# City of Siloam Springs, Arkansas

**Financial Statements**
**and**
**Supplementary Information**
**December 31, 2024**

**(With Independent Auditor's Report Thereon)**



# City of Siloam Springs, Arkansas

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# INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, Arkansas

**Report on the Audit of the Financial Statements**

***Opinion***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.



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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison and pension plan information on pages 4 through 8 and 52 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

***Additional Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information, such as the combining schedules of revenues, expenses and changes in net position and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such 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, the additional supplementary information is 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 November 24, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Landmark PLC

Fort Smith, Arkansas
November 24, 2025

# City of Siloam Springs, Arkansas

**Management's Discussion and Analysis**
**December 31, 2024**

As management of the City of Siloam Springs (the "City"), we offer readers of the City's financial statements this narrative review and analysis of the City's financial activities for the fiscal year ended December 31, 2024. This analysis focuses on the 2024 and 2023 fiscal year activities and should be considered in conjunction with the information contained in the Independent Auditor's Reports and Financial Statements that follow.

**Overview of the Financial Statements**

In addition to Management's Discussion and Analysis ("MD&A"), the report consists of government- wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds and supplementary information. The first statements presented are highly condensed and provide a government-wide perspective of the City's finances. In the government-wide perspective, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, court, streets, parks and recreation, library, cemetery, building inspections, community development, animal services and general government administration. Business-type activities include utilities (electric, water, wastewater, and solid waste) and the airport. These government-wide statements are designed to be more corporate- like, in that all activities are consolidated into a total for the City.

The government-wide financial statements can be found on pages 10 and 11 of this report.

*Basic Financial Statements*

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets and deferred outflows of resources the City owns, the liabilities and deferred inflows of resources it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. A significant difference from fund financial statements is that governmental activities reflect capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues including internal transfers from the enterprise funds. This statement summarizes and simplifies the user's analysis to determine the extent to which such programs are self-supporting and/or subsidized by general and other revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of government financial statements. The City's major governmental funds are presented in their own column and the remaining non-major governmental fund – Debt Service is presented in its own column on the statements. A budgetary comparison is presented for the general fund and street fund in the required supplementary information. Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses, changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

## City as a Whole

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position at a point in time and the changes in net position over a period of time. The City's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the City's financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating.

A condensed version of the Statements of Net Position at December 31, 2024 and 2023 is as follows:

**Net Position**
**(Amounts in Millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Cash and investments | $ 31.6 | $ 32.0 | $ 5.6 | $ 5.9 | $ 37.2 | $ 37.9 |
| Other assets | 22.8 | 20.9 | 30.9 | 27.1 | 53.7 | 48.0 |
| Capital assets (net) | 60.8 | 57.3 | 106.7 | 101.1 | 167.5 | 158.4 |
| Total assets | 115.2 | 110.2 | 143.2 | 134.1 | 258.4 | 244.3 |
| Deferred outflows of resources | 6.6 | 6.9 | 0.1 | 0.1 | 6.7 | 7.0 |
| Current liabilities | 1.7 | 2.2 | 4.0 | 3.3 | 5.7 | 5.5 |
| Long-term liabilities | 18.3 | 17.8 | 14.5 | 13.8 | 32.8 | 31.6 |
| Total Liabilities | 20.0 | 20.0 | 18.5 | 17.1 | 38.5 | 37.1 |
| Deferred inflows of resources | 1.4 | 1.9 | 0.4 | 0.4 | 1.8 | 2.3 |
| Net investment in capital assets | 60.5 | 57.0 | 94.7 | 88.3 | 155.2 | 145.3 |
| Restricted | 10.7 | 16.5 | 7.8 | 5.1 | 18.5 | 21.6 |
| Unrestricted | 29.2 | 21.7 | 21.9 | 23.3 | 51.1 | 45.0 |
| Total net position | $ 100.4 | $ 95.2 | $ 124.4 | $ 116.7 | $ 224.8 | $ 211.9 |

The City's combined net position increased from $211.9 million to $224.8 million, a 6% increase in 2024. Unrestricted net position for governmental activities, which is the portion of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased $7.5 million, from a balance of $21.7 million to $29.2 million. The driver for this increase is an increase in tax revenue. Net position of the business-type activities reflects a $7.7 million or 7% increase ($124.4 million compared to $116.7 million).

A condensed version of the Statements of Activities for the periods ending December 31, 2024 and 2023 is as follows:

**Changes in Net Position**
**(Amounts in Millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| *Program revenues* | | | | | | |
| Charges for services | $ 6.4 | $ 5.2 | $ 48.0 | $ 47.4 | $ 54.4 | $ 52.6 |
| Grants and contributions | 0.8 | 1.0 | 2.7 | 5.0 | 3.5 | 6.0 |
| *General revenues* | | | | | | |
| Taxes | 14.8 | 14.9 | 5.7 | 4.9 | 20.5 | 19.8 |
| Investment | 0.5 | 0.3 | - | - | 0.5 | 0.3 |
| Intergovernmental | 2.7 | 2.7 | - | - | 2.7 | 2.7 |
| Employer contributions | 3.2 | 2.7 | - | - | 3.2 | 2.7 |
| Other | 1.6 | 1.3 | 0.9 | 0.8 | 2.5 | 2.1 |
| Total revenues | 30.0 | 28.1 | 57.3 | 58.1 | 87.3 | 86.2 |
| Expenses | | | | | | |
| General government | 14.4 | 12.9 | - | - | 14.4 | 12.9 |
| Public safety and judiciary | 15.1 | 13.3 | - | - | 15.1 | 13.3 |
| Transportation | 2.1 | 1.8 | - | - | 2.1 | 1.8 |
| Cultural, parks and recreation | 3.0 | 2.6 | - | - | 3.0 | 2.6 |
| Community development | 1.6 | 1.9 | - | - | 1.6 | 1.9 |
| Utilities | - | - | 37.6 | 38.6 | 37.6 | 38.6 |
| Airport | - | - | 0.8 | 0.9 | 0.8 | 0.9 |
| Total expenses | 36.2 | 32.5 | 38.4 | 39.5 | 74.6 | 72.0 |
| Increase in net position before transfers | (6.2) | (4.4) | 18.9 | 18.8 | 12.7 | 14.4 |
| Transfers | 11.4 | 9.7 | (11.2) | (9.7) | 0.2 | - |
| Increase (decrease) in net position | 5.2 | 5.6 | 7.7 | 8.8 | 12.9 | 14.4 |
| Net position - beginning of year | 95.2 | 89.6 | 116.7 | 107.9 | 211.9 | 197.5 |
| Net position - end of year | $ 100.4 | $ 95.2 | $ 124.4 | $ 116.7 | $ 224.8 | $ 211.9 |

The City's total revenue of $87.3 million in 2024 reflects a $1.1 million, or 1%, increase over total revenue of $86.2 million in 2023. This increase in total revenue in 2024 is primarily due to an increase in charges for services. The total operating expense, or cost of all programs and services provided by the City, increased 4% (to $74.6 million, from a total cost of $72 million). This increase in total cost was a combination of an increase in public safety expenses and an increase in general government expense. Our analysis below separately considers the operations of governmental and business-type activities.

## Governmental Activities

Revenue for the City's governmental activities in 2024 came in at $30 million which is approximately a $1.9 million increase from 2023. The main driver for the increase is additional charges for services added in 2024. In the context of total revenue versus total expense, the City's governmental activities ran a $6.2 million deficit before transfers from the business-type activities funds of $11.4 million.

Governmental activities total expenses increased $3.7 million in 2024 from 2023, a 11% increase. The expense included an increase in general governmental and public safety expenses.

## Business-type Activities

Revenues of the City's business-type activities or enterprise funds decreased by $0.8 million or 1% ($57.3 million in 2024 compared to $58.1 million in 2023). This decrease in business activity revenue results from decreased grants and contributions in the current year.

Business-type activities revenue represents 66% of total City revenues in 2024. Electric revenues are equal to 64% of the business-type charges for services and 35% of the total City revenue.

## Budgetary Highlights

Over the course of the year, the City Board of Directors revised the budget once. The City develops their budget on a modified accrual basis. The general fund budget is required to function within the anticipated revenue from all sources.

## Capital Assets and Debt Administration

*Capital Assets*

At December 31, 2024, the City had $167.4 million invested in capital assets net of depreciation. These assets include police and fire equipment, park and recreation facilities, buildings, utility, and street infrastructure. This balance represents a net increase of $9 million or 6% ($167.4 million compared to $158.4 million). Significant capital asset projects and capital asset additions during the year by fund net of accumulated depreciation and adjustments included:

- General Fund - $870,361 Ambulances; $365,796 Court Office Remodel
- Street Fund – $325,389 Simon Sage Ave. Spur; $527,529 Brentwood Drainage Project; $1,266,570 Lake Francis Rebuild; $923,668 Sager Creek Drive
- Utility Fund – $971,250 Maxwell St. Sewer Replacement; $620,316 Balers and Conveyors; $1,822,962 Electric General Line Ext.
- Airport Fund - $2,436,305 Runway & Lighting Rehab

## Economic Factors and Management Strategies

The City saw an increase in the economy overall. The City issued a total of 379 for all new building permits in 2024 compared to 317 in 2023, 218 issued in 2022, 217 issued in 2021, and 269 issued in 2020.

The City sales tax revenue increased in 2024 by 3% after reflecting an increase of 5% in 2023. The City's share of County sales tax revenue increased in 2024 with an increase of 2%. This revenue stream is primarily allocated to funding governmental activities operations and, therefore, a critical line item that is closely monitored by City leaders. The City and County sales tax revenue streams were budgeted for a 3% increase and 1% increase in 2025, respectively. Through five months of 2025 the actual receipts appear to be slightly higher than these projections for City and County.

In 2024, the City continued to execute strategies and plans that have resulted in positive achievements in the areas of City infrastructure condition, planning and preparing for economic development, and strengthening revenue streams and operating efficiencies to improve financial condition and fiscal sustainability. These achievements include:

- Completed work on Villa View
- Completed work on Brentwood Drainage
- Completed work on Golf Course Green Restoration
- Completed work on Moss Substation
- Completed work on Court Office Remodel
- Completed work on Traffic Signal Detection
- Completed work on South Feeder Loop Upgrade
- Completed work on Tulsa Middle School Drainage
- Completed work on Sager Creek Improvements
- Completed work on Sager Creek Drive
- Continued work on PD Dispatch Remodel
- Continued work on WWTP Headworks Upgrade
- Continued work on Lake Francis Rebuild
- Began work on Runway & Lighting Rehab
- Began work on Kenwood Widening Design
- Began work on the Taxiway Pavement Rehab

**Financial Contact**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact Allan Gilbert, the City Administrator at 400 N. Broadway, Siloam Springs, Arkansas 72761.

