

City of Lowell, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LOWELL, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

Financial and Compliance Report

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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Lowell, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated January 16, 2026. These procedures were not performed for the Sewer System Trust, Rogers Sewer, and Lowell Utilities Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

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

Mayor: Chris Moore
Clerk/Treasurer: Elizabeth Estes
District Court Clerk: Sarah Lombard (hired September 18, 2024)
Johnna Clayton (resigned August 30, 2024)
Police Chief: Tim Kuth

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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

ARKANSAS LEGISLATIVE AUDIT

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 16, 2026
LOM110524

CITY OF LOWELL, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2024
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 28,502,663	\$ 9,370,506	\$ 6,143,533
Accounts receivable	1,125,955	189,646	169,786
TOTAL ASSETS	<u>\$ 29,628,618</u>	<u>\$ 9,560,152</u>	<u>\$ 6,313,319</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 751,066	\$ 26,482	\$ 27,766
Settlements pending			181,074
Total Liabilities	<u>751,066</u>	<u>26,482</u>	<u>208,840</u>
Fund Balances:			
Restricted	449,846	9,533,670	5,909,038
Committed	1,000,000		
Assigned	4,981,060		195,441
Unassigned	22,446,646		
Total Fund Balances	<u>28,877,552</u>	<u>9,533,670</u>	<u>6,104,479</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,628,618</u>	<u>\$ 9,560,152</u>	<u>\$ 6,313,319</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 151,938	\$ 809,068	
Federal aid	99,482	111,075	
Property taxes	1,295,599	244,221	\$ 1,936,912
Franchise fees	827,276		
Sales taxes	9,254,456	2,045,032	
Fines, forfeitures, and costs	951,446		117,904
Interest	284,872	174,458	112,472
Local permits and fees	2,932,235	723,929	243,075
Ambulance fees	44,009		
Fire dues	15,050		
Private grants	211,920		
Employee contributions			212,344
Other	184,461	40,763	
TOTAL REVENUES	16,252,744	4,148,546	2,622,707
EXPENDITURES			
Current:			
General government	2,527,442		
Law enforcement	3,242,947		303,770
Highways and streets		3,357,913	261,957
Public safety	3,444,794		446,331
Recreation and culture	1,134,451		
Social services	6,893		
Wastewater	481,239		2,702,069
Total Current	10,837,766	3,357,913	3,714,127
Debt Service:			
Bond principal			185,000
Bond interest and other charges			109,342
TOTAL EXPENDITURES	10,837,766	3,357,913	4,008,469

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 5,414,978	\$ 790,633	\$ (1,385,762)
OTHER FINANCING SOURCES (USES)			
Transfers in		10,000	117,266
Transfers out	(127,266)		
Contribution to water department	(544,700)		
TOTAL OTHER FINANCING SOURCES (USES)	(671,966)	10,000	117,266
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,743,012	800,633	(1,268,496)
FUND BALANCES - JANUARY 1	24,134,540	8,733,037	7,372,975
FUND BALANCES - DECEMBER 31	\$ 28,877,552	\$ 9,533,670	\$ 6,104,479

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

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 145,000	\$ 151,938	\$ 6,938	\$ 525,000	\$ 809,068	\$ 284,068
Federal aid	1,500	99,482	97,982		111,075	111,075
Property taxes	875,000	1,295,599	420,599	180,000	244,221	64,221
Franchise fees	650,000	827,276	177,276			
Sales taxes	8,760,000	9,254,456	494,456	2,285,000	2,045,032	(239,968)
Fines, forfeitures, and costs	634,000	951,446	317,446			
Interest	66,000	284,872	218,872	67,000	174,458	107,458
Local permits and fees	507,000	2,932,235	2,425,235		723,929	723,929
Ambulance fees	155,000	44,009	(110,991)			
Fire dues		15,050	15,050			
Private grants		211,920	211,920			
Other	181,000	184,461	3,461	547,999	40,763	(507,236)
TOTAL REVENUES	11,974,500	16,252,744	4,278,244	3,604,999	4,148,546	543,547
EXPENDITURES						
Current:						
General government	3,417,007	2,527,442	889,565			
Law enforcement	3,531,662	3,242,947	288,715			
Highways and streets				4,364,999	3,357,913	1,007,086
Public safety	3,610,243	3,444,794	165,449			
Recreation and culture	1,559,349	1,134,451	424,898			
Social services		6,893	(6,893)			
Wastewater		481,239	(481,239)			
TOTAL EXPENDITURES	12,118,261	10,837,766	1,280,495	4,364,999	3,357,913	1,007,086

