City of Lonoke, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF LONOKE, ARKANSAS
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Senate Chair
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standard*s, we have also issued our report dated December 16, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 16, 2025
LOM109724

Arkansas

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

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
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Kevin William White, CPA, JD
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Lonoke, Arkansas (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated December 16, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

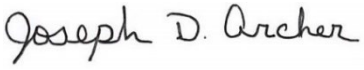
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated December 16, 2025.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
December 16, 2025

Arkansas

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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Wayne McGee
City Clerk: Jeribeth Edwards
District Court Clerk: Dick Goodrich
Police Chief: Keith Graham (Hired June 6, 2024)
Dean White (Interim April 20, 2024 – June 5, 2024)
Matt Edwards (Resigned April 19, 2024)

No issues came to our attention that we considered necessary to report to management.

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

ARKANSAS LEGISLATIVE AUDIT

Joseph D. Archer

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
December 16, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 733,463	$ 606,650	$ 6,821,397
Investments			405,887
Accounts receivable	211,389	45,501	352,830
TOTAL ASSETS	$ 944,852	$ 652,151	$ 7,580,114
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 72,918	$ 53,327	$ 24,659
Settlements pending			57,989
Total Liabilities	72,918	53,327	82,648
Fund Balances:			
Restricted			3,036,589
Committed			3,494,931
Assigned	1,140	598,824	965,946
Unassigned	870,794		
Total Fund Balances	871,934	598,824	7,497,466
TOTAL LIABILITIES AND FUND BALANCES	$ 944,852	$ 652,151	$ 7,580,114

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

CITY OF LONOKE, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 87,761	$ 351,091	$ 2,715
Federal aid	3,750	116,923	8,002
Property taxes	290,320	55,176	23,225
Franchise fees	238,233		
Sales taxes	558,078	339,467	3,613,559
Fines, forfeitures, and costs	63,494		31,820
Interest	28,598	574	112,135
Local permits and fees	347,711		160,412
Sanitation fees	255,537	131,627	
Advertising and promotion taxes			371,569
Employer/employee contributions	3,036		20,325
Reimburse law enforcement	124,774		
Mosquito fees	62,772		
Net increase/(decrease) in fair value of investments			42,450
Other	23,206	16,335	13,782
TOTAL REVENUES	2,087,270	1,011,193	4,399,994
EXPENDITURES			
Current:			
General government	391,554		107,277
Law enforcement	794,145		446,413
Highways and streets	55,120	714,256	
Public safety	119,857		205,766
Sanitation	230,577		24,703
Health	62,739		201,612
Recreation and culture	173,961		1,038,397
Advertising and promotion			290,270
Community development	192,554		
Total Current	2,020,507	714,256	2,314,438
Debt Service:			
Bond principal			970,000
Bond interest and other charges			638,534
Financed purchase principal	97,981	12,393	17,617
Financed purchase interest	36,067	1,979	8,470
TOTAL EXPENDITURES	2,154,555	728,628	3,949,059

CITY OF LONOKE, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (67,285)	$ 282,565	$ 450,935
OTHER FINANCING SOURCES (USES)			
Transfers in	2,755		32,168
Transfers out			(34,923)
Contribution from water department	81,927		
TOTAL OTHER FINANCING SOURCES (USES)	84,682		(2,755)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,397	282,565	448,180
FUND BALANCES - JANUARY 1	854,537	316,259	7,049,286
FUND BALANCES - DECEMBER 31	$ 871,934	$ 598,824	$ 7,497,466

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

CITY OF LONOKE, ARKANSAS

Exhibit C

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

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 87,760	$ 87,761	$ 1	$ 360,254	$ 351,091	$ (9,163)
Federal aid		3,750	3,750		116,923	116,923
Property taxes	286,699	290,320	3,621	54,489	55,176	687
Franchise fees	272,074	238,233	(33,841)	55,120		(55,120)
Sales taxes	560,987	558,078	(2,909)	341,334	339,467	(1,867)
Fines, forfeitures, and costs	58,832	63,494	4,662			
Interest	785	28,598	27,813	574	574	0
Local permits and fees	349,983	347,711	(2,272)			
Sanitation fees	255,371	255,537	166	131,562	131,627	65
Employer/employee contributions	3,036	3,036	0			
Reimburse law enforcement	124,470	124,774	304			
Mosquito fees	62,739	62,772	33			
Other	30,798	23,206	(7,592)	124,094	16,335	(107,759)
TOTAL REVENUES	2,093,534	2,087,270	(6,264)	1,067,427	1,011,193	(56,234)
EXPENDITURES						
Current:						
General government	714,294	391,554	322,740			
Law enforcement	1,147,314	794,145	353,169			
Highways and streets		55,120	(55,120)	1,169,185	714,256	454,929
Public safety	238,676	119,857	118,819			
Sanitation	255,280	230,577	24,703			
Health	149,319	62,739	86,580			
Recreation and culture	554,422	173,961	380,461			
Community development	200,947	192,554	8,393			
Total Current	3,260,252	2,020,507	1,239,745	1,169,185	714,256	454,929
Debt Service:						
Financed purchase principal	23,343	97,981	(74,638)	14,372	12,393	1,979
Financed purchase interest		36,067	(36,067)		1,979	(1,979)
TOTAL EXPENDITURES	3,283,595	2,154,555	1,129,040	1,183,557	728,628	454,929