# Basic Financial Statements

# City of Siloam Springs, Arkansas

## Statement of Net Position
## December 31, 2024

| | Governmental Activities | Primary Government Business-Type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 21,024,407 | $ 3,071,853 | $ 24,096,260 |
| Certificates of deposit | 3,681,071 | 2,500,792 | 6,181,863 |
| Investments | 8,148,078 | - | 8,148,078 |
| Accounts receivable, net of allowance | 5,310,366 | 7,655,915 | 12,966,281 |
| Accrued income | 27,233 | 5,283 | 32,516 |
| Inventories | 197,039 | 21,538,379 | 21,735,418 |
| Prepaids | 283,162 | 197,486 | 480,648 |
| Restricted assets | | | |
| Restricted cash and certificates of deposit | 9,452,852 | 7,802,980 | 17,255,832 |
| Internal balances | 6,306,959 | (6,277,248) | 29,711 |
| Capital assets, *non-depreciable* | 9,740,234 | 1,209,271 | 10,949,505 |
| Capital assets, *net of accumulated depreciation* | 51,007,866 | 105,461,473 | 156,469,339 |
| Total Assets | 115,179,267 | 143,166,184 | 258,345,451 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows - benefit plans | 4,898,435 | 146,473 | 5,044,908 |
| Deferred outflows - benefit plan contributions | 1,737,935 | - | 1,737,935 |
| Total Deferred Outflows of Resources | 6,636,370 | 146,473 | 6,782,843 |
| **Liabilities** | | | |
| Accounts payable | 731,215 | 2,774,530 | 3,505,745 |
| Accrued liabilities | 611,356 | 94,982 | 706,338 |
| Accrued interest payable | - | 49,202 | 49,202 |
| Customer deposits | 34,631 | 1,049,144 | 1,083,775 |
| Unearned revenues | 330,812 | - | 330,812 |
| Noncurrent liabilities | | | |
| Due within one year | 1,468,391 | 2,519,589 | 3,987,980 |
| Due in more than one year | 16,860,095 | 11,998,166 | 28,858,261 |
| Total Liabilities | 20,036,500 | 18,485,613 | 38,522,113 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows - benefit plans | 1,399,846 | 397,247 | 1,797,093 |
| Total Deferred Inflows of Resources | 1,399,846 | 397,247 | 1,797,093 |
| **Net Position** | | | |
| Net investment in capital assets | 60,526,347 | 94,720,629 | 155,246,976 |
| Restricted | | | |
| Expendable | | | |
| Capital projects | - | 803,637 | 803,637 |
| Debt service | 5,428 | 4,316,047 | 4,321,475 |
| Other | 9,447,424 | 2,683,296 | 12,130,720 |
| Unrestricted | 30,400,092 | 21,906,188 | 52,306,280 |
| Total Net Position | $ 100,379,291 | $ 124,429,797 | $ 224,809,088 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Statement of Activities
## Year ended December 31, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Government Grants | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | |
| *Governmental Activities* | | | | | | |
| General government | $ 13,878,061 | $ 6,363,647 | $ - | $ (7,514,414) | $ - | $ (7,514,414) |
| Public safety | 15,149,320 | - | 413,434 | (14,735,886) | - | (14,735,886) |
| Culture, parks and recreation | 3,004,840 | - | 228,801 | (2,776,039) | - | (2,776,039) |
| Community development | 1,610,929 | - | - | (1,610,929) | - | (1,610,929) |
| Street department | 2,051,350 | - | 167,683 | (1,883,667) | - | (1,883,667) |
| Interest on long-term debt | 9,568 | - | - | (9,568) | - | (9,568) |
| Total Governmental Activities | 35,704,068 | 6,363,647 | 809,918 | (28,530,503) | - | (28,530,503) |
| *Business-Type Activities* | | | | | | |
| Utilities | 36,923,113 | 47,162,385 | 95,313 | - | 10,334,585 | 10,334,585 |
| Airport | 1,273,272 | 874,853 | 2,575,016 | - | 2,176,597 | 2,176,597 |
| Total Business-Type Activities | 38,196,385 | 48,037,238 | 2,670,329 | - | 12,511,182 | 12,511,182 |
| Total Primary Government | $ 73,900,453 | $ 54,400,885 | $ 3,480,247 | (28,530,503) | 12,511,182 | (16,019,321) |
| **General Revenues** | | | | | | |
| Property taxes | | | | 1,811,419 | - | 1,811,419 |
| Sales and use taxes | | | | 12,485,701 | 5,714,557 | 18,200,258 |
| Private grants and contributions | | | | 22,160 | 60,000 | 82,160 |
| Intergovernmental | | | | 2,669,375 | - | 2,669,375 |
| Investment income | | | | 553,128 | 710,544 | 1,263,672 |
| Employer contributions | | | | 3,188,802 | - | 3,188,802 |
| Miscellaneous | | | | 1,275,831 | - | 1,275,831 |
| Gain on sale of capital assets | | | | 356,496 | 148,658 | 505,154 |
| **Transfers** | | | | 11,352,260 | (11,352,260) | - |
| Total General Revenues and Transfers | | | | 33,715,172 | (4,718,501) | 28,996,671 |
| **Change in Net Position** | | | | 5,184,669 | 7,792,681 | 12,977,350 |
| **Net Position, Beginning of year** | | | | 95,194,622 | 116,637,116 | 211,831,738 |
| **Net Position, End of year** | | | | $ 100,379,291 | $ 124,429,797 | $ 224,809,088 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Balance Sheet – Governmental Funds
## December 31, 2024

| | General | Street Funds | Non-Major Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 12,448,922 | $ 8,547,130 | $ 27,832 | $ 21,023,884 |
| Certificates of deposit | 3,681,071 | - | - | 3,681,071 |
| Investments | 8,148,078 | - | - | 8,148,078 |
| Tax and other receivables, net of allowance of $141,894 and $26,097, respectively | 3,760,902 | 1,206,329 | - | 4,967,231 |
| Ambulance fees receivable, net of allowance of $421,406 | 343,135 | - | - | 343,135 |
| Accrued income | 27,233 | - | - | 27,233 |
| Inventories | 197,039 | - | - | 197,039 |
| Due from other funds | 9,509,868 | - | - | 9,509,868 |
| Prepaid items | 231,734 | 22,505 | - | 254,239 |
| Restricted cash and cash equivalents | 7,550,890 | - | 5,428 | 7,556,318 |
| Total assets | $ 45,898,872 | $ 9,775,964 | $ 33,260 | $ 55,708,096 |
| **Liabilities** | | | | |
| Accounts payable | $ 497,872 | $ 229,470 | $ - | $ 727,342 |
| Due to other funds | 3,071,281 | 72,043 | - | 3,143,324 |
| Accrued liabilities | 616,679 | 29,308 | - | 645,987 |
| Unearned revenues - grants | 330,812 | - | - | 330,812 |
| Total Liabilities | 4,516,644 | 330,821 | - | 4,847,465 |
| **Deferred Inflows of Resources** | | | | |
| Unavailable revenues - property taxes | 2,339,243 | 808,856 | - | 3,148,099 |
| Total Deferred Inflows of Resources | 2,339,243 | 808,856 | - | 3,148,099 |
| **Fund Balance** | | | | |
| Nonspendable | 428,773 | 22,505 | - | 451,278 |
| Restricted | 7,550,890 | - | 5,428 | 7,556,318 |
| Assigned | 1,933 | 8,613,782 | - | 8,615,715 |
| Unassigned | 31,061,389 | - | 27,832 | 31,089,221 |
| Total Fund Balance | 39,042,985 | 8,636,287 | 33,260 | 47,712,532 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | $ 45,898,872 | $ 9,775,964 | $ 33,260 | $ 55,708,096 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Reconciliation of the Balance Sheet – Governmental Funds
## With the Statement of Net Position
## December 31, 2024

| | |
|---|---|
| **Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:** | |
| Total fund balance of the governmental fund. | $ 47,712,532 |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. | 60,748,100 |
| Certain tax revenues are deferred and unavailable to pay current fund liabilities. | 3,148,099 |
| Amounts reported as deferred inflows of resources related to pensions and OPEB are not received and receivable in the current period and, therefore, are not reported in the funds. | (1,399,846) |
| Amounts reported as deferred outflows of resources related to pensions and OPEB are not due and payable in the current period and, therefore, are not reported in the funds. | 6,636,370 |
| Internal service funds are used by management to change the costs of risk management activities to individual funds. The assets, deferred outflow of resources, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position. | 1,862,522 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | |
| Capital lease payable | (221,753) |
| Post-employment benefits liability | (2,241,195) |
| Accrued compensated absences | (1,354,300) |
| Net pension liability | (14,511,238) |
| **Total Net Position - Governmental Activities** | $ 100,379,291 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
## Year ended December 31, 2024

| | General | Street Fund | Non-major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 1,704,036 | $ 583,076 | $ - | $ 2,287,112 |
| Sales taxes | 9,980,069 | 2,505,632 | - | 12,485,701 |
| Licenses and permits | 521,840 | 120,158 | - | 641,998 |
| Intergovernmental | 1,247,852 | 1,421,523 | - | 2,669,375 |
| Charges for services | 6,363,647 | - | - | 6,363,647 |
| Fines and forfeitures | 307,692 | - | - | 307,692 |
| Government grants | 642,235 | 167,683 | - | 809,918 |
| Private grants and contributions | 22,160 | - | - | 22,160 |
| Gain on disposal of capital assets | 356,496 | - | - | 356,496 |
| Investment income | 455,206 | 53,358 | 260 | 508,824 |
| Miscellaneous | 296,676 | 29,465 | - | 326,141 |
| Total Revenues | 21,897,909 | 4,880,895 | 260 | 26,779,064 |
| **Expenditures** | | | | |
| General government | | | | |
| Administration | 1,345,361 | - | - | 1,345,361 |
| Finance | 2,408,673 | - | - | 2,408,673 |
| Construction | 669,144 | - | - | 669,144 |
| Maintenance | 1,343,870 | - | - | 1,343,870 |
| Human resources | 285,589 | - | - | 285,589 |
| Total General Government | 6,052,637 | - | - | 6,052,637 |
| Public safety and judiciary | | | | |
| Police | 7,097,080 | - | - | 7,097,080 |
| Fire | 7,334,101 | - | - | 7,334,101 |
| Municipal court | 293,569 | - | - | 293,569 |
| Animal services | 424,570 | | | 424,570 |
| Total Public Safety and Judiciary | 15,149,320 | - | - | 15,149,320 |
| Transportation | | | | |
| Streets | - | 2,051,350 | - | 2,051,350 |
| Cultural, parks and recreation | | | | |
| Library | 641,292 | - | - | 641,292 |
| Parks | 2,310,519 | - | - | 2,310,519 |
| Golf course | 53,029 | - | - | 53,029 |
| Total Cultural, Parks and Recreation | 3,004,840 | - | - | 3,004,840 |
| Community development | | | | |
| Building inspections | 1,610,929 | - | - | 1,610,929 |
| Debt service | | | | |
| Principal retirement | - | - | 160,290 | 160,290 |
| Interest and other charges | - | - | 9,568 | 9,568 |
| Total Debt Service | - | - | 169,858 | 169,858 |
| Capital outlay | 3,630,819 | 4,174,764 | - | 7,805,583 |
| Total Expenditures | 29,448,545 | 6,226,114 | 169,858 | 35,844,517 |
| **Excess Revenues (Under) Expenditures** | (7,550,636) | (1,345,219) | (169,598) | (9,065,453) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 10,236,176 | 1,193,085 | 169,858 | 11,599,119 |
| Transfers out | (169,859) | (77,000) | - | (246,859) |
| Total Other Financing Sources | 10,066,317 | 1,116,085 | 169,858 | 11,352,260 |
| **Net Change in Fund Balance** | 2,515,681 | (229,134) | 260 | 2,286,807 |
| **Fund Balance, Beginning of Year** | 36,527,304 | 8,865,421 | 33,000 | 45,425,725 |
| **Fund Balance, End of Year** | $ 39,042,985 | $ 8,636,287 | $ 33,260 | $ 47,712,532 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds With the Statement of Activities
## Year ended December 31, 2024

| | |
|---|---|
| **Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:** | |
| Net change in fund balance of the governmental fund | $ 2,286,807 |
| Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | |
| Capital outlay | 8,158,884 |
| Depreciation expense | (4,648,147) |
| Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities. This is the change in the amount of unavailable revenues reported in the governmental fund statements. | (475,693) |
| Deferred inflows/outflows related to the net pension liabilities not due and payable in the current period that are not reported in the funds. These amounts are amortized into pension expense in future periods. This is the amount by which the deferred inflows/outflows changed during the current year. | 279,818 |
| Expenses that do not require the use of current financial resources, such as net pension liabilities, other postemployment benefits ("OPEB") liabilities, and long-term compensated absences are not reported as expenditures in the governmental fund financial statements in the current year, but are reported as expenses in the statement of activities. | |
| Increase in net pension liabilities | (203,134) |
| Increase in OPEB liabilities | (436,540) |
| Increase in accrued long-term compensated absences | (44,173) |
| Internal service funds are used by management to charge the cost of insurance services to individual funds. The net income of the internal service fund is reported with governmental activities. | 266,847 |
| Change in Net Position of Governmental Activities | $ 5,184,669 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Statement of Net Position – Proprietary Funds
## December 31, 2024

