,382
Amounts reported for governmental activities in the Statement of Net Position are different because:	
The following assets and deferred outflows are not financial resources and therefore are not reported in governmental funds.	
Capital assets	23,669,681
Pension related deferred outflows	1,158,652
The following liabilities and deferred inflows, including long-term debt, are not due and payable in the current period and therefore are not reported in governmental funds.	
Note payable	(80,473)
Bonds payable	(1,389,032)
Net pension liabilities	(4,390,970)
Pension related deferred inflows	(574,789)
Accrued compensated absences	(337,590)
Net Position of Governmental Activities	$ 25,716,861

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

CITY OF HOPE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds				Capital Projects Fund		
	General Fund	ARPA	Street Fund	Airport Fund	Capital Outlay Fund	Nonmajor Funds	Total Funds
Revenues							
Sales tax	$ 4,599,955						$ 4,599,955
Property tax	480,779		$ 143,301				624,080
State general turnback	200,245		739,566				939,811
Franchise taxes	131,723						131,723
Licenses and permits	14,526						14,526
Fines, forfeitures and fees	289,575						289,575
Grants/Contributions	59,398	$ 878,610		$1,202,138	$ 12,956		2,153,102
Interest and dividend income	183,713	17,694	24,846	62,042			288,295
Other income	387,624		63,174	738,281	123,194	$ 1,357	1,313,630
Total Revenues	6,347,538	896,304	970,887	2,002,461	136,150	1,357	10,354,697
Expenditures							
Current:							
Law enforcement	2,437,430				54,545		2,491,975
Public safety	1,047,558						1,047,558
Recreation and culture	558,653				3,777		562,430
General government	1,499,234	707,845	648,921	261,324			3,117,324
Debt service:							
Principal			109,177		66,475		175,652
Interest			7,866		62,357		70,223
Capital outlay			556,005	1,732,340	364,325		2,652,670
Total Expenditures	5,542,875	707,845	1,321,969	1,993,664	551,479		10,117,832
Excess (Deficiency) of Revenues over Expenditures	804,663	188,459	(351,082)	8,797	(415,329)	1,357	236,865
Other Financing Sources							
Transfers in	605,000		743,596		373,670		1,722,266
Transfers out	(946,382)	(209,361)	(106,456)	(30,000)			(1,292,199)
Total Other Financing Sources (Uses)	(341,382)	(209,361)	637,140	(30,000)	373,670		430,067
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	463,281	(20,902)	286,058	(21,203)	(41,659)	1,357	666,932
Fund Balance - Beginning	4,264,196	20,902	829,665	1,670,823	80,032	128,832	6,994,450
Fund Balance - Ending	$ 4,727,477	$ -0-	$1,115,723	$1,649,620	$ 38,373	$130,189	$ 7,661,382

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

CITY OF HOPE, ARKANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Governmental Funds	$ 666,932
Amount reported for governmental activities are different because:	
Governmental funds report capital outflows as expenditures. For the statement of activities, the costs of those assets are allocated over their useful lives and reported as depreciation expense.	
Capital additions	2,649,012
Depreciation	(1,036,202)
The net effect of a transaction of a capital contribution increasing capital assets is not reported as revenue in the fund financial statements but increase net position.	250,000
Repayments of long-term liabilities are expenditures in governmental funds but reduces long-term liabilities in the statement of net position.	175,652
Expenses that do not require current financial resources are not reported as expenses in the governmental funds but are reported as expenses in the statement of activities:	
Change in accrued compensated absences	(95,287)
Current year pension expenditures are reported on governmental statement of revenues, expenditures and changes in fund balances and are actuarially determined in the government wide statement of activities. Differences are reflected in deferred outflows and inflows of resources balances	128,906
Changes in Net Position Governmental Activities	$ 2,739,013

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

CITY OF HOPE, ARKANSAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Sanitation Fund	Wastewater Fund	Totals
Assets			
Current Assets			
Cash	$ 604,027	$ 417,914	$ 1,021,941
Investments		320,000	320,000
Accounts receivable, net	6,483	1,657	8,140
Prepaid expense	9,817		9,817
Receivable from component unit	155,098	151,691	306,789
Receivable from other funds		19,598	19,598
Total Current Assets	775,425	910,860	1,686,285
Restricted Assets			
Cash - debt service	148,317	329,619	477,936
Cash - bond funds		85,458	85,458
Cash - capital projects		43,080	43,080
Investments - debt services	136,475		136,475
ANRC receivable		657,060	657,060
Total Restricted Assets	284,792	1,115,217	1,400,009
Property, Plant and Equipment, Net	4,167,819	8,329,399	12,497,218
Deferred Outflows of Resources			
Pension related deferred outflows	155,876	78,836	234,712
Deferred amount on refunding		432,406	432,406
Total Deferred Outflows of Resources	155,876	511,242	667,118
Total Assets and Deferred Outflows	$ 5,383,912	$ 10,866,718	$ 16,250,630

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

CITY OF HOPE, ARKANSAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2024

	Sanitation Fund	Wastewater Fund	Totals
Liabilities and Net Position			
Current Liabilities			
Accrued payroll	$ 10,730	$ 5,403	$ 16,133
Accrued liabilities		18,138	18,138
Accrued interest	3,896	25,980	29,876
Accrued compensated absences	6,744	9,102	15,846
Note payable	79,647	42,778	122,425
Interfund advance	33,597		33,597
Bonds payable	220,000	330,000	550,000
Due other funds	65,455	113	65,568
Total Current Liabilities	420,069	431,514	851,583
Long-term Debt			
Compensated absences	60,697	45,961	106,658
Closure/post-closure care payable	1,212,946		1,212,946
Net pension liability	716,791	359,194	1,075,985
Bonds payable, net of discount	1,463,832	8,259,258	9,723,090
Note Payable	6,328	72,356	78,684
Interfund advance	35,277		35,277
ANRC payable		714,000	714,000
Total Long-term Debt	3,495,871	9,450,769	12,946,640
Total Liabilities	3,915,940	9,882,283	13,798,223
Deferred Inflows of Resources			
Pension related deferred inflows	76,681	39,009	115,690
Net Position			
Net investment in capital assets	2,325,241	29,493	2,354,734
Restricted for debt service	284,792	415,077	699,869
Restricted for capital projects		43,080	43,080
Unrestricted (deficit)	(1,218,742)	457,776	(760,966)
Total Net Position	1,391,291	945,426	2,336,717
Total Liabilities, Deferred Inflows, and Net Position	$ 5,383,912	$ 10,866,718	$ 16,250,630

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

CITY OF HOPE, ARKANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sanitation Fund	Wastewater Fund	Totals
Revenues			
Service fees	$ 2,010,221	$ 1,732,448	$ 3,742,669
Other	44,265	5,751	50,016
	2,054,486	1,738,199	3,792,685
Operating Expenses			
Landfill post closure cost	(439,408)		(439,408)
Operating and maintenance	1,700,211	742,854	2,443,065
Depreciation and amortization	385,791	317,454	703,245
Total Operating Expenses	1,646,594	1,060,308	2,706,902
Operating Income (Loss)	407,892	677,891	1,085,783
Nonoperating Revenue (Expense)			
Interest income	24,629	58,483	83,112
Interest expense	(58,097)	(334,067)	(392,164)
Fiduciary fees	(1,014)	(5,000)	(6,014)
Total Nonoperating Expense	(34,482)	(280,584)	(315,066)
Income (Loss) Before Contribution and Transfers	373,410	397,307	770,717
Capital Grant		13,200	13,200
Transfers in (out)	212,912	64,309	277,221
Change in Net Position	586,322	474,816	1,061,138
Net Position - Beginning	804,969	470,610	1,275,579
Net Position - Ending	$ 1,391,291	$ 945,426	$ 2,336,717

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

CITY OF HOPE, ARKANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sanitation Fund	Wastewater Fund	Totals
Cash Flows From Operating Activities			
Cash received from customers	$ 2,050,862	$ 1,713,360	$ 3,764,222
Cash paid for supplies and operating costs	(642,706)	(235,514)	(878,220)
Cash paid for employee and related costs	(990,243)	(497,741)	(1,487,984)
Net Cash Provided by Operating Activities	417,913	980,105	1,398,018
Cash Flows From Noncapital Financing Activities			
Operating transfers from (to) other funds	144,038	64,309	208,347
Net Cash Provided by (Used in) Noncapital Financing Activities	144,038	64,309	208,347
Cash Flows From Capital And Related Financing Activities			
Advance from other funds	68,874		68,874
Proceeds from long-term debt		56,940	56,940
Purchase of fixed assets	(153,959)	(515,838)	(669,797)
Fiduciary fees	(1,014)	(5,000)	(6,014)
Principal paid, long-term debt	(290,249)	(341,982)	(632,231)
Interest paid on long-term debt	(57,758)	(335,632)	(393,390)
Capital grants		13,200	13,200
Net Cash Used in Capital and Related Financing Activities	(434,106)	(1,128,312)	(1,562,418)
Cash Flows From Investing Activities			
Investment income received	24,629	58,483	83,112
Net Cash Provided by Investing Activities	24,629	58,483	83,112
Net Increase (Decrease) in Cash	152,474	(25,415)	127,059
Cash - Beginning of Year	599,870	901,486	1,501,356
Cash - End of Year	$ 752,344	$ 876,071	$ 1,628,415

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

CITY OF HOPE, ARKANSAS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sanitation Fund	Wastewater Fund	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating net income (loss)	$ 407,892	$ 677,891	$ 1,085,783
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	385,791	317,454	703,245
Pension expense other than contributions	13,103	6,405	19,508
Landfill closure/post closure care	(439,408)		(439,408)
(Increase) decrease in current assets:			
Accounts receivables	1,627	2,253	3,880
Prepaid expense	(9,817)		(9,817)
Receivable from component unit	(5,250)	(27,093)	(32,343)
Receivable from other funds		(19,598)	(19,598)
Increase (decrease) in current liabilities:			
Accrued liabilities	5,132	2,715	7,847
Accrued compensated absences	7,463	27,305	34,768
Due other funds	51,380	(7,227)	44,153
Net Cash Provided by Operating Activities	$ 417,913	$ 980,105	$ 1,398,018

Supplemental Disclosure of Noncash Transactions	
Capital asset financed by note	$ 132,686

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

CITY OF HOPE, ARKANSAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Fiduciary Fund	Custodial Funds		
	Firemen's Pension and Relief Fund	District Court Accounts	Bonds and Fines Accounts	Total
Assets				
Cash	$ 188,682	$ 36,354	$ 4,703	$ 229,739
Total Assets	188,682	36,354	4,703	229,739
Liabilities				
Accounts payable	329	36,354	4,703	41,386
Total Liabilities	329	36,354	4,703	41,386
Net Position				
Restricted for Pension Benefits	188,353			188,353
Restricted for Courts		-	-	
	$ 188,353	$ -	$ -	$ 188,353

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

CITY OF HOPE, ARKANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Firemen's Pension and Relief Fund
Additions	
Contributions	
General property taxes	$ 93,484
Total Contributions	93,484
Investment Income	
Dividends and interest	3,812
Net Investment Income	3,812
Total	97,296
Deductions	
Pension - Stats	2,988
Total Deductions	2,988
Net Increase in Net Position	94,308
Net Position Restricted for Pension Benefits Beginning of Year	94,045
Net Position Restricted for Pension Benefits End of Year	$ 188,353

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HOPE, ARKANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hope, Arkansas (the "City") was incorporated in 1875 under the laws of the State of Arkansas. The City provides various services and consists of many different activities and smaller accounting entities. These services include the following: 1) police force, 2) fire-fighting and prevention force, 3) street maintenance force, 4) parks and recreation system, 5) sanitation department, 6) wastewater department, 7) water and light commission, 8) tourism commission, and 9) general administration. All are responsible to the citizens of Hope, and are therefore included within the reporting unit.

The City is a charter city and is governed by a seven-member Board of Directors which is elected by ward. The Board, in turn, elects the Mayor of the City. The Board also hires a professional city manager to carry out its decisions and to manage the City's daily operations. This form of city government is authorized by Arkansas Code Annotated 14-47-101-139.

The accounting and reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Recently adopted statements had limited effect on financial statements for the year ended December 31, 2024.

GASB Statement No.100, *Accounting Changes and Error Connections*, is effective for the City for the year ending December 31, 2024. This statement provides more straight forward guidance designed to lead to information that is easier to understand and more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability.