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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (143,761)	\$ 5,414,978	\$ 5,558,739	\$ (760,000)	\$ 790,633	\$ 1,550,633
OTHER FINANCING SOURCES (USES)						
Transfers in	1,205,836		(1,205,836)	760,000	10,000	(750,000)
Transfers out	(1,068,000)	(127,266)	940,734			
Contribution to wastewater department		(544,700)	(544,700)			
TOTAL OTHER FINANCING SOURCES (USES)	137,836	(671,966)	(809,802)	760,000	10,000	(750,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,925)	4,743,012	4,748,937		800,633	800,633
FUND BALANCES - JANUARY 1		24,134,540	24,134,540		8,733,037	8,733,037
FUND BALANCES - DECEMBER 31	\$ (5,925)	\$ 28,877,552	\$ 28,883,477	\$ 0	\$ 9,533,670	\$ 9,533,670

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

CITY OF LOWELL, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	Equitable Sharing	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021
ASSETS							
Cash and cash equivalents	\$ 242,053	\$ 111,984	\$ 234,772	\$ 932,385	\$ 34	\$ 4,168,363	\$ 39
Accounts receivable	59,450		5,240			105,096	
TOTAL ASSETS	\$ 301,503	\$ 111,984	\$ 240,012	\$ 932,385	\$ 34	\$ 4,273,459	\$ 39
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable			\$ 8,870			\$ 18,896	
Settlements pending							
Total Liabilities			8,870			18,896	
Fund Balances:							
Restricted	\$ 106,062	\$ 111,984	231,142	\$ 932,385	\$ 34	4,254,563	\$ 39
Assigned	195,441						
Total Fund Balances	301,503	111,984	231,142	932,385	34	4,254,563	39
TOTAL LIABILITIES AND FUND BALANCES	\$ 301,503	\$ 111,984	\$ 240,012	\$ 932,385	\$ 34	\$ 4,273,459	\$ 39

CITY OF LOWELL, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	<u>DEBT SERVICE FUND</u>	<u>CUSTODIAL FUNDS</u>		
	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	City Court	Education (Act 474)	Totals
ASSETS				
Cash and cash equivalents	\$ 272,829	\$ 180,103	\$ 971	\$ 6,143,533
Accounts receivable				169,786
TOTAL ASSETS	<u>\$ 272,829</u>	<u>\$ 180,103</u>	<u>\$ 971</u>	<u>\$ 6,313,319</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 27,766
Settlements pending		\$ 180,103	\$ 971	181,074
Total Liabilities		<u>180,103</u>	<u>971</u>	<u>208,840</u>
Fund Balances:				
Restricted	\$ 272,829			5,909,038
Assigned				195,441
Total Fund Balances	<u>272,829</u>			<u>6,104,479</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 272,829</u>	<u>\$ 180,103</u>	<u>\$ 971</u>	<u>\$ 6,313,319</u>

