

City of Elkins, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ELKINS, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Independent Auditor's Report
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*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

Arkansas

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



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

City of Elkins, 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 Elkins, 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 Elkins, 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 Elkins, 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 Standards*, we have also issued our report dated June 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

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
June 16, 2025
LOM119724

Arkansas

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



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

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 Elkins, 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 Elkins, 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 June 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

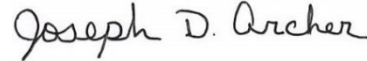
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Standard*.

We also reported to management of the City in a separate letter dated June 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

A handwritten signature in dark ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 16, 2025



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



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

City of Elkins, 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:	Troy Reed
City Clerk:	Teresa Graves
Finance Director:	Gayla Stahman
District Court Clerk:	Amanda Reed (appointed January 15, 2024) Alexis Ward (resigned January 12, 2024)
Police Chief:	Bryan Watts

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, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 16, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 349,711	\$ 159,041	\$ 7,882,180
Accounts receivable	277,193		105,501
Interfund receivables	29,920		
	<u>656,824</u>	<u>159,041</u>	<u>7,987,681</u>
TOTAL ASSETS	<u>\$ 656,824</u>	<u>\$ 159,041</u>	<u>\$ 7,987,681</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 69,647	\$ 1,705	\$ 354,965
Interfund payables		9,350	20,570
Settlements pending			30,505
Total Liabilities	<u>69,647</u>	<u>11,055</u>	<u>406,040</u>
Fund Balances:			
Restricted			7,577,167
Assigned		147,986	4,474
Unassigned	587,177		
Total Fund Balances	<u>587,177</u>	<u>147,986</u>	<u>7,581,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 656,824</u>	<u>\$ 159,041</u>	<u>\$ 7,987,681</u>

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

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

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 53,567	\$ 296,195	\$ 30,261
Federal aid	33,016		1,000
Property taxes	290,700	31,614	
Franchise fees	95,093		
Sales taxes	1,182,937	25,000	1,730,610
Fines, forfeitures, and costs	73,652		17,082
Interest	8,851	7,247	488,823
Local permits and fees	82,859		73,230
School resource officer reimbursement	210,144		
County aid	51,479		219,000
Fire dues			36,052
Other	151,308	2,728	8,823
TOTAL REVENUES	2,233,606	362,784	2,604,881
EXPENDITURES			
Current:			
General government	1,028,979		342
Law enforcement	1,028,866		386,303
Highways and streets		532,689	
Public safety	23,871		703,528
Recreation and culture	4,945		198,003
Wastewater			3,438,112
Total Current	2,086,661	532,689	4,726,288
Debt Service:			
Bond principal			1,230,000
Bond interest and other charges			262,971
Financed purchase principal	59,783		67,986
Financed purchase interest	7,303		3,719
TOTAL EXPENDITURES	2,153,747	532,689	6,290,964

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 79,859	\$ (169,905)	\$ (3,686,083)
OTHER FINANCING SOURCES (USES)			
Transfers in			36,184
Transfers out	(36,184)		
Contribution from water department	9,601		
TOTAL OTHER FINANCING SOURCES (USES)	(26,583)		36,184
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	53,276	(169,905)	(3,649,899)
FUND BALANCES - JANUARY 1	533,901	317,891	11,231,540
FUND BALANCES - DECEMBER 31	\$ 587,177	\$ 147,986	\$ 7,581,641