CITY OF LONOKE, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,190,061)	$ (67,285)	$ 1,122,776	$ (116,130)	$ 282,565	$ 398,695
OTHER FINANCING SOURCES (USES)						
Transfers in		2,755	2,755			
Transfers out	(55,120)		55,120	(55,120)		55,120
Contribution from water department		81,927	81,927			
TOTAL OTHER FINANCING SOURCES (USES)	(55,120)	84,682	139,802	(55,120)		55,120
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,245,181)	17,397	1,262,578	(171,250)	282,565	453,815
FUND BALANCES - JANUARY 1	691,100	854,537	163,437	606,650	316,259	(290,391)
FUND BALANCES - DECEMBER 31	$ (554,081)	$ 871,934	$ 1,426,015	$ 435,400	$ 598,824	$ 163,424

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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

C. Basis of Accounting – Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

3. Assigned fund balance – amounts that are constrained by the City Council’s intent to be used for specific purposes but are neither restricted nor committed.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications (Continued)

4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. The classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

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

a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is discussed at a City Council meeting prior to adoption.

c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.

d. Appropriations lapse at the end of each year.

e. Under certain conditions, the budget may be amended subsequent to the year-end.

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 668,879	$ 668,879
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	7,076,815	7,214,724
Uninsured and uncollateralized	415,571	415,571
Total Deposits	$ 8,161,265	$ 8,299,174

The above total deposits do not include cash on hand of $245.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits. A formal policy for custodial risk has not been adopted by the City. As of December 31, 2024, $415,571 of the City's cash balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

Pension Trust Funds

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2024 Fair Value
Pension Trust - Firemen's Pension and Relief	$ 405,887

NOTE 4: Public Fund Investments (Continued)

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

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

The City's investments are composed of the following:

December 31, 2024 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual funds	$ 342,921
Exchange traded funds	62,966
Total	$ 405,887

The fair value of mutual funds and exchange traded funds are based on quoted market prices obtained from independent pricing sources and are classified as Level I inputs.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	$ 32,629	$ 6,198	$ 2,609
Franchise fees	88,021		
Sales taxes	50,210	28,301	306,496
Fines, forfeitures, and costs	6,568		2,797
Local permits and fees	2,898		1,591
Sanitation fees	21,384	11,002	
Advertising and promotion taxes			38,869
Reimburse law enforcement	4,260		
Mosquito fees	5,247		
Other	172		468
Totals	$ 211,389	$ 45,501	$ 352,830

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	$ 20,645	$ 42,040	$ 12,878
Salaries payable	39,027	8,829	9,188
Payroll taxes payable	13,246	2,458	2,593
Totals	$ 72,918	$ 53,327	$ 24,659

NOTE 7: Details of Fund Balance Classifications

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			$ 285
Law enforcement			1,621,940
Advertising and promotion			380,855
Pension benefits			483,450
Debt service			550,059
Total Restricted			3,036,589
Committed for:			
General government			2,352,672
Law enforcement			572,399
Public safety			104,790
Health			182,233
Recreation and culture			282,836
Capital outlay			1
Total Committed			3,494,931
Assigned to:			
Law enforcement	$ 245		
Highways and streets		$ 598,824	
Public safety	895		
Recreation and culture			965,946
Total Assigned	1,140	598,824	965,946
Unassigned	870,794		
Totals	$ 871,934	$ 598,824	$ 7,497,466

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was $11,154,502. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2024, the legal debt limit for short-term financing obligations was $3,053,450. The amount of short-term financing obligations was $37,101 leaving a legal debt margin of $3,016,349.