CITY OF LOWELL, 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
(UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	Equitable Sharing	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Totals
REVENUES									
Property taxes	\$ 556,386					\$ 1,380,526			\$ 1,936,912
Fines, forfeitures, and costs	69,902		\$ 48,002						117,904
Interest	2,670	\$ 280	4,158	\$ 15,374			\$ 73,321	\$ 16,669	112,472
Local permits and fees				243,075					243,075
Employee contributions	212,344								212,344
TOTAL REVENUES	841,302	280	52,160	258,449		1,380,526	73,321	16,669	2,622,707
EXPENDITURES									
Current:									
Law enforcement	288,909		14,861						303,770
Highways and streets						261,957			261,957
Public safety	446,331								446,331
Wastewater							2,702,069		2,702,069
Total Current	735,240		14,861			261,957	2,702,069		3,714,127
Debt Service:									
Bond principal								185,000	185,000
Bond interest and other charges								109,342	109,342
TOTAL EXPENDITURES	735,240		14,861			261,957	2,702,069	294,342	4,008,469
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	106,062	280	37,299	258,449		1,118,569	(2,628,748)	(277,673)	(1,385,762)
OTHER FINANCING SOURCES (USES)									
Transfers in								117,266	117,266
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	106,062	280	37,299	258,449		1,118,569	(2,628,748)	(160,407)	(1,268,496)
FUND BALANCES - JANUARY 1	195,441	111,704	193,843	673,936	\$ 34	3,135,994	2,628,787	433,236	7,372,975
FUND BALANCES - DECEMBER 31	\$ 301,503	\$ 111,984	\$ 231,142	\$ 932,385	\$ 34	\$ 4,254,563	\$ 39	\$ 272,829	\$ 6,104,479

CITY OF LOWELL, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
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.
Fire Impact Fee	Ark. Code Ann. § 14-56-103 and Lowell Ordinance no.719 (August 16, 2005) established a Fire Impact Fee to be used to help implement the Lowell Comprehensive Plan and the city's community facility plans for Fire/EMS facilities.
Equitable Sharing	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.
Tax Increment Financing (TIF) Improvement Bonds	Lowell Ordinance No. 795 (July 24, 2007) authorized the issuance and sale of Tax Increment Improvement Bonds for the acquisition, construction and equipping of various projects throughout the Redevelopment District.
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to acquire, construct and equip sewer improvements and park and recreational improvements.
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to refund Capital Improvement Refunding Revenue Bonds, Series 2010, fund a debt service reserve, and acquire, construct and equip sewer improvements and park and recreational improvements and pledged a portion of the franchise fees for the repayment of the bonds.
City Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Education (Act 474)	Act 474 of 1999 provided for a charge of \$.50 per \$1,000 from building permits for a craft training program to promote a coordinated effort between construction, vocational and technical schools.

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. A. 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, federal aid, property taxes, sales taxes, local permits and fees, and other revenues 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. The Special Revenue Funds presented on Schedules 1 and 2 are 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. The Capital Projects Funds presented on Schedules 1 and 2 are 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. The Debt Service Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

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

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. (Continued)

B. 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.

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings, and money market accounts.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and Education Act 474 monies 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.
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. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

1. (Continued)

D. 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.

E. 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.

F. 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.

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

2. 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:			
Law enforcement	\$ 1,362		\$ 337,238
Highways and streets		\$ 9,533,670	
Public safety			1,044,369
Recreation and culture	448,484		
Capital outlay			4,254,602
Debt service			272,829
Total Restricted	<u>449,846</u>	<u>9,533,670</u>	<u>5,909,038</u>
Committed for:			
General government	<u>1,000,000</u>		
Assigned to:			
Law enforcement	56,624		195,441
Public safety	279,478		
Social services	6,595		
Capital outlay	4,638,363		
Total Assigned	<u>4,981,060</u>		<u>195,441</u>
Unassigned	<u>22,446,646</u>		
Totals	<u>\$ 28,877,552</u>	<u>\$ 9,533,670</u>	<u>\$ 6,104,479</u>

3. Commitments

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

	December 31, 2024
Long-term liabilities	\$ 5,095,000
Construction contracts	<u>12,070,166</u>
Total Commitments	<u>\$ 17,165,166</u>

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

Long-term liabilities

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

December 31,
2024

Bonds

Lowell Ordinance No. 1072 approved the issuance of the City of Lowell, Arkansas - Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, dated August 24, 2021, in the amount of \$5,535,000, due in annual installments of \$70,000 - \$290,000 plus interest through June 1, 2046, bearing interest at 1.125% - 2.5% per annum. Payments are to be made from the Debt Service Fund.

\$ 5,095,000

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

The City's outstanding bonds payable of \$5,095,000 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.