GASB Statement No. 101, *Compensated Absences*, is effective for the City for the year ending December 31, 2024. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

The Governmental Accounting Standards Board issued the following statements not yet implemented by the City. Management has not yet determined the impact of these standards on the financial statements when adopted.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the City for the year ending December 31, 2025. The objective of this statement is to provide a broader disclosure of risk concentration or constraint, the City's vulnerability to that risk, and the possible impact if that risk event were to occur.

GASB Statement No 103, *Financial Reporting Model Improvements* will be effective for the City for the year ending December 31, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement 104, *Disclosure of Certain Capital Assets* will be effective for the City for the year ending December 31, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain type of assets.

CITY OF HOPE, ARKANSAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity - The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The criteria for including accounting entities, agencies, and commissions as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Government Accounting and Financial Reporting Standards*, include whether:

* the organization is legally separate (can sue and be sued in its own name)
* the City holds the corporate powers of the organization
* the City appoints a voting majority of the organization's board
* the City is able to impose its will on the organization
* the organization has the potential to impose a financial benefit/burden on the City
* there is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has two component units: Hope Water and Light Commission and Hope Tourism Commission.

Discretely Presented Component Units - Component units are legally separate units for which the management of the primary government still has significant influence over or accountability for its financial operations.

As stated, the following component units are included in the City's reporting entity:

1. Hope Water and Light Commission operates the City's water and electric systems. The City appoints the Commission's board for five-year terms. The Commission's board has complete legal, budgetary, and administrative control over the Commission's affairs. The Commission is discretely presented as a separate column in the City's government-wide financial statements and issues separately audited financial statements, copies of which can be obtained from the management of the Commission at 105 North Elm Street, Hope, Arkansas 71801.

2. Hope Tourism Commission is governed by seven members appointed by the City and was created to promote and develop tourism in the City. The Commission collects a special 2% tax levied by the City to subsidize the Commission's operations. The Commission is discretely presented as a separate column in the City's government-wide financial statements. Financial statements for Hope Tourism Commission can be obtained from the City's administrative offices at 206 West Avenue A, Hope, Arkansas 71801.

Related Organization - The Hope Housing Authority is a related organization excluded from the financial reporting entities. The City of Hope Board of Directors' authority over the Hope Housing Authority extends only to the confirmation of Hope Housing Authority Commission appointments as provided in Arkansas Code Annotated 14-169-208 2(B). The five citizens who serve on the Authority administer federal and other funds to improve housing conditions for low-income citizens of the City. Audited financial statements are available from the Hope Housing Authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

Government-wide Financial Statements - The government-wide financial statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: 1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; 2) operating grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund type - governmental, proprietary and fiduciary - are presented. Major governmental and major enterprise funds are reported in separate columns in the fund financial statements. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus/Basis of Accounting - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers sales and use taxes available if they are collected within thirty days after year-end. All other revenues are considered to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, and claims and judgements which are reported as expenditures in the year when payment is due.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund and accounts for all financial resources of the general government except those accounted for in another fund.

Street Fund - The Street Fund is a special revenue fund that primarily accounts for special revenue sources which are legally restricted to expenditures for street and highway purposes.

Airport Fund - The Airport Fund is a special revenue fund that primarily accounts for special revenue sources which are legally restricted to expenditures for the City's airport.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Outlay Fund - The Capital Outlay Fund is a capital projects fund that primarily accounts for special revenue sources, generally grant funds, which are restricted for large capital expenditures and related items, other than those financed by enterprise funds.

The *Debt Service Fund* is a nonmajor governmental fund. The Debt Service Fund accounts for financial resources which are restricted, committed or assigned to expenditure for principal and interest on the City's general debt obligations.

Enterprise funds account for activities for which the City charges a fee to external users for goods or services. The City reports the following major enterprise funds:

Sanitation Fund - The Sanitation Fund is an enterprise fund used to account for the City's sanitation operations including garbage and trash removal and the City's landfills.

Wastewater Fund - The Wastewater Fund is an enterprise fund used to account for the City's wastewater operations including maintenance and operation of the City's sewer facilities and wastewater collection infrastructure.

Fiduciary funds account for resources held by the City on the behalf of others. The City reports the following fiduciary funds:

Firemen's Pension and Relief Fund - The Firemen's Pension and Relief Fund is an agent multiple employer pension fund that accounts for resources that are required to be held in trust for its members and beneficiaries. This fund is managed by the Arkansas Local Police and Fire Retirement System (LOPFI).

Custodial Funds - Custodial funds account for resources held in a purely custodial capacity for others. The City has two custodial funds, the *District Court Accounts Fund* and the *Bond and Fines Account* Fund.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes are included in general revenues. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services or delivering goods in connection with a fund's ongoing operations. The primary source of operating revenues in the City's major enterprise funds is charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include: taxes, fines and forfeitures, grants and entitlements, and donations. Recognition standards are based on the characteristics and classes of the non-exchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted net assets current in nature are reported with current assets and current liabilities in the financial statements. Restricted investments report assets restricted for acquisition or construction of non-current assets or restricted for liquidation of long-term debt.

Allowance for Uncollectible Receivables - Hope Water and Light Commission provides billing and collection services for the Sanitation and Wastewater Funds and remits 100% of the related billings to the funds. Any bad debt expense is absorbed by Hope Water and Light Commission which recorded an allowance of $63,025. Accordingly, the allowance for doubtful accounts for the proprietary funds as of December 31, 2024 was $-0-. The City recorded an allowance of $5,467 for various receivables in the City's governmental funds.

Investments - Investments are reported at fair value. Short-term investments are reported at cost (which approximates fair value) and are held by the City in various forms as allowed by the laws of the State of Arkansas. The City records all interest revenue earned from investment activities in the respective funds. As of December 31, 2024, the City considers investments to include certificates of deposit, United States government bonds, and money market mutual funds consisting of United States Treasury obligations.

Inventories - Inventories in governmental funds consist of expendable supplies held for consumption, stated on a first-in, first-out basis. Inventories are reported at cost and recorded as expenditures at the time individual inventory items are used. Proprietary fund and similar component unit inventories are recorded using the weighted average method.

Capital Assets - The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary fund and component unit capital assets are also reported in their respective fund financial statements.

In 2005, the City adopted GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government*, which requires the City to capitalize and report infrastructure assets subsequent to the GASB 34 transition date. The city has not recorded infrastructure assets prior to January 1, 2005.

Fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Acquisitions of property and equipment in excess of $5,000 are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

Buildings	5 - 40 years
Infrastructure and other improvements	20 - 40 years
Mobile equipment, furniture and machinery	2 - 10 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources - The statement of net position and the balance sheet - governmental funds include a separate section for deferred outflows and deferred inflows of resources.

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an expense or expenditure until that time. Pension related deferred outflows included in the financial statements represent the differences between estimated and actual investment earnings, changes in actuarial assumptions, and city contributions to the plans subsequent to the measurement dates. Bond refunding outflow represents the difference in the carrying value of refunded debt and its reacquisition price.

Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time. Pension related deferred inflows included in the financial statements represent differences between projected and actual actuarial experience related to pensions.

Long-term Debt - In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are amortized over the terms of the respective bonds. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as expenditures.

Compensated Absences - In January, 2024 the City adopted GASB Statement No. 101, *Compensated Absences*. Vacation and sick leave vests and accumulates. For law enforcement officers and firefighters, sick leave will accumulate at the rate mandated by Arkansas statutes beginning one year after the date of employment. If unused, sick leave will accumulate to a maximum of ninety (90) days as authorized by the City. Accumulated sick leave is paid at the regular rate of pay at the time of retirement or death, as required by State law.

The City calculated compensated absences is compliance with GASB 101.

Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report compensated absences using the current financial resources measurement focus and the modified accrual basis of accounting.

Pension - In January, 2015, the City adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (GASB 68) and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68* (GASB 71). GASB No. 68 required governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability and provided measurement of the annual costs of pension benefits. GASB No. 71 relates to amounts associated with a government's contribution to a defined benefit pension plan after the measurement date of the net pension liability. Implementation of these standards resulted in recognition of deferred outflow and deferred inflow of resources as well as net pension liabilities related to the City's pension plans.

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

CITY OF HOPE, ARKANSAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes - The City levies property taxes applicable to the following year during the month of October. Property taxes assessed during the previous year are due and payable after February 1. Taxes are delinquent after the second week in October. Delinquent property taxes as of December 31, 2024, are not significant. The assessed value of taxable property upon which property taxes are levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies a statutory rate of 20% to arrive at an assessed value. Hempstead County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Each unit of government receives its proportionate share of tax receipts from the County Treasurer, based on its individual mill levy, in the month following the collection. The City levied 5 mills of property taxes for general government operations and is subject to a statutory limitation of 5 mills established by the State of Arkansas. This operating tax levy limitation may not be increased except by amendment to the State Constitution. The City levied 1.0 mill for the Firemen's Pension and Relief Fund. The mill for the Pension fund is apart from the statutory limitation of 5 mills for operations.

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 offset the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: BUDGET REQUIREMENTS AND REPORTING

The City is required by its Municipal Code to adopt annual budgets for the General Fund, Street Fund, Airport Fund, Capital Outlay Fund, Sanitation Fund and the Wastewater Fund. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1 of the preceding calendar year, the City Manager and various department heads prepare budget appropriations. These budget appropriations include proposed expenditures and means of financing and are submitted to the City's Board of Directors.

2. Prior to February 1 of the calendar year for which the budgets have been prepared, the budgets are approved and adopted by the Board of Directors and the original budget may be revised by the Board of Directors after adoption.

3. Budgetary control is exercised at the fund-type level. The level of the budgetary responsibility is the appropriations. Unused appropriations lapse at the end of the year.

The City Manager has the authority to transfer budgeted amounts within any fund. Budgetary amounts in the financial statements are the final authorized amounts as revised during the year.

NOTE 3: DEPOSITS AND INVESTMENTS

At December 31, 2024, the City's deposits consisted of demand accounts and the City's investments consisted of certificates of deposit and money funds held by bond funds.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As means of limiting its exposure to fair value losses from rising interest rates, the City's policy is to attempt to match investment maturities with cash flow requirements. The City invests only in certificates of deposit or funds consisting of short term U.S. Treasury securities.

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligation of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Arkansas. All securities pledged as collateral are held in the name of the City. At December 31, 2024, the City had no uninsured deposits. Hope Water and Light Commission and Hope Tourism Commission had no uninsured deposits.

Credit Risk - Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the stewardship of the City's finance department. Investing is performed in accordance with investment policies complying with State statutes and the City Charter. Funds may be invested in: (1) direct obligations of the United States government (for which the full faith and credit of the United States government are pledged), (2) certificates of deposit at savings and loan associations or federally insured banks when secured by acceptable collateral, (3) savings accounts at savings and loan associations and banks, to the extent fully insured, and (4) any bond, note, or other indebtedness insured by United States government or those agencies insured and guaranteed by the federal government.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. As of December 31, 2024, the City had $425 in cash on hand and cash and certificates of deposits totaling $9,072,354 book value as reconciled to financial institution balances totaling $9,218,173. *Hope Water* and *Light Commission* had financial institution balances of $20,136,246 and *Hope Tourism Commission* had financial institution balances of $1,151,101.

Based on the financial institution balances, the City has concentrations of credit risk by issuer as follows:

Issuer	Investment Type	Fair Value	Percentage of Total
Primary Government			
Cadence Bank	Cash	$ 195,272	2%
Bank OZK	Cash and certificates of deposit	1,371,615	15%
Farmer's Bank & Trust	Cash and certificates of deposit	5,373,129	58%
Diamond Bank	Certificates of deposit	1,820,000	20%
Citizens Bank	Cash - money market	458,157	5%
		$ 9,218,173	100%
Component Unit - Hope Water and Light Commission			
1st National Tom Bean	Certificates of deposit	$ 500,000	2%
Bank OZK	Certificates of deposit	1,350,000	7%
Bank OZK	Cash	1,109,457	6%
Farmer's Bank & Trust	Cash	11,801,789	59%
Farmer's Bank & Trust	Certificates of deposit	1,650,000	8%
Diamond Bank	Certificates of deposit	3,725,000	18%
		$ 20,136,246	100%
Component Unit - Hope Tourism Commission			
Cadence Bank		$ 1,088,114	95%
Farmer's Bank & Trust	Certificates of deposit	62,987	5%
		$ 1,151,101	100%

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk - foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The City had no foreign investments at December 31, 2024.

