City of Gravette, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF GRAVETTE, ARKANSAS
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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Gravette, 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 Gravette, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated November 12, 2025. These procedures were not performed for the Water and Wastewater Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2024:

Mayor: Kurt Maddox
Clerk/Treasurer: David Henzie
Police Chief: Chuck Skaggs

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.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Clerk/Treasurer**.

Mayor

The City paid $975 to an employee for heating and cooling equipment, without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107.

Clerk/Treasurer

Cash receipts and disbursements journals were not properly maintained for the Debt Service Reserve account, as required by Ark. Code Ann. §§ 14-59-110--111.

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 12, 2025
LOM119624

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	$ 1,804,500	$ 66,789	$ 1,928,504
Accounts receivable	226,696	9,629	70,683
Interfund receivables			42,565
TOTAL ASSETS	$ 2,031,196	$ 76,418	$ 2,041,752
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 55,615	$ 653	
Interfund payables	42,565		
Total Liabilities	98,180	653	
Fund Balances:			
Restricted	44,315	75,765	$ 2,022,116
Assigned			19,636
Unassigned	1,888,701		
Total Fund Balances	1,933,016	75,765	2,041,752
TOTAL LIABILITIES AND FUND BALANCES	$ 2,031,196	$ 76,418	$ 2,041,752

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

CITY OF GRAVETTE, ARKANSAS

Exhibit B

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

FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	$ 57,487	$ 291,673	$ 32,696
Federal aid	7,400		
Property taxes	310,285	68,292	
Franchise fees	237,859		
Sales taxes	1,978,278		853,736
Fines, forfeitures, and costs	76,836		6,798
Interest	20,670	1,498	94,368
Local permits and fees	225,444		
Ambulance fees	84,465		
School resource officer	159,871		
Sale of cemetery plots			715
Donations	10,981		9,181
Grant income	19,018		
Other	162,263		196
TOTAL REVENUES	3,350,857	361,463	997,690
EXPENDITURES			
Current:			
General government	528,449		82,225
Law enforcement	1,125,066		52,544
Highways and streets		545,341	107,557
Public safety	648,007		88,628
Recreation and culture	490,200		299,238
Cemetery			100
Total Current	2,791,722	545,341	630,292
Debt Service:			
Bond principal			570,000
Bond interest and other charges			157,818
TOTAL EXPENDITURES	2,791,722	545,341	1,358,110

CITY OF GRAVETTE, ARKANSAS

Exhibit B

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

FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 559,135	$ (183,878)	$ (360,420)
OTHER FINANCING SOURCES (USES)			
Transfers in		1,276	194,213
Transfers out	(195,489)		
TOTAL OTHER FINANCING SOURCES (USES)	(195,489)	1,276	194,213
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	363,646	(182,602)	(166,207)
FUND BALANCES - JANUARY 1	1,569,370	258,367	2,207,959
FUND BALANCES - DECEMBER 31	$ 1,933,016	$ 75,765	$ 2,041,752

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

CITY OF GRAVETTE, 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
(UNAUDITED)

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	$ 103,278	$ 57,487	$ (45,791)	$ 300,000	$ 291,673	$ (8,327)
Federal aid	9,900	7,400	(2,500)			
Property taxes	320,000	310,285	(9,715)	71,300	68,292	(3,008)
Franchise fees	240,000	237,859	(2,141)			
Sales taxes	2,065,000	1,978,278	(86,722)			
Fines, forfeitures, and costs	80,000	76,836	(3,164)			
Interest	22,230	20,670	(1,560)	3,250	1,498	(1,752)
Local permits and fees	197,437	225,444	28,007			
Ambulance fees	82,400	84,465	2,065			
School resource officer		159,871	159,871			
Donations	11,512	10,981	(531)			
Grant income		19,018	19,018			
Other	173,134	162,263	(10,871)			
TOTAL REVENUES	3,304,891	3,350,857	45,966	374,550	361,463	(13,087)
EXPENDITURES						
Current:						
General government	817,868	528,449	289,419			
Law enforcement	1,232,326	1,125,066	107,260			
Highways and streets				814,372	545,341	269,031
Public safety	643,765	648,007	(4,242)			
Recreation and culture	545,305	490,200	55,105			
Cemetery	150		150			
Total Current	3,239,414	2,791,722	447,692	814,372	545,341	269,031
Debt Service:						
TOTAL EXPENDITURES	3,239,414	2,791,722	447,692	814,372	545,341	269,031

CITY OF GRAVETTE, 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

(UNAUDITED)