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2024</u>	<u>Maturities to December 31, 2024</u>
<u>Bonds</u>					
8/24/21	6/1/46	1.125-2.5%	<u>\$ 5,535,000</u>	<u>\$ 5,095,000</u>	<u>\$ 440,000</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2024</u>
Bonds payable	<u>\$ 5,280,000</u>	<u>\$ 0</u>	<u>\$ 185,000</u>	<u>\$ 5,095,000</u>

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

3. Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		Total
	Principal	Interest	
2025	\$ 190,000	\$ 102,891	\$ 292,891
2026	195,000	99,041	294,041
2027	195,000	95,994	290,994
2028	200,000	93,648	293,648
2029	200,000	91,098	291,098
2030 through 2034	1,060,000	405,830	1,465,830
2035 through 2039	1,175,000	294,763	1,469,763
2040 through 2044	1,310,000	153,481	1,463,481
2045 through 2046	570,000	14,375	584,375
Totals	<u>\$ 5,095,000</u>	<u>\$ 1,351,121</u>	<u>\$ 6,446,121</u>

Construction Contracts

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

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2024
Roundabout at Hwy. 264 & Bellview Rd.	July 2025	\$ 14,328
Puppy Creek Sewer Improvements	March 2026	4,643,191
Honeysuckle St Sidewalk Extension	April 2026	42,615
School Ave., Robinson Ave., & Diana Place Road	June 2026	21,334
Lowell Sewer Improvements	July 2026	6,633,046
Concord Street Improvements	December 2027	509,331
Razorback Greenway Tunnel Crossing & Trail Extension	December 2027	206,321
Total Construction Contracts		<u>\$ 12,070,166</u>

4. Interfund Transfers

The City transferred \$10,000 from the General Fund to the Street Fund for operating purposes and \$117,266 from the General Fund to Other Funds in the Aggregate (Franchise Fee Fund) for debt related payments.

5. Pledged Revenues

The City pledged future franchise fees to repay \$5,535,000 in bonds that were issued in 2021 to provide funding for sewer and park and recreational improvements and to refund in advance 2010 bonds issued November 1, 2010. Total principal and interest remaining on the bonds are \$5,095,000 and \$1,351,121, respectively, payable through June 1, 2046. For 2024, principal and interest paid were \$185,000 and \$106,641, respectively.

The City collected \$827,276 in franchise fees in 2024. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose.

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

6. Jointly Governed Organization

Benton County and the cities of Benton County entered into an inter-local agreement, pursuant to Ark. Code Ann. § 8-6-723, creating the Benton County Solid Waste District (BCSWD). The BCSWD was established in an effort to adequately, reliably, and economically dispose of the Cities' and County's solid waste. Payments totaling \$4,920 were made to the BCSWD during 2024 and future funding is to be at the rate of \$1.00 per capita of the City. Financial statements may be obtained at: Benton County Solid Waste District, 5702 Brookside Road, Bentonville, Arkansas 72712.

**7. 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 \$740,967 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$313,292 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 \$5,271,390.

8. 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.

CITY OF LOWELL, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2024
(UNAUDITED)

8. Arkansas Public Employees Retirement System (Continued)

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 \$256,401.

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 \$1,833,080.