NOTE 9: Commitments

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

	December 31, 2024
Long-term liabilities	$ 18,175,502

Long-term liabilities

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

	December 31, 2024
Bonds	
2018 Sales and Use Tax Bonds, dated March 12, 2018, in the amount of $20,270,000, due in annual installments of $205,000 to $3,905,000 due June 1 beginning in 2018 through June 2048; interest rate from 2.0% to 5.0%. Payments are to be made from the Sales and Use Tax Bonds, Series 2018 Debt Service Fund.	$ 16,090,000
Direct Borrowings	
Financed purchase dated April 15, 2021 and amended May 16, 2022 with First State Bank, for a total amount of $2,202,531, for the acquisition, installation, and construction of certain energy efficiency equipment, improvements, and renovations, 20 annual payment of $137,604; 2.23% interest rate. Payments are to be made from various funds.	1,930,088
Financed purchase agreement dated September 14, 2022, to Bank of England, in the amount of $64,231, for a custom built 2022 Ford F-550, 60 monthly payments of $1,198; 4.50% interest rate. Payments are to be made from the Street Fund.	37,101
Total Direct Borrowings	1,967,189
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	118,313
Total Long-term liabilities	$ 18,175,502

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

NOTE 9: Commitments (Continued)

Long-term liabilities (Continued)

The City's outstanding bonds payable of $16,090,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of $1,967,189 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	$ 133,163
Ending balance compensated absences	118,313
Net increase (decrease)	$ (14,850)

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2024	Maturities to December 31, 2024
Bonds					
3/12/18	6/1/48	2.00-5.00%	$ 20,270,000	$ 16,090,000	$ 4,180,000
Direct Borrowings					
4/15/21	4/14/41	2.23%	2,202,531	1,930,088	272,443
9/14/22	9/15/27	4.50%	64,231	37,101	27,130
Total Direct Borrowings			2,266,762	1,967,189	299,573
Total Long-Term Debt			$ 22,536,762	$ 18,057,189	$ 4,479,573

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	$ 17,060,000	$ 0	$ 970,000	$ 16,090,000
Direct Borrowings				
Financed purchases	2,095,180	0	127,991	1,967,189
Total Long-Term Debt	$ 19,155,180	$ 0	$ 1,097,991	$ 18,057,189

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending	Bonds			Direct Borrowings		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 470,000	$ 598,500	$ 1,068,500	$ 105,738	$ 46,238	$ 151,976
2026	495,000	576,850	1,071,850	109,627	42,349	151,976
2027		566,950	566,950	108,805	39,568	148,373
2028	1,050,000	545,950	1,595,950	100,354	37,250	137,604
2029		524,950	524,950	102,725	34,879	137,604
2030 through 2034	3,620,000	2,326,975	5,946,975	549,453	138,569	688,022
2035 through 2039	3,700,000	1,738,987	5,438,987	614,470	73,552	688,022
2040 through 2044	2,580,000	1,018,313	3,598,313	276,017	9,529	285,546
2045 through 2048	4,175,000	256,275	4,431,275			
Totals	$16,090,000	$ 8,153,750	$24,243,750	$1,967,189	$ 421,934	$2,389,123

NOTE 10: Interfund Transfers

The City transferred $32,168 within Other Funds in the Aggregate for operating expenses and to close out an account. Additionally, the City transferred $2,755 from Other Funds in the Aggregate to the General Fund to reimburse prior year expenditures.

NOTE 11: Pledged Revenues

The City pledged two separate sales and use taxes (1.25% and 0.25%) to repay $20,270,000 in bonds that were issued in 2018 to provide funding for various capital improvements for the City. Total principal and interest remaining on the bonds are $16,090,000 and $8,153,750, respectively, payable through June 1, 2048. For 2024, principal and interest paid were $970,000 and $636,584, respectively.

The Debt Service Fund received $1,585,591 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to provide financial support for the operation of the City Police and Fire Departments.

NOTE 12: Risk Management

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

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

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

NOTE 12: Risk Management (Continued)

Municipal Vehicle Program

A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: $25,000 because of bodily injury to or death of one person in any one accident; $50,000 because of bodily injury to or death of two or more persons in any one accident; and $25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.

B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of $1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

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

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

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

NOTE 13: Firemen's Pension and Relief Plan

Plan Description

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

NOTE 13: Firemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of $12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was $0 for the year ended December 31, 2024. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2024, actuarial valuation, the plan has a net pension liability of $14,507.

NOTE 14: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

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

Funding Policy

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

A. Paid service not covered by Social Security: 8.5% of gross pay

B. Paid service also covered by Social Security: 2.5% of gross pay

C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was $136,074 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $63,457 for the year ended December 31, 2024.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2024, (actuarial valuation date and measurement date) was $975,389.

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.75% as of July 1, 2024. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2024, (date of APERS Employer Allocation Report) was $6,103.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2024, (actuarial valuation date and measurement date) was $43,632.

NOTE 16: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid Mayor Wayne McGee $15,000, for the year ended December 31, 2024.