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

CITY OF ELKINS, 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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 53,567	\$ 53,567	\$ 0	\$ 296,195	\$ 296,195	\$ 0
Federal aid		33,016	33,016			
Property taxes	290,700	290,700	0	31,614	31,614	0
Franchise fees	87,496	95,093	7,597			
Sales taxes	1,682,297	1,182,937	(499,360)	25,000	25,000	0
Fines, forfeitures, and costs	112,056	73,652	(38,404)			
Interest	6,593	8,851	2,258	7,247	7,247	0
Local permits and fees	146,460	82,859	(63,601)			
School resource officer reimbursement	164,486	210,144	45,658			
County aid	51,479	51,479	0			
Other	96,243	151,308	55,065	2,728	2,728	0
TOTAL REVENUES	2,691,377	2,233,606	(457,771)	362,784	362,784	0
EXPENDITURES						
Current:						
General government	1,234,241	1,028,979	205,262			
Law enforcement	1,585,857	1,028,866	556,991			
Highways and streets				540,990	532,689	8,301
Public safety		23,871	(23,871)			
Recreation and culture		4,945	(4,945)			
Total Current	2,820,098	2,086,661	733,437	540,990	532,689	8,301
Debt Service:						
Financed purchase principal		59,783	(59,783)			
Financed purchase interest		7,303	(7,303)			
TOTAL EXPENDITURES	2,820,098	2,153,747	666,351	540,990	532,689	8,301

CITY OF ELKINS, 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

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (128,721)	\$ 79,859	\$ 208,580	\$ (178,206)	\$ (169,905)	\$ 8,301
OTHER FINANCING SOURCES (USES)						
Transfers in	160,000		(160,000)			
Transfers out		(36,184)	(36,184)			
Contribution from water department		9,601	9,601			
TOTAL OTHER FINANCING SOURCES (USES)	160,000	(26,583)	(186,583)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	31,279	53,276	21,997	(178,206)	(169,905)	8,301
FUND BALANCES - JANUARY 1		533,901	533,901	145,000	317,891	172,891
FUND BALANCES - DECEMBER 31	\$ 31,279	\$ 587,177	\$ 555,898	\$ (33,206)	\$ 147,986	\$ 181,192

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

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Elkins 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: Elkins 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, and sales 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. 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 Debt Service Funds as reported with other funds in the aggregate.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 and money market accounts.

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. 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.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

There were no committed fund balances at year end.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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)	\$ 251,100	\$ 251,792
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	889,979	969,293
Uninsured and uncollateralized	<u>7,249,753</u>	<u>7,249,753</u>
Total Deposits	<u>\$ 8,390,832</u>	<u>\$ 8,470,838</u>

The above total deposits do not include cash on hand of \$100.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2024, the City had \$7,249,753 of uninsured, uncollateralized bank deposits that 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.

NOTE 4: Accounts Receivable

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

Description	General Fund	Other Funds in the Aggregate
Federal aid	\$ 6,457	
Franchise fees	22,960	
Sales taxes	146,054	\$ 104,578
Fines, forfeitures, and costs	19,293	923
School resource officer reimbursement	45,658	
Other	<u>36,771</u>	
Totals	<u>\$ 277,193</u>	<u>\$ 105,501</u>

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5: 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	\$ 69,647	\$ 1,705	\$ 354,965

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund	\$ 29,920	
Street Fund		\$ 9,350
Other Funds in the Aggregate:		
Special Revenue Funds:		
Fire Department		16,726
Library		3,844
Totals	\$ 29,920	\$ 29,920

Interfund receivables and payables consist of payroll reimbursements. These balances are expected to be repaid in January 2025.

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			\$ 13,380
Law enforcement			133,309
Public safety			274,861
Recreation and culture			113,440
Capital outlay			6,469,213
Debt service			572,964
Total Restricted			7,577,167
Assigned to:			
Highways and streets		\$ 147,986	
Recreation and culture			4,474
Total Assigned		147,986	4,474
Unassigned	\$ 587,177		
Totals	\$ 587,177	\$ 147,986	\$ 7,581,641

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$12,467,792. 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 \$3,203,268. The amount of short-term financing obligations was \$158,397 leaving a legal debt margin of \$3,044,871.