9. Capital Assets

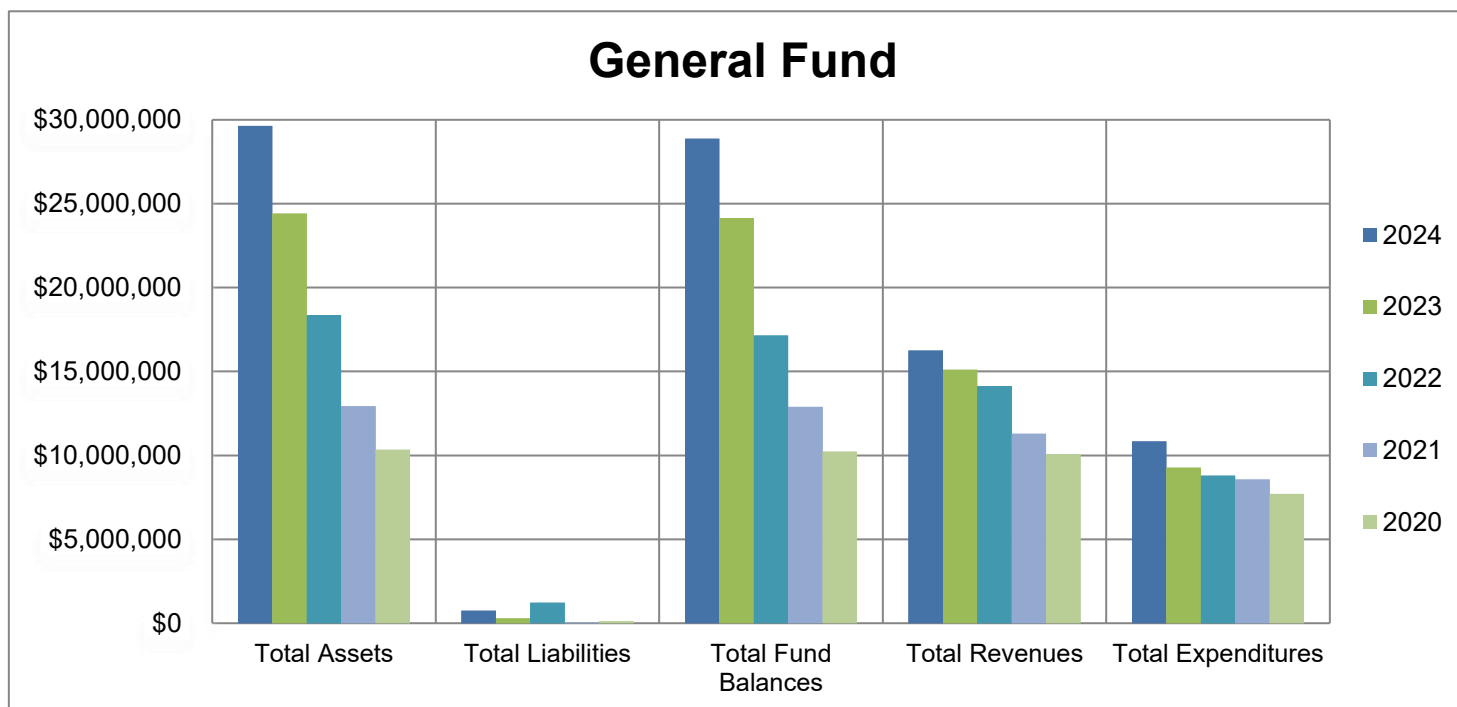
The Municipality's capital assets records are summarized below:

	December 31, 2024
Land	\$ 3,285,160
Buildings and Improvements	7,175,203
Equipment	10,009,663
Total	<u>\$ 20,470,026</u>