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Utilities | Airport Non-major | Totals | Internal Service Fund |
| **Assets** | | | | |
| *Current Assets* | | | | |
| Cash | $ 3,071,853 | $ - | $ 3,071,853 | $ 523 |
| Certificates of deposit | 2,500,792 | - | 2,500,792 | - |
| Receivables | | | | |
| Accounts receivable, net of allowance | 6,144,868 | 595 | 6,145,463 | - |
| Taxes | 325,853 | - | 325,853 | - |
| Lease receivable | 5,867 | 5,856 | 11,723 | - |
| Grants receivable | - | 860,504 | 860,504 | - |
| Accrued income | 5,283 | - | 5,283 | - |
| Inventory | 21,480,076 | 58,303 | 21,538,379 | - |
| Due from other funds | 2,859,035 | - | 2,859,035 | 492,152 |
| Prepaid items | 180,823 | 16,663 | 197,486 | 28,923 |
| Total Current Assets | 36,574,450 | 941,921 | 37,516,371 | 521,598 |
| *Noncurrent Assets* | | | | |
| Restricted cash | 7,802,980 | - | 7,802,980 | 1,896,534 |
| Lease receivable | 68,998 | 243,374 | 312,372 | - |
| Capital assets, net of accumulated depreciation | | | | |
| Land | 859,216 | 350,055 | 1,209,271 | - |
| Construction in progress | 419,613 | 2,882,072 | 3,301,685 | - |
| Distribution and collection systems | 91,021,476 | - | 91,021,476 | - |
| Buildings, improvements, and equipment | 8,853,358 | 2,284,954 | 11,138,312 | - |
| Total Noncurrent Assets | 109,025,641 | 5,760,455 | 114,786,096 | 1,896,534 |
| **Deferred Outflows of Resources** | | | | |
| Deferred outflows - benefit plans | 144,381 | 2,092 | 146,473 | - |
| Total Deferred Outflows of Resources | 144,381 | 2,092 | 146,473 | - |
| Total Assets | 145,744,472 | 6,704,468 | 152,448,940 | 2,418,132 |
| **Liabilities** | | | | |
| *Current Liabilities* | | | | |
| Accounts payable | 1,906,424 | 868,106 | 2,774,530 | 3,873 |
| Accrued expenses | 93,753 | 1,229 | 94,982 | - |
| Customer deposits | 1,047,444 | 1,700 | 1,049,144 | - |
| Due to other funds | 8,720,881 | 415,402 | 9,136,283 | 551,737 |
| Current maturities of long-term debt | 1,736,458 | - | 1,736,458 | - |
| Current maturities of capital lease payable | 261,945 | - | 261,945 | - |
| Compensated absences | 512,553 | 8,633 | 521,186 | - |
| Accrued interest payable | 49,202 | - | 49,202 | - |
| Total Current Liabilities | 14,328,660 | 1,295,070 | 15,623,730 | 555,610 |
| *Noncurrent Liabilites* | | | | |
| Other postemployment benefits | 601,721 | 8,721 | 610,442 | - |
| Long-term debt | 10,213,657 | - | 10,213,657 | - |
| Capital lease payable | 1,174,067 | - | 1,174,067 | - |
| Total Noncurrent Liabilities | 11,989,445 | 8,721 | 11,998,166 | - |
| **Deferred Inflows of Resources** | | | | |
| Deferred inflows - benefit plans | 76,162 | 1,104 | 77,266 | - |
| Deferred inflows - leases | 72,466 | 247,515 | 319,981 | - |
| Total Deferred Inflows of Resources | 148,628 | 248,619 | 397,247 | - |
| Total Liabilities | 26,466,733 | 1,552,410 | 28,019,143 | 555,610 |
| **Net Position** | | | | |
| Net Investment in Capital Assets | 89,203,548 | 5,517,081 | 94,720,629 | - |
| Restricted | | | | |
| Capital projects | 803,637 | - | 803,637 | - |
| Debt service | 4,316,047 | - | 4,316,047 | - |
| Other | 2,683,296 | - | 2,683,296 | 1,896,534 |
| Unrestricted | 22,271,211 | (365,023) | 21,906,188 | (34,012) |
| Total Net Position | $ 119,277,739 | $ 5,152,058 | $ 124,429,797 | $ 1,862,522 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
## Year ended December 31, 2024

| | Enterprise Funds | | | Governmental Funds |
|---|---|---|---|---|
| | Utilities | Airport Non-major | Totals | Internal Service Funds |
| **Operating Revenues** | | | | |
| Charges for Services | | | | |
| Electric | $ 30,665,218 | $ - | $ 30,665,218 | $ - |
| Water | 6,010,539 | - | 6,010,539 | - |
| Wastewater | 5,249,758 | - | 5,249,758 | - |
| Sanitation | 4,268,628 | - | 4,268,628 | - |
| Fiber | 10,628 | - | 10,628 | - |
| Fuel sales | - | 785,912 | 785,912 | - |
| Rent income | - | 84,052 | 84,052 | - |
| Penalties | 494,797 | - | 494,797 | - |
| Employer contributions | - | - | - | 3,188,802 |
| Miscellaneous | 462,817 | 4,889 | 467,706 | - |
| Total Operating Revenues | 47,162,385 | 874,853 | 48,037,238 | 3,188,802 |
| **Operating Expenses** | | | | |
| Cost of goods sold | | | | |
| Cost of power | 16,407,682 | - | 16,407,682 | - |
| Cost of fuel | - | 572,476 | 572,476 | - |
| Personal services | 6,429,490 | 156,400 | 6,585,890 | 19,766 |
| Contracted services | 188,109 | 5,607 | 193,716 | - |
| Maintenance and operating expenses | 6,765,916 | 250,386 | 7,016,302 | - |
| Other services and charges | 528,607 | 8,091 | 536,698 | - |
| Utilities | 866,424 | 16,786 | 883,210 | - |
| Benefits paid | - | - | - | 2,946,493 |
| Depreciation and amortization | 5,512,139 | 263,526 | 5,775,665 | - |
| Total Operating Expenses | 36,698,367 | 1,273,272 | 37,971,639 | 2,966,259 |
| **Net Operating Income (Loss)** | 10,464,018 | (398,419) | 10,065,599 | 222,543 |
| Nonoperating Revenues (Expenses) | | | | |
| Sales tax revenue | 5,714,557 | - | 5,714,557 | - |
| Government grants | 95,313 | 2,575,016 | 2,670,329 | - |
| Private grants and contributions | 60,000 | - | 60,000 | - |
| Interest income | 710,544 | - | 710,544 | 44,304 |
| Gain on sale of assets | 148,658 | - | 148,658 | - |
| Interest expense | (224,746) | - | (224,746) | - |
| Net Nonoperating Revenues | 6,504,326 | 2,575,016 | 9,079,342 | 44,304 |
| **Income Before Transfers** | 16,968,344 | 2,176,597 | 19,144,941 | 266,847 |
| **Transfers In** | - | 95 | 95 | - |
| **Transfers Out** | (11,352,355) | - | (11,352,355) | - |
| Net Transfers | (11,352,355) | 95 | (11,352,260) | - |
| **Change in Net Position** | 5,615,989 | 2,176,692 | 7,792,681 | 266,847 |
| **Net Position, Beginning of Year** | 113,661,750 | 2,975,366 | 116,637,116 | 1,595,675 |
| **Net Position, End of Year** | $ 119,277,739 | $ 5,152,058 | $ 124,429,797 | $ 1,862,522 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

## Statement of Cash Flows – Proprietary Funds
## Year ended December 31, 2024

| | Enterprise Funds | | | Governmental Funds |
|---|---|---|---|---|
| | Utilities | Airport Non-major | Totals | Internal Service Funds |
| **Cash Flows From Operating Activities** | | | | |
| Cash received from customers | $ 46,425,781 | $ 895,246 | $ 47,321,027 | $ - |
| Cash received from internal customers | - | - | - | 2,933,430 |
| Cash received from other funds | 8,644,162 | 415,402 | | |
| Cash payments to suppliers for goods and services | (33,922,783) | (74,762) | (33,997,545) | (2,933,881) |
| Cash payments to employees for services | (6,403,556) | (155,393) | (6,558,949) | (19,766) |
| Other operating receipts | 462,817 | 4,889 | 467,706 | - |
| Net Cash Provided (Used) by Operating Activities | 15,206,421 | 1,085,382 | 16,291,803 | (20,217) |
| **Cash Flows From Noncapital and Related Financing Activities** | | | | |
| Interfund transfers | (11,352,355) | 95 | (11,352,260) | - |
| Net Cash Provided (Used) by Noncapital and Related Financing Activities | (11,352,355) | 95 | (11,352,260) | - |
| **Cash Flows From Capital and Related Financing Activities** | | | | |
| Sales tax revenue | 5,703,921 | - | 5,703,921 | - |
| Governmental grants | 95,313 | 1,759,774 | 1,855,087 | - |
| Private grants | 60,000 | - | 60,000 | - |
| Acquisition and construction of capital assets | (8,477,203) | (2,884,998) | (11,362,201) | - |
| Proceeds from sale of assets | 148,658 | - | 148,658 | - |
| Proceeds from issuance of long-term debt | 2,495,462 | - | 2,495,462 | - |
| Deferred inflows on lease liability | (10,683) | (8,737) | (19,420) | - |
| Principal paid on long-term debt | (1,899,630) | - | (1,899,630) | - |
| Interest and fees paid on debt | (243,834) | - | (243,834) | - |
| Net Cash (Used) by Capital and Related Financing Activities | (2,127,996) | (1,133,961) | (3,261,957) | - |
| **Cash Flows From Investing Activities** | | | | |
| Interest on cash and certificates of deposit | 710,544 | - | 710,544 | 44,305 |
| Net Cash Provided by Investing Activities | 710,544 | - | 710,544 | 44,305 |
| **Net Change in Cash** | 2,436,614 | (48,484) | 2,388,130 | 24,088 |
| **Cash, Beginning of Year** | 10,939,011 | 48,484 | 10,987,495 | 1,872,969 |
| **Cash, End of Year** | $ 13,375,625 | $ - | $ 13,375,625 | $ 1,897,057 |
| **Presented on the Statement of Net Position - Proprietary Funds as follows:** | | | | |
| Cash and certificates of deposit | $ 5,572,645 | $ - | $ 5,572,645 | $ 523 |
| Restricted cash - noncurrent | 7,802,980 | - | 7,802,980 | 1,896,534 |
| Total Cash and Cash Equivalent | $ 13,375,625 | $ - | $ 13,375,625 | $ 1,897,057 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities** | | | | |
| Operating income (loss) | $ 10,464,018 | $ (398,419) | $ 10,065,599 | $ 222,543 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 5,512,139 | 263,526 | 5,775,665 | - |
| Allowance for doubtful accounts | 279,529 | - | 279,529 | - |
| Changes in: | | | | |
| Accounts receivable | (601,367) | 17,504 | (583,863) | - |
| Lease receivable | 9,846 | 7,528 | 17,374 | - |
| Accrued income | (1,402) | - | (1,402) | - |
| Inventory | (8,777,623) | 10,843 | (8,766,780) | - |
| Due from other funds | (284,645) | - | (284,645) | (255,372) |
| Prepaid expenses | (22,755) | (1,150) | (23,905) | (2,539) |
| Accounts payable | (75,112) | 769,599 | 694,487 | 3,873 |
| Accrued expenses | (4,508) | (708) | (5,216) | - |
| Customer deposits | 38,205 | 250 | 38,455 | - |
| Due to other funds | 8,644,162 | 415,402 | 9,059,564 | 11,278 |
| Compensated absences | 34,348 | 907 | 35,255 | - |
| Decrease in employee benefit plans | (8,414) | 100 | (8,314) | - |
| Net Cash Provided (Used) by Operating Activities | $ 15,206,421 | $ 1,085,382 | $ 16,291,803 | $ (20,217) |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

**Statement of Net Position – Fiduciary Funds**
**December 31, 2024**

| | Pension Trust Fund | Private-Purpose Trust Fund |
|---|---|---|
| | Firemen's Pension and Relief | Oak Hill Cemetary Trust |
| **Assets** | | |
| Cash | $ 219,545 | $ 174,562 |
| Certificates of deposit | - | 304,600 |
| Investments | | |
| Mutual funds | 3,592,513 | - |
| Receivables, net of allowance of $7,624 | 246,497 | - |
| Due from other funds | - | 139 |
| Prepaid expenses | 29,755 | - |
| Total Assets | 4,088,310 | 479,301 |
| **Liabilities** | | |
| Due to other funds | 29,850 | - |
| Total Liabilities | 29,850 | - |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue - property taxes | 236,285 | - |
| **Net Position** | | |
| Net position restricted for pensions | 3,822,175 | - |
| Net position restricted for cemetary maintenance | - | 479,301 |
| Net Position Restricted for Pensions and Other Purposes | 3,822,175 | 479,301 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | $ 4,088,310 | $ 479,301 |

**See accompanying notes to financial statements.**

# City of Siloam Springs, Arkansas

**Statement of Activities – Fiduciary Funds**
**Year ended December 31, 2024**

| | Pension Trust Fund | Private-Purpose Trust Fund |
|---|---|---|
| | Firemen's Pension and Relief | Oak Hill Cemetary Trust |
| **Additions** | | |
| Contributions | | |
| Property taxes | $ 170,433 | $ - |
| Future supplement | 30,588 | - |
| Intergovernmental | - | 3,762 |
| Total Contributions | 201,021 | 3,762 |
| Investment income | | |
| Interest and dividends | 227,917 | 20,146 |
| Net increase in fair value of investments | 232,489 | - |
| Net Investment Income | 460,406 | 20,146 |
| Total Additions | 661,427 | 23,908 |
| **Deductions** | | |
| Benefits paid | 384,165 | - |
| Administrative expenses | 32,121 | - |
| Total Deductions | 416,286 | - |
| **Change in Fiduciary Net Position** | 245,141 | 23,908 |
| **Net Position - Beginning of Year** | 3,577,034 | 455,393 |
| **Net Position - End of Year** | $ 3,822,175 | $ 479,301 |

**See accompanying notes to financial statements.**

## *NOTE 1: NATURE OF ACTIVITIES*

The City of Siloam Springs, Arkansas, (the "City"), was incorporated in 1881 and is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city administrator form of government and provides the following services as authorized by its charter: public safety (police, fire and animal control), streets, electric, public works, general administrative services, airport, municipal court, cemetery, parks and recreation, library, and community development. Seven elected board members and the Mayor set policy of the City. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for the state and local governments as defined by the Governmental Accounting Standards Board (GASB).