NOTE 17: Employee Retirement Program (Defined Contribution Pension Plan)

The Lonoke City Council has contracted with Nationwide Retirement Solutions to provide a 457 – (b) governmental plan and trust to every eligible employee. Eligible employees include all full-time employees with the exception of police officers and the District Court Clerk and Judge. Employer contributions are determined by a vote of the City Council. The current contribution rate is 2% more than the employee contribution with a cap at 7%. Benefits are distributed upon attainment of retirement age (as designated by the City, but not earlier than age 65), death, or disability. Benefits are limited to contributions made for the employees and the earnings on those contributions. Therefore, the plan will have no unfunded liabilities. The City's contributions to the plan were $28,337 for the year ended December 31, 2024.

Note 18: Subsequent Event

On April 14, 2025, the City approved a bid from J&R Contractors in the amount of $446,330 for a sewer rehabilitation project.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	District Court Cost	Criminal Justice	Fire Sales Tax	General/Court/ Sanitation Sales Tax	Mosquito Control Sales Tax	Park Sales Tax	Police Sales Tax	Retail Economic Development Sales Tax
ASSETS								
Cash and cash equivalents	$ 8,404	$ 432,901	$ 94,354	$ 132,638	$ 171,797	$ 272,400	$ 546,308	$ 128,247
Investments								
Accounts receivable	155	1,670	10,436	10,436	10,436	10,436	26,091	5,686
TOTAL ASSETS	$ 8,559	$ 434,571	$ 104,790	$ 143,074	$ 182,233	$ 282,836	$ 572,399	$ 133,933
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								$ 608
Settlements pending								
Total Liabilities								608
Fund Balances:								
Restricted	$ 8,559	$ 434,571						
Committed			$ 104,790	$ 143,074	$ 182,233	$ 282,836	$ 572,399	133,325
Assigned								
Total Fund Balances	8,559	434,571	104,790	143,074	182,233	282,836	572,399	133,325
TOTAL LIABILITIES AND FUND BALANCES	$ 8,559	$ 434,571	$ 104,790	$ 143,074	$ 182,233	$ 282,836	$ 572,399	$ 133,933

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Local Police and Fire Retirement (LOPFI)	Community Center Operating	District Court Automation	Seizure	Industrial Development Sales Tax	Advertising and Promotion Tax	Municipal Judge's and Clerk's Retirement	Police and Fire Sales Tax
ASSETS								
Cash and cash equivalents	$ 312,567	$ 932,698	$ 16,486	$ 3,786	$ 2,058,009	$ 341,986	$ 21,210	$ 792,928
Investments								
Accounts receivable	43	55,386	697		18,263	38,869	232	26,897
TOTAL ASSETS	$ 312,610	$ 988,084	$ 17,183	$ 3,786	$ 2,076,272	$ 380,855	$ 21,442	$ 819,825
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		$ 22,138	$ 311					
Settlements pending								
Total Liabilities		22,138	311					
Fund Balances:								
Restricted	$ 312,610		16,872	$ 3,786		$ 380,855	$ 21,442	$ 819,825
Committed					$ 2,076,272			
Assigned		965,946						
Total Fund Balances	312,610	965,946	16,872	3,786	2,076,272	380,855	21,442	819,825
TOTAL LIABILITIES AND FUND BALANCES	$ 312,610	$ 988,084	$ 17,183	$ 3,786	$ 2,076,272	$ 380,855	$ 21,442	$ 819,825

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

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND	CUSTODIAL FUNDS		
	Arkansas Economic Development Commission Grant	Federal Forfeiture	American Rescue Plan Act	Arkansas Community and Economic Development Program - Rehab Sewer Grant	Sales and Use Tax Bonds, Series 2018 Debt Service	Firemen's Pension and Relief	Tax Clearing	District Court	Totals
ASSETS									
Cash and cash equivalents	$ 1	$ 4,275	$ 1,887	$ 1	$ 415,571	$ 74,954	$ 1	$ 57,988	$ 6,821,397
Investments						405,887			405,887
Accounts receivable					134,488	2,609			352,830
TOTAL ASSETS	$ 1	$ 4,275	$ 1,887	$ 1	$ 550,059	$ 483,450	$ 1	$ 57,988	$ 7,580,114
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			$ 1,602						$ 24,659
Settlements pending							$ 1	$ 57,988	57,989
Total Liabilities			1,602				1	57,988	82,648
Fund Balances:									
Restricted		$ 4,275	285		$ 550,059	$ 483,450			3,036,589
Committed	$ 1			$ 1					3,494,931
Assigned									965,946
Total Fund Balances	1	4,275	285	1	550,059	483,450			7,497,466
TOTAL LIABILITIES AND FUND BALANCES	$ 1	$ 4,275	$ 1,887	$ 1	$ 550,059	$ 483,450	$ 1	$ 57,988	$ 7,580,114