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

Schedule 3-1

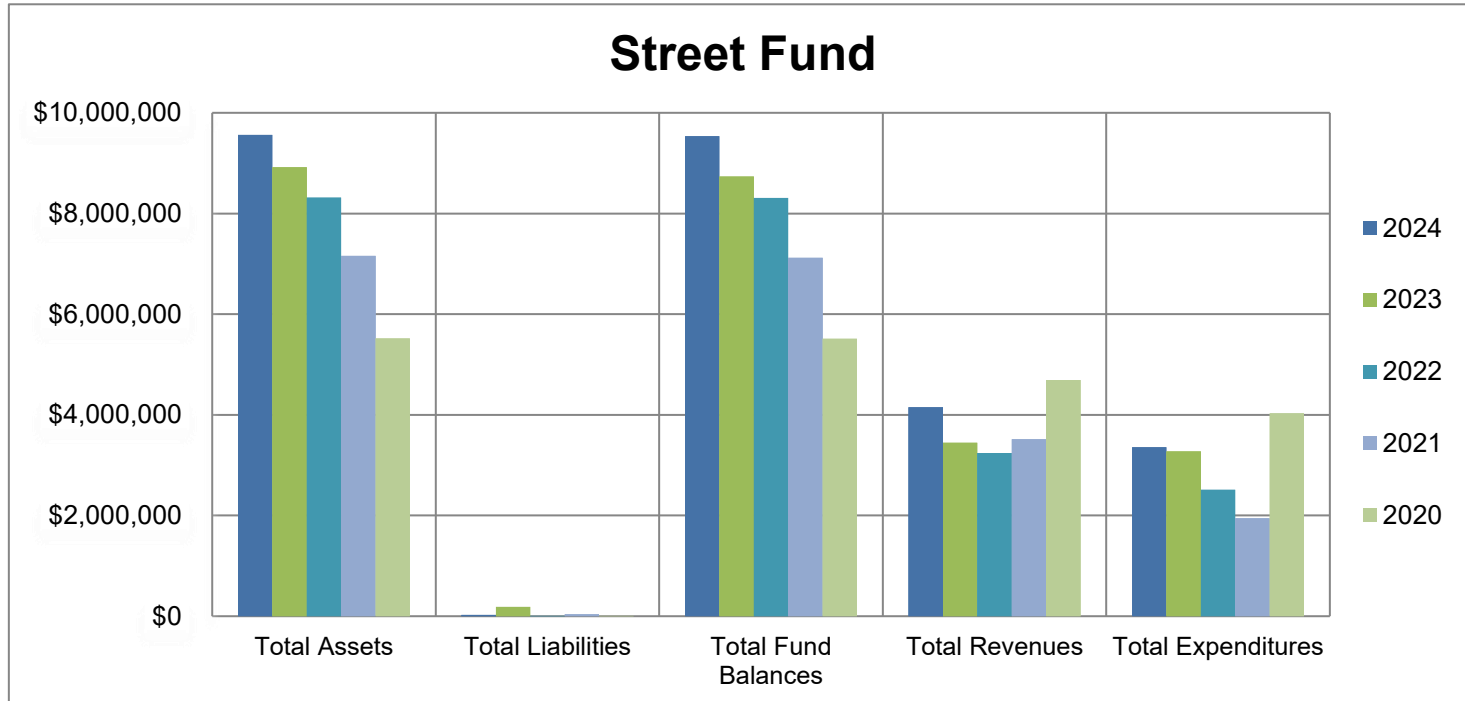
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 29,628,618	\$ 24,412,643	\$ 18,366,562	\$ 12,932,567	\$ 10,334,587
Total Liabilities	751,066	278,103	1,220,428	47,985	108,709
Total Fund Balances	28,877,552	24,134,540	17,146,134	12,884,582	10,225,878
Total Revenues	16,252,744	15,095,811	14,122,605	11,284,615	10,061,231
Total Expenditures	10,837,766	9,260,787	8,788,380	8,567,713	7,714,114
Total Other Financing Sources/Uses	(671,966)	1,153,382	(1,072,673)	(58,198)	(597,852)



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

Schedule 3-2

<u>Street</u>	2024	2023	2022	2021	2020
Total Assets	\$ 9,560,152	\$ 8,920,010	\$ 8,317,367	\$ 7,159,723	\$ 5,516,771
Total Liabilities	26,482	186,973	6,808	38,148	7,416
Total Fund Balances	9,533,670	8,733,037	8,310,559	7,121,575	5,509,355
Total Revenues	4,148,546	3,447,090	3,242,217	3,516,855	4,692,984
Total Expenditures	3,357,913	3,275,812	2,513,233	1,944,635	4,033,536
Total Other Financing Sources/Uses	10,000	251,200	460,000	40,000	10,000



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Assets	\$ 6,313,319	\$ 7,550,099	\$ 10,120,720	\$ 9,184,433	\$ 2,988,768
Total Liabilities	208,840	177,124	82,601	169,132	113,489
Total Fund Balances	6,104,479	7,372,975	10,038,119	9,015,301	2,875,279
Total Revenues	2,622,707	2,242,987	3,381,261	3,364,949	1,375,877
Total Expenditures	4,008,469	3,503,549	3,089,616	1,976,741	1,235,020
Total Other Financing Sources/Uses	117,266	(1,404,582)	731,173	4,751,814	586,852