## *NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

### Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Siloam Springs, Arkansas. The City includes in its primary government all funds, account groups, departments, agencies, boards and commissions.

The City's defined benefit plan, being fiduciary in nature, was not evaluated as a potential component unit but instead was reported as a fiduciary fund.

### Government-wide and Fund Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

The City reports the general fund and street fund as its major governmental funds. The general fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income. The street fund accounts for resources related to street operations, including new projects and maintenance activities.

The City reports one major enterprise fund. It accounts for the City's combined electric, water, sewer and sanitation system, whose operations are financed primarily through user charges. The City also reports one nonmajor enterprise fund. It accounts for the City's airport operations, which operations are financed through fuel sales and rent income.

Additionally, the City reports the pension trust fund which accounts for assets held in trust for the Firemen's Relief and Pension Fund. Plan trustees must act in accordance with the specific purposes and terms of the retirement plan. Then pension trust fund is accounted for in essentially the same manner as proprietary funds.

The private purpose trust fund accounts for activities that are not the City's programs but are programs sponsored by private organizations or other governments. Although the City serves as fiscal agent, the funds received and held under these programs are not available to support the City's activities and programs, but are received and held for the benefit of individuals, private organizations or other governments participating in the sponsored programs. The programs accounted for within this are expendable trust funds.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**
The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as is the proprietary fund in the fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Governmental fund financial statements report using the "current financial resources" measurement focus and the modified accrual basis of accounting. Under the current financial resources focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

**Budgets and Budgetary Accounting**

State law requires that the following procedures be followed in establishing the budgetary data reflected in the financial statements:

a. The City Administrator submits to the Board of Directors a proposed operating budget for the City for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
b. The approval of the budget by the Board of Directors shall amount to an appropriation, for the purposes of the budget, of the funds which are lawfully applicable to the different items therein contained.
c. Under certain conditions, the budget may be amended subsequent to year-end.

The budgeted revenues and expenditures included in these financial statements represent the formal operating budget adopted by the Board of Directors, as amended during the year.

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

**Cash and Cash Equivalents**
Cash includes demand deposits, savings accounts and cash on hand. In order to facilitate cash management, the operating cash of certain funds is pooled into a common bank account. The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024, cash equivalents consisted primarily of money market accounts with brokers.

**Investments and Investment Income**
All investments are carried at fair value determined using quoted market prices except for investments in nonnegotiable certificates of deposit which are carried at amortized cost.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is assigned to funds with which the related investment asset is associated.

**Accounts Receivable**
Receivables consist primarily of property and other taxes and customer accounts receivable (billing for customer services charges including unbilled utility services).

*Property taxes* – Property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property. The property tax is considered due on the first Monday in February (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes that remain delinquent for a period of three years are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, net property taxes receivable of $4,462,003 and related deferred inflows of resources of $3,148,099 have been recorded in the governmental funds at December 31, 2024. In the government-wide statements, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

*Utilities and Ambulance* – Utilities consist of credit extended to users in the normal course of business. The City uses the allowance method to account for uncollectible accounts receivable. In circumstances where management is aware of a specific user's inability to meet financial obligations, a specific reserve is recorded to reduce the receivable to the amount expected to be collected. In addition, the City has established a general reserve based upon historical customer performance. Management also performs ongoing credit evaluation of its accounts and those which are considered uncollectible are reserved for through the allowance account. This includes management analyzing the aging of outstanding balances in which certain percentages will be reserved based upon the type of payee and the time period the account has been outstanding. The policy for determining when receivables are past due or delinquent is based on how recently payments have been received. Amounts are written off at the point when collection attempts have been exhausted. Management uses significant judgement in estimating uncollectible amounts, which is based on management considering factors such as current overall economic conditions, industry-specific economic conditions, historical customer performance and anticipated customer performance. While management believes the City's processes effectively address its exposure to doubtful accounts, changes in economic, industry or specific customer conditions may require adjustment to the allowance recorded by the City.

**Unbilled Revenue**
The City bills customers for electric, water and sewer services after usage based upon meter readings made during the month. The City records a receivable for unbilled revenue at December 31 for estimated usage for which bills have not been sent.

**Inventories**
Inventories, consisting primarily of fuel, information technology materials, electrical materials, waterline and sewer materials, are valued at the lower of cost (first in, first out method) or net realizable value. The costs of governmental fund type inventories are recorded as expenditures when consumed.

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

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

Capital assets are defined as assets with an initial value or cost greater than or equal to $5,000 and an estimated useful life of greater than two years.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| Water distribution facilities | 20-43 years |
| Sewer and solid waste collection and treatment facilities | 20-50 years |
| Electric distribution facilities | 5-40 years |
| Buildings | 20-40 years |
| Building improvements | 10-25 years |
| Furniture and equipment | 3-10 years |

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

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

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

**Deferred Outflows/Inflows of Resources**
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The government has five items, which qualify for reporting in this category as of December 31, 2024. Each of the five items are related to pensions and include:

- The amount of contributions made to the pension plans after the measurement date
- The difference in investment experience between actual earnings and projected earnings on pension plan investments
- The difference between expected and actual experience related to the plans
- The amount related to any changes in assumptions or other inputs
- The amount related to changes in proportion and differences between contributions recognized and proportionate share of contributions

Deferred outflows related to contributions made after the measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense over future periods as shown within *Note 10.*

In addition to liabilities, the statement of financial position and balance sheet - governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow outsources (revenue) until that time. The government has two items that qualify as deferred inflows of resources as of December 31, 2024. Accordingly, the items reported in the statements are unavailable revenues in the governmental funds balance sheet and deferred inflows - pensions. Governmental funds report unavailable revenue from property taxes and grant receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item, deferred inflows – pensions, consists of the difference between the expected and actual experience related to the pension plans. This amount is amortized to pension expense over future periods as shown within *Note 10.*

**Pensions**
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Firemen's Relief and Pension Fund and the Local Police and Fire Retirement System (together, 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.

**Compensated Absences**
The City provides all eligible full-time employees sick leave and vacation benefits. Sick leave benefits are accrued as a liability using the vesting method. Employees become 100% vested (up to the maximum) after 20 years of continuous service. For employees with at least 5 years of service, but less than 20, one-third of the allowable balance is considered vested. The cost of sick leave and vacation is accrued when earned in the government-wide and proprietary fund financial statements and reported as accrued expenses. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. In governmental activities, amounts accrued are expected to be liquidated with available financial resources, generally by the general fund.

**Fund Balance – Governmental Funds**
The fund balances for the City's governmental funds may be displayed in up to five components:

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

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

*Committed* – Committed fund balances may be used only for the specific purposes determined by resolution of the Board of Directors. Commitments may be changed or lifted only by issuance of a resolution by the Board of Directors. The City currently has no committed fund balance.

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

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

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consist of capital assets net of accumulated depreciation and are reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position includes noncapital assets that must be used for a particular purpose as specified by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation, reduced by the outstanding balances of any related borrowings. At December 31, 2024, net position restricted by enabling legislation was $10,689,944 for governmental activities and $7,802,980 for business-type activities. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first.

**Adoption of GASB Statements**

GASB Statement No. 101, *Compensated Absences* (GASB 101): GASB 101's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for periods beginning after December 15, 2023, with earlier application encouraged. The adoption of this statement had no impact on the City's financial statements.

**Upcoming Accounting Pronouncement**

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102): GASB 102's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement is effective for fiscal years beginning after June 15, 2024, with earlier application encouraged. The City has not yet determined the potential impact, if any, that this statement could have on its financial statements.

## *NOTE 3: DEPOSITS AND INVESTMENTS*

### Deposits

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

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

At December 31, 2024, the City had bank balances of $48,251,809. The balances were all insured (FDIC) or collateralized with securities held by the City or the City's agent in the City's name. The carrying value of these deposits as of December 31, 2024, was $47,533,955.

### Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certainobligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit. Arkansas statutes also authorize the City to invest no more than 20 percent of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U.S. state or political subdivision; securities or interest in an open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940 with certain limitations; securities or interests issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts or any depository institution chartered by the United States, any U.S. state, or the District of Columbia.

The pension trust funds are authorized to invest in U.S. government and agency securities, bank certificates of deposit, common stocks, investment grade corporate bonds and other appropriate securities.

Investments at December 31, 2024, consisted of the following:

| Type | Fair Value |
|---|---|
| Bond mutual funds | $ 1,687,041 |
| Equity mutual funds | 1,905,472 |
| | 3,592,513 |
| Fixed income | 8,148,078 |
| | $ 11,740,591 |

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

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

- Fixed income, bond and equity mutual funds are valued using quoted market prices (Level 1 inputs).

*Interest Rate Risk*
The City's investment policy does not specifically address interest rate risk. The Pension Fund investment policy does not specifically address interest rate risk.

*Credit Risk*
Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not specifically address credit risk.

The Pension Fund investment policy limits its investments in fixed income securities and preferred shares to a rating of "investment grade" by Moody's Investors Service (Moody's) and Standard & Poor's (S&P).

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

*Concentration of Credit Risk*
The City places no limit on the amount that may be invested in any one issuer.

**Summary of Carrying Values**

The carrying values of deposits and investments shown on the previous page are included in the financial statements as follows:

| | | |
|---|---|---|
| Carrying value | | |
| Deposits | $ | 48,224,178 |
| Cash on hand | | 8,484 |
| Investments | | 11,740,591 |
| | $ | 59,973,253 |
| Balance sheet - governmental funds | | |
| Cash and cash equivalents | $ | 19,787,315 |
| Certificates of deposit | | 3,681,071 |
| Restricted cash and certificates of deposit | | 10,689,944 |
| Investments | | |
| Fixed income | | 8,148,078 |
| Statement of fund net position - proprietary funds | | |
| Cash | | 3,071,853 |
| Certificates of deposit | | 2,500,792 |
| Restricted cash | | 7,802,980 |
| Statement of fiduciary net position | | |
| Cash | | 394,107 |
| Certificates of deposit | | 304,600 |
| Investments | | |
| Mutual funds | | 3,592,513 |
| | $ | 59,973,253 |

***NOTE 4: RECEIVABLES***

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, street, and utilities funds and the nonmajor governmental and proprietary and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts.