NOTE 4: INTERFUND RECEIVABLES, ADVANCES, PAYABLES, AND TRANSFERS

Interfund receivables, advances, and payables result from transactions between various funds within the City. Interfund transfers that will not be settled during the following fiscal year are referred to as advances. Outstanding balances are generally a result of time lag between the clearing of liabilities between funds. The following schedule reports interfund balances at December 31, 2024:

Funds with Payables:		Funds with Receivables			
		General Fund	Airport Fund	Sanitation Fund	Wastewater Fund
Sanitation	$ 134,329	$ 65,060	$ 69,269		
Wastewater	113	113			
Airport	26,898	26,898			
Street	34,443	34,443			
General	20,798		1,200		$ 19,598
Hope Water and Light Commission	306,789			$ 155,098	151,691
	$ 523,370	$ 126,514	$ 70,469	$ 155,098	$ 171,289

Interfund transfers refer to the movement of resources between different funds where there is no requirement for repayment and no exchange of equal value. These transfers generally are operating transfers to fund operations or capital transfers for acquiring assets. Transfers recorded in the city-wide and fund financial statements are as follows:

	Transferred to Funds				
Transferred from Fund:	General Fund	Street Fund	Capital Outlay Fund	Sanitation	Wastewater
ARPA		$ 38,596			$ 170,765
General		575,000	$371,382		
Street				$ 106,456	
Airport	$ 30,000				
Wastewater				106,456	
Hope Water & Light Commission	575,000				
Tourism		130,000	2,288		
Total Received	$ 605,000	$ 743,596	$ 373,670	$ 212,912	$ 170,765

NOTE 5: RESTRICTED ASSETS

Certain assets in the City's financial statements are restricted for debt service, capital improvement, and other purposes, and are reflected in the financial statements as restricted cash, and restricted investments. These restrictions are disclosed on the face of the city-wide and fund financial statements

NOTE 6: CAPITAL ASSETS

Primary Government

The following table provides a summary of changes in capital assets of the governmental activities for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 2,012,225			$ 2,012,225
Construction in progress	2,176,736	$ 1,599,728	$ 120,112	3,656,352
Total Capital Assets, Not Being Depreciated	4,188,961	1,599,728	120,112	5,668,577
Capital assets, being depreciated:				
Land improvements	659,871	15,892		675,763
Infrastructure	14,254,237	731,183		14,985,420
Buildings	7,804,384	292,331		8,096,715
Furniture and fixtures	318,902			318,902
Vehicles	1,785,416	143,256		1,928,672
Equipment	4,797,807	236,734		5,034,541
Total Capital Assets, Being Depreciated	29,620,617	1,419,396		31,040,013
Less: Accumulated Depreciation	12,002,707	1,036,202		13,038,909
Total Capital Assets, Being Depreciated, Net	17,617,910	383,194		18,001,104
Governmental Activities: **Capital Assets, Net**	$ 21,806,871	$ 1,982,922	$ 120,112	$ 23,669,681

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business Activities

The following table provides a summary of changes in capital assets of the business-type activities for the year ended December 31, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 1,168,808			$ 1,168,808
Construction in progress	26,958	$ 462,030		488,988
Total Capital Assets, Not Being Depreciated	1,195,766	462,030		1,657,796
Capital assets, being depreciated:				
Land improvements	3,445,124	8,662		3,453,786
Plant and equipment	15,491,505	6,454		15,497,959
Vehicles	386,289			386,289
Machinery and equipment	2,510,747	342,905		2,853,652
Total Capital Assets, Being Depreciated	21,833,665	358,021		22,191,686
Less: Accumulated Depreciation	10,686,798	665,466		11,352,264
Total Capital Assets, Being Depreciated, Net	11,146,867	(307,445)		10,839,422
Business-type Activities **Capital Assets, Net**	$ 12,342,633	$ 154,585		$ 12,497,218

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units

The following table provides a summary of changes in capital assets of the Component Units for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets, not being depreciated:				
Land	$ 813,126	$ 1,000	$ 14,814	$ 799,312
Construction in progress	10,279,752	1,750,163	11,703,084	326,831
Water rights	662,422			662,422
Total Capital Assets, Not Being Depreciated	11,755,300	1,751,163	11,717,898	1,788,565
Capital assets, being depreciated:				
Right to use asset	18,183		18,183	-
Plant and equipment	75,336,378	13,535,562	129,125	88,742,815
Building and other improvements	3,392,668	5,202		3,397,870
Machinery and equipment	7,374,517	786,282	138,413	8,022,386
Total Capital Assets, Being Depreciated	86,121,746	14,327,046	285,721	100,163,071
Less: Accumulated Depreciation	51,896,696	2,135,082	273,895	53,757,883
Total Capital Assets, Being Depreciated, Net	34,225,050	12,191,964	11,826	46,405,188
Component Units **Capital Assets, Net**	$ 45,980,350	$ 13,943,127	$ 11,729,724	$ 48,193,753

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

Primary Government	
Governmental Activities	
Administration	$ 135,856
Street	302,594
Parks and recreation	201,317
Police	155,095
Fire protection	57,438
Airport	183,902
Total depreciation expense	$ 1,036,202
Business-type Activities	
Wastewater	$ 279,675
Sanitation	385,791
Total depreciation expense	665,466
Total depreciation expense, primary government	$ 1,701,668

NOTE 7: CAPITAL ASSETS IN BUSINESS-TYPE ACTIVITIES

	Business-Type Activities		
	Sanitation	**Wastewater**	**Total**
Construction in progress		$ 488,988	$ 488,988
Land	$ 1,073,516	95,292	1,168,808
Land improvements	3,453,786		3,453,786
Utility plant	952,646	14,545,313	15,497,959
Vehicles	267,710	118,579	386,289
Machinery and equipment	2,323,013	530,639	2,853,652
	8,070,671	15,778,811	23,849,482
Less: accumulated depreciation	3,902,852	7,449,412	11,352,264
Property, Plant and Equipment, Net	$ 4,167,819	$ 8,329,399	$ 12,497,218

NOTE 8: COMMITMENTS

As of December 31, 2024, the City had the following construction contract commitments in place:

Project	Amount Spent To Date	Amount Remaining
Airport Improvements	1,686,759	289,136
Wastewater UV System	474,737	33,140
Wastewater Ponds Dredging	13,200	778,945
Wastewater Auto Valves	56,940	657,060

Note: These capital improvements are financially supported by the following sources:

* Federal Aviation Administration - Airport Improvements Funds
* Arkansas Department of Aeronautics
* Arkansas Economic Development Commission - Community Development
* Arkansas Natural Resources Commission - Low Interest Loan
* City of Hope - General, Airport, and Wastewater Funds

Additional capital improvement projects were approved by registered voters of the City in the Special Election of November 5, 2024. These projects include:

Project	Bond Amount
New Fire Department	$ 3,370,000
Park Improvements	27,630,000

Funding for the projects is provided through a 1-cent sales tax:

* 7/8 penny is dedicated to bond payments and will sunset upon final payment.
* 1/8 penny is a permanent tax dedicated to operations and maintenance of the Park system. These funds may also be used for early bond redemption at the discretion of the Board of Directors.
* The Sales and Use Tax becomes effective in April 2025.
* Bond closing will occur on May 13, 2025.

NOTE 9: LONG-TERM DEBT

Note Payable - Governmental Activities

In April, 2022, the City incurred a note payable of $184,666 for the purchase of a Vac Pak leaf collector for the Street Fund. The note carries an interest rate of 4.260% and monthly payments of principal and interest in the amount of $5,478 are due until maturity on March 28, 2025.

In March, 2023, the City incurred a note payable of $88,931 for the purchase of a mini excavator for the Street Fund. The note carries an interest rate of 6.300% and monthly payments of principal and interest in the amount of $2,718 are due until maturity on March 1, 2026.

In May, 2023, the City incurred a note payable of $50,802 to complete the purchase of a dump truck for the Street Fund. The note carries an interest rate of 6.475% and monthly payments of principal and interest in the amount of $1,557 are due until maturity on May 4, 2026.

NOTE 9: LONG-TERM DEBT (CONTINUED)

The outstanding balance of the notes are due as follows:

2025	$ 64,743
2026	15,730
	$ 80,473

Revenue Bonds - Governmental Activities

General obligation bonds, issued by the City for various municipal improvements, are governed by Arkansas statutes which require voter approval for issuance of general obligation bonds. General obligation bonds pledge the full faith and credit of the government.

Capital Improvement Bond, Series 2006

In 2007, the City issued $220,000 Capital Improvement Bond, Series 2006, for the purpose of constructing a new animal control facility. The bond is secured by franchise fees and a real estate mortgage on the animal control facility which had a book value of $86,356 at December 31, 2024. The revenues pledged for this bond represent approximately 10% of the City's annual franchise fee revenue over the life of the bond. The pledged revenues will not be available for other purposes until the bond is repaid; the bond matures in 2026. The City recognized franchise fees of $131,723 and made principal and interest payments of $16,435 on the bond in 2024. Outstanding principal on the bond as of December 31, 2024, totaled $28,949.

Capital Improvement Bond, Series 2009

In 2009, the City issued $2,041,800 Capital Improvement Bond, Series 2009, for the purpose of constructing a building for lease to the Southwest Arkansas Educational Cooperative. The bond is secured by lease income from the building and a real estate mortgage on the building which has a book value of $1,832,328 at December 31, 2024. The revenues pledged for this bond represent 100% of the City's annual lease income from the building over the life of the bond. The pledged revenues will not be available for other purposes until the bond is repaid when the bond matures in 2042. The City recognized lease income of $112,296 from the building and made principal and interest payments of $112,296 in 2024. Outstanding principal on the bond as of December 31, 2024, totaled $1,360,083.

Note Payable - Business-type Activities

In January, 2023 the City incurred a note payable of $226,490 to purchase a Freightliner commercial truck for the Sanitation Fund. The note carries an interest rate of 5.900% and monthly payments of principal and interest in the amount of $6,888 are due until maturity on January 20, 2026. The outstanding balance of $85,975 is due as follows:

2025	$ 79,647
2026	6,328
	$ 85,975

NOTE 9: LONG-TERM DEBT (CONTINUED)

In April, 2024, the City provided an advance from the Airport Fund to the Sanitation Fund in the amount of $68,874 for the purchase of a dump truck. The note carries an interest rate of 5.00% and annual payments of principal and interest in the amount of $37,041 are due until maturity April 23, 2026. The outstanding balance of $68,74 as follows:

2025	$ 33,597
2026	35,277
	$ 68,874

In July, 2024, the City incurred a note payable of $132,686 to purchase a Truvac Trxx trailer excavator for the Wastewater Fund. The note carries an interest rate of 5.50% and monthly payments of principal and interest in the amount of $4,012 are due until maturity July 23, 2027. The outstanding balance of $115,134 is due as follows:

2025	$ 42,778
2026	45,226
2027	27,130
	$ 115,134

Total debt service for notes payable and advances for Business-type Activities is a follows:

Year	Principal	Interest	Total
2025	$ 156,022	$ 11,757	$ 167,779
2026	86,831	4,709	91,540
2027	27,130	513	27,643
	$ 269,983	$ 16,979	$ 286,962

In May, 2024, the City applied for and received a loan in the amount of $714,000 from the Arkansas Natural Resources Commission (ANRC) for the purpose of financing the planning, design, construction and/or rehabilitation of the wastewater treatment and/or wastewater collection facilities. Receipts from the loan totaled $56,940 as of December 31, 2024, with the remaining $657,060 expected in 2025. Due to receipt of only partial funds from the loan, both the loan receivable and loan payable are reflected in the financial statements and the outstanding amount of $714,000 in not included in the statement of changes in long-term liabilities.