NOTE 9: Commitments

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

	December 31, 2024
Long-term liabilities	\$ 11,291,178
Law suit	112,500
Construction contracts	<u>1,430,358</u>
Total Commitments	<u>\$ 12,834,036</u>

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9: Commitments (Continued)

Long-term liabilities

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

	December 31, 2024
<u>Bonds</u>	
Sales and Use Tax Refunding and Improvement Bonds - Series 2021A , issued July 14, 2021, for \$5,670,000; 20 annual installments beginning September 1, 2022, with the final settlement due September 1, 2037, interest at 1.125% - 3.00%. Payments are to be made from the Debt Service Fund.	\$ 4,400,000
Sales and Use Tax Improvement Bonds - Series 2021B, issued July 14, 2021 , for \$8,020,000; 25 annual installments beginning September 1, 2022, with the final settlement due September 1, 2046, Interest at 1.125% - 3.00%. Payments are to be made from the Debt Service Fund.	6,450,000
Total Bonds	<u>10,850,000</u>
<u>Direct Borrowings</u>	
Finance purchase, dated March 15, 2013, in the amount of \$160,891, with Arvest Bank to finance the purchase of the City Hall. Monthly payments of \$1,568 for 60 months with interest rate of 3.25%. On March 15, 2018, the bank loan was extended for an additional 60 months with payments of \$1,690 due monthly with interest rate of 4.72%. On March 15, 2023, the bank loan was extended for an additional 60 months with payments of \$1,777 due monthly with interest rate of 5.55%. Payments are to be made from the General Fund.	61,705
Finance purchase, dated January 24, 2020, with Arvest Bank in the amount of \$293,250 to finance the purchase of a Fire Truck. Monthly payments of \$2,926 for 60 months with interest rate of 3.61%. An additional payment of \$100,000 was made on September 22, 2021. Payments are to be made from the Fire Fund.	52,623
Finance purchase, dated June 4, 2020, with Government Capital Corporation (Southside Bank) in the amount of \$204,641 with an interest rate of 3.84% for the purchase of four police vehicles. Annual payments of \$45,762 for 5 years with the first payment due on June 4, 2021. Payments are to be made from the General Fund.	44,069
Total Direct Borrowings	<u>158,397</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>282,781</u>
Total Long-term liabilities	<u>\$ 11,291,178</u>

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 \$10,850,00 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 \$158,397 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.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9: Commitments (Continued)

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	\$ 168,920
Ending balance compensated absences	282,781
Net increase (decrease)	<u>\$ 113,861</u>

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
<u>Bonds</u>					
7/14/21	9/1/37	1.125-3.00%	\$ 5,670,000	\$ 4,400,000	\$ 1,270,000
7/14/21	9/1/46	1.125-3.00%	8,020,000	6,450,000	1,570,000
Total Bonds			<u>13,690,000</u>	<u>10,850,000</u>	<u>2,840,000</u>
<u>Direct Borrowings</u>					
3/15/23	3/15/28	5.55%	160,891	61,705	99,186
1/24/20	2/25/25	3.61%	293,250	52,623	240,627
6/4/20	6/4/25	3.84%	204,641	44,069	160,572
Total Direct Borrowings			<u>658,782</u>	<u>158,397</u>	<u>500,385</u>
Total Long-Term Debt			<u>\$ 14,348,782</u>	<u>\$ 11,008,397</u>	<u>\$ 3,340,385</u>

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	\$ 12,080,000	\$ 0	\$ 1,230,000	\$ 10,850,000
<u>Direct Borrowings</u>				
Financed purchases	286,166	0	127,769	158,397
Total Long-Term Debt	<u>\$ 12,366,166</u>	<u>\$ 0</u>	<u>\$ 1,357,769</u>	<u>\$ 11,008,397</u>