# City of Siloam Springs, Arkansas

**Notes to Financial Statements**
**December 31, 2024**

| | General Fund | Street Fund | Total |
|---|---|---|---|
| *Governmental* | | | |
| Property taxes | $ 3,485,167 | $ 1,078,439 | $ 4,563,606 |
| Ambulance | 764,541 | - | 764,541 |
| Other | 417,629 | 153,987 | 571,616 |
| Gross receivables | 4,667,337 | 1,232,426 | 5,899,763 |
| Less allowance for uncollectibles | 563,300 | 26,097 | 589,397 |
| Net Total Receivables | $ 4,104,037 | $ 1,206,329 | $ 5,310,366 |

| | Utilities | Airport | Total |
|---|---|---|---|
| *Proprietary* | | | |
| Accounts receivable | $ 9,090,827 | $ 595 | $ 9,091,422 |
| Sales taxes | 325,853 | - | 325,853 |
| Grants receivable | - | 860,504 | 860,504 |
| Lease receivable | 74,865 | 249,230 | 324,095 |
| Gross receivables | 9,491,545 | 1,110,329 | 10,601,874 |
| Less allowances for uncollectibles | 2,945,959 | - | 2,945,959 |
| Net Total Receivables | $ 6,545,586 | $ 1,110,329 | $ 7,655,915 |

| | Total |
|---|---|
| *Fiduciary* | |
| Property taxes | $ 254,121 |
| Less allowance for uncollectibles | 7,624 |
| Net Total Receivables | $ 246,497 |

## *NOTE 5: CAPITAL ASSETS*

A summary of changes in capital assets for the year ended December 31, 2024, is presented below:

| *Governmental Activities* | Balance, December 31, 2023 | Additions | Retirements | Transfers / Adjustments | Balance, December 31, 2024 |
|---|---|---|---|---|---|
| Capital assets, non-depreciable | | | | | |
| Land | $ 9,740,234 | $ - | $ - | $ - | $ 9,740,234 |
| Construction in progress | 2,699,211 | 1,943,970 | - | (1,466,912) | 3,176,269 |
| Total Capital Assets, Non-Depreciable | 12,439,445 | 1,943,970 | - | (1,466,912) | 12,916,503 |
| Capital assets, depreciable | | | | | |
| Buildings | 36,624,922 | 554,889 | - | 511,316 | 37,691,127 |
| Furniture, fixtures and equipment | 26,000,475 | 3,361,668 | (360,359) | 13,397 | 29,015,181 |
| Infrastructure | 53,240,601 | 2,216,295 | - | 900,174 | 56,357,070 |
| Total Capital assets, Depreciable | 115,865,998 | 6,132,852 | (360,359) | 1,424,887 | 123,063,378 |
| *Accumulated depreciation* | | | | | |
| Buildings | (15,388,776) | (1,119,133) | - | (4,305) | (16,512,214) |
| Furniture, fixtures and equipment | (17,928,969) | (1,698,006) | 323,662 | 63,112 | (19,240,201) |
| Infrastructure | (37,648,358) | (1,831,008) | - | - | (39,479,366) |
| Total Accumulated Depreciation | (70,966,103) | (4,648,147) | 323,662 | 58,807 | (75,231,781) |
| Total Government Activities, Net | $ 57,339,340 | $ 3,428,675 | $ (36,697) | $ 16,782 | $ 60,748,100 |

| *Business-type Activities* | Balance, December 31, 2023 | Additions | Retirements | Transfers / Adjustments | Balance, December 31, 2024 |
|---|---|---|---|---|---|
| Capital assets, non-depreciable | | | | | |
| Land | $ 1,209,271 | $ - | $ - | $ - | $ 1,209,271 |
| Construction in progress | 682,352 | 7,084,449 | - | (4,465,116) | 3,301,685 |
| Total Capital Assets, Non-Depreciable | 1,891,623 | 7,084,449 | - | (4,465,116) | 4,510,956 |
| Capital assets, depreciable | | | | | |
| Buildings | 9,943,147 | - | - | 162,916 | 10,106,063 |
| Furniture, fixtures and equipment | 17,232,310 | 3,422,178 | (30,950) | 41,949 | 20,665,487 |
| Infrastructure | 160,413,885 | 872,356 | - | 4,295,929 | 165,582,170 |
| Total Capital Assets, Depreciable | 187,589,342 | 4,294,534 | (30,950) | 4,500,794 | 196,353,720 |
| *Accumulated depreciation* | | | | | |
| Buildings | (6,709,029) | (280,469) | - | - | (6,989,498) |
| Furniture, fixtures and equipment | (11,695,616) | (924,256) | 30,950 | (54,818) | (12,643,740) |
| Infrastructure | (69,992,112) | (4,570,940) | - | 2,358 | (74,560,694) |
| Total Accumulated Depreciation | (88,396,757) | (5,775,665) | 30,950 | (52,460) | (94,193,932) |
| Total Business-type Activities, Net | $ 101,084,208 | $ 5,603,318 | $ - | $ (16,782) | $ 106,670,744 |

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

| | |
|---|---|
| ***Governmental Activities*** | |
| General government | $ 689,167 |
| Public safety and judiciary | |
| Police | 826,161 |
| Fire | 318,597 |
| Other | 13,551 |
| Transportation | 2,150,628 |
| Cultural, parks and recreation | 623,465 |
| Community development | 26,578 |
| Total depreciation expense | 4,648,147 |
| ***Business-type Activities*** | |
| Electric | 1,467,445 |
| Water utilities | 2,079,109 |
| Wastewater utilities | 1,480,289 |
| Sanitation | 485,296 |
| Airport | 263,526 |
| Total depreciation expense | 5,775,665 |
| Total depreciation expense-Primary Government | $ 10,423,812 |

## *NOTE 6: LONG-TERM LIABILITIES*

### ***Business Type Activities***

***Revolving Loan Fund #00254-CWRLF-L***

Administered by the Arkansas Soil and Water Conservation Commission; Original loan amount of $5,500,000, dated October 16, 2003; principal and interest is payable on the outstanding balance beginning October 2005; bonds pledged as collateral for loan held by the Arkansas Development Finance Authority, to provide funds to finance extensions, betterments and improvements to the City's sewer system; secured by utility system revenues; interest rate of 2.50% with final maturity dated April 15, 2025.

***WTP ANRC Bond***

Original issue amount of up to $31,000,000, dated July 7, 2020; issued by the City of Siloam Springs, Arkansas; proceeds to provide funds for the cost of acquiring, constructing, furnishing, and equipping the water facilities; secured by a 5/8th cent sales tax; interest rate of .75%; servicing fee of 1.0% per annum of the outstanding principal amount; final maturity dated April 15, 2042. Due to additional principal payments made in previous years, the bond is now scheduled to be paid off during 2032.

***Note Payable - AMI Meters***

On December 31, 2024, the City financed AMI meters for $862,662. The note was financed at an interest rate of 0%, secured by equipment, monthly payments of $17,502, and is scheduled to be repaid in March 2029.

Changes in long-term liabilities for the year ended December 31, 2024, were as follows:

| *Governmental Activities* | Balance December 31, 2023 | Increases | Decreases | Balance December 31, 2024 | Amounts Due Due in One Year |
|---|---|---|---|---|---|
| PD - Capital lease payable | $ 323,730 | $ 58,313 | $ (160,290) | $ 221,753 | $ 114,091 |
| Compensated absences | 1,310,127 | 44,173 | - | 1,354,300 | 1,354,300 |
| Other post-employment benefits liability | 1,804,655 | 436,540 | - | 2,241,195 | - |
| Net pension liability | 14,308,104 | 203,134 | - | 14,511,238 | - |
| Total Governmental Activities Long-Term Liabilities | $ 17,746,616 | $ 742,160 | $ (160,290) | $ 18,328,486 | $ 1,468,391 |

| *Business-type Activities* | Balance December 31, 2023 | Increases | Decreases | Balance December 31, 2024 | Amounts Due Due in One Year |
|---|---|---|---|---|---|
| Bonds payable | | | | | |
| Revolving Loan Fund | $ 546,359 | $ - | $ (361,297) | $ 185,062 | $ 185,062 |
| WTP ANRC Bond | 12,243,936 | - | (1,341,545) | 10,902,391 | 1,365,126 |
| Bonds payable, net | 12,790,295 | - | (1,702,842) | 11,087,453 | 1,550,188 |
| Note payable - AMI meters | - | 862,662 | - | 862,662 | 186,270 |
| Capital lease payable | - | 1,632,800 | (196,788) | 1,436,012 | 261,945 |
| Compensated absences | 485,931 | 35,255 | - | 521,186 | 521,186 |
| Other post-employment benefits liability | 517,671 | 92,771 | - | 610,442 | - |
| Total Business-Type Activities Long-Term Liabilities | $ 13,793,897 | $ 2,623,488 | $ (1,899,630) | $ 14,517,755 | $ 2,519,589 |

**Annual Debt Service Requirements**

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

| | Business-type Activities | | |
|---|---|---|---|
| Fiscal Year | Principal | Interest and Servicing Fee | Total |
| 2025 | $ 1,736,458 | $ 187,853 | $ 1,924,311 |
| 2026 | 1,599,138 | 160,851 | 1,759,989 |
| 2027 | 1,623,554 | 136,435 | 1,759,989 |
| 2028 | 1,648,400 | 111,590 | 1,759,990 |
| 2029 | 1,509,998 | 86,308 | 1,596,306 |
| 2030-2032 | 3,832,567 | 102,752 | 3,935,319 |
| | $ 11,950,115 | $ 785,789 | $ 12,735,904 |

***NOTE 7: CAPITAL LEASE OBLIGATIONS***

The City from time to time will enter into a lease agreements as a lessee for financing the acquisition of police, fire, and other department vehicles and equipment. The capitalized value of vehicles and equipment under lease agreements amounted to $2,552,496 at December 31, 2024 with accumulated depreciation of $476,012. These vehicles are capitalized at five-year estimated useful lives. During 2024, depreciation expense of $198,378 was recorded in association with these leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of future minimum lease payments as of their inception dates.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2024 were as follows:

| Year ending December 31, | Governmental Activities | Business-type Activities |
|---|---|---|
| 2025 | $ 118,693 | $ 306,299 |
| 2026 | 81,757 | 1,180,361 |
| 2027 | 25,464 | - |
| 2028 | 2,599 | - |
| Total minimum lease payments | 228,513 | 1,486,660 |
| Less: amount representing interest | 6,760 | 50,648 |
| Present value of minimum lease payments | $ 221,753 | $ 1,436,012 |

### *NOTE 8: INTERFUND RECEIVABLES AND PAYABLES*

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

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| Government funds | | |
| General fund | $ 9,509,868 | $ 3,071,281 |
| Street fund | - | 72,043 |
| Internal service fund | 492,152 | 551,737 |
| Proprietary funds to/from nonfiduciary funds | | |
| Airport | - | 415,402 |
| Utilities | 2,859,035 | 8,720,881 |
| Fiduciary funds | | |
| Oak Hill cemetary trust | 139 | - |
| Firemen's pension and relief fund | - | 29,850 |
| Total | $ 12,861,194 | $ 12,861,194 |

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

### *NOTE 9: INTERFUND TRANSFERS*

Amount of interfund transfers between funds are summarized as follows:

| | Transfers In | Transfers Out |
|---|---|---|
| Governmental funds | | |
| General fund | $ 10,236,176 | $ 169,859 |
| Street fund | 1,193,085 | 77,000 |
| Debt service fund | 169,858 | - |
| Proprietary funds | | |
| Airport | 95 | - |
| Utilities | - | 11,352,355 |
| Total | $ 11,599,214 | $ 11,599,214 |

Transfers are used to move revenues from the fund where collected to the appropriate fund.

## *NOTE 10: BENEFIT PLANS*

The City participates in two defined benefit pension plans; which are comprised of one single employer defined benefit pension plan and one cost-sharing multiple- employer defined benefit pension plan, each of which are described and illustrated in detail below. Aggregate amounts for the two pension plans are as follows:

| | FRPF | LOPFI | Total |
|---|---|---|---|
| Net pension liability | $ 346,212 | $ 14,165,028 | $ 14,511,240 |
| Deferred outflows of resources | 303,850 | 4,056,824 | 4,360,674 |
| Deferred outflows of resources - contributions | - | 1,737,935 | 1,737,935 |
| Deferred inflows of resources | 379,958 | 736,218 | 1,116,176 |
| Net pension expense | 158,879 | 2,251,184 | 2,410,063 |

### ***Firefighters' Relief and Pension Fund (FRPF)***

#### *Plan Description*

The Firemen's Relief and Pension Fund (FRPF) is a single-employer defined benefit pension plan administered by a Board of Trustees, established in accordance with legislation enacted by the Arkansas General Assembly. The Board of Trustees consists of two members of City Management and five members elected by the plan members. The elected members are required to be participants within the plan. Benefit provisions are established by State of Arkansas Act #14, as amended. Fund assets are administered by the Board of Trustees.