CITY OF LONOKE, ARKANSAS

Schedule 2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	SPECIAL REVENUE FUNDS								
	District Court Cost	Criminal Justice	Fire Sales Tax	General/Court/Sanitation Sales Tax	Mosquito Control Sales Tax	Park Sales Tax	Police Sales Tax	Retail Economic Development Sales Tax	Local Police and Fire Retirement (LOPFI)
REVENUES									
State aid									
Federal aid									
Property taxes									
Sales taxes			$ 123,041	$ 123,041	$ 123,041	$ 123,041	$ 307,605	$ 61,521	
Fines, forfeitures, and costs	$ 1,632	$ 18,288							$ 514
Interest		1,856	481	582	772	953	1,931	452	10,695
Local permits and fees									
Advertising and promotion taxes									
Employer/employee contributions									17,967
Net increase/(decrease) in fair value of investments									
Other								4,908	
TOTAL REVENUES	1,632	20,144	123,522	123,623	123,813	123,994	309,536	66,881	29,176
EXPENDITURES									
Current:									
General government				15,439				18,024	
Law enforcement		41,178		77,744			221,081		
Public safety			100,000						
Sanitation				24,703					
Health					86,307				
Recreation and culture						77,702		18,893	
Advertising and promotion									
Total Current		41,178	100,000	117,886	86,307	77,702	221,081	36,917	
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchase principal								5,848	
Financed purchase interest								2,811	
TOTAL EXPENDITURES		41,178	100,000	117,886	86,307	77,702	221,081	45,576	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,632	(21,034)	23,522	5,737	37,506	46,292	88,455	21,305	29,176
OTHER FINANCING SOURCES (USES)									
Transfers in									30,369
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)									30,369
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,632	(21,034)	23,522	5,737	37,506	46,292	88,455	21,305	59,545
FUND BALANCES - JANUARY 1	6,927	455,605	81,268	137,337	144,727	236,544	483,944	112,020	253,065
FUND BALANCES - DECEMBER 31	$ 8,559	$ 434,571	$ 104,790	$ 143,074	$ 182,233	$ 282,836	$ 572,399	$ 133,325	$ 312,610

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

Schedule 2

	SPECIAL REVENUE FUNDS							
	Community Center Operating	District Court Automation	Seizure	Industrial Development Sales Tax	Advertising and Promotion Tax	Municipal Judge's and Clerk's Retirement	Police and Fire Sales Tax	Arkansas Economic Development Commission Grant
REVENUES								
State aid								
Federal aid								
Property taxes								
Sales taxes	$ 634,237			$ 215,323			$ 317,118	
Fines, forfeitures, and costs		$ 7,639				$ 2,778		
Interest	28,269	65	$ 15	9,923	$ 1,570	1,023	11,068	
Local permits and fees	160,412							
Advertising and promotion taxes					371,569			
Employer/employee contributions						2,358		
Net increase/(decrease) in fair value of investments								
Other	6,253				2,620			
TOTAL REVENUES	829,171	7,704	15	225,246	375,759	6,159	328,186	
EXPENDITURES								
Current:								
General government				58,706				
Law enforcement		6,260				8,775	91,375	
Public safety							11,930	
Sanitation								
Health								
Recreation and culture	820,411							
Advertising and promotion					290,270			
Total Current	820,411	6,260		58,706	290,270	8,775	103,305	
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchase principal	11,769							
Financed purchase interest	5,659							
TOTAL EXPENDITURES	837,839	6,260		58,706	290,270	8,775	103,305	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,668)	1,444	15	166,540	85,489	(2,616)	224,881	
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out							(30,369)	
TOTAL OTHER FINANCING SOURCES (USES)							(30,369)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,668)	1,444	15	166,540	85,489	(2,616)	194,512	
FUND BALANCES - JANUARY 1	974,614	15,428	3,771	1,909,732	295,366	24,058	625,313	$ 1
FUND BALANCES - DECEMBER 31	$ 965,946	$ 16,872	$ 3,786	$ 2,076,272	$ 380,855	$ 21,442	$ 819,825	$ 1