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 445,000	\$ 231,796	\$ 676,796	\$ 115,012	\$ 5,015	\$ 120,027
2026	460,000	218,446	678,446	19,378	1,946	21,324
2027	475,000	204,646	679,646	20,496	827	21,323
2028	475,000	199,303	674,303	3,511	25	3,536
2029	485,000	193,365	678,365			
2030 through 2034	2,625,000	764,925	3,389,925			
2035 through 2039	2,900,000	482,225	3,382,225			
2040 through 2044	2,555,000	165,474	2,720,474			
2045 through 2046	430,000	12,900	442,900			
Totals	<u>\$ 10,850,000</u>	<u>\$ 2,473,080</u>	<u>\$ 13,323,080</u>	<u>\$ 158,397</u>	<u>\$ 7,813</u>	<u>\$ 166,210</u>

Lawsuit Settlements

First State Bank and Pinnacle Bank n/k/a Central Bank v. City of Elkins (Washington County Circuit Case No. 72CV-17-709) was a lawsuit concerning a moratorium on building permits for home construction issued by the City of Elkins in November 2016. At the time of the moratorium, the Banks jointly owed 105 residential lots in a subdivision within the City of Elkins. An agreement was negotiated and on February 4, 2023, the City Council of Elkins approved a resolution to settle the lawsuit and pay the Banks a total of \$362,000 plus interest at a rate of four percent (4%) over a period of 5 years beginning April 3, 2023. Elkins reserved the right to pay any portion of the settlement in advance without penalty. Arkansas Municipal League legal defense covered \$62,500 of the negotiated agreement in 2023. A scheduled payment of \$37,500 was made in 2024. The balance owed at December 31, 2024 is \$112,500.

Construction Contracts

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

Project Name	Completed Date	Contract Balance December 31, 2024
Wastewater improvement project	June 2025	\$ 1,388,553
Firehouse #1 project	May 2025	41,805
Total Construction Contracts		<u>\$ 1,430,358</u>

NOTE 10: Interfund Transfers

The General Fund transferred \$12,000, \$9,000, and \$15,184 to the Other Funds in the Aggregate's Library, Fire Department, and Local Police and Fire Retirement (LOPFI) Funds, respectively, to supplement operations.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11: Pledged Revenues

The City pledged future 0.75% sales and use taxes to repay \$5,670,000 in bonds that were issued in 2021 (Series 2021A) to provide funding to finance a portion of the costs of extensions, betterments, and improvements to the sewer facilities and to advance refund Series 2014 bonds. Total principal and interest remaining on the bonds are \$4,400,000 and \$974,200, respectively, payable through September 1, 2037. For 2024, principal and interest paid were \$525,000 and \$104,881, respectively.

The 2021A Sales and Use Tax Bonds (Debt Service Fund) received \$536,747 in sales tax in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for early retirement of the bonds until they are repaid.

The City also pledged future 1% sales and use taxes to repay \$8,020,000 in bonds that were issued in 2021 (Series 2021B) to provide funding to finance a portion of the costs of extensions, betterments, and improvements to the sewer facilities. Total principal and interest remaining on the bonds are \$6,450,000 and \$1,498,880, respectively, payable through September 1, 2046. For 2024, principal and interest paid were \$705,000 and \$151,890, respectively.

The 2021B Sales and Use Tax Bonds (Debt Service Fund) received \$715,663 in sales tax in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for early retirement of the bonds until they are repaid.

NOTE 12: Joint Venture

Washington County Ambulance Authority

Washington County and the Cities of Elkins, Fayetteville, Farmington, Goshen, Lincoln, Prairie Grove, West Fork, Winslow, and Johnson entered into an agreement, on March 21, 2008, pursuant to Ark Code §§ 14-14-910, 14-266-102, and 25-20-101 to establish the Washington County Ambulance Authority (Authority). The purpose of the Authority is to provide emergency and non-emergency medical services. The City paid the Authority \$39,054 for the year ended December 31, 2024.

