

City of Greenwood, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GREENWOOD, ARKANSAS
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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 Greenwood, 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 Greenwood, 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 Greenwood, 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 Greenwood, 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 August 27, 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
August 27, 2025
LOM103924

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 Greenwood, 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 Greenwood, 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 August 27, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

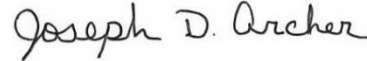
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated August 27, 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
August 27, 2025

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

MANAGEMENT LETTER

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

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

Mayor: Doug Kinslow
Clerk/Treasurer: Sharla Derry
Finance Director: Thomas Marsh
Police Chief: Brad Hobbs

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

Mayor

The City did not solicit bids for the purchase of a street department truck in the amount of \$61,000, in noncompliance with Ark. Code Ann. § 14-58-303. A similar finding was noted in the prior report.

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

A handwritten signature in cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 27, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 5,093,516	\$ 4,004,131	\$ 1,133,165
Investments			2,084,629
Accounts receivable	668,974	102,414	65,264
Interfund receivable		42,102	
TOTAL ASSETS	<u>\$ 5,762,490</u>	<u>\$ 4,148,647</u>	<u>\$ 3,283,058</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 345,614	\$ 396,558	
Interfund payable	42,102		
Settlements pending			\$ 69,598
Total Liabilities	<u>387,716</u>	<u>396,558</u>	<u>69,598</u>
Fund Balances:			
Restricted	2,089,498	3,752,089	3,213,460
Assigned	224,933		
Unassigned	3,060,343		
Total Fund Balances	<u>5,374,774</u>	<u>3,752,089</u>	<u>3,213,460</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,762,490</u>	<u>\$ 4,148,647</u>	<u>\$ 3,283,058</u>

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

CITY OF GREENWOOD, 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	\$ 296,664	\$ 932,017	
Federal aid	1,000		\$ 16,218
Property taxes	693,987	416,392	
Franchise fees	533,666		
Sales taxes	5,800,635	560,189	535,173
Fines, forfeitures, and costs	56,008		
Interest	113,990	94,476	161,019
Local permits and fees	141,504	12,754	
Advertising and promotion taxes	90,207		116,015
Employer contributions			143,538
Net increase/(decrease) in fair value of investments			128,039
Other	308,074	1,295	
TOTAL REVENUES	8,035,735	2,017,123	1,100,002
EXPENDITURES			
Current:			
General government	1,445,385		134,703
Law enforcement	2,342,809		
Highways and streets	16,267	2,493,518	
Public safety	642,760		
Recreation and culture	1,749,175		
Social services			16,218
Advertising and promotion			151,396
Total Current	6,196,396	2,493,518	302,317
Debt Service:			
Bond principal			350,000
Bond interest and other charges			195,587
Financed purchase principal	180,051		
Financed purchase interest	27,926		
TOTAL EXPENDITURES	6,404,373	2,493,518	847,904

CITY OF GREENWOOD, 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	<u>\$ 1,631,362</u>	<u>\$ (476,395)</u>	<u>\$ 252,098</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		7,500	
Transfers out	(7,500)		
Financed purchase proceeds	750,000		
Sales taxes remitted to water/sewer department	<u>(1,985,294)</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,242,794)</u>	<u>7,500</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	388,568	(468,895)	252,098
FUND BALANCES - JANUARY 1	<u>4,986,206</u>	<u>4,220,984</u>	<u>2,961,362</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 5,374,774</u></u>	<u><u>\$ 3,752,089</u></u>	<u><u>\$ 3,213,460</u></u>