#### *Benefits*

The FRPF provides retirement benefits for firefighters who have completed 20 years of service regardless of age. The benefit is equal to 70% of the member's final salary, but not less than $4,200. If service exceeds 20 years, the annual benefit is increased by $240 for each year over 20, not to exceed $1,200 and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member's final salary. Disability benefits are available to firefighters who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. The benefit for non-duty disability is the same as noted above, however, cannot be less than $4,200 per year. For duty-related disability, the benefit cannot be less than 65% of the member's final salary. The FRPF also provides benefits for surviving spouses and dependent children in which a widow would receive the same amount the member would receive or would be eligible to receive. Dependent children would receive $1,500 per year until age 19. No participants' benefits vest until normal retirement age. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan (DROP) for up to 5 years. All firefighters hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981 described later in this footnote. Therefore, the Firemen's Fund is effectively closed to new members. The FRPF does not issue a separate, publicly available financial report.

***Method Used to Value Investments***

Investments are stated at fair value in the accompanying statement of fiduciary net position. 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.

Net increase or decrease in fair value of investments reflected in the accompanying statement of changes in fiduciary net position represent gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. Net unrealized gains or losses on investments represent the change in the difference between the cost and market value of the investments at the beginning versus the end of the year.

***Contributions***

Contributions to the FRPF are set forth in Arkansas statute. The City's contribution to the FRPF consists of one half of a mill of real and personal property tax collections and an insurance premium tax turnback collected by the State Insurance Commissioner. Administrative costs are financed by the FRPF. Total 2024 contributions to the FRPF were $201,020. The City's share of the contributions was $170,433 and consisted entirely of property taxes. On behalf payments (state insurance premium taxes) are recognized as revenues and expenditures in the appropriate fund.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the FPRF. Actuarial valuations are performed annually and the last evaluation was as of December 31, 2024. The actuarial assumptions used in evaluating the fund were based on an experience study conducted from 2006 to 2012 and are as follows:

| | |
|---|---|
| Salary increases | 4.20% to 8.00% |
| Inflation | 2.50% |
| Mortality table | 1983 Group Annuity Table |
| Investment rate of return | 5.00%, net of pension plan investment Expense, including inflation |

***Membership Information***

Membership of the FPRF consisted of the following at December 31, 2024:

| | |
|---|---|
| Retirees and beneficiaries receiving benefits | 14 |
| Active plan members | - |
| Total | 14 |

***Components of the Net Pension Liability***

| Measurement Date | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | Plan Net Position as a % of Total Pension Liability |
|---|---|---|---|---|
| December 31, 2024 | $ 4,158,270 | $ 3,812,058 | $ 346,212 | 91.67% |

***Long-term Expected Return on Plan Assets***

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds, and therefore the target for an individual fund may vary within the guidelines of Arkansas law and regulation.

***The long-term expected rates of return are shown in the table below:***

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Domestic fixed income | 80% | 2.25% |
| Domestic equity | 10% | 4.75% |
| Foreign equity | 0% | 6.25% |
| Cash and equivalents | 10% | 0.25% |
| Total | 100% | |
| | | |
| Expected inflation | | 2.50% |

***Discount Rate***

In the December 31, 2020 actuarial valuation, a single discount rate of 5.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.0%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the City's net pension liability for the FRPF using the current rate as compared to what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease 4.00% | Current Rate 5.00% | 1% Increase 6.00% |
|---|---|---|---|
| Net Pension Liability | $ 727,651 | $ 346,212 | $ 17,939 |

***Pension Expense, Deferred Outflows, and Deferred Inflows of Resources related to Pensions***

For the year ended December 31, 2024, the City recognized pension expense from the FRPF Plan of $384,165. At December 31, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following source:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ 303,850 | $ (379,958) |

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

| Year Ending December 31, | Net Deferred Outflow/(Inflow) of Resources |
|---|---|
| 2025 | $ 22,158 |
| 2026 | 52,369 |
| 2027 | (99,556) |
| 2028 | (51,079) |
| 2029 | - |
| Thereafter | - |
| Total | $ (76,108) |

***Money-weighted Rate of Return***

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments net of pension plan investment expense and adjusted for the changing amounts actually invested. The money-weighted rate of return for 2024 was 12.35%.

***Changes in the Net Pension Liability***

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|---|---|---|
| Balances at December 31, 2023 | $ 4,351,777 | $ 3,566,085 | $ 785,692 |
| Changes for the Year | | | |
| a. Service cost | - | - | - |
| b. Interest on TPL | 208,779 | - | 208,779 |
| c. Differences between expected and actual experience | (49,908) | - | (49,908) |
| d. Employee contributions | - | - | - |
| e. Employer contributions | - | 170,433 | (170,433) |
| f. Net investment income | - | 429,118 | (429,118) |
| g. Benefits and refunds | (352,378) | (352,378) | - |
| h. Administrative expenses | - | (1,200) | 1,200 |
| i. Benefit changes | - | - | - |
| j. Assumption changes | - | - | - |
| k. Other/reconciliation | - | - | - |
| Net Changes | (193,507) | 245,973 | (439,480) |
| Balances at December 31, 2024 | $ 4,158,270 | $ 3,812,058 | $ 346,212 |

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

***Plan Description***

The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide cost-sharing multiple-employer defined benefit pension plans administered by the LOPFI Board of Trustees. LOPFI provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981 are eligible to participate in the plan. LOPFI issues a publicly available report which may be obtained by writing to LOPFI, P.O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

***Benefits Provided***

LOPFI provides for a retirement benefit paid to its' Members on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age at retirement, retirement multiplier, amount of credit services (years and months), and final average pay (FAP). Each option available to the Member provides for a different calculation based on these factors.

***Contributions***

Contributions to LOPFI are made by both the members and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 3.5% of covered payroll for police officers and 9.5% of covered payroll for firefighters. The City contributed 24% of covered employee's salaries to the Plan for police officers and 24% of covered employee's salaries to the Plan for firefighters for the year ended December 31, 2024. Contributions made to the Plan by employees and the City for the year ended December 31, 2024 amounted to $494,378 and $1,737,935, respectively.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

At December 31, 2024, the City reported a liability of $14,165,028 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the plan of the group for the measurement period. At December 31, 2023, the City's proportion was 1.42%, which was an increase of .16% from the December 31, 2022 proportion of 1.26%.

For the year ended December 31, 2024, the City recognized pension expense related to the LOPFI plan of $2,251,184. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,736,332 | $ - |
| Changes in assumptions or other inputs | 53,311 | 662,692 |
| Difference between projected and actual investment earnings on pension plan investments | 1,311,012 | - |
| Changes in proportion | 956,169 | 73,526 |
| Contributions subsequent to the measurement date | 1,737,935 | - |
| Total | $ 5,794,759 | $ 736,218 |

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,737,935 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

| Year Ending December 31, | | |
|---|---|---|
| 2024 | $ | 1,043,790 |
| 2025 | | 1,434,744 |
| 2026 | | 1,400,460 |
| 2027 | | (558,388) |
| Thereafter | | - |
| Total | $ | 3,320,606 |

***Actuarial Assumptions***

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

| | |
|---|---|
| Price inflation | 2.25% |
| Wage inflation | 3.00% |
| Investment rate of return | 7.25%, net of pension plan investment expense, including inflation |
| Actuarial cost method | Entry age normal |

Mortality rates were based on the RP-2014 Combined Healthy Mortality Table Projected to 2018, set forward two years for men.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016. As a result of the 2011 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2017 actuarial evaluation to more closely reflect actual experience.

***Long-term Expected Return on Plan Assets***

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds and therefore, the target for an individual fund may vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

**Long-term Expected Real Rate of Return**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Stock - Large Cap | 21% | 5.62% |
| U.S. Stock - Small Cap | 21% | 5.86% |
| International Equity | 9% | 6.92% |
| Emerging Markets | 9% | 8.95% |
| U.S. Corporate Bonds | 25% | 2.29% |
| Real Estate | 5% | 3.61% |
| Private Equity | 10% | 9.48% |
| Total | 100% | |

***Discount Rate***

In the December 31, 2023 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

**Sensitivity of the Net Pension Liability**

| | 1% decrease 6.25% | Current Single Rate Assumption 7.25% | 1% increase 8.25% |
|---|---|---|---|
| City's proportionate share of the net pension liability | $ 22,203,659 | $ 14,165,028 | $ 7,662,971 |

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report which can be obtained from the LOPFI website, lopfi-prb.com.

***Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. International City Management Association Retirement Corporation (ICMARC) administers the Plan. All assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. The City does not have a fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employee and City matching contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the plan in these basic financial statements. Deferred compensation investments are held by outside trustees. Plan investments are chosen by the individual participant (employee) and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these.

Employees with 12 months of employment are required to contribute 3% of pay and the City contributes a minimum of 12% of pay, excluding certain exempt employees for whom the City makes a contribution based on the employees' gross earnings, as defined by the agreement based on their respective position with the City. During 2024, the City's contributions totaled $1,129,778.

## *NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)*

***Plan Description***

The City sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are entitled to purchase continued health benefits coverage for him or herself and their dependents until Medicare eligibility. The City's Board of Directors has the authority to establish and amend the requirements of this plan. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report.

| | | |
|---|---|---|
| Net OPEB liability | $ | 2,851,637 |
| Deferred outflows of resources | | 684,234 |
| Deferred inflows of resources | | 360,936 |
| OPEB expense | | 987,047 |

***Funding Policy***

The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums ranging from $206.19 per month to $654.57 per month depending on the coverage elected. (This, of course, is besides the two that had City paid employee only medical coverage.) The City's policy maintains that retirees who retire after age 62 must pay 100% of the extra cost of premiums for dependent coverage and the City pays 100% of the contribution for the retiree. Employees who leave employment due to disability receive the same benefit for 2 years. Retirees with 20 years of service retiring before age 62 pay 60% of the entire premium cost. All retirees become ineligible for City insurance once they become eligible for Medicare. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense in the applicable fund as liabilities are incurred.

| | |
|---|---|
| Active employees | 327 |
| Inactive not yet receiving benefits | - |
| Inactive or beneficiaries receiving benefits | 10 |
| | 337 |

***Total OPEB Liability***

The total OPEB liability was determined based on an alternative measurement method valuation performed as of December 31, 2024 which is also the measurement date.

***Actuarial Assumptions***

The total OPEB liability in the December 31, 2024 valuation was determined using the following assumptions:

- Actuarial Cost Method – Entry Age Normal Cost Method
- Discount Rate – 2.12% based on the Bond Buyer GO Bond 20 Index
- Retirement Age – 62 with 20 years of service

***Changes in Total OPEB Liability***

| | Total OPEB Liability |
|---|---|
| Balances at Beginning of Year | $ 2,322,325 |
| Changes for the Year: | |
| Service cost | 68,555 |
| Interest expense | 99,549 |
| Differences between expected and actual experience | 514,151 |
| Change in assumptions | 9,387 |
| Benefits paid | (162,330) |
| Net Changes | 529,312 |
| Balances End of Year | $ 2,851,637 |

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2024, the City recognized OPEB expense of $987,047. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of assumptions | $ - | $ - |
| City contributions subsequent to the measurement date | 162,330 | - |
| Total | $ 162,330 | $ - |

***Sensitivity of the City's total OPEB liability to changes in the discount rate***

The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28% percent) or 1-percentage-point higher (5.28% percent) that the current discount rate:

| | 1% Decrease (3.28%) | Current Discount Rate (4.28%) | 1% Increase (5.28%) |
|---|---|---|---|
| Employers' total OPEB liability | $ 3,188,258 | $ 2,851,637 | $ 2,559,315 |

***Sensitivity of the City's OPEB liability to changes in the healthcare cost trend rates***

The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rates:

| | 1% Decrease (3.50%) | Current Trend (4.50%) | 1% Increase (5.50%) |
|---|---|---|---|
| Employers' total OPEB liability | $ 2,518,268 | $ 2,851,637 | $ 3,253,384 |

## *NOTE 12: CONCENTRATION OF CREDIT RISK*

The City purchases electricity from Grand River Dam Authority under a 35-year agreement executed during 2007. The agreement also has a 10-year extension option. This is the City's only contracted source of electric power. The City's service area is limited to the Northwest Arkansas geographic area within the City limits and the immediate surrounding area of the City.