The loan carries an interest rate of 0.75% and a servicing fee of 1.00% per annum of the outstanding principal. Monthly payments of $3,528 are due until maturity December 1, 2045. Payments begin January 1, 2026, and amortization interest begins December 1, 2025. Annual debt service requirements to maturity for the loan are as follows on the following page:

NOTE 9: LONG-TERM DEBT (CONTINUED)

Year	Principal	Interest	Fees	Total
2026	$ 30,082	$ 5,252	$ 7,003	$ 42,337
2027	30,613	5,025	6,699	42,337
2028	31,153	4,793	6,391	42,337
2029	31,703	4,557	6,077	42,337
2030	32,262	4,318	5,757	42,337
2031	32,831	4,074	5,432	42,337
2032	33,410	3,826	5,101	42,337
2033	34,000	3,573	4,764	42,337
2034	34,600	3,316	4,421	42,337
2035-2045	423,346	18,155	24,206	465,707
	$ 714,000	$ 56,889	$ 75,851	$ 846,740

Revenue Bonds - Business-type Activities

Sewer Revenue Refunding Bonds, Series 2016

On December 28, 2016, the City issued Sewer Revenue Refunding Bonds, Series 2016, in the amount of $6,770,000, with interest rate of 1.00% to 3.75%, for the purpose of advance refunding $6,250,000 of the outstanding Series 2013 revenue bonds, with interest rates from 2.00% to 4.80%. The City used the net proceeds along with other resources to purchase U.S. Treasury Securities - State and Local, Government Series which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2013 bonds. As a result, that portion of the Series 2013 bonds is considered defeased, and the City has removed the liability from its accounts.

The reacquisition price exceeded the net carrying amount of the Series 2013 bonds by $457,866. This amount is being amortized as an element of interest expense over the life of the new bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $212,316.

The Sewer Revenue Refunding Bonds, Series 2016, are special obligation bonds payable solely from the revenues of the Wastewater Fund. The bonds, maturing December 1, 2038, are subject to redemption by sinking fund redemption beginning December 1, 2028. The bonds may be redeemed at the option of the City from funds from any source on and after June 1, 2022, in whole at anytime and in part on any interest date at par plus accrued interest to the date of redemption.

Waste Disposal Revenue Bonds*, *Series 2016

On May 17, 2016, the City issued Waste Disposal Revenue Bonds, Series 2016, in the amount of $3,205,000 for the purpose of acquiring, constructing, and equipping capital improvements to the City's solid waste system, for the purpose of establishing a debt service reserve, and for the purpose of paying costs of issuance of the bonds. The bonds, with an interest rate of 2.00% to 3.00%, are payable solely from sanitation revenues. The bonds, maturing June 1, 2031, are subject to redemption by sinking fund redemption beginning June 1, 2027.

NOTE 9: LONG-TERM DEBT (CONTINUED)

Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017

On January 10, 2017, the City issued Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017, in the amount of $4,315,000, with interest rates from 1.750% to 4.625%, for the purpose to advance refund the remaining principal of $2,885,000 of Series 2013 revenue bonds, with interest rates of 2.00% to 4.80%, and for improvements to the City's sewer system. The City used the net proceeds along with other resources to purchase U.S. Treasury Securities - State and Local, Government Series which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2013 bonds. As a result, the series 2013 bonds are considered defeased, and the City has removed the liability from its accounts.

The reacquisition price exceeded the net carrying amount of the Series 2013 bonds by $205,864. This amount is being amortized as an element of interest expense over the life of the old bonds. The debt service on the Series 2017 bonds was wrapped around the debt service on the Series 2016 bonds using a (combined) annual debt service constraint equal to the original Series 2013 debt service and a final maturity of 2043; consequently, there was no economic gain.

The Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017, are special obligation bonds payable solely from the revenue of the Wastewater Fund and from funds and moneys pledged to the payment of the bonds under a Trust Indenture. The bonds, maturing December 31, 2043, are subject to redemption by sinking fund redemption December 1, 2018. The bonds may be redeemed at the option of the City from funds from any source, on and after June 1, 2022, in whole at any time or in part on any interest payment date, at par plus accrued interest to the date of redemption.

Summary of Long-term Debt, Bonds

Bonds payable at December 31, 2023, is comprised of the following individual issues:

Description	Interest Rate	Original Issue
Governmental Activities		
Capital Improvement Bond, Series 2006, secured by franchise fees - due in monthly payments of $1,378 through October, 2026	4.38%	$ 220,000
Capital Improvement Bond, Series 2009, secured by lease income - due in monthly payments of $9,358 through March, 2042	4.38%	2,041,800
Business-type Activities		
Wastewater Fund		
Sewer Revenue Refunding Bonds Series 2016 - due in varying amounts through December 1, 2038	1.00 - 3.75%	6,770,000
Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017 - due in varying amounts through December 31, 2043	1.75 - 4.625%	4,315,000
Sanitation Fund		
Waste Disposal Revenue Bonds Series 2016, due in varying amounts through June 1, 2031	2.00 - 3.00%	3,205,000

NOTE 9: LONG-TERM DEBT (CONTINUED)

Changes in Long-term Liabilities

A summary of changes in long-term liabilities, excluding ANRC loan, for the year is as follows:

	Beginning Balance	Additions	Retirements/ Deductions	Ending Balance	Within One Year
Primary Government					
Governmental Activities					
Capital Improvement Bond, Series 2006	$ 43,864		$ 14,915	$ 28,949	$ 15,579
Capital Improvement Bond, Series 2009	1,411,644		51,561	1,360,083	53,864
Notes payable	189,650		109,177	80,473	64,743
Net pension liability	5,674,956		1,283,986	4,390,970	
Compensated absences	267,672	$ 160,163	36,994	390,841	53,251
Total Governmental Activities	$ 7,587,786	$ 160,163	$ 1,496,633	$ 6,251,316	$ 187,437
Business-type Activities					
Revenue bonds	$ 10,910,000		$ 540,000	$ 10,370,000	$ 550,000
Discount	(105,912)		(9,002)	(96,910)	
Total bonds payable	10,804,088		530,998	10,273,090	550,000
Net pension liability	1,369,600		293,615	1,075,985	
Advances payable		$ 68,874		68,874	33,597
Notes payable	161,224	132,686	92,801	201,109	122,425
Compensated absences	87,736	43,542	8,774	122,504	15,846
Closure/Post closure	1,652,354		439,408	1,212,946	
Total Business-type Activities	$ 14,075,002	$ 245,102	$ 1,365,596	$ 12,954,508	$ 721,868
Component Units					
Revenue bonds	$ 15,645,000		$ 910,000	$ 14,735,000	$ 930,000
Premium	97,805		8,562	89,243	
Total bonds payable	15,742,805		918,562	14,824,243	930,000
Net pension liability	4,191,354		451,014	3,740,340	
Contracts payable	455,218		17,459	437,759	17,919
Compensated absences	455,883	$ 184,480	161,510	478,853	69,512
Total Component Units	$ 20,845,260	$ 184,480	$ 1,548,545	$ 19,481,195	$ 1,017,431

NOTE 9: LONG-TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

The annual principal and interest requirements to amortize debt of outstanding bond issues as of December 31, 2024, are presented in the following schedule.

Year End	Governmental Activities		Business-type Activities		Total Primary Government	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 69,443	$ 59,389	$ 550,000	$ 369,997	$ 619,443	$ 429,386
2026	69,638	56,295	565,000	355,688	634,638	411,983
2027	58,750	53,516	585,000	339,672	643,750	393,188
2028	61,404	50,892	600,000	321,828	661,404	372,720
2029	64,145	48,151	620,000	303,514	684,145	351,665
2030	67,038	45,288	640,000	282,931	707,038	328,219
2031 - 2035	382,669	178,811	2,410,000	1,143,144	2,792,669	1,321,955
2036 - 2040	476,050	85,430	2,585,000	695,994	3,061,050	781,424
2041 - 2043	139,895	4,209	1,815,000	151,801	1,954,895	156,010
	$ 1,389,032	$ 581,981	$ 10,370,000	$ 3,964,569	$11,759,032	$4,546,550

NOTE 10: CLOSURE AND POST-CLOSURE COST

The City operates both a Class I and a Class IV landfill through the Sanitation Fund. Class I wastes are non-hazardous household, commercial and industrial solid waste as well as conditionally exempt hazardous wastes. Class IV wastes are non-hazardous, bulky, inert, non-putrescible solid wastes that do not degrade or degrade very slowly.

Laws and regulations of both the federal and state governments require that the City provide for closure and post-closure care for landfills once they have reached capacity. Such care consists of (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of post-closure care, and (4) demonstration of financial assurance for the closure and post-closure care. Although closure and post-closure care costs are expended near or after the date that the landfill cell discontinues accepting waste, the City reports a portion of these costs as annual operating expense during the service life of the landfill cell. The Arkansas Department of Environmental awards an 80% reduction in port-closure care costs. The cumulative recognition of this liability totaling $1,212,946, as of December 31, 2024, is based on the following:

	Class I	Class IV
Cubic yards of capacity used	765,887	159,766
Estimated total capacity	1,850,000	1,875,517
Percentage of total capacity used	41.40%	8.52%
Estimated total current cost	$ 2,049,699	$ 138,618

The estimated total current cost of closure and post closure remaining to be recognized is $848,561 for the Class I landfill and $126,810 for Class IV landfill. The estimated remaining site life is 24 years for the Class I landfill and 82 years for the Class IV landfill.

NOTE 10: CLOSURE AND POST-CLOSURE COST (CONTINUED)

The preceding information is based on engineering landfill capacity used to date and engineering estimates of the cost to perform all closure and post-closure care as of December 31, 2024, for the Class I and Class IV landfills. Actual costs may be higher or lower as a result of inflation or deflation, changes in technology, or regulatory changes to the landfill's closure plan. The liability decreased from the prior year based on a change in estimates by the engineering firm.

As a means of demonstrating financial assurance for closure and post-closure care cost, the City of Hope uses the financial test method to demonstrate financial assurance on the Class I and Class IV landfills. This method requires the City to ensure that funds necessary to meet closure and post-closure care costs will be immediately available whenever closure and post-closure care is needed by demonstrating a certain level of financial viability. The results of the financial test are provided annually to the Arkansas Department of Environmental Quality. In the event that the City fails the financial test, the State Treasurer may withhold the City of Hope's general distributions for up to 8.25 years or until the financial obligation for closure and post-closure care is satisfied.

NOTE 11: GRANTS, AWARDS, AND CONTRIBUTIONS

The City received State, Local, and Fiscal Recovery Funds ((SLFRF) under the American Rescue Plan Act (ARPA). The City may only use these funds to cover eligible costs incurred during the period beginning on March 3, 2021, obligated by December 31, 2024, and completed by December 31, 2026. These award funds are non-exchange transactions in which the City received value without directly giving equal value in exchange but subject to certain eligibility requirements. Amounts received before all eligibility requirements have been met were reported as unearned revenue which will be earned as the City meets eligibility requirements. The City earned and reported the revenue during the year ended December 31, 2024

The City participates in numerous other state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibles of any related receivable at December 31, 2024, may be impaired. The City's compliance will be established at a future date; however, the City does not anticipate repayments of grants or awards.

In 2024, the operator of Wadley Regional Medical Center, Steward Health Care, filed for bankruptcy protection. The owner of the real property gifted the real property to the City and County. In November 2024, the City entered into an agreement with Hempstead County and Southwest Arkansas Regional Medical Center, LLC for the City and County to each provide $1,000,000 payable $100,000 monthly, for the stabilization of hospital services for the public health and safety of its citizens. The value of the contribution and building in the amount of $250,000 was based on the sale price offered to the public. In compliance with generally accepted governmental accounting principles, the transaction was not recorded in the fund financial statements, only the city-wide financial statements. As of December 31, 2024 the City has provided $500,000 of its total obligation, and recorded $100,000 as an accounts payable to be paid in January, 2025.

NOTE 12: RISK MANAGEMENT

In the course of functioning as a local government, the City is exposed to risks of loss relative to public officials' and employees' errors and omissions, law enforcement liability, vehicle liability and damages, heavy equipment liability and damages, and building and personal property liability and damages. These risks of loss are handled through the purchase of commercial insurance. Specifically, the City holds a policy of legal defense and property damage under an insurance plan obtained through the Arkansas Municipal League. The Municipal League Defense Program (MLDP) allows participating municipalities to pool their resources and provide limited protection for the personal assets of officials, board or commission members, and employees.

Protection to municipalities from civil rights lawsuits is also provided under the MLDP. City vehicles are insured through a similar program with the Arkansas Municipal League. Finally, workers' compensation benefits are provided through an insurance plan with the Arkansas Municipal League - Workers' Compensation Trust.