NOTE 13: Jointly Governed Organization

Fourth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourth Judicial District, the Washington County Sheriff's Department, Madison County Sheriff's Department, and the Police Departments of the University of Arkansas, Fayetteville, Springdale, Prairie Grove, Lincoln, Farmington, Johnson, Elkins, Greenland, West Fork, Elm Springs, Tontitown, Huntsville, and Goshen entered into an agreement to establish the Fourth Judicial District Drug Task Force. Funding was provided through Justice Assistance Grants and local funding provided by the Prosecuting Attorney's Office, Washington County Sheriff's Department, and local police departments. Separate financial statements for the Fourth Judicial District Drug Task Force were not available. The City did not contribute any funding to the Fourth Judicial District Drug Task Force during 2024.

NOTE 14: 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 except for lawsuit settlements of \$37,500 and \$151,033 in 2024 and 2023, respectively. 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.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14: 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 15: 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 December 2, 2021, administration of the City of Elkins Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

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 \$250,604 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$81,898 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 \$1,792,942.

NOTE 16: 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 \$114,240.

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 \$816,735.

CITY OF ELKINS, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 17: 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 former Mayor Bruce Ledford \$25,000 for the year ended December 31, 2024.

CITY OF ELKINS, 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)	District Court Automation	Fire Department	Library	Sports Complex	American Rescue Plan Act	Police Impact Fees	Fire Impact Fees
ASSETS								
Cash and cash equivalents	\$ 140,333	\$ 17,709	\$ 261,779	\$ 122,028	\$ 4,474	\$ 13,380	\$ 10,348	\$ 31,870
Accounts receivable		923						
TOTAL ASSETS	<u>\$ 140,333</u>	<u>\$ 18,632</u>	<u>\$ 261,779</u>	<u>\$ 122,028</u>	<u>\$ 4,474</u>	<u>\$ 13,380</u>	<u>\$ 10,348</u>	<u>\$ 31,870</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 36,004		\$ 2,062	\$ 4,744				
Interfund payables			16,726	3,844				
Settlements pending								
Total Liabilities	<u>36,004</u>		<u>18,788</u>	<u>8,588</u>				
Fund Balances:								
Restricted	104,329	\$ 18,632	242,991	113,440		\$ 13,380	\$ 10,348	\$ 31,870
Assigned					\$ 4,474			
Total Fund Balances	<u>104,329</u>	<u>18,632</u>	<u>242,991</u>	<u>113,440</u>	<u>4,474</u>	<u>13,380</u>	<u>10,348</u>	<u>31,870</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 140,333</u>	<u>\$ 18,632</u>	<u>\$ 261,779</u>	<u>\$ 122,028</u>	<u>\$ 4,474</u>	<u>\$ 13,380</u>	<u>\$ 10,348</u>	<u>\$ 31,870</u>

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

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		CUSTODIAL FUNDS		
	Sales and Use Tax Refunding and Improvement Series 2021A	Sales and Use Tax Capital Improvement Series 2021B	Sales and Use Tax Bonds Series 2021A	Sales and Use Tax Bonds Series 2021B	District Court	Administration of Justice	Totals
ASSETS							
Cash and cash equivalents	\$ 4,730	\$ 6,776,638	\$ 207,909	\$ 260,477	\$ 30,403	\$ 102	\$ 7,882,180
Accounts receivable			44,819	59,759			105,501
TOTAL ASSETS	<u>\$ 4,730</u>	<u>\$ 6,776,638</u>	<u>\$ 252,728</u>	<u>\$ 320,236</u>	<u>\$ 30,403</u>	<u>\$ 102</u>	<u>\$ 7,987,681</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 312,155					\$ 354,965
Interfund payables							20,570
Settlements pending					\$ 30,403	\$ 102	30,505
Total Liabilities		<u>312,155</u>			<u>30,403</u>	<u>102</u>	<u>406,040</u>
Fund Balances:							
Restricted	\$ 4,730	6,464,483	\$ 252,728	\$ 320,236			7,577,167
Assigned							4,474
Total Fund Balances	<u>4,730</u>	<u>6,464,483</u>	<u>252,728</u>	<u>320,236</u>			<u>7,581,641</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,730</u>	<u>\$ 6,776,638</u>	<u>\$ 252,728</u>	<u>\$ 320,236</u>	<u>\$ 30,403</u>	<u>\$ 102</u>	<u>\$ 7,987,681</u>