### *NOTE 13: RISK MANAGEMENT*

The City has various insurance policies to cover its potential liability risk areas (e.g., automobile, personal property, contents and outside structures and worker's compensation). Coverage is provided both commercially and through the Arkansas Municipal League (the "AML"), which is an association of local governments. The AML provides the City with automobile and legal defense coverage and sets annual fixed premiums based on such factors as claims experience, employee class multipliers and population. For risks covered by the AML, the City pays no deductible; however, the City pays a $3,000 fee to the AML for each legal matter it handles. There have been no significant reductions in coverage from 2023 to 2024; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

### *NOTE 14: CONTINGENCIES*

The City, its agencies and its employees are defendants in various legal proceedings, many of which occur normally in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury and other alleged torts and alleged violations of state and federal laws. Based on the current status of all of these legal proceedings, it is the opinion of the city attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position.

### *NOTE 15: FUND BALANCES*

The City classified governmental fund balances as follows:

| | General Fund | Street Fund | Debt Service Funds | Total |
|---|---|---|---|---|
| Fund balances | | | | |
| Nonspendable | | | | |
| Prepaid expenses | $ 231,734 | $ 22,505 | $ - | $ 254,239 |
| Inventories | 197,039 | - | - | 197,039 |
| Spendable | | | | |
| Restricted | | | | |
| Capital outlay and debt service | 7,550,890 | 1,237,092 | 5,428 | 8,793,410 |
| Assigned | | | | |
| Capital outlay | 1,933 | 7,376,690 | - | 7,378,623 |
| Unassigned | | | | |
| General fund | 31,061,389 | - | 27,832 | 31,089,221 |
| Total fund balances | $ 39,042,985 | $ 8,636,287 | $ 33,260 | $ 47,712,532 |

***NOTE 16: SUBSEQUENT EVENTS***

Management has evaluated subsequent events through November 24, 2025, the date the financial statements were available to be issued.

# Required Supplementary Information

# City of Siloam Springs, Arkansas

## Budgetary Comparison Schedule – General Fund
## Year ended December 31, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 1,768,000 | $ 1,768,000 | $ 1,704,036 | $ (63,964) |
| Sales taxes | 11,842,800 | 11,842,800 | 9,980,069 | (1,862,731) |
| Licenses and permits | 382,950 | 382,950 | 521,840 | 138,890 |
| Intergovernmental | 1,183,657 | 1,183,657 | 1,247,852 | 64,195 |
| Charges for services | 2,699,855 | 2,699,855 | 6,363,647 | 3,663,792 |
| Fines and forfeitures | 309,892 | 309,892 | 307,692 | (2,200) |
| Government grants | 446,942 | 446,942 | 642,235 | 195,293 |
| Private grants and contributions | 229,837 | 245,337 | 22,160 | (223,177) |
| Gain on disposal of capital assets | - | - | 356,496 | 356,496 |
| Investment income | 168,706 | 168,706 | 455,206 | 286,500 |
| Miscellaneous | 103,350 | 103,350 | 296,676 | 193,326 |
| Total Revenues | 19,135,989 | 19,151,489 | 21,897,909 | 2,746,420 |
| **Expenditures** | | | | |
| General government | | | | |
| Administration | 1,515,658 | 1,615,658 | 1,345,361 | 270,297 |
| Finance | 3,958,441 | 3,958,441 | 2,408,673 | 1,549,768 |
| Construction | 781,303 | 781,303 | 669,144 | 112,159 |
| Maintenance | 1,234,062 | 1,234,062 | 1,343,870 | (109,808) |
| Human Resources | - | - | 285,589 | (285,589) |
| Total General Government | 7,489,464 | 7,589,464 | 6,052,637 | 1,536,827 |
| Public safety and judiciary | | | | |
| Police | 8,350,258 | 8,350,258 | 7,097,080 | 1,253,178 |
| Fire | 10,228,706 | 10,228,706 | 7,334,101 | 2,894,605 |
| Municipal court | 294,751 | 294,751 | 293,569 | 1,182 |
| Animal services | 457,942 | 457,942 | 424,570 | 33,372 |
| Total Public Safety and Judiciary | 19,331,657 | 19,331,657 | 15,149,320 | 4,182,337 |
| Cultural, parks and recreation | | | | |
| Library | 681,158 | 681,158 | 641,292 | 39,866 |
| Parks | 2,616,625 | 2,616,625 | 2,310,519 | 306,106 |
| Golf course | - | - | 53,029 | (53,029) |
| Total Cultural, Parks and Recreation | 3,297,783 | 3,297,783 | 3,004,840 | 292,943 |
| Community development | | | | |
| Building inspections | 2,067,678 | 2,067,678 | 1,610,929 | 456,749 |
| Total Community Development | 2,067,678 | 2,067,678 | 1,610,929 | 456,749 |
| Capital outlay | 6,764,542 | 8,024,111 | 3,630,819 | 4,393,292 |
| Total Expenditures | 38,951,124 | 40,310,693 | 29,448,545 | 10,862,148 |
| **Excess Revenues Over (Under) Expenditures** | (19,815,135) | (21,159,204) | (7,550,636) | 13,608,568 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 9,613,704 | 9,347,912 | 10,236,176 | 888,264 |
| Transfers out | (43,000) | - | (169,859) | (169,859) |
| Total Other Financing Sources | 9,570,704 | 9,347,912 | 10,066,317 | 718,405 |
| **Net Change in Fund Balance** | (10,244,431) | (11,811,292) | 2,515,681 | 14,326,973 |
| **Fund Balance, Beginning of Year** | 36,527,304 | 36,527,304 | 36,527,304 | - |
| **Fund Balance, End of Year** | $ 26,282,873 | $ 24,716,012 | $ 39,042,985 | $ 14,326,973 |

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Budgetary Comparison Schedule – Street Fund
## Year ended December 31, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 629,200 | $ 629,200 | $ 583,076 | $ (46,124) |
| Sales taxes | 2,496,000 | 2,496,000 | 2,505,632 | 9,632 |
| Licenses and permits | 97,800 | 97,800 | 120,158 | 22,358 |
| Intergovernmental | 1,520,859 | 1,520,859 | 1,421,523 | (99,336) |
| Government grants | - | - | 167,683 | 167,683 |
| Investment income | 30,997 | 30,997 | 53,358 | 22,361 |
| Miscellaneous | 8,000 | 8,000 | 29,465 | 21,465 |
| Total Revenues | 4,782,856 | 4,782,856 | 4,880,895 | 98,039 |
| **Expenditures** | | | | |
| Current: | | | | |
| Transportation | | | | |
| Streets | 2,667,745 | 2,667,745 | 2,051,350 | 616,395 |
| Capital outlay | 4,995,875 | 5,147,241 | 4,174,764 | 972,477 |
| Total Expenditures | 7,663,620 | 7,814,986 | 6,226,114 | 1,588,872 |
| **Excess Revenues Over (Under) Expenditures** | (2,880,764) | (3,032,130) | (1,345,219) | 1,686,911 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | - | - | 1,193,085 | 1,193,085 |
| Transfers out | (77,000) | (77,000) | (77,000) | - |
| Total Other Financing Sources (Uses) | (77,000) | (77,000) | 1,116,085 | 1,193,085 |
| **Net Change in Fund Balance** | (2,957,764) | (3,109,130) | (229,134) | 2,879,996 |
| **Fund Balance, Beginning of Year** | 8,865,421 | 8,865,421 | 8,865,421 | - |
| **Fund Balance, End of Year** | $ 5,907,657 | $ 5,756,291 | $ 8,636,287 | $ 2,879,996 |

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Schedule of Changes in the City's Net Pension Liability and Related Ratios – FRPF
## Year ended December 31, 2024

| Fiscal year ended December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | | |
| Interest | $ 208,779 | $ 213,073 | $ 206,116 | $ 203,135 | $ 185,817 | $ 191,320 | $ 186,211 | $ 191,591 | $ 196,914 | $ 209,522 |
| Difference between actual & expected experience | (49,908) | 51,707 | (36,588) | 76,038 | (238,472) | 28,952 | (82,332) | 36,445 | 27,641 | (129,297) |
| Benefit changes | - | - | 314,095 | 113,019 | 728,930 | - | 331,468 | - | - | - |
| Benefit payments | (352,378) | (348,931) | (340,027) | (325,108) | (334,722) | (325,936) | (340,436) | (330,817) | (331,227) | (333,537) |
| **Net Change in Total Pension Liability** | (193,507) | (84,151) | 143,596 | 67,084 | 341,553 | (105,664) | 94,911 | (102,781) | (106,672) | (253,312) |
| **Total Pension Liability - Beginning** | 4,351,777 | 4,435,928 | 4,292,332 | 4,225,248 | 3,883,695 | 3,989,359 | 3,894,448 | 3,997,229 | 4,103,901 | 4,357,213 |
| **Total Pension Liability - Ending (a)** | $ 4,158,270 | $ 4,351,777 | $ 4,435,928 | $ 4,292,332 | $ 4,225,248 | $ 3,883,695 | $ 3,989,359 | $ 3,894,448 | $ 3,997,229 | $ 4,103,901 |
| **Plan Fiduciary Net Position** | | | | | | | | | | |
| Contributions - employer | $ 170,433 | $ 157,875 | $ 145,126 | $ 132,718 | $ 125,117 | $ 121,622 | $ 119,801 | $ 115,002 | $ 108,897 | $ 107,204 |
| State insurance turnback - supplements | 30,587 | 28,572 | 26,647 | 24,807 | 26,544 | 25,200 | 22,792 | 27,412 | 28,836 | 25,200 |
| Net investment income | 429,118 | 405,199 | (559,156) | 344,097 | 495,206 | 608,938 | (80,530) | 492,563 | 172,776 | 10,113 |
| Benefit payments | (352,378) | (348,931) | (340,027) | (325,108) | (334,722) | (325,936) | (340,436) | (330,817) | (331,227) | (333,537) |
| Supplements | (30,587) | (28,572) | (26,647) | (24,807) | (26,544) | (25,200) | (22,792) | (27,412) | (28,836) | (25,200) |
| Administrative expense | (1,200) | (95) | (1,954) | (1,962) | (5,083) | (2,735) | (5,401) | (2,776) | (2,800) | (2,912) |
| Other/reconciliation | - | 250 | - | - | 1,751 | 600 | 1,554 | - | 324 | - |
| **Net Change in Plan Fiduciary Net Position** | 245,973 | 214,298 | (756,011) | 149,745 | 282,269 | 402,489 | (305,012) | 273,972 | (52,030) | (219,132) |
| **Plan Fiduciary Net Position - Beginning** | 3,566,085 | 3,351,787 | 4,107,798 | 3,958,053 | 3,675,784 | 3,273,295 | 3,578,307 | 3,304,335 | 3,356,365 | 3,575,497 |
| **Plan Fiduciary Net Position - Ending (b)** | $ 3,812,058 | $ 3,566,085 | $ 3,351,787 | $ 4,107,798 | $ 3,958,053 | $ 3,675,784 | $ 3,273,295 | $ 3,578,307 | $ 3,304,335 | $ 3,356,365 |
| **City's Net Pension Liability (a) - (b)** | $ 346,212 | $ 785,692 | $ 1,084,141 | $ 184,534 | $ 267,195 | $ 207,911 | $ 716,064 | $ 316,141 | $ 692,894 | $ 747,536 |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 91.67% | 81.95% | 75.56% | 95.70% | 93.68% | 94.65% | 82.05% | 91.88% | 82.67% | 81.78% |
| **Covered Payroll** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **City's Net Pension Liability as a Percentage of Covered Payroll** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Schedule of Contributions – FRPF
## Year ended December 31, 2024

| Year ended December 31, | Actuarially Determined Contribution (ADC) | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $ 176,258 | $ 107,204 | $ 69,054 | $ - | N/A |
| 2016 | 168,551 | 108,897 | 59,654 | - | N/A |
| 2017 | 156,231 | 115,002 | 41,229 | - | N/A |
| 2018 | 71,282 | 119,801 | (48,519) | - | N/A |
| 2019 | 161,455 | 121,622 | 39,833 | - | N/A |
| 2020 | 46,879 | 125,117 | (78,238) | - | N/A |
| 2021 | 60,246 | 132,718 | (72,472) | - | N/A |
| 2022 | 41,608 | 145,126 | (103,518) | - | N/A |
| 2023 | 244,447 | 157,875 | 86,572 | - | N/A |
| 2024 | 177,154 | 170,433 | 6,721 | - | N/A |

**Key Assumptions for ADC:**

| | |
|---|---|
| Cost Method | Entry Age Normal |
| Amortized Method | Level Dollar, Open |
| Remaining Amortization | 5 Years |
| Asset Valuation | Market Value of Assets |
| Investment Rate of Return | 5.00% |
| Mortality | 1983 Group Annuity Mortality |

**Note:** Information in this schedule has been determined as of the City's most recent year-end. This schedule is presented to illustrate the requirement to show information for 10 years.