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 65,477	$ 559,135	$ 493,658	$ (439,822)	$ (183,878)	$ 255,944
OTHER FINANCING SOURCES (USES)						
Transfers in				212,210	1,276	(210,934)
Transfers out		(195,489)	(195,489)			
TOTAL OTHER FINANCING SOURCES (USES)		(195,489)	(195,489)	212,210	1,276	(210,934)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	65,477	363,646	298,169	(227,612)	(182,602)	45,010
FUND BALANCES - JANUARY 1		1,569,370	1,569,370		258,367	258,367
FUND BALANCES - DECEMBER 31	$ 65,477	$ 1,933,016	$ 1,867,539	$ (227,612)	$ 75,765	$ 303,377

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

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

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
	Rural Fire Protection (Act 833)	Cemetery	Museum	Emergency Vehicle	Stop Light	Capital Improvements	Sales and Use Tax	Totals
ASSETS								
Cash and cash equivalents	$ 1,000	$ 77,289	$ 41,010	$ 6,021	$ 1,053,313	$ 283,596	$ 466,275	$ 1,928,504
Accounts receivable						17,671	53,012	70,683
Interfund receivables	9,087	4,753				28,725		42,565
TOTAL ASSETS	$ 10,087	$ 82,042	$ 41,010	$ 6,021	$ 1,053,313	$ 329,992	$ 519,287	$ 2,041,752
FUND BALANCES								
Restricted	$ 1,053	$ 82,042	$ 30,408	$ 6,021	$ 1,053,313	$ 329,992	$ 519,287	$ 2,022,116
Assigned	9,034		10,602					19,636
TOTAL FUND BALANCES	$ 10,087	$ 82,042	$ 41,010	$ 6,021	$ 1,053,313	$ 329,992	$ 519,287	$ 2,041,752

CITY OF GRAVETTE, 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 FUND	DEBT SERVICE FUND	
	Rural Fire Protection (Act 833)	Cemetery	Museum	Emergency Vehicle	Stop Light	Capital Improvements	Sales and Use Tax	Totals
REVENUES								
State aid	$ 32,696							$ 32,696
Sales taxes						$ 213,434	$ 640,302	853,736
Fines, forfeitures, and costs				$ 6,798				6,798
Interest		$ 2,792	$ 971	187	$ 53,288	9,510	27,620	94,368
Sale of cemetery plots		715						715
Donations		531	8,650					9,181
Other			196					196
TOTAL REVENUES	32,696	4,038	9,817	6,985	53,288	222,944	667,922	997,690
EXPENDITURES								
Current:								
General government						82,225		82,225
Law enforcement				9,776		42,768		52,544
Highways and streets						107,557		107,557
Public safety	88,628							88,628
Recreation and culture			11,662			287,576		299,238
Cemetery		100						100
Total Current	88,628	100	11,662	9,776		520,126		630,292
Debt Service:								
Bond principal							570,000	570,000
Bond interest and other charges							157,818	157,818
TOTAL EXPENDITURES	88,628	100	11,662	9,776		520,126	727,818	1,358,110
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,932)	3,938	(1,845)	(2,791)	53,288	(297,182)	(59,896)	(360,420)
OTHER FINANCING SOURCES (USES)								
Transfers in						194,213		194,213
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(55,932)	3,938	(1,845)	(2,791)	53,288	(102,969)	(59,896)	(166,207)
FUND BALANCES - JANUARY 1	66,019	78,104	42,855	8,812	1,000,025	432,961	579,183	2,207,959
FUND BALANCES - DECEMBER 31	$ 10,087	$ 82,042	$ 41,010	$ 6,021	$ 1,053,313	$ 329,992	$ 519,287	$ 2,041,752

CITY OF GRAVETTE, 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.

Fund Name	Fund Description
Rural Fire Protection (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.
Cemetery	Gravette Ordinance no. 12-08 (February 23, 2012) established a fund to account for donations, grants and other funds received for the operation of the City Cemetery.
Museum	Gravette Ordinance no. 08-05 (April 24, 2008) established a fund to account for donations, grants and other funds collected for the operation of the City Museum.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Stop Light	Gravette Resolution no. 11-14-23-A (November 14, 2023) established a fund to account for donations, grants and other funds received for the installation of a stop light.
Capital Improvements	Gravette Ordinance no. 03-08 (April 3, 2003) established to account for the collection of the .25% sales and use tax to be used to finance the operation and maintenance of capital improvements.
Sales and Use Tax	Gravette Ordinance no. 15-26 (April 3, 2015) established a fund to account for .75% sales tax collections to be used for principal and interest payments on bonded indebtedness.