NOTE 13: DEFERRED COMPENSATION PLAN

The City and its component unit, the Hope Water and Light Commission, offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan was amended effective January 1, 1997, to provide that all assets and income of the plan be held in trust for the exclusive benefit of the participants and their beneficiaries. Thus, the plan is administered by an independent plan administrator in accordance with a service agreement. The City's and the Commission's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs the investing function.

Because the City and the Commission have delegated administrative and investment responsibilities to a third party administrator, the plan assets no longer meet the requirements for inclusion in the City's combined financial statements and have been excluded from the 2024 basic financial statements.

NOTE 14: FIREMEN PENSIONS

Firemen's Pension and Relief Fund ("FPRF")

Plan Description - The FPRF is an agent multiple-employer defined benefit pension plan established by Arkansas Code. Benefit provisions are established by State of Arkansas Act #14, as amended. The FPRF, provides retirement, disability, and survivor benefits to its participants. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 634; accordingly, the FPRF is closed to new members.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

In 2023, the City entered into an agreement with the Arkansas Local Police and Fire Retirement System (LOPFI) in which LOPFI assumed responsibility for administration of this old FPRF Plan pursuant to the authority of Arkansas Code Annotated 24-10-101, et. Seq., as amended. While the old FPRF benefit structure remains unchanged under LOPFI, the Plan is now a member of an agent multiple-employer defined benefit pension plan. Under the agreement, the City contributes an actuarially determined rate sufficient to support the Plan. The City transferred the majority of FPRF assets to LOPFI and maintains the remaining assets as a fiduciary fund of the City, dedicated to funding firemen pension plans. LOPFI maintains the old FPRF assets in two separate trusts in the LOPFI system, one for the paid firemen retirees and one for the voluntary firemen retirees. Under the agreement the plans receive investment income based off LOPFI's investment return. Also, as part of the agreement, LOPFI sends actuarial reports and required Governmental Accounting Standards Board (GASB) Statement No. 68 reports to the City each year. The separate financial statements can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West Third Street, Little Rock, Arkansas, 72201.

While LOPFI maintains separate accounting for the paid retirees and the voluntary retirees, the following information required under GASB Statement No. 68, as provided by LOPFI, consolidates the two plans for consistency with prior years. The actuarial valuations report and the GASB 68 report for each plan were issued to LOPFI by Gabriel, Roeder, Smith & Company, the actuary engaged by LOPFI. The total pension liability is based on a measurement date of December 31, 2024.

Those reports for the current year did not include required supplementary information related to the FPRF plan from prior years; therefore, required supplementary information related to the FPRF plan for the years 2015 through 2022 was provided by the prior actuary engaged by the City.

Benefits Provided - Minimum benefits are determined by Arkansas statute. Annual retirement benefits are currently 65% of the member's final salary, but not less than $4,200. Members are eligible for these benefits after 20 years of service. Employees retiring after January 1, 1987, are entitled to additional compensation of $240 annually for each year worked in excess of 20 years, up to a maximum additional annual compensation of $1,200. Benefits for participants at age 60 are increased by 1.25% of final salary for each year worked in excess of 25 years up to a maximum of 100% of final salary.

Contributions - Contributions to the FPRF are set forth by Arkansas Code. The City's contribution to the FPRF consists of a one mill real and personal property tax collection and an insurance premium tax turn-back collected by the State Insurance Commissioner. Contributions are paid from the General Fund. There were no active or deferred retirement option (DROP) plan members in 2024. Membership consists of 9 paid retired firemen and 1 voluntary retired fireman and beneficiaries receiving benefits at December 31, 2024. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the FPRF are established by Arkansas Code and may not be less than 6%.

Method Used to Value Investments - Investments are stated at fair value for GASB No. 68 reporting purposes. The fair value of marketable investments, including U.S. government securities and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at the statement of fiduciary net position date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

The FPRF administrative costs are financed through the plan assets. Total 2024 contributions to the FPRF were $19,957 which include premium taxes and contributions after consolidation. There were no active fire employees covered by the FPRF at December 31, 2024.

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions

Funded Status and Funding Progress - At December 31, 2024, the FPRF had a net pension liability (net pension asset) of $(170,003). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of that date. FPRF has no covered payroll as there are no active employees.

For the year ended December 31, 2024, the City recognized pension income of $92,180. At December 31, 2024, the City reported actuarially determined deferred inflows and outflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$(121,964)
Deferred outflow (inflow) of resources to be recognized in future pension expenses	$ -	$(121,964)

Amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow/(Inflow) Amounts
2025	$(32,169)
2026	(32,169)
2027	(32,166)
2028	(25,460)
	$(121,964)

Actuarial assumptions: The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions for the Plan transferred to LOPFI. Investment return/discount and mortality differ from prior years.

Actuarial cost method	Entry Age Normal
Amortization method	Closed based on projected benefit factors
Remaining amortization	15 years
Asset valuation	5-year smoothed market; 20% corridor
Investment return/discount	7.25%

NOTE 14: FIREMEN PENSIONS (CONTINUED)

The mortality tables used to measure retired life mortality were the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Disabled Retiree tables for males and females. The death-in-service mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of death-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Long-term Expected Return on Plan Assets - The long-term expected return on FPRF investments was determined using a building block method with best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds, the target for an individual fund will vary within the guidelines of Arkansas law and regulation.

Single Discount Rate - A single discount rate of 7.25% was used to measure the Total Pension Liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. Since the Net Position as projected with future income is sufficient to meet all benefit payments, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	$ 33,395	$(170,003)	$(292,571)

NOTE 14: FIREMEN PENSIONS (CONTINUED)

A schedule of changes in employer's net pension liability as actuarially determined is as follows:

Total Pension Liability		
Service cost	$	-0-
Interest on total pension liability		121,246
Difference between actual and expected experience	(	64,863)
Benefit payments	(	176,438)
Net Change in Total Pension Liability	(	120,055)
Total Pension Liability - Beginning		1,760,570
Total Pension Liability - Ending	$	1,640,515
Plan Fiduciary Net Position		
Contributions - employer, Includes assets reported as Premium Tax	$	19,957
Net investment income		246,463
Benefit payments	(	176,438)
Administrative expense	(	2,773)
Net Change in Plan Net Position		87,209
Plan Fiduciary Net Position - Beginning		1,723,309
Plan Fiduciary Net Position - Ending	$	1,810,518
Net Pension Asset	$(	170,003)

The ***Local Police and Fire Retirement System ("LOPFI")***

Plan Description - The City participates in a statewide cost-sharing multi-employer defined benefit pension plan that is administered by the Arkansas Police and Fire Retirement System (LOPFI). LOPFI was established under the authority of Act 364 of the 1981 Arkansas General Assembly. LOPFI policy is established by a seven member board of trustees.

Benefits provided - LOPFI benefit terms are established in accordance with the provisions of Arkansas Code. The authority to establish and amend benefit provisions is set forth in Arkansas statutes and is vested in the Arkansas General Assembly with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect July 1, 1981, are eligible to participate in the Plan. The Plan has sixteen active employees as of December 31, 2024.

LOPFI provides retirement, disability, and death benefits to plan members with the benefit amount determined by enrollment in Benefit Program 1, Benefit Program 2, or Deferred Retirement Option Plan.

Contributions - The contribution requirements of employers and employees and the amendments of those requirements are based on the actuary's determination of the rate required to fund the plan. The current employee contribution rate is 9.5% of covered payroll for paid firemen. The City made contributions of $196,514 to the plan for the fiscal year ended December 31, 2024. As of December 31, 2024, the City's required contribution was 24% of annual covered payroll.

The City's measurement date is December 31, of the year prior to December 31, of the current fiscal year.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions

For fiscal year ended December 31, 2024, the City reported a liability of $1,519,476 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the measurement year, the City's proportion was 0.20505%.

Total contributions to the Plan for the measurement year ended December 31, 2023, were $162,986. Contributions from the City totaled $100,929 and contributions from employees totaled $62,057. Premium Tax of $65,667 from the Arkansas Local Police and Fire Retirement System is allocated to the City's contributions and Premium Tax in the amount of $1,944 is allocated directly to the City's assets for volunteer firefighters.

For the measurement year ended December 31, 2023, the City recognized actuarial pension expense of $133,701. At December 31, 2023, the City reported actuarially determined deferred inflows and outflows of resources related to LOPFI from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 185,504	$ -
Net difference between projected and actual investment earnings on pension plan investments	140,525	-
Changes of assumptions	5,643	71,063
Changes in proportion and differences between employee contributions and share of contributions	3,642	72,106
City contributions subsequent to the measurement date	196,514	-
Total	$ 531,828	$ 143,169

The amount of $196,514 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow/Inflow Amounts
2024	$ 34,304
2025	82,699
2026	135,007
2027	(59,865)
	$ 192,145

Actuarial assumptions: The total pension liability in the measurements year, December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in measurement:

Paid Service Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16 years beginning January 1, 2023
Asset Valuation Method	5- Year smoothed market; 20% corridor
Wage Inflation	3.00%
Price Inflation	2.25%
Salary Increases	3.50% to 18.00%, including inflation
Investment Rate of Return	7.25%, as adopted by the Board
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2017-2020.
Mortality	The mortality tables used to measure retired life mortality were the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Disabled Retiree tables for males and females. The death-in-service mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of death-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

Volunteer Service Assumptions

Actuarial Cost Method	Entry Age
Amortization Method	Increasing Dollar, Closed
Remaining Amortization Period	15 years beginning January 1, 2023
Asset Valuation Method	5-Year smoothed market; 20% corridor
Price Inflation	2.25%
Investment Rate of Return	7.25%, as adopted by the Board
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2017-2020.
Mortality	The mortality tables used to measure retired life mortality were the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Disabled Retiree tables for males and females. The death-in-service mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of death-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

NOTE 14: FIREMEN PENSIONS (CONTINUED)

Long-term Expected Return on Plan Assets - The long-term expected return on LOPFI investments was determined using a building block method in which expected future real rates of return are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in LOPFI's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21%	5.62%	1.18%
U.S. Stock - Small Cap	21%	5.86%	1.23%
International Equity	9%	6.92%	0.62%
Emerging Markets	9%	8.95%	0.81%
U.S. Corporate Bonds	25%	2.29%	0.57%
Real Estate	5%	3.61%	0.18%
Private Equity	10%	9.48%	0.95%
Total	100%		5.54%
Expected Inflation			2.25%
Total Return Based on GRS 2023 Capital Market Survey			7.79%

Single Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. Since the net position as projected with future income is sufficient to meet all benefit payments, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total liability.

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	$ 2,381,952	$ 1,519,476	$ 821,948

Pension plan fiduciary net position: LOPFI issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. The financial report along with the actuarial valuation report and required schedules are available from the LOPFI website, www.lopfi-prb.com in the LOPFI Reports section. This report may also be obtained by writing to Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas 72203 or by calling 501-682-1745.

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN

Plan description: City employees other than firemen participate in the Arkansas Public Employees' Retirement Plan (the Plan), a multi-employer, cost sharing, defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options. The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the Plan are paid out of investment earnings. The administration and control of the plan is vested in the Board of Trustees of Arkansas Public Employee's Retirement System (APERS). Membership includes three state and three non-state employees all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State, and the Director of the Department of Finance and Administration, and four additional Board members appointed by State of Arkansas Legislature were added in 2021. The Plan issues a publicly available financial report that includes financial statements and supplementary information for the plan which is available on the APERS website, www.apers.org. The report may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201-1015.

Benefits provided: The Plan provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Retirement benefits are determined as a percentage of the members highest 3-year average compensation times the member's years of service for employees hired before July 1, 2022, and the average of the five highest years of annual compensation for those hired on or after July, 2022. The Plan had eighty-four active employees as of December 31, 2024.

Current retirement law provides for a 3% cost of living adjustment to all APERS retirees who have been retired or participated in the Deferred Retirement Option Plan (DROP) for at least twelve months on July 1 of each year and were hired before July 1, 2022, and the lesser of 3% or the percentage change in the Consumer Price Index for employees hired on or after July 1, 2022. Benefit provisions are established by Arkansas law and may be amended only by Arkansas General Assembly.