CITY OF ELKINS, 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								
	Local Police and Fire Retirement (LOPFI)	District Court Automation	Fire Department	Library	Jail Fees	Sports Complex	American Rescue Plan Act	Police Impact Fees	Fire Impact Fees
REVENUES									
State aid			\$ 30,261						
Federal aid			1,000						
Sales taxes			478,200						
Fines, forfeitures, and costs	\$ 4,927	\$ 12,155							
Interest	6,110		8,621	\$ 3,920	\$ 3	\$ 284	\$ 4,971	\$ 154	\$ 549
Local permits and fees						37,355		17,700	18,175
County aid			60,000	159,000					
Fire dues			36,052						
Other			1,523	7,199		101			
TOTAL REVENUES	11,037	12,155	615,657	170,119	3	37,740	4,971	17,854	18,724
EXPENDITURES									
Current:									
General government					342				
Law enforcement	200,263	16,655					160,000	9,385	
Public safety	35,816		667,712						
Recreation and culture				162,059		35,944			
Wastewater							200,164		
Total Current	236,079	16,655	667,712	162,059	342	35,944	360,164	9,385	
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchase principal			32,524	35,462					
Financed purchase interest			2,582	1,137					
TOTAL EXPENDITURES	236,079	16,655	702,818	198,658	342	35,944	360,164	9,385	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(225,042)	(4,500)	(87,161)	(28,539)	(339)	1,796	(355,193)	8,469	18,724
OTHER FINANCING SOURCES (USES)									
Transfers in	15,184		9,000	12,000					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(209,858)	(4,500)	(78,161)	(16,539)	(339)	1,796	(355,193)	8,469	18,724
FUND BALANCES - JANUARY 1	314,187	23,132	321,152	129,979	339	2,678	368,573	1,879	13,146
FUND BALANCES - DECEMBER 31	\$ 104,329	\$ 18,632	\$ 242,991	\$ 113,440	\$ 0	\$ 4,474	\$ 13,380	\$ 10,348	\$ 31,870

CITY OF ELKINS, 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

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		
	Sales and Use Tax Refunding and Improvement Series 2021A	Sales and Use Tax Capital Improvement Series 2021B	Sales and Use Tax Bonds Series 2021A	Sales and Use Tax Bonds Series 2021B	Totals
REVENUES					
State aid					\$ 30,261
Federal aid					1,000
Sales taxes			\$ 536,747	\$ 715,663	1,730,610
Fines, forfeitures, and costs					17,082
Interest	\$ 11,717	\$ 413,676	16,792	22,026	488,823
Local permits and fees					73,230
County aid					219,000
Fire dues					36,052
Other					8,823
TOTAL REVENUES	11,717	413,676	553,539	737,689	2,604,881
EXPENDITURES					
Current:					
General government					342
Law enforcement					386,303
Public safety					703,528
Recreation and culture					198,003
Wastewater	922,967	2,314,981			3,438,112
Total Current	922,967	2,314,981			4,726,288
Debt Service:					
Bond principal			525,000	705,000	1,230,000
Bond interest and other charges			107,981	154,990	262,971
Financed purchase principal					67,986
Financed purchase interest					3,719
TOTAL EXPENDITURES	922,967	2,314,981	632,981	859,990	6,290,964
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(911,250)	(1,901,305)	(79,442)	(122,301)	(3,686,083)
OTHER FINANCING SOURCES (USES)					
Transfers in					36,184
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(911,250)	(1,901,305)	(79,442)	(122,301)	(3,649,899)
FUND BALANCES - JANUARY 1	915,980	8,365,788	332,170	442,537	11,231,540
FUND BALANCES - DECEMBER 31	\$ 4,730	\$ 6,464,483	\$ 252,728	\$ 320,236	\$ 7,581,641

CITY OF ELKINS, 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.