CITY OF GRAVETTE, 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, and property taxes that are restricted or committed for maintaining and constructing highways and streets.

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

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

Capital Projects Fund - 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 Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

Debt Service Fund - 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.

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 and money market accounts, certificates of deposit, and short-term investments with an original maturity of three months or less.

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. 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.

3. 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.

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.

1. (Continued)

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.

There were no committed fund balances at year-end.

CITY OF GRAVETTE, 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	$ 3,237		$ 6,021
Highways and streets		$ 75,765	1,053,313
Public safety	9,405		1,053
Recreation and culture	31,673		30,408
Cemetery			82,042
Capital outlay			329,992
Debt service			519,287
Total Restricted	44,315	75,765	2,022,116
Assigned to:			
Public safety			9,034
Recreation and culture			10,602
Total Assigned			19,636
Unassigned	1,888,701		
Totals	$ 1,933,016	$ 75,765	$ 2,041,752

3. Commitments

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

	December 31, 2024
Long-term liabilities	$ 3,736,414

3. Commitments (Continued)

Long-term liabilities

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

	December 31, 2024
Bonds	
Sales and Use Tax Construction Bonds, dated March 7, 2017, in the amount of $5,185,000, due in annual installments of $125,000 to $295,000 plus interest through September 1, 2040, interest rates of 2.375% to 4.00%. Proceeds were used for various construction projects. Sales Tax Bonds may be called early, if sufficient funds from Debt Service sales tax collections have accumulated. Payments are to be made from the Debt Service Fund.	$ 3,170,000
Sales and Use Tax Construction Bonds, dated November 13, 2018, in the amount of $1,065,000, due in annual installments of $15,000 to $250,000 plus interest through September 1, 2036, interest rate of 4.375%. Proceeds were used for various construction projects. Sales Tax Bonds may be called early, if sufficient funds from Debt Service sales tax collections have accumulated. Payments are to be made from the Debt Service Fund.	405,000
Total Bonds	3,575,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	161,414
Total Long-term liabilities	$ 3,736,414

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 $3,575,000 at December 31,2024, contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 25% 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.

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	$ 31,854
Ending balance compensated absences	161,414
Net increase (decrease)	$ 129,560

3. Commitments (Continued)

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					
3/7/17	9/1/40	2.375%-4%	$ 5,185,000	$ 3,170,000	$ 2,015,000
11/13/18	9/1/36	4.375%	1,065,000	405,000	660,000
Total Long-Term Debt			$ 6,250,000	$ 3,575,000	$ 2,675,000

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	$ 4,145,000	$ 0	$ 570,000	$ 3,575,000

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds Principal	Interest	Total
2025	$ 180,000	$ 134,431	$ 314,431
2026	185,000	128,619	313,619
2027 through 2031	1,030,000	537,525	1,567,525
2032 through 2036	1,245,000	324,644	1,569,644
2037 through 2040	935,000	79,862	1,014,862
Totals	$ 3,575,000	$ 1,205,081	$ 4,780,081

4. Interfund Transfers

The City transferred $1,276 from General Fund to Street Fund for operating purposes and $194,213 from General Fund to Other Funds in the Aggregate for capital projects.

5. Pledged Revenues

The City pledged future 0.75% sales and use taxes to repay $6,250,000 in bonds that were issued in 2017 and 2018 to provide funding for improvements to streets, parks and recreation facilities, sewer and sidewalks. Total principal and interest remaining on the bonds are $3,575,000 and $1,205,081, respectively, payable through September 1, 2040. For 2024, principal and interest paid were $570,000 and $154,737, respectively.

The Debt Service Fund received $640,302 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to call bonds early.

6. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)

Plan Description

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

On July 31, 2019, administration of the City of Gravette Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

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 $241,890 and the amount of insurance tax paid by the state to the plan for the benefit of the City was $101,842 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, was $1,734,121.

7. 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 $101,874.

7. Arkansas Public Employees Retirement System (Continued)

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 $728,327.

8. Capital Assets

The Municipality's capital assets records are summarized below:

	December 31, 2024
Land	$ 772,196
Buildings	3,524,135
Equipment	3,043,733
Total	$ 7,340,064

9. Subsequent Event

On July 15, 2025, the City issued $7,555,000 of General Obligation Bonds with interest rates ranging from 4 to 5 percent. The bond proceeds will be used to refund series 2017 and series 2018 bonds, street improvements, and sewer improvements.