Contributions: Requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. Members who began service prior to July 1, 2005, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to contribute 5% of their salary, increased .25% annually beginning July 1, 2022, up to a maximum rate of 7%. Employers are required to contribute at a rate established by the Board of Trustees based on an actuarial determination of a rate required to fund the plan (Arkansas Code Annotated 24-2-701(c)(3)). Employers contribute 15.32% of compensation for the fiscal year ended June 30, 2024 and 2025. In some cases, an additional 2.5% of member and employer contributions are required for elected officials. The City's contributions to APERS for the year ended December 31, 2024, totaled $599,782.

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the City reported a liability of $4,117,482 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.16548556%.

CITY OF HOPE, ARKANSAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

For the year ended December 31, 2024, the City recognized pension expense (benefit) of $669,612. On December 31, 2024, the City reported deferred inflows and outflows of resources related to APERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 143,492	
Changes in proportion and differences between employer contributions and share of contributions	130,629	$ 257,001
Differences between expected and actual experience	159,791	168,345
Net difference between projected and actual investment earnings on pension plan investments	119,447	
City contributions subsequent to the measurement date	308,177	
Total	$ 861,536	$ 425,346

The amount of $308,177, reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow/Inflow Amounts
2025	$(25,290)
2026	492,554
2027	(240,709)
2028	(98,542)
	$ 128,013

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial assumptions: The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level of percent-of-payroll, closed
Remaining amortization	16 years
Asset valuation method	4 year smoothed market with 25% corridor
Investment rate of return	7%
Inflation rate	3.25% wage inflation, 2.50% price inflation
Salary increases	3.25% to 9.85%, including inflation
Retirement age	Experienced-based table of rates specific to type of eligibility condition
Mortality table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017. Based on the PubG-2010 Amount-Weighted Below-Median Income General Retiree mortality tables for males and females. Mortality rates are multiplied by 114% for male and 132% for females and are adjusted for fully generational mortality improvements using Scale MP-2021.
Average service life for all members	3.6281

Investment Rate of Return: The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Domestic Fixed	18%	1.79%
Absolute Return	5%	3.36%
Real Assets	16%	3.34%
	100%	
Total Real Rate of Return		4.94%
Plus: Price Inflation - Actuary Assumption		2.50%
Net Expected Return		7.44%

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Discount rate: A single discount rate of 7.00% was used as of June 30, 2024, to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$ 7,025,909	$ 4,117,482	$ 1,719,699

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report. Additional financial and actuarial information is available in APERS' annual financial report for the year ended June 30, 2024. This report can be found on Arkansas Legislative Audit's website at www.arklegaudit.gov. The actuarial valuation report is available from the APERS website, www.apers.org in the GASB 68 Overview section. The report may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-501-682-7800.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS

Arkansas Code provides that any municipal City official or employee vested in one of the City's retirement plans with 20 years of service and who attains 55 years of age or at any age after 28 years of service may continue to participate in the City's healthcare plan after retirement. The state of Arkansas has the authority to establish and amend the requirements of the statute. Any employee remaining on the City's insurance is responsible for 100% of the premiums. The City had one former employee participating in the City's insurance during the year ended December 31, 2024.

NOTE 17: FUND BALANCES (GOVERNMENTAL FUNDS)

The fund balances of the City's governmental funds are displayed in five classifications to make the nature and extent of the constraints placed on each government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

NOTE 17: FUND BALANCES (GOVERNMENTAL FUNDS) (CONTINUED)

Restricted - Restricted fund balances may be spent only for specific purposes stipulated by constitutional provisions, enabling legislation, or external resource providers such as creditors, grantors, or contributors. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - Committed fund balances may be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned - Assigned fund balances are intended to be used by the City for specific purposes as determined by the City Manager. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the City Manager when funds are identified for a specific purpose such as purchasing or constructing capital assets.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. For projects funded by tax exempt debt proceeds and other sources, the debt proceeds are used first.

NOTE 17: FUND BALANCES (GOVERNMENTAL FUNDS) (CONTINUED)

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes when both restricted and unrestricted fund balance is available. When an expenditure is incurred for purposes for which amounts in unrestricted fund balance classifications could be used, the City applies committed amounts, followed by assigned amounts, and finally unassigned amounts. As of December 31, 2024, the fund balances of the City's governmental funds were composed of the following:

	General Fund	Street Fund	Airport Fund	Capital Outlay Fund	Nonmajor Fund	Total Governmental Funds
Nonspendable:						
Prepaid expenses	$ 12,409	$ 4,275				$ 16,684
Inventories		12,412	$ 25,898			38,310
Restricted- expendable						
Street		1,099,036				1,099,036
Airport			1,623,722			1,623,722
Capital Outlay						
SW Coop maintenance				$ 38,373		38,373
Animal Control					$ 16,688	16,688
SW Coop Debt Service					113,501	113,501
Unassigned	4,715,068					4,715,068
Total Fund Balances	$4,727,477	$1,115,723	$1,649,620	$ 38,373	$ 130,189	$ 7,661,382

NOTE 18: SUBSEQUENT EVENTS

A 1% special use tax was approved by the citizens of the City of Hope, Arkansas in a special election on November 5, 2024. 0.875% of this tax will be used for Fire Improvement Bonds and Park and Recreational Improvement Bonds and will sunset when the bond is paid. 0.125% will be used for maintenance of park and recreational facilities and will continue. The aggregate principal amount of $31,000,000 was allocated as follows: $3,370,000 for Fire Improvements and $27,630,000 for Park Improvements. The official statement was issued on March 24, 2025. All Bonds were sold to the Underwriter on May 13, 2025. Collection of the tax began April 1, 2025 with the first receipt in June 2025.

The City has evaluated subsequent events through September 5, 2025, the date the financial statements were available to be issued. Management concluded that no other subsequent events have occurred that would require recognition or disclosure in the financial statements.

Subsequent events for the Component Unit, Hope Water and Light Commission, are included in the Utility's separately issued financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

AGENT MULTI-EMPLOYER PENSION SCHEDULES (FPRF)

MULTI-EMPLOYER PENSION SCHEDULES (APERS and LOPFI)

BUDGETARY COMPARISON SCHEDULES

General Fund
Street Fund
Airport Fund
Capital Outlay Fund

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN
(FIREMEN'S PENSION AND RELIEF FUND)
DECEMBER 31, 2024

Schedule of Funding Progress and Related Ratios - Ten Year Data

Fiscal Year Ending	Discount Rate	Total Pension Liability (TPL)	Plan Net Position	Net Pension Liability (NPL)	Net Position as % of TPL	Covered Payroll	NPL as % of Payroll
12/31/2015	5.00%	$ 1,974,306	$ 2,013,813	$(39,508)	102.00%	-0-	N/A
12/31/2016	5.00%	2,077,373	2,079,471	(2,098)	100.10%	-0-	N/A
12/31/2017	5.00%	2,022,242	2,036,802	(14,560)	100.72%	-0-	N/A
12/31/2018	5.00%	1,968,068	1,985,323	(17,256)	100.88%	-0-	N/A
12/31/2019	5.00%	1,969,672	2,042,598	(72,926)	103.70%	-0-	N/A
12/31/2020	5.00%	1,827,786	2,139,503	(311,717)	117.05%	-0-	N/A
12/31/2021	5.00%	1,809,644	2,028,567	(218,922)	112.10%	-0-	N/A
12/31/2022	5.00%	1,812,195	1,789,837	22,359	98.77%	-0-	N/A
12/31/2023	7.25%	1,760,570	1,723,309	37,261	97.88%	-0-	N/A
12/31/2024	7.25%	1,640,515	1,810,518	(170,003)	110.36%	-0-	N/A

Schedule of Contributions - Ten Year Data

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2015	$(14,357)	$ 84,017	$(98,374)	-0-	N/A
12/31/2016	-0-	82,557	(82,557)	-0-	N/A
12/31/2017	-0-	83,924	(83,924)	-0-	N/A
12/31/2018	-0-	84,631	(84,631)	-0-	N/A
12/31/2019	-0-	85,778	(85,778)	-0-	N/A
12/31/2020	-0-	85,587	(85,587)	-0-	N/A
12/31/2021	-0-	86,410	(86,410)	-0-	N/A
12/31/2022	-0-	87,640	(87,640)	-0-	N/A
12/31/2023	996	95,370	(94,374)	-0-	N/A
12/31/2024	2,988	19,957	(16,969)	-0-	N/A

2024 Key Assumptions:

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Fifteen years
Asset Valuation	5-year smoothed market, 20% corridor
Investment Return/Discount	7.25%
Mortality	Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN
(FIREMEN'S PENSION AND RELIEF FUND)
DECEMBER 31, 2024

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data

Fiscal Year ending December 31,	2024	2023
Total Pension Liability		
Service cost	$ -	$ -
Interest	121,246	
Difference between actual & expected experience	(64,863)	129,159
Assumption change	-	(74,226)
Benefit change	-	-
Benefit payments	(176,438)	(151,728)
Net Change in Total Pension Liability	(120,055)	(96,795)
Total Pension Liability - Beginning	1,760,570	1,857,365
Total Pension Liability - Ending	$ 1,640,515	$ 1,760,570
Plan Fiduciary Net Position		
Contributions - employer	$ 19,957	$ 21,210
Contributions - other	-	-
Net investment income	246,463	53,719
Plan administrative merger	-	1,718,810
Benefit payments	(176,438)	(69,980)
Supplements	-	-
Administrative expense	(2,773)	(450)
Other	-	-
Net Change in Plan Net Position	87,209	1,723,309
Plan Fiduciary Net Position - Beginning	1,723,309	-
Plan Fiduciary Net Position - Ending	$ 1,810,518	$ 1,723,309
Plan Fiduciary Net Position as % of Total Pension Liability	110.36%	97.88%
Covered Employee Payroll		
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A

Plan assets were transferred from the City to LOPFI effective September 1, 2023.

Fiscal year ending December 31, 2023, schedule of changes in net pension liability and ratios is calculated after transfer of assets to LOPFI, using an actuarial date and measurement date of December 31, 2023. The amounts actuarially determined for years 2015 through 2022 were calculated by the prior actuary. Beginning total pension liability for the year ending December 31, 2023, calculated by the current actuary reflects a variance of $45,170 from the ending total pension liability for the year ending December 31, 2022, calculate by the prior year actuary.

The actuarial determined rate of return as of December 31, 2024, is 7.25%.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN
(FIREMEN'S PENSION AND RELIEF FUND)
DECEMBER 31, 2024

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data

Fiscal Year ending December 31,	2022	2021
Total Pension Liability		
Service cost	$ -	$ -
Interest	86,580	87,457
Difference between actual & expected experience	(83,435)	16,506
Assumption change	-	35,171
Benefit change	155,500	-
Benefit payments	(156,094)	(157,276)
Net Change in Total Pension Liability	2,551	(18,142)
Total Pension Liability - Beginning	1,809,644	1,827,786
Total Pension Liability - Ending	$ 1,812,195	$ 1,809,644
Plan Fiduciary Net Position		
Contributions - employer	$ 87,640	$ 86,410
Contributions - other	-	-
Net investment income	(176,439)	(40,385)
Benefit payments	(156,094)	(157,276)
Supplements	-	-
Administrative expense	(1,400)	-
Other	7,563	315
Net Change in Plan Net Position	(238,730)	(110,936)
Plan Fiduciary Net Position - Beginning	2,028,567	2,139,503
Plan Fiduciary Net Position - Ending	$ 1,789,837	$ 2,028,567
Plan Fiduciary Net Position as % of Total Pension Liability	98.77%	112.10%
Covered Employee Payroll		
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A

Schedule of Investment Returns

Fiscal Year Ending December 31	Rate of Return
2015	-4.93%
2016	8.14%
2017	3.01%
2018	2.60%
2019	8.23%
2020	8.37%
2021	-1.92%
2022	-8.57%
2023	7.25%
2024	7.25%

Rates of return are net of investment expenses.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN
(FIREMEN'S PENSION AND RELIEF FUND)
DECEMBER 31, 2024

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data (Continued)