<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.
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 Department	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.
Library	Created to establish a city library and a Library Fund to account for all monies received for library purposes.
Jail Fees	Elkins Resolution no. 2011-6 (January 20, 2011) established a City Jail Fee Fund to defray the costs of housing city jail prisoners.
Sports Complex	Elkins Resolution no. 2014-01 (January 16, 2014) established a Sports Complex Fund to pay the expenses and costs of developing the Elkins Sports Complex.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Police Impact Fees	Elkins Ordinance 2022-3 (March 17, 2022) established a Police Impact fee Fund to expand Police & Fire Protection facilities and acquire additional equipment to meet the needs of the City as the population grows.
Fire Impact Fees	Elkins Ordinance 2022-3 (March 17, 2022) established a Fire Impact fee Fund to expand Police & Fire Protection facilities and acquire additional equipment to meet the needs of the City as the population grows.
Sales and Use Tax Refunding and Improvement Series 2021A	Elkins Ordinance no. 2021-6A (June 10, 2021) authorized the issuance of sales and use tax refunding and improvement bonds. Trustee established fund to account for the disbursement of debt proceeds for capital improvements.
Sales and Use Tax Capital Improvement Series 2021B	Elkins Ordinance no. 2021-6B (June 10, 2021) authorized the issuance of sales and use tax improvement bonds. Trustee established fund to account for the disbursement of debt proceeds for capital improvements.

CITY OF ELKINS, 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.

<u>Fund Name</u>	<u>Fund Description</u>
Sales and Use Tax Bonds Series 2021A	Elkins Ordinance no. 2021-6A (June 10, 2021) authorized the issuance of sales and use tax refunding and improvement bonds. Established to account for the accumulation of resources to retire bonded debt secured by a pledge of future sales and use taxes.
Sales and Use Tax Bonds Series 2021B	Elkins Ordinance no. 2021-6B (June 10, 2021) authorized the issuance of sales and use tax improvement bonds. Established to account for the accumulation of resources to retire bonded debt secured by a pledge of future sales and use taxes.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of 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.