CITY OF GRAVETTE, ARKANSAS

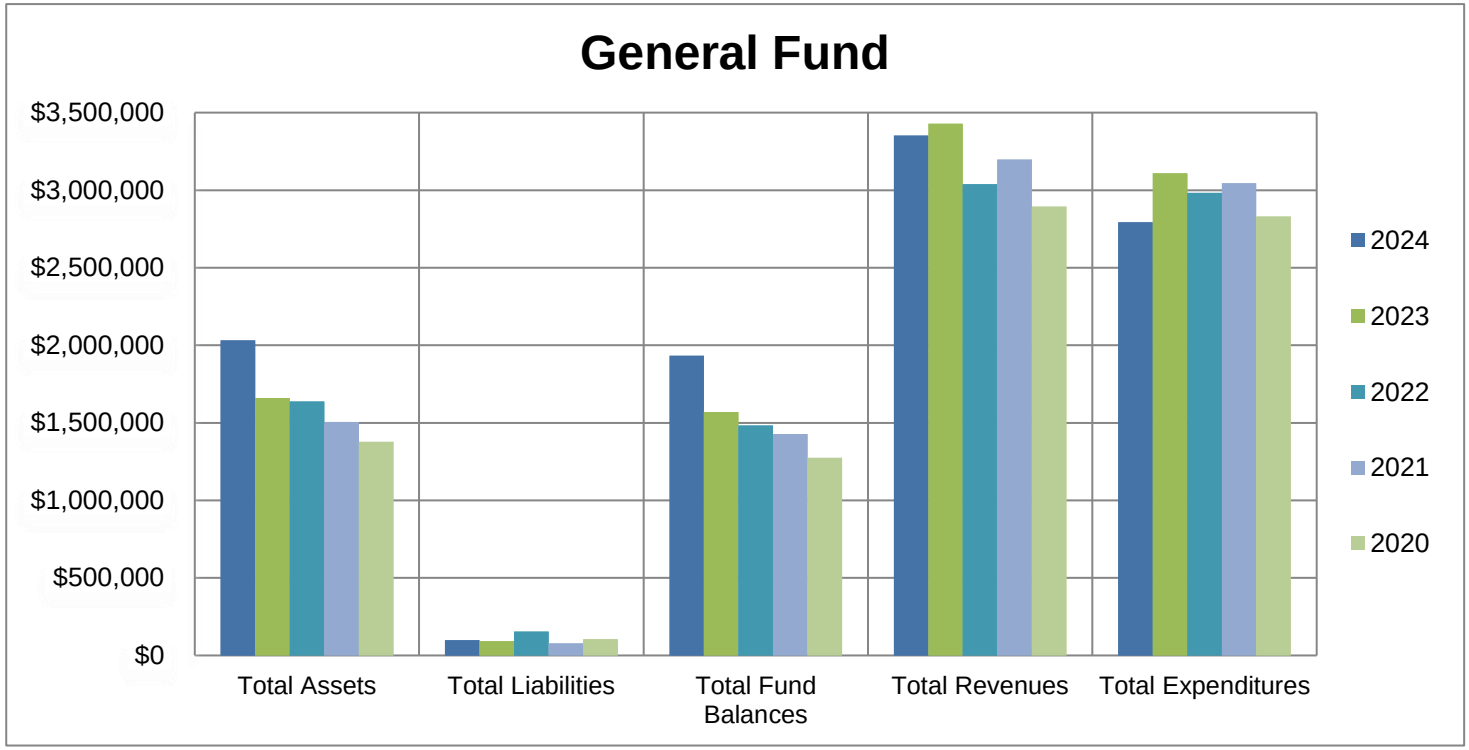
Schedule 3-1

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS

DECEMBER 31, 2024

(Unaudited)