Fiscal Year ending December 31,	2020	2019	2018
Total Pension Liability			
Service cost	$ -	$ -	$ -
Interest	94,522	93,712	96,420
Difference between actual & expected experience	(77,922)	95,549	37,063
Assumption change	-	-	-
Benefit change	-	-	-
Benefit payments	(158,486)	(187,657)	(187,657)
Net Change in Total Pension Liability	(141,886)	1,604	(54,174)
Total Pension Liability - Beginning	1,969,672	1,968,068	2,022,242
Total Pension Liability - Ending	$ 1,827,786	$ 1,969,672	$ 1,968,068
Plan Fiduciary Net Position			
Contributions - employer	$ 85,587	$ 85,778	$ 84,631
Contributions - other	-	-	-
Net investment income (loss)	168,055	159,154	51,644
Benefit payments	(158,486)	(187,657)	(187,657)
Supplements	-	-	-
Administrative expense	-	-	(97)
Other	1,749	-	-
Net Change in Plan Net Position	96,905	57,275	(51,479)
Plan Fiduciary Net Position - Beginning	2,042,598	1,985,323	2,036,802
Plan Fiduciary Net Position - Ending	$ 2,139,503	$ 2,042,598	$ 1,985,323
Plan Fiduciary Net Position as % of Total Pension Liability	117.05%	103.70%	100.88%
Covered Employee Payroll			
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A	N/A

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN
(FIREMEN'S PENSION AND RELIEF FUND)
DECEMBER 31, 2024

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data (Continued)

Fiscal Year ending December 31,	2017	2016	2015
Total Pension Liability			
Service cost	$ -	$ -	$ -
Interest	99,177	94,305	103,030
Difference between actual & expected experience	33,349	28,334	(101,606)
Assumption change	-	-	-
Benefit change	-	156,844	-
Benefit payments	(187,657)	(176,416)	(175,428)
Net Change in Total Pension Liability	(55,131)	103,067	(174,004)
Total Pension Liability - Beginning	2,077,373	1,974,306	2,148,310
Total Pension Liability - Ending	$ 2,022,242	$ 2,077,373	$ 1,974,306
Plan Fiduciary Net Position			
Contributions - employer	$ 83,924	$ 82,557	$ 84,017
Contributions - other	-	-	-
Net investment income (loss)	61,099	160,119	(106,702)
Benefit payments	(187,657)	(176,416)	(175,428)
Supplements	-	-	-
Administrative expense	(35)	(926)	(60)
Other	-	324	-
Net Change in Plan Net Position	(42,669)	65,658	(198,173)
Plan Fiduciary Net Position - Beginning	2,079,471	2,013,813	2,211,986
Plan Fiduciary Net Position - Ending	$ 2,036,802	$ 2,079,471	$ 2,013,813
Plan Fiduciary Net Position as % of Total Pension Liability	100.72%	100.10%	102.00%
Covered Employee Payroll			
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A	N/A

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years*

APERS	2024
City's proportion of the net pension liability	.16548556%
City's proportionate share of the net pension liability	$ 4,117,482
City's covered-employee payroll	$ 3,793,210
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.55%
Plan fiduciary net position as a percentage of the total pension liability	81.61%

APERS	2023
City's proportion of the net pension liability	.18114278%
City's proportionate share of the net pension liability	$ 5,278,839
City's covered-employee payroll	$ 3,923,856
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.53%
Plan fiduciary net position as a percentage of the total pension liability	77.94%

APERS	2022
City's proportion of the net pension liability	.17575401%
City's proportionate share of the net pension liability	$ 4,739,002
City's covered-employee payroll	$ 3,673,085
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	129.02%
Plan fiduciary net position as a percentage of the total pension liability	78.31%

* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

APERS	2021
City's proportion of the net pension liability	.15846820%
City's proportionate share of the net pension liability	$ 1,218,355
City's covered-employee payroll	$ 3,153,126
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.64%
Plan fiduciary net position as a percentage of the total pension liability	93.57%

APERS	2020
City's proportion of the net pension liability	.16640706%
City's proportionate share of the net pension liability	$ 4,765,207
City's covered-employee payroll	$ 3,247,791
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.72%
Plan fiduciary net position as a percentage of the total pension liability	75.38%

APERS	2019
City's proportion of the net pension liability	.17005624%
City's proportionate share of the net pension liability	$ 4,102,656
City's covered-employee payroll	$ 3,194,076
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.45%
Plan fiduciary net position as a percentage of the total pension liability	78.55%

* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

APERS	2018
City's proportion of the net pension liability	.16794924%
City's proportionate share of the net pension liability	$ 3,704,851
City's covered-employee payroll	$ 3,148,992
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.65%
Plan fiduciary net position as a percentage of the total pension liability	79.59%

APERS	2017
City's proportion of the net pension liability	0.17435540%
City's proportionate share of the net pension liability	$ 4,505,588
City's covered-employee payroll	$ 3,209,646
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	140.38%
Plan fiduciary net position as a percentage of the total pension liability	75.65%

APERS	2016
City's proportion of the net pension liability	0.17136554%
City's proportionate share of the net pension liability	$ 4,097,947
City's covered-employee payroll	$ 3,133,975
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130.76%
Plan fiduciary net position as a percentage of the total pension liability	75.50%

* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

APERS	2015
City's proportion of the net pension liability	0.16959341%
City's proportionate share of the net pension liability	$ 3,123,458
City's covered-employee payroll	$ 2,979,203
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.84%
Plan fiduciary net position as a percentage of the total pension liability	80.39%

* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

LOPFI	2024
City's proportion of the net pension liability	0.20505%
City's proportionate share of the net pension liability	$ 1,519,476
City's covered-employee payroll	$ 688,918
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	220.56%
Plan fiduciary net position as a percentage of the total pension liability	73.43%

LOPFI	2023
City's proportion of the net pension liability	0.20049%
City's proportionate share of the net pension liability	$ 1,728,456
City's covered-employee payroll	$ 663,258
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.61%
Plan fiduciary net position as a percentage of the total pension liability	69.07%

LOPFI	2022
City's proportion of the net pension liability	0.205050%
City's proportionate share of the net pension liability	$ 846,282
City's covered-employee payroll	$ 641,049
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.02%
Plan fiduciary net position as a percentage of the total pension liability	84.67%

* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

LOPFI	2021
City's proportion of the net pension liability	0.200890%
City's proportionate share of the net pension liability	$ 1,126,354
City's covered-employee payroll	$ 609,009
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.95%
Plan fiduciary net position as a percentage of the total pension liability	77.68%

LOPFI	2020
City's proportion of the net pension liability	0.222760%
City's proportionate share of the net pension liability	$ 1,429,905
City's covered-employee payroll	$ 655,273
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218.22%
Plan fiduciary net position as a percentage of the total pension liability	73.03%

LOPFI	2019
City's proportion of the net pension liability	0.229850%
City's proportionate share of the net pension liability	$ 1,169,767
City's covered-employee payroll	$ 618,319
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.18%
Plan fiduciary net position as a percentage of the total pension liability	65.84%

* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

LOPFI	2018
City's proportion of the net pension liability	0.222987%
City's proportionate share of the net pension liability	$ 1,305,577
City's covered-employee payroll	$ 608,914
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.41%
Plan fiduciary net position as a percentage of the total pension liability	71.17%

LOPFI	2017
City's proportion of the net pension liability	0.241980%
City's proportionate share of the net pension liability	$ 1,094,996
City's covered-employee payroll	$ 613,638
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.44%
Plan fiduciary net position as a percentage of the total pension liability	72.46%

LOPFI	2016
City's proportion of the net pension liability	0.223852%
City's proportionate share of the net pension liability	$ 909,828
City's covered-employee payroll	$ 545,145
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.90%
Plan fiduciary net position as a percentage of the total pension liability	72.41%

* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)
DECEMBER 31, 2024

Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years* (Continued)

LOPFI	2015
City's proportion of the net pension liability	0.224400%
City's proportionate share of the net pension liability	$ 629,006
City's covered-employee payroll	$ 551,859
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	113.98%
Plan fiduciary net position as a percentage of the total pension liability	78.42%

* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS)
DECEMBER 31, 2024

Schedule of the City's Contributions to APERS - Last Ten Years *

	2024	2023	2022	2021	2020
Statutorily required	$ 599,782	$ 573,581	$ 577,296	$ 541,624	$ 500,931
Contributions in relation to the statutorily required	599,782	573,581	577,296	541,624	500,931
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 3,930,563	$ 3,649,392	$ 3,783,447	$ 3,535,402	$ 3,270,208
Contributions as a percentage of covered-employee payroll	15.26%	15.72%	15.26%	15.32%	15.32%

	2019	2018	2017	2016	2015
Statutorily required	$ 497,295	$ 476,085	$ 460,745	$ 453,405	$ 456,411
Contributions in relation to the statutorily required	497,295	476,085	460,745	453,405	456,411
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 3,246,055	$ 3,168,554	$ 3,145,852	$ 3,127,009	$ 3,108,605
Contributions as a percentage of covered-employee payroll	15.32%	15.03%	14.65%	14.50%	14.68%

* Information in this schedule has been determined as of the City's most recent fiscal year end.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (LOPFI)
DECEMBER 31, 2024

Schedule of the City's Contributions to LOPFI - Last Ten Years *

	2024	2023	2022	2021	2020
Statutorily required	$ 196,514	$ 162,986	$ 157,043	$ 152,771	$ 145,241
Contributions in relation to the statutorily required	196,514	162,986	157,043	152,771	145,241
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 778,552	$ 688,918	$ 663,258	$ 641,049	$ 609,009
Contribution as a percentage of covered-employee payroll	25.24%	23.66%	23.68%	23.83%	23.85%

	2019	2018	2017	2016	2015
Statutorily required	$ 154,737	$ 140,465	$ 131,648	$ 124,719	$ 104,875
Contributions in relation to the statutorily required	154,737	140,465	131,648	124,719	104,875
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 655,273	$ 618,319	$ 608,914	$ 613,638	$ 545,145
Contribution as a percentage of Covered-employee payroll	23.61%	22.72%	21.62%	20.32%	19.24%

* Information in this schedule has been determined as of the City's most recent fiscal year end.

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	$ 4,377,025	$ 4,377,025	$ 4,599,955	$ 222,930
Property tax	430,000	430,000	480,779	50,779
State general turnback	192,000	192,000	200,245	8,245
Franchise taxes	180,000	180,000	131,723	(48,277)
Licenses and permits	8,500	8,500	14,526	6,026
Fines, forfeitures, and fees	309,690	309,690	289,575	(20,115)
Grants/Contributions	61,783	61,783	59,398	(2,385)
Interest and dividend income			183,713	183,713
Other income	349,000	349,000	387,624	38,624
Total Revenues	5,907,998	5,907,998	6,347,538	439,540
Expenditures				
Law enforcement	2,871,389	2,871,389	2,437,430	433,959
Public safety	1,136,146	1,136,146	1,047,558	88,588
Recreation and culture	759,937	759,937	558,653	201,284
General government	1,011,644	1,011,644	1,499,234	(487,590)
Total Expenditures	5,779,116	5,779,116	5,542,875	236,241
Excess (Deficiency) of Revenues over Expenditures	128,882	128,882	804,663	675,781
Other Financing Sources (Uses)				
Transfers in	745,000	745,000	605,000	(140,000)
Transfers (out)	(873,882)	(873,882)	(946,382)	(72,500)
Total Other Financing Sources (Uses)	(128,882)	(128,882)	(341,382)	(212,500)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			463,281	463,281
Fund Balance - Beginning	4,264,196	4,264,196	4,264,196	
Fund Balance - End of Year	$ 4,264,196	$ 4,264,196	$ 4,727,477	$ 463,281

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
State street turnback	$ 740,000	$ 740,000	$ 739,566	$(434)
Property tax	50,000	50,000	143,301	93,301
Interest income	16,000	16,000	24,846	8,846
Other income	1,500	1,500	63,174	61,674
Total Revenues	807,500	807,500	970,887	163,387
Expenditures				
Operations and maintenance	1,363,456	1,363,456	648,921	714,535
Capital expenditures	32,000	32,000	556,005	(524,005)
Debt service:				
Principal	109,177	109,177	109,177	-
Interest	7,867	7,867	7,866	1
Total Expenditures	1,512,500	1,512,500	1,321,969	190,531
Excess (Deficiency) of Revenues over Expenditures	(705,000)	(705,000)	(351,082)	353,918
Other Financing Sources (Uses)				
Transfers in	705,000	705,000	743,596	38,596
Transfers (out)	-	-	(106,456)	(106,456)
Total Other Financing Sources (Uses)	705,000	705,000	637,140	(67,860)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	286,058	286,058
Fund Balance - Beginning	829,665	829,665	829,665	-
Fund Balance - End of Year	$ 829,665	$ 829,665	$ 1,115,723	$ 286,058