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

CITY OF GREENWOOD, 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	\$ 167,500	\$ 296,664	\$ 129,164	\$ 821,000	\$ 932,017	\$ 111,017
Federal aid	286,000	1,000	(285,000)			
Property taxes	648,000	693,987	45,987	386,000	416,392	30,392
Franchise fees	545,000	533,666	(11,334)			
Sales taxes	6,528,292	5,800,635	(727,657)	526,110	560,189	34,079
Fines, forfeitures, and costs	78,750	56,008	(22,742)			
Interest	120,300	113,990	(6,310)	60,000	94,476	34,476
Local permits and fees	145,550	141,504	(4,046)	10,000	12,754	2,754
Advertising and promotion taxes	100,556	90,207	(10,349)			
Other	442,534	308,074	(134,460)	100,600	1,295	(99,305)
TOTAL REVENUES	9,062,482	8,035,735	(1,026,747)	1,903,710	2,017,123	113,413
EXPENDITURES						
Current:						
General government	1,758,042	1,445,385	312,657			
Law enforcement	2,528,114	2,342,809	185,305			
Highways and streets		16,267	(16,267)	4,753,826	2,493,518	2,260,308
Public safety	1,000,315	642,760	357,555			
Recreation and culture	1,396,124	1,749,175	(353,051)			
Total Current	6,682,595	6,196,396	486,199	4,753,826	2,493,518	2,260,308
Debt Service:						
Financed purchase principal		180,051	(180,051)			
Financed purchase interest		27,926	(27,926)			
TOTAL EXPENDITURES	6,682,595	6,404,373	278,222	4,753,826	2,493,518	2,260,308

CITY OF GREENWOOD, 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	<u>\$ 2,379,887</u>	<u>\$ 1,631,362</u>	<u>\$ (748,525)</u>	<u>\$ (2,850,116)</u>	<u>\$ (476,395)</u>	<u>\$ 2,373,721</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	493,780		(493,780)	184,103	7,500	(176,603)
Transfers out	(598,955)	(7,500)	591,455	(150,000)		150,000
Financed purchase proceeds		750,000	750,000			
Sales taxes remitted to water/sewer department		(1,985,294)	(1,985,294)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(105,175)</u>	<u>(1,242,794)</u>	<u>(1,137,619)</u>	<u>34,103</u>	<u>7,500</u>	<u>(26,603)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,274,712	388,568	(1,886,144)	(2,816,013)	(468,895)	2,347,118
FUND BALANCES - JANUARY 1	<u>3,899,437</u>	<u>4,986,206</u>	<u>4,986,206</u>	<u>4,526,370</u>	<u>4,220,984</u>	<u>4,220,984</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 6,174,149</u></u>	<u><u>\$ 5,374,774</u></u>	<u><u>\$ 3,100,062</u></u>	<u><u>\$ 1,710,357</u></u>	<u><u>\$ 3,752,089</u></u>	<u><u>\$ 6,568,102</u></u>

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, property taxes, 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 the Capital Projects Fund reported with other funds in the aggregate.

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

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

CITY OF GREENWOOD, 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 the Custodial Fund 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, certificates of deposit, and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered payroll liabilities 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 GREENWOOD, 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 GREENWOOD, 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)	\$ 318,227	\$ 318,227
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	8,906,228	9,427,156
Uninsured and uncollateralized	1,005,082	1,005,082
	<u>1,005,082</u>	<u>1,005,082</u>
Total Deposits	<u>\$ 10,229,537</u>	<u>\$ 10,750,465</u>

The above total deposits do not include cash on hand of \$1,275.

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. As of December 31, 2024, \$1,005,082 of the City's bank balances of \$10,750,465 were exposed to custodial credit risk. The uninsured balances exposed to custodial risk were deposited in the money market accounts consisting of other U.S. government securities, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

Pension Trust Funds

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2024 Fair Value
Pension Trust	<u>\$ 2,084,629</u>

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

NOTE 4: Public Fund Investments (Continued)

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

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

The City's investments are composed of the following:

<u>December 31, 2024</u>	Quoted Prices in Active Markets for Identical Investments Level I	Other Observable Inputs Level II	Total
Investment Type			
Stocks	\$ 564,835		\$ 564,835
Mutual funds	763,557		763,557
Fixed income	90,153		90,153
US Government Obligations		\$ 289,434	289,434
Corporate Bonds		299,040	299,040
Nonmarketable		77,610	77,610
Totals	<u>\$ 1,418,545</u>	<u>\$ 666,084</u>	<u>\$ 2,084,629</u>