CITY OF LONOKE, ARKANSAS

Schedule 2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	TRUST FUND	
	Federal Forfeiture	American Rescue Plan Act	Sales and Use Tax Bonds, Series 2018 Project	Arkansas Community and Economic Development Program - Rehab Sewer Grant	Sales and Use Tax Bonds, Series 2018 Debt Service	Firemen's Pension and Relief	Totals
REVENUES							
State aid						$ 2,715	$ 2,715
Federal aid				$ 8,002			8,002
Property taxes						23,225	23,225
Sales taxes					$ 1,585,591		3,613,559
Fines, forfeitures, and costs	$ 969						31,820
Interest	15	$ 785	$ 55		26,262	15,363	112,135
Local permits and fees							160,412
Advertising and promotion taxes							371,569
Employer/employee contributions							20,325
Net increase/(decrease) in fair value of investments						42,450	42,450
Other				1			13,782
TOTAL REVENUES	984	785	55	8,003	1,611,853	83,753	4,399,994
EXPENDITURES							
Current:							
General government		7,106		8,002			107,277
Law enforcement							446,413
Public safety		21,162				72,674	205,766
Sanitation							24,703
Health		115,305					201,612
Recreation and culture		121,391					1,038,397
Advertising and promotion							290,270
Total Current		264,964		8,002		72,674	2,314,438
Debt Service:							
Bond principal					970,000		970,000
Bond interest and other charges					638,534		638,534
Financed purchase principal							17,617
Financed purchase interest							8,470
TOTAL EXPENDITURES		264,964		8,002	1,608,534	72,674	3,949,059
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	984	(264,179)	55	1	3,319	11,079	450,935
OTHER FINANCING SOURCES (USES)							
Transfers in					1,799		32,168
Transfers out		(2,755)	(1,799)				(34,923)
TOTAL OTHER FINANCING SOURCES (USES)		(2,755)	(1,799)		1,799		(2,755)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	984	(266,934)	(1,744)	1	5,118	11,079	448,180
FUND BALANCES - JANUARY 1	3,291	267,219	1,744		544,941	472,371	7,049,286
FUND BALANCES - DECEMBER 31	$ 4,275	$ 285	$ 0	$ 1	$ 550,059	$ 483,450	$ 7,497,466

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

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

Fund Name	Fund Description
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive the City's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Fire Sales Tax	Lonoke Ordinance No. 361 (January 7, 1993) designated 10% of the City's one percent sales and use tax to be used for fire department disbursements.
General/Court/Sanitation Sales Tax	Lonoke Ordinance No. 361 (January 7, 1993) designated 10% of the City's one percent sales and use tax to be used for general, district court, and sanitation disbursements.
Mosquito Control Sales Tax	Lonoke Ordinance No. 361 (January 7, 1993) designated 10% of the City's one percent sales and use tax to be used for mosquito control disbursements.
Park Sales Tax	Lonoke Ordinance no. 361 (January 7, 1993) designated 10% of the City's one percent sales and use tax to be used for parks and recreation disbursements.
Police Sales Tax	Lonoke Ordinance no. 361 (January 7, 1993) designated 25% of the City's one percent sales and use tax to be used for police department disbursements.
Retail Economic Development Sales Tax	Lonoke Ordinance no. 361 (January 7, 1993) designated 5% of the City's one percent sales and use tax to be used for retail economic development efforts.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Community Center Operating	On April 18, 2000, voters passed a 0.5% sales and use tax for the purpose of operating and maintaining the community center.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of $5 per month on each person to be used for court-related technology.

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

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

Fund Name	Fund Description
Seizure	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Industrial Development Sales Tax	Lonoke Ordinance no. 361 (January 7, 1993) designated 17.5% of the City's one percent sales and use tax to be used for industrial development efforts.
Advertising and Promotion Tax	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Lonoke Ordinance no. 532 (October 10, 2005) levied a two percent gross receipts tax on hotels, motels, and restaurants to be used for the development, construction, and maintenance of city parks.
Municipal Judge's and Clerk's Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Police and Fire Sales Tax	Lonoke Ordinance no. 735 (March 12, 2018) established a Police and Fire Sales Tax Fund to provide financial support for the operation of the City's Police and Fire Departments.
Arkansas Economic Development Commission Grant	Arkansas Economic Development Commission grant for upgrade of internet technology infrastructure to support expansion of manufacturing system for MKE Fastening, LLC.
Federal Forfeiture	Established fund to receive asset forfeitures from the Department of Justice, Drug Enforcement Administration's Little Rock Task Force 2.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Sales and Use Tax Bonds, Series 2018 Project	Lonoke Ordinance no. 735 (March 12, 2018) established a capital projects fund for improvements, betterment and extensions to the waterworks and sewage systems.