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Lease revenue	$ 60,000	$ 60,000	$ 70,307	$ 10,307
Rail spur maintenance	90,000	90,000	84,240	(5,760)
Grants/contributions	1,738,655	1,738,655	1,202,138	(536,517)
Interest income	30,000	30,000	62,042	32,042
Other income	387,895	387,895	583,734	195,839
Total Revenues	2,306,550	2,306,550	2,002,461	(304,089)
Expenditures				
General government	2,306,550	2,306,550	261,324	2,045,226
Capital outlay			1,732,340	(1,732,340)
Total Expenditures	2,306,550	2,306,550	1,993,664	312,886
Excess (Deficiency) of Revenues over Expenditures	-	-	8,797	8,797
Other Financing Sources (Uses)				
Transfers (out)	-	-	(30,000)	(30,000)
Total Other Financing Sources (Uses)	-	-	(30,000)	(30,000)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			(21,203)	(21,203)
Fund Balance - Beginning of Year	1,670,823	1,670,823	1,670,823	-
Fund Balance - End of Year	$ 1,670,823	$ 1,670,823	$ 1,649,620	$(21,203)

CITY OF HOPE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants/contributions	$ 236,648	$ 236,648	$ 12,956	$(223,692)
Other income	112,296	112,296	123,194	10,898
Total Revenues	348,944	348,944	136,150	(212,794)
Expenditures				
Current:				
Law enforcement	-	-	54,545	(54,545)
Recreation and culture	-	-	3,777	(3,777)
General government				
Debt service:				
Principal	66,475	66,475	66,475	-
Interest	62,421	62,421	62,357	64
Capital outlay	518,930	518,930	364,325	154,605
Total Expenditures	647,826	647,826	551,479	96,347
Excess (Deficiency) of Revenues over Expenditures	(298,882)	(298,882)	(415,329)	(116,447)
Other Financing Sources (Uses)				
Transfers in (out)	298,882	298,882	373,670	74,788
Total Other Financing Sources and (Uses)	298,882	298,882	373,670	74,788
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	(41,659)	(41,659)
Fund Balance - Beginning of Year	80,032	80,032	80,032	-
Fund Balance - End of Year	$ 80,032	$ 80,032	$ 38,373	$(41,659)

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES - PROPRIETARY FUNDS

SCHEDULE OF OPERATING TRANSFERS

CITY OF HOPE, ARKANSAS
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Sanitation fees	$ 1,888,000	$ 2,010,221	$ 122,221
Grant revenue	500,000		(500,000)
Other	5,000	44,265	39,265
Total Revenues	2,393,000	2,054,486	(338,514)
Operating Expense			
Landfill post closure costs	500,000	(439,408)	939,408
Operations and maintenance	1,614,727	1,700,211	(85,484)
Depreciation and amortization	110,000	385,791	(275,791)
Total Operating Expense	2,224,727	1,646,594	578,133
Net Income (Loss) from Operations	168,273	407,892	239,619
Nonoperating Revenues (Expense)			
Interest income	8,000	24,629	16,629
Debt service	(389,185)	(58,097)	331,088
Fiduciary fees		(1,014)	(1,014)
Total Nonoperating Revenue (Expense)	(381,185)	(34,482)	346,703
Income (Loss) Before Operating Transfers	(212,912)	373,410	586,322
Operating Transfers			
Transfers in	212,912	212,912	-
Changes in Net Position	-	586,322	586,322
Net Position - Beginning	804,969	804,969	-
Net Position - Ending	$ 804,969	$ 1,391,291	$ 586,322

CITY OF HOPE, ARKANSAS
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Wastewater fees	$ 1,470,500	$ 1,732,448	$ 261,948
Grant revenue	4,177,000	13,200	(4,163,800)
Other	300	5,751	5,451
Total Revenues	5,647,800	1,751,399	(3,896,401)
Operating Expense			
Operations and maintenance	679,551	780,633	(101,082)
Depreciation and amortization	688,000	279,675	408,325
Total Operating Expense	1,367,551	1,060,308	307,243
Net Income (Loss) from Operations	4,280,249	691,091	(3,589,158)
Nonoperating Revenues (Expense)			
Interest income	15,000	58,483	43,485
Debt service	(4,188,793)	(334,067)	3,854,726
Fiduciary fees		(5,000)	(5,000)
Total Nonoperating Revenue (Expense)	(4,173,793)	(280,584)	3,893,209
Income (Loss) Before Operating Transfers	106,456	410,507	304,051
Operating Transfers			
Transfers in (out)	(106,456)	64,309	170,765
Changes in Net Position	-	474,816	474,816
Net Position - Beginning of Year	470,610	470,610	-
Net Position - Ending	$ 470,610	$ 945,426	$ 474,816

CITY OF HOPE, ARKANSAS
SCHEDULE OF OPERATING TRANSFERS
DECEMBER 31, 2024

	Recipient Funds					
Transferred from Fund:	General Fund	Street Fund	Capital Outlay Fund	Sanitation	Wastewater	Total
General		$ 575,000	$ 371,382			$ 946,382
ARPA		38,596			$ 170,765	209,361
Street				$ 106,456		106,456
Airport	$ 30,000					30,000
Wastewater				106,456		106,456
Component Unit:						
Hope Water and Light	575,000					575,000
Tourism		130,000	2,288			132,288
Total Received	$ 605,000	$ 743,596	$ 373,670	$ 212,912	$ 170,765	$ 2,105,943

INTERNAL CONTROL AND COMPLIANCE SECTION

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

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*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SCHEDULE OF EXPENDITURES OF STATE AWARDS
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS

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Independent Accountant's Report on Compliance with Certain State Acts

City Manager and Board of Directors
City of Hope, Arkansas

We have examined management's assertions that the City of Hope, Arkansas, complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2024.

(1) Arkansas Municipal Account Law of 1973, § 14-59-101 et seq.
(2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.
(3) Improvement contracts, §§ 22-9-202 - 22-9-204
(4) Budgets, purchases and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.
(5) Investment of public fund, § 19-1-501 et seq.
(6) Deposit of public funds, §§ 19-8-101 - 19-8-107

Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and preform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements for the year ending December 31, 2024.

In our opinion, management's assertion that the City of Hope, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2024, is fairly stated, in all material respects.

This report is intended solely for the information and use of the governing body, management, and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

William C Miller, LLC

September 5, 2025

WILLIAM C. MILLER, LLC

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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*

City Manager and Board of Directors
City of Hope, Arkansas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hope, Arkansas (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 5, 2025.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. 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. Material weaknesses, however, may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City of Hope Arkansas 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 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*.

City Manager and Board of Directors
City of Hope, Arkansas

Purpose of the 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William C Miller, LLC

September 5, 2025

WILLIAM C. MILLER, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Manager and Board of Directors
City of Hope, Arkansas

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited the compliance of City of Hope, Arkansas (the City) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hope, Arkansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of City of Hope, Arkansas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

City Manager and Board of Directors
City of Hope, Arkansas

Auditor's Responsibilities for Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud my involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted standards, *Government Auditing Standards*, and the Uniform Guidance, we:

* Exercise professional judgement and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and preforming such other procedures as we considered necessary in the circumstances.

* Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

City Manager and Board of Directors
City of Hope, Arkansas

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

William C Miller, LLC

September 5, 2025

CITY OF HOPE, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury:				
Covid 19-Coronavirus State and Local Fiscal Recovery Funds	21.027	-	-	$ 878,610
Total U.S. Department of Treasury				878,610
U.S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program				
03-05-0030-017-2023	20.106	-	-	750,557
03-05-0030-018-2024	20.106			384,984
Total Airport Improvement Program				1,135,541
Passed through from Arkansas State Police				
Highway Safety Cluster				
State and Community Highway Safety	20.600	OP-2024-02-02-12		
		SC-2024-01-01-12		
		AL-2024-06-12		
		M8DDLE-2024-02-02-12	-	13,221
State and Community Highway Safety	20.600	OP-2025-02-02-12		
		SC-2025-01-01-12		
		AL-2025-06-06-12		
		M8DDLE-2025-02-02-12	-	4,481
Total State and Community Highway Safety				17,702
National Priority Safety Program	20.616	OP-2024-02-02-12		
		SC-2024-01-01-12		
		AL-2024-06-06-12		
		M8DDLE-2024-02-02-12	-	347
National Priority Safety Program	20.616	OP-2025-02-02-12		
		SC-2025-01-01-12		
		AL-2025-06-06-12		
		M8DDLE-2025-02-02-12	-	694
Total National Priority Safety Program				1,041
Total Highway Safety Cluster			-	18,743
Total U.S. Department of Transportation			-	1,154,284

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HOPE, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

U.S. Department of Justice				
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	-	-	1,149
Total Bulletproof Vest Partnership Program				1,149
Passed through from				
Arkansas Department of Finance and Administration				
Stop Violence Against Women				
10/1/23 - 9/30/24	16.588	230431-21SL	-	20,003
10/1/24 - 9/30/25	16.588	240431-22SL	-	7,111
Total Stop Violence Against Women				27,114
Edward Bryne Memorial Justice Grant Program	16.738	-	-	7,400
Total U.S. Department of Justice				35,663
U.S. Department of Housing and				
Urban Development				
Pass through Arkansas Economic Development				
Commission				
Community Development Block Grants/State				
Programs and Non-Entitlement Grants				
in Hawaii	14.228	790-09282	-	13,200
Total U.S. Department of Housing				
and Urban Development				13,200
U.S. Department of Homeland Security				
FEMA Assistance to Firefighters	97.044	-	-	12,956
Total U.S. Department of Homeland Security				12,956
Total Expenditures of Federal Awards				$ 2,094,713

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF HOPE, ARKANSAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Hope, Arkansas, under programs of federal and state government for the year ended December 31, 2024. The information in the Federal Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Hope, Arkansas, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hope, Arkansas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual (government funds) and accrual (enterprise funds) basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The City of Hope, Arkansas has elected not to use the 10 percent deminimis indirect cost rate, increased to 15 percent October 1, 2024, allowed under the Uniform Guidance.

NOTE 4: FEDERAL LOAN PROGRAMS

The City did not have any federal loan programs during the year ended December 31, 2024.

NOTE 5: PASS-THROUGH ENTITIES

Pass-through entities identifying numbers presented are those provided by State agencies.

CITY OF HOPE, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section 1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	_____	Yes	X	No
* Significant deficiency(ies) identified?	_____	Yes	X	None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

* Material weakness(es) identified?	_____	Yes	X	No
* Significant deficiency(ies) identified?	_____	Yes	X	None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to Report in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

Federal Assistance Listing #	Program Name
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Program $ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

CITY OF HOPE, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

Section 2. Financial Statement Findings

None Reported

Section 3. Federal Award Findings and Questioned Costs

None Reported

CITY OF HOPE, ARKANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024

Finding 2019-001 related to financial statements and to each major program.

Condition: The City did not segregate financial accounting duties related to initiating, receipting, depositing, disbursing, and recording cash transactions to sufficiently reduce the risk of fraud or error to its financial statements or each of its major programs.

Recommendations: The City should evaluate its internal controls and segregate financial duties.

Current Status: The City had implemented additional policies and procedures and segregated financial accounting duties. No similar findings were noted in the audit for the year ended December 31, 2020.

CITY OF HOPE, ARKANSAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

State grantor/Pass-through Grantor Program	Grantor Identifying Number	Total State Expenditures
State of Arkansas		
Department of Aeronatics		
Safety and Security Enhancements	4146-23	$ 28,096
Fuel Systems Repairs	4183-23	25,424
Extend Water Line	4268-24	12,690
New Box Hanger with Apron	4252-24	387
Total Department of Aeronautics		66,597
Arkansas State Police		
Selective Traffic Enforcement Project	SC-2024-01-01-12	
	AL-2024-06-06-12	
	M8DDLE-2024-02-02-12	4,991
Total Arkansas State Police		4,991
Total Expenditures of State Awards		$ 71,588

CITY OF HOPE, ARKANSAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of State Awards (the Schedule) includes the award activity of City of Hope, Arkansas, under programs of Arkansas government for the year ended December 31, 2024. Because the Schedule presents only a selected portion of the operations of City of Hope, Arkansas, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hope, Arkansas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the Schedule are reported on the modified accrual (government funds) and accrual (enterprise funds) basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: PASS-THROUGH ENTITIES

Identifying numbers presented are those provided by State agencies.