The fair value of stocks and mutuals funds is measured on a recurring basis and is based on quoted market prices obtained from independent pricing sources, and as a result, these were classified as Level I Inputs. U.S. Government Obligations and corporate bonds are valued at fair value using quoted market prices from third parties that use, as their basis readily observable market inputs, such as yields of similar instruments with comparable inputs. As a result, these were classified as Level II inputs. Nonmarketable investments noted above are for secured notes where participants in the plan took loans against their retirement account balances. The terms listed in the Participant Loan Program are observable for the duration of the loan. As a result, these were classified as Level II inputs.

NOTE 5: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 94,533	\$ 56,720	
Franchise fees	83,453		
Sales taxes	465,598	45,694	\$ 41,532
Fines, forfeitures, and costs	3,163		
Advertising and promotion taxes			23,732
Other	22,227		
Totals	<u>\$ 668,974</u>	<u>\$ 102,414</u>	<u>\$ 65,264</u>

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

NOTE 6: Accounts Payable

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

Description	General Fund	Street Fund
Vendor payables	\$ 179,487	\$ 396,558
Other	166,127	
Totals	<u>\$ 345,614</u>	<u>\$ 396,558</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2024	
	Interfund Receivables	Interfund Payables
General Fund		\$ 42,102
Street Fund	\$ 42,102	
Totals	<u>\$ 42,102</u>	<u>\$ 42,102</u>

Interfund receivables and payables consist of sales taxes for the Street Fund deposited into the General Fund. These balances were repaid on January 13, 2025.

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

NOTE 8: 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	\$ 5,250		
Law enforcement	10,449		
Highways and streets		\$ 3,752,089	
Public safety	1,337,292		
Recreation and culture	736,507		
Advertising and promotion			\$ 82,218
Pension benefits			2,158,386
Capital outlay			292,978
Debt service			679,878
Total Restricted	<u>2,089,498</u>	<u>3,752,089</u>	<u>3,213,460</u>
Assigned to:			
General government	132,302		
Law enforcement	73,710		
Public safety	10,846		
Recreation and culture	8,075		
Total Assigned	<u>224,933</u>		
Unassigned	<u>3,060,343</u>		
Totals	<u>\$ 5,374,774</u>	<u>\$ 3,752,089</u>	<u>\$ 3,213,460</u>

NOTE 9: 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 \$28,055,574. 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 \$7,260,615. The amount of short-term financing obligations, was \$882,017 leaving a legal debt margin of \$6,378,598.

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

NOTE 10: Commitments

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

	December 31, 2024
Long-term liabilities	\$ 7,229,405
Construction contracts	2,316,488
	<hr/>
Total Commitments	\$ 9,545,893
	<hr/>

Long-term liabilities

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

	December 31, 2024
	<hr/>
<u>Bonds</u>	
Sales and Use Tax Refunding and Improvements Bonds, Series 2020, dated November 19, 2020, in the amount of \$7,180,000, due in semi-annual installments of \$65,000 to \$310,000 plus interest through November 1, 2060, interest from 2% to 3.25%. Payments are to be made from the Debt Service Fund.	\$ 6,205,000
	<hr/>
<u>Direct Borrowings</u>	
Financed purchase dated July 28, 2021, with Farmer's Bank in the amount of \$566,991, with interest rate of 2.75% for purchase of a fire truck. Monthly payments of \$10,125 for 60 months, followed by a single payment of the entire unpaid balance of principal and interest at maturity. Payments are to be made from the General Fund.	197,713
Financed purchase dated June 28, 2024, with Farmer's Bank in the amount of \$750,000, with interest rate of 5.75% for construction of a splash pad. Monthly payments of \$14,413 for 60 months, followed by a single payment of the entire unpaid balance of principal and interest at maturity. Payments are to be made from the General Fund.	684,304
Total Direct Borrowings	882,017
	<hr/>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	142,388
	<hr/>
Total Long-term liabilities	\$ 7,229,405
	<hr/>