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

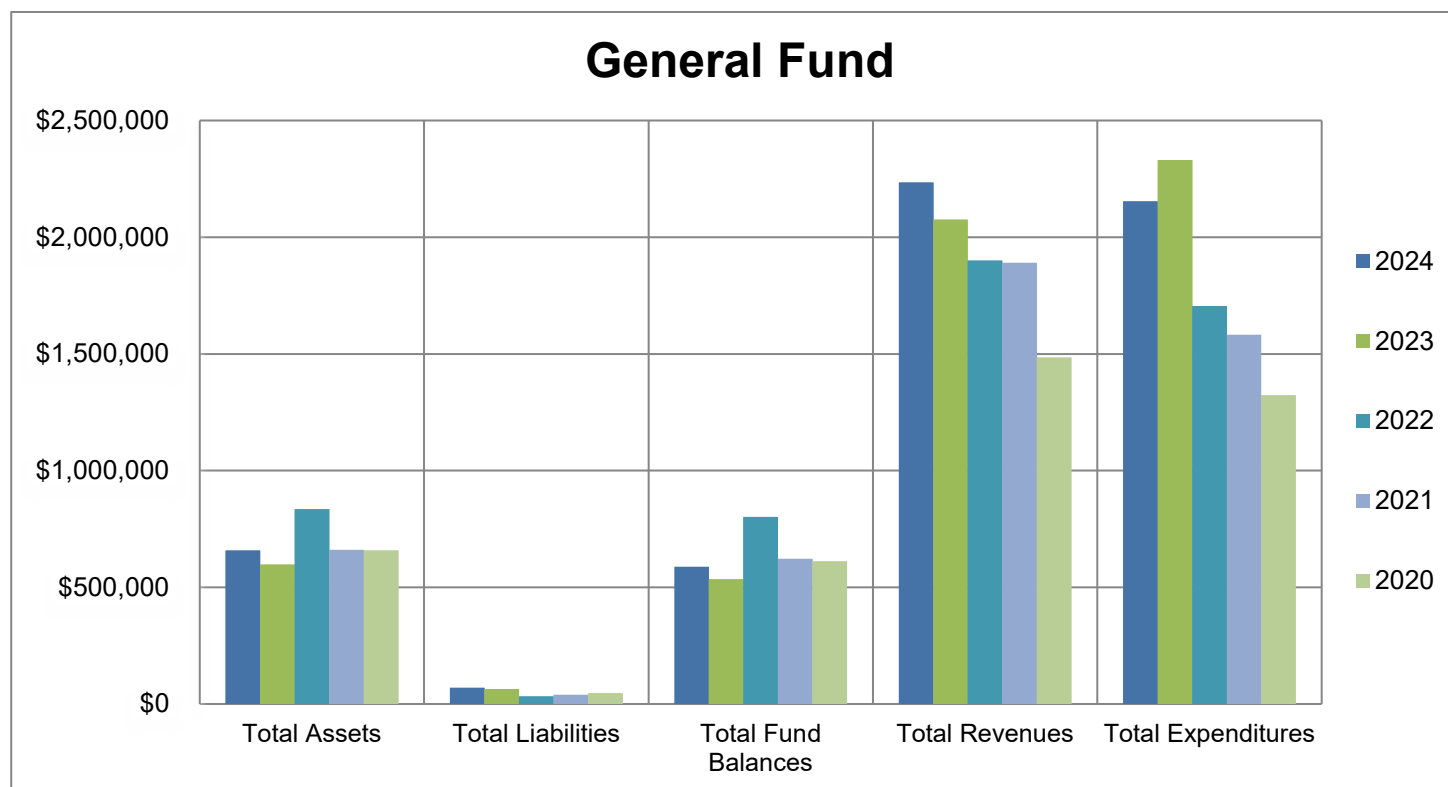
Schedule 3

	December 31, 2024
Land	\$ 585,650
Construction in progress	8,027,553
Buildings	3,667,098
Equipment	<u>2,526,599</u>
Total	<u>\$ 14,806,900</u>

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

Schedule 4-1

<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 656,824	\$ 597,645	\$ 834,109	\$ 660,342	\$ 657,664
Total Liabilities	69,647	63,744	32,412	38,874	46,518
Total Fund Balances	587,177	533,901	801,697	621,468	611,146
Total Revenues	2,233,606	2,075,479	1,899,541	1,890,254	1,484,837
Total Expenditures	2,153,747	2,330,237	1,705,098	1,580,982	1,323,010
Total Other Financing Sources/Uses	(26,583)	(13,038)	(14,214)	(298,950)	(66,460)



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

Schedule 4-2

<u>Street</u>	2024	2023	2022	2021	2020
Total Assets	\$ 159,041	\$ 337,250	\$ 299,069	\$ 309,944	\$ 354,395
Total Liabilities	11,055	19,359	7,979	1,392	2,058
Total Fund Balances	147,986	317,891	291,090	308,552	352,337
Total Revenues	362,784	457,463	413,826	337,864	302,234
Total Expenditures	532,689	430,662	431,288	381,649	314,989
Total Other Financing Sources/Uses					24,460



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2024	2023	2022	2021	2020
Total Assets	\$ 7,987,681	\$ 11,311,220	\$ 13,802,354	\$ 14,035,053	\$ 1,088,725
Total Liabilities	406,040	79,680	63,308	48,350	48,104
Total Fund Balances	7,581,641	11,231,540	13,739,046	13,986,703	1,040,621
Total Revenues	2,604,881	2,871,603	2,606,940	1,981,551	1,539,151
Total Expenditures	6,290,964	5,400,109	2,875,597	1,231,694	2,020,983
Total Other Financing Sources/Uses	36,184	21,000	21,000	12,196,225	42,000