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

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

Fund Name	Fund Description
Arkansas Community and Economic Development Program - Rehab Sewer Grant	Grant to update to sewer system. Funds are only to be used for this capital project.
Sales and Use Tax Bonds, Series 2018 Debt Service	Lonoke Ordinance no. 735 (March 12, 2018) established a debt service fund to maintain principal and interest payment of bonds and a debt service reserve fund equal to one-half of the maximum annual debt service requirements on the bonds.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Tax Clearing	Established to receive state funds and payroll tax withholdings from other city funds which are then redistributed to the appropriate city fund and payroll entity.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

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

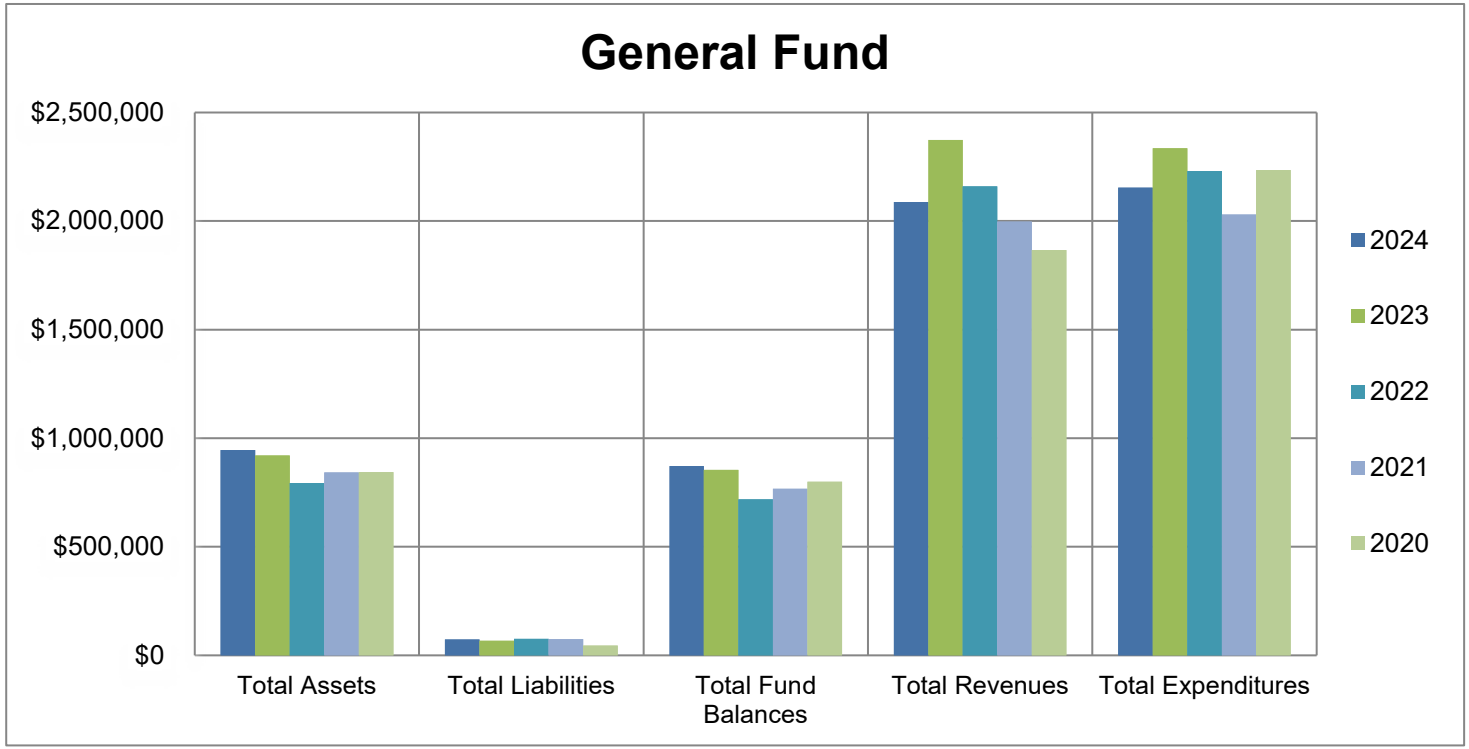
Schedule 3

	December 31, 2024
Land	$ 1,009,306
Buildings	5,989,962
Equipment	5,284,952
Total	$ 12,284,220