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 \$6,205,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$882,017 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 GREENWOOD, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10: Commitments (Continued)

Compensated Absences

Change in Compensated Absences

	December 31, 2024
Beginning balance compensated absences	\$ 284,465
Ending balance compensated absences	<u>142,388</u>
Net increase (decrease)	<u>\$ (142,077)</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>					
11/19/20	11/1/60	2-3.25%	\$ 7,180,000	\$ 6,205,000	\$ 975,000
<u>Direct Borrowings</u>					
7/28/21	8/15/26	2.75%	566,991	197,713	369,278
6/28/24	6/15/29	5.75%	750,000	684,304	65,696
Total Direct Borrowings			<u>1,316,991</u>	<u>882,017</u>	<u>434,974</u>
Total Long-Term Debt			<u>\$ 8,496,991</u>	<u>\$ 7,087,017</u>	<u>\$ 1,409,974</u>

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	\$ 6,555,000	\$ 0	\$ 350,000	\$ 6,205,000
<u>Direct Borrowings</u>				
Financed purchases	312,068	750,000	180,051	882,017
Total Long-Term Debt	<u>\$ 6,867,068</u>	<u>\$ 750,000</u>	<u>\$ 530,051</u>	<u>\$ 7,087,017</u>

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

NOTE 10: 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	\$ 145,000	\$ 181,419	\$ 326,419	\$ 254,721	\$ 39,733	\$ 294,454
2026	120,000	178,100	298,100	225,453	29,279	254,732
2027	120,000	174,500	294,500	153,858	19,093	172,951
2028	125,000	170,900	295,900	162,942	10,009	172,951
2029	130,000	167,150	297,150	85,043		85,043
2030 through 2034	695,000	781,975	1,476,975			
2035 through 2039	785,000	692,412	1,477,412			
2040 through 2044	900,000	587,213	1,487,213			
2045 through 2049	1,035,000	441,662	1,476,662			
2050 through 2054	1,205,000	272,925	1,477,925			
2055 through 2059	825,000	73,775	898,775			
2060	120,000	3,900	123,900			
Totals	<u>\$ 6,205,000</u>	<u>\$ 3,725,931</u>	<u>\$ 9,930,931</u>	<u>\$ 882,017</u>	<u>\$ 98,114</u>	<u>\$ 980,131</u>

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
Bell Park Splash Pad	May 2025	\$ 473,730
Westwood Avenue Extension	June 2025	119,872
Summit Ridge Drive	July 2025	1,261,886
Greenwood Senior Center	June 2025	461,000
Total Construction Contracts		<u>\$ 2,316,488</u>

NOTE 11: Interfund Transfers

General Fund transferred \$7,500 to the Street Fund to supplement operations.

NOTE 12: Pledged Revenues

The City pledged future .25% sales and use taxes to repay \$7,180,000 in bonds that were issued in 2020 to provide funding for street project improvements. Total principal and interest remaining on the bonds are \$6,205,000 and \$3,725,931, respectively, payable through November 1, 2060. For 2024, principal and interest paid were \$350,000 and \$193,138, respectively.

The Debt Service Fund received \$535,173 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any lawful purpose.

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

NOTE 13: Jointly Governed Organization – Twelfth Judicial District Drug Task Force

The Prosecuting Attorneys of the Twelfth Judicial District and the Twenty-First Judicial District, the Sebastian County and Crawford County Sheriffs' Departments, and the Police Departments of Fort Smith, Alma, Greenwood, and Barling entered into an agreement to establish the Twelfth Judicial District Drug Task Force. Funding is provided by grants and the Prosecuting Attorney's offices, local Sheriffs' Departments, and the local police departments. The City has not provided any funding to the Twelfth Judicial District Drug Task Force. Separate financial statements for the Twelfth Judicial District Drug Task Force are available at 901 South B Street, Fort Smith