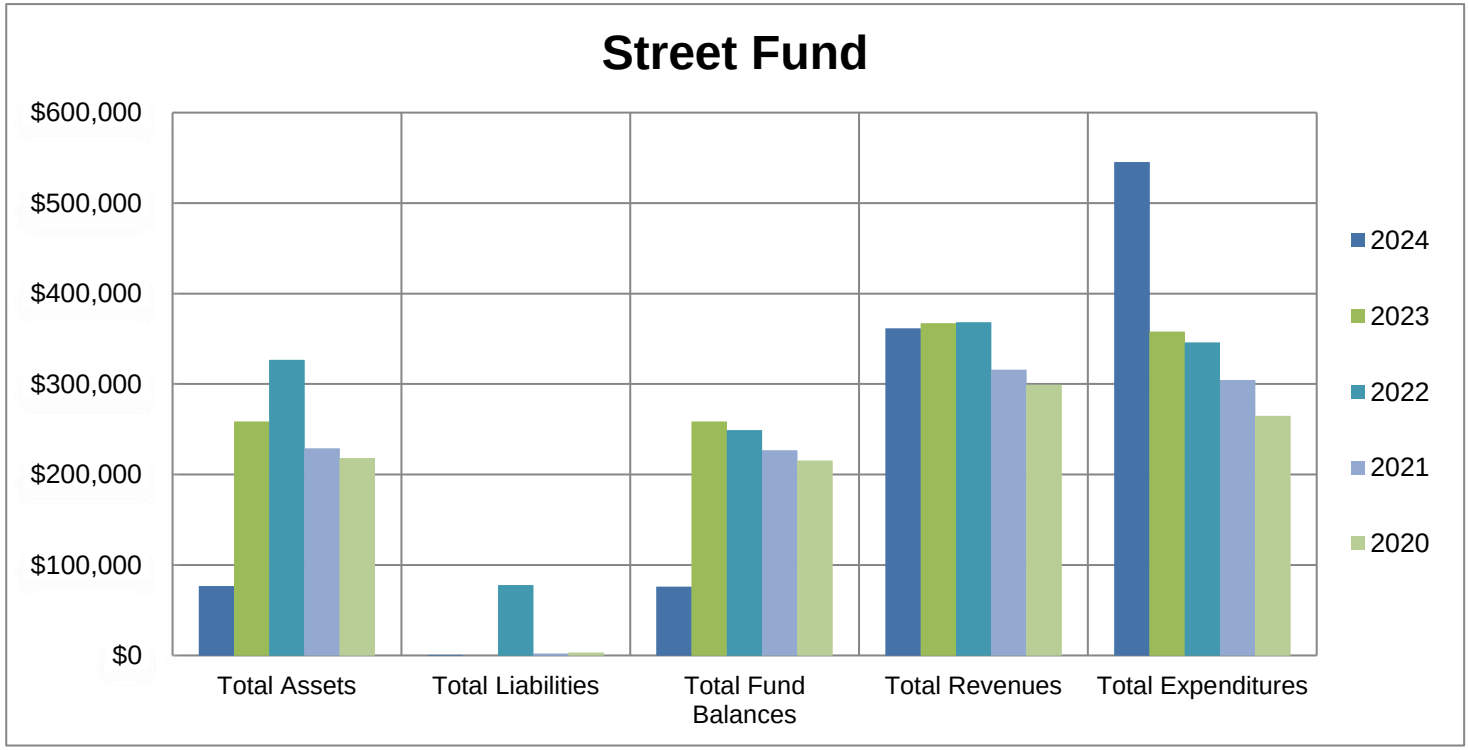
General	2024	2023	2022	2021	2020
Total Assets	$ 2,031,196	$ 1,660,442	$ 1,636,606	$ 1,504,923	$ 1,377,433
Total Liabilities	98,180	91,072	153,277	78,425	103,805
Total Fund Balances	1,933,016	1,569,370	1,483,329	1,426,498	1,273,628
Total Revenues	3,350,857	3,427,331	3,039,005	3,197,971	2,894,088
Total Expenditures	2,791,722	3,108,863	2,982,174	3,045,101	2,829,879
Total Other Financing Sources/Uses	(195,489)	(232,427)			(125,511)



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

Schedule 3-2

Street	2024	2023	2022	2021	2020
Total Assets	$ 76,418	$ 258,367	$ 326,613	$ 228,728	$ 218,222
Total Liabilities	653		77,630	2,006	2,867
Total Fund Balances	75,765	258,367	248,983	226,722	215,355
Total Revenues	361,463	367,101	368,082	315,664	299,123
Total Expenditures	545,341	357,717	345,821	304,297	264,729
Total Other Financing Sources/Uses	1,276				4,765



CITY OF GRAVETTE, ARKANSAS

Schedule 3-3

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	$ 2,041,752	$ 2,207,959	$ 830,590	$ 1,269,519	$ 1,124,737
Total Liabilities			15,175	2,394	3,215
Total Fund Balances	2,041,752	2,207,959	815,415	1,267,125	1,121,522
Total Revenues	997,690	2,597,690	1,202,658	1,077,393	827,256
Total Expenditures	1,358,110	1,437,573	1,654,368	922,719	1,242,580
Total Other Financing Sources/Uses	194,213	232,427		(9,071)	145,323