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

**Schedule of Investment Returns – FRPF**
**Year ended December 31, 2024**

| Year ended December 31, | Annual Return |
|---|---|
| 2015 | 0.29% |
| 2016 | 5.33% |
| 2017 | 15.42% |
| 2018 | -2.32% |
| 2019 | 19.21% |
| 2020 | 13.87% |
| 2021 | 8.91% |
| 2022 | -13.95% |
| 2023 | 12.44% |
| 2024 | 12.35% |

**Note:** This schedule is presented to illustrate the requirement to show information for 10 years.

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Schedule of the City's Proportionate Share of Net Pension Liability – LOPFI
## Year ended December 31, 2024

| Year ended December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability | 1.42% | 1.27% | 1.24% | 1.26% | 1.25% | 1.34% | 1.38% | 1.26% | 1.27% | 1.19% |
| City's proportionate share of the net pension liability | $ 14,165,028 | $ 13,522,412 | $ 6,261,443 | $ 8,671,434 | $ 9,633,208 | $ 12,129,315 | $ 9,776,206 | $ 7,194,342 | $ 6,685,605 | $ 4,325,604 |
| City's covered payroll | $ 6,507,092 | $ 5,259,540 | $ 4,842,619 | $ 4,772,205 | $ 4,581,565 | $ 4,455,409 | $ 5,061,610 | $ 4,304,318 | $ 3,795,488 | $ 3,718,254 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 217.69% | 257.10% | 129.30% | 181.71% | 210.26% | 272.24% | 193.14% | 167.14% | 176.15% | 116.33% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.50% | 69.20% | 84.75% | 77.79% | 73.21% | 66.09% | 71.48% | 72.87% | 72.92% | 79.14% |

**Note:** Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full year 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

# City of Siloam Springs, Arkansas

## Schedule of City Contributions – LOPFI
## Year ended December 31, 2024

| Year ended December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Statutorily required contribution | $ 1,737,935 | $ 1,561,702 | $ 1,228,207 | $ 1,128,536 | $ 1,115,584 | $ 1,040,334 | $ 1,040,563 | $ 1,049,727 | $ 984,507 | $ 830,071 |
| Contributions in relation to the statutorily required contribution | $ (1,737,935) | $ (1,561,702) | $ (1,228,207) | $ (1,128,536) | $ (1,115,584) | $ (1,040,334) | $ (1,040,563) | $ (1,049,727) | $ (984,507) | $ (830,071) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 7,239,720 | $ 6,507,092 | $ 5,259,540 | $ 4,842,619 | $ 4,772,205 | $ 4,581,565 | $ 4,455,409 | $ 5,061,610 | $ 4,304,318 | $ 3,795,488 |
| Contributions as a percentage of covered payroll | 24.01% | 24.00% | 23.35% | 23.30% | 23.38% | 22.71% | 23.36% | 20.74% | 22.87% | 21.87% |

**Note:** Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full year 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Schedule of Changes in Net OPEB Liability and Related Ratios
## Year ended December 31, 2024

| Year ended December 31, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | | |
| Service cost | $ 68,555 | $ 68,555 | $ 107,675 | $ 107,675 | $ 62,548 | $ 62,548 | $ 60,085 |
| Interest | 99,549 | 99,006 | 57,387 | 56,446 | 92,683 | 88,280 | 89,533 |
| Difference between actual and expected experience | 514,151 | - | 199,622 | - | (40,100) | - | - |
| Changes in assumptions (discount rate) | 9,387 | - | (587,719) | - | 333,547 | - | - |
| Expected net benefit payments | (162,330) | (147,597) | (147,597) | (91,875) | (91,875) | (120,099) | (120,099) |
| **Net Change in Total OPEB Liability** | 529,312 | 19,964 | (370,632) | 72,246 | 356,803 | 30,729 | 29,519 |
| **Total OPEB Liability - Beginning** | 2,322,325 | 2,302,361 | 2,672,993 | 2,600,747 | 2,243,944 | 2,213,215 | 2,183,696 |
| **Total OPEB Liability - Ending** | $ 2,851,637 | $ 2,322,325 | $ 2,302,361 | $ 2,672,993 | $ 2,600,747 | $ 2,243,944 | $ 2,213,215 |
| **Covered Payroll** | $ 6,507,092 | $ 5,259,540 | $ 4,842,619 | $ 4,772,205 | $ 4,581,565 | $ 4,455,409 | $ 5,061,610 |
| **City's Net OPEB Liability as a Percentage of Covered Payroll** | 43.82% | 44.15% | 47.54% | 56.01% | 56.77% | 50.36% | 43.73% |

**Note:** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full year 10-year trend is compiled under the provisions of GASB 74, the City will only present available information.

**See Independent Auditor's Report.**

# Additional Supplementary Information

# City of Siloam Springs, Arkansas

## Combining Schedules of Revenues, Expenses and Changes in Net Position
## Year ended December 31, 2024

| | Major Enterprise Fund Departments | | | | |
|---|---|---|---|---|---|
| | Electric | Water | Wastewater | Sanitation | Totals |
| **Operating Revenues** | | | | | |
| Charges for services | 30,675,846 | $ 6,010,539 | $ 5,249,758 | $ 4,268,628 | $ 46,204,771 |
| Penalties | 494,797 | - | - | - | 494,797 |
| Miscellaneous | 379,582 | 42,200 | 838 | 40,197 | 462,817 |
| Total Operating Revenues | 31,550,225 | 6,052,739 | 5,250,596 | 4,308,825 | 47,162,385 |
| **Operating Expenses** | | | | | |
| Cost of goods sold | | | | | |
| Cost of power | 16,407,682 | - | - | - | 16,407,682 |
| Personal services | 3,015,693 | 1,048,242 | 841,736 | 1,523,819 | 6,429,490 |
| Contracted services | 164,575 | 6,157 | 12,201 | 5,176 | 188,109 |
| Maintenance and operating expenses | 1,769,668 | 1,138,638 | 1,441,749 | 2,415,861 | 6,765,916 |
| Other services and charges | 341,655 | 74,117 | 47,365 | 65,470 | 528,607 |
| Utilities | 24,883 | 240,054 | 504,101 | 97,386 | 866,424 |
| Depreciation and amortization | 1,467,446 | 2,079,109 | 1,480,288 | 485,296 | 5,512,139 |
| Total Operating Expenses | 23,191,602 | 4,586,317 | 4,327,440 | 4,593,008 | 36,698,367 |
| **Operating Income** | 8,358,623 | 1,466,422 | 923,156 | (284,183) | 10,464,018 |
| **Nonoperating Revenues (Expenses)** | | | | | |
| Sales tax revenue | 1,799,508 | 3,915,049 | - | - | 5,714,557 |
| Government grants | 95,313 | - | - | - | 95,313 |
| Private grants and contributions | 60,000 | - | - | - | 60,000 |
| Interest income | 453,469 | 161,429 | 53,223 | 42,423 | 710,544 |
| Gain on sale of assets | - | 43,658 | - | 105,000 | 148,658 |
| Interest expense | - | (212,837) | (11,909) | - | (224,746) |
| Net Nonoperating Revenues | 2,408,290 | 3,907,299 | 41,314 | 147,423 | 6,504,326 |
| **Income (Loss) Before Capital Contributions and Transfers** | 10,766,913 | 5,373,721 | 964,470 | (136,760) | 16,968,344 |
| **Transfers In** | - | - | - | - | - |
| **Transfers Out** | (6,859,473) | (2,014,097) | (1,573,210) | (905,575) | (11,352,355) |
| | (6,859,473) | (2,014,097) | (1,573,210) | (905,575) | (11,352,355) |
| **Change in Net Position** | 3,907,440 | 3,359,624 | (608,740) | (1,042,335) | 5,615,989 |
| **Net Position, Beginning of Year** | | | | | 113,661,750 |
| **Net Position, End of Year** | | | | | $ 119,277,739 |

**See Independent Auditor's Report.**

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, 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, each major fund, and the aggregate remaining fund information of City of Siloam Springs, Arkansas (the "City") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon November 24, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, Arkansas

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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.*

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Landmark PLC

Fort Smith, Arkansas
November 24, 2025

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, Arkansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the compliance of the City of Siloam Springs, 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 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, the City complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the City 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.

***Auditor's Responsibilities for the 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 GAAS, *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 may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 performing 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.

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, Arkansas

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.

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.




Fort Smith, Arkansas
November 24, 2025

# City of Siloam Springs, Arkansas

## Schedule of Expenditures of Federal Awards
## Year ended December 31, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Total Federal Revenues | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Transportation** | | | |
| Direct Program | | | |
| Airport Improvement Program | 20.106 | $ 1,759,773 | $ 2,453,937 |
| Pass through Arkansas Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | 250,127 | 164,165 |
| Pass through Arkansas State Police | | | |
| State and Community Highway Safety | 20.600 | 6,956 | 9,019 |
| National Priority Safety Programs | 20.616 | 7,291 | 7,291 |
| **Total U.S. Department of Transportation** | | 2,024,147 | 2,634,412 |
| **U.S. Department of Justice** | | | |
| Pass through Arkansas Development Finance Authority | | | |
| Local Law Enforcement Block Grant | 16.738 | 7,400 | 7,400 |
| **Total U.S. Department of Justice** | | 7,400 | 7,400 |
| **U.S. Department of Homeland Security** | | | |
| Direct Program | | | |
| Assistance to Firefighters Grant | 97.044 | 60,326 | - |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | 480,636 | 364,956 |
| **Total U.S. Department of Homeland Security** | | 540,962 | 364,956 |
| **Total Federal Awards** | | $ 2,572,509 | $ 3,006,768 |

**See Independent Auditor's Report.**

# City of Siloam Springs, Arkansas

## Notes to Schedule of Expenditures of Federal Awards
## Year ended December 31, 2024

### *Scope of Audit Pursuant to the Uniform Guidance*

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Siloam Springs, Arkansas (the "City") for the year ended December 31, 2024. The information in this 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 the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

### *Summary of Significant Accounting Policies*

Grant Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### *Relationship to Federal Financial Reports*

Grant expenditures reports as of December 31, 2024, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

### *10% De Minimis Indirect Cost Rate*

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### *Subrecipients*

No awards were provided to subrecipients.

# City of Siloam Springs, Arkansas

**Schedule of Findings and Questioned Costs**
**Year ended December 31, 2024**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

1. The opinion expressed in the independent auditor's report on accounting principles generally accepted in the United States of America:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

   ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?

   ☐ Yes ☒ No

7. The City's major program was:

| Cluster / Program | Federal Assistance Listing Number |
|---|---|
| Airport Improvement Program | 20.106 |

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

# City of Siloam Springs, Arkansas

**Schedule of Findings and Questioned Costs**
**Year ended December 31, 2024**

9. The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☒ Yes ☐ No

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS***

There were no audit findings for the year ended December 31, 2024.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no audit findings for the year ended December 31, 2024.

# City of Siloam Springs, Arkansas

## Summary Schedule of Prior Year Audit Findings
## Year ended December 31, 2024

There were no prior year audit findings for the year ended December 31, 2023.

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON**
**COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

Honorable Mayor and Board of Directors
**City of Siloam Springs**
Siloam Springs, Arkansas

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

- Municipal Accounting Law, §14-59-101 et seq.;
- City Courts and City Courts, §16-10-201 et seq.;
- Improvement Contracts, §§22-9-202 – 22-9-204;
- Budgets, Purchases, and Payments of Claims, Etc., §14-58-201 et seq. and 14-58-301 et seq.;
- Investment of Public Funds, §19-1-501 et seq.;
- Deposit of Public Funds, §§19-8-101 – 19-8-107.

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

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2024.

These conditions were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 financial statements, and this report does not affect our report dated November 24, 2025 on those financial statements.

This report is intended solely for the information and use of management, the Board of Directors, the Mayor, Arkansas Division of Legislative Audit, and applicable bonding agencies and funding sources and is not intended to be and should not be used by anyone other than these specified parties.

Landmark PLC

Fort Smith, Arkansas
November 24, 2025