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

Schedule 4-1

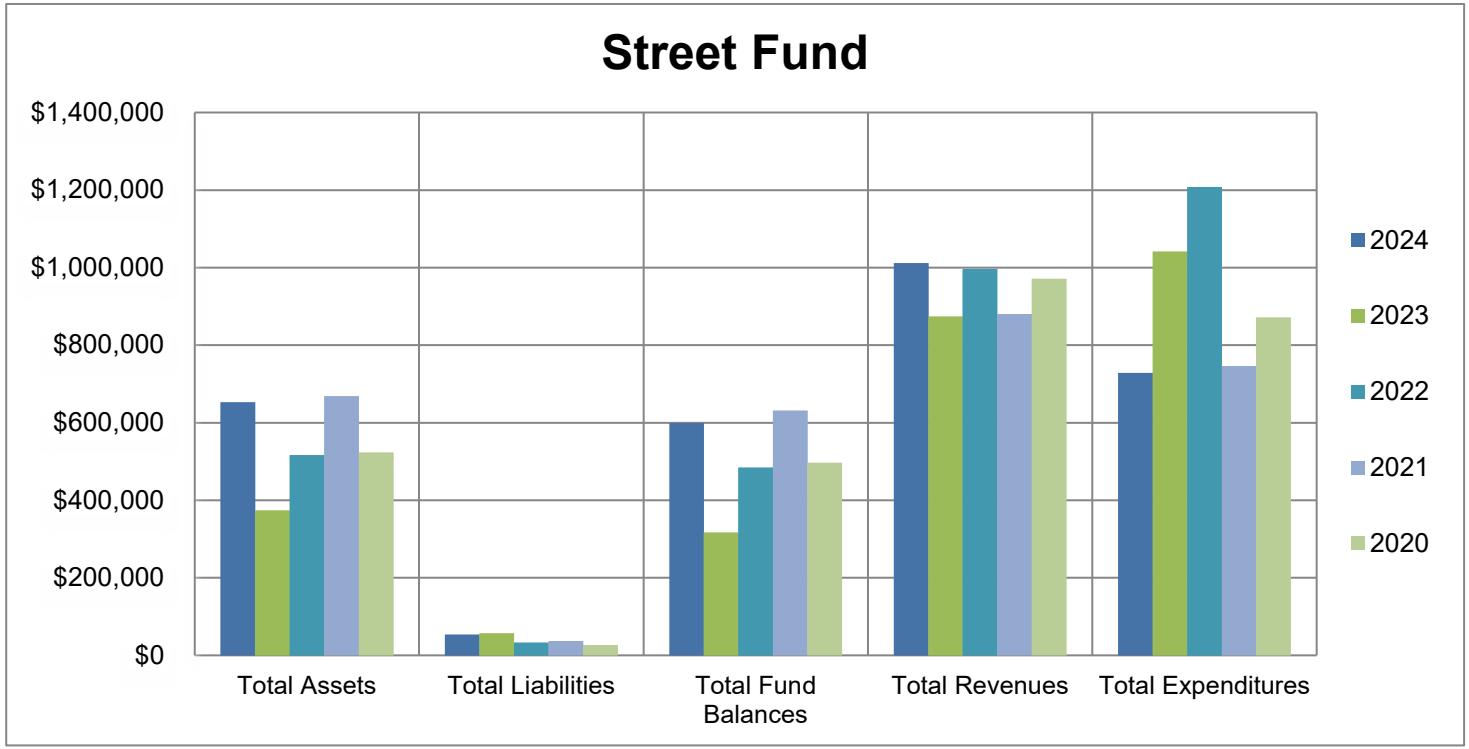
General	2024	2023	2022	2021	2020
Total Assets	$ 944,852	$ 921,089	$ 794,003	$ 842,034	$ 843,652
Total Liabilities	72,918	66,552	76,064	74,790	44,641
Total Fund Balances	871,934	854,537	717,939	767,244	799,011
Total Revenues	2,087,270	2,373,459	2,159,916	1,998,209	1,866,433
Total Expenditures	2,154,555	2,335,463	2,231,221	2,029,976	2,234,435
Total Other Financing Sources/Uses	84,682	98,602	22,000		492,000



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

Schedule 4-2

Street	2024	2023	2022	2021	2020
Total Assets	$ 652,151	$ 373,081	$ 516,659	$ 667,986	$ 522,825
Total Liabilities	53,327	56,822	32,731	36,676	26,251
Total Fund Balances	598,824	316,259	483,928	631,310	496,574
Total Revenues	1,011,193	873,779	996,270	880,122	970,640
Total Expenditures	728,628	1,041,448	1,207,883	745,386	871,254
Total Other Financing Sources/Uses			64,231		



CITY OF LONOKE, ARKANSAS

Schedule 4-3

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS

DECEMBER 31, 2024

(Unaudited)

Other Funds in the Aggregate	2024	2023	2022	2021	2020
Total Assets	$ 7,580,114	$ 7,126,222	$ 7,059,920	$ 9,966,678	$ 13,062,569
Total Liabilities	82,648	76,936	181,513	186,804	597,542
Total Fund Balances	7,497,466	7,049,286	6,878,407	9,779,874	12,465,027
Total Revenues	4,399,994	4,416,437	4,649,899	4,726,461	3,731,883
Total Expenditures	3,949,059	4,417,448	7,551,366	9,554,751	7,913,035
Total Other Financing Sources/Uses	(2,755)	171,890		2,143,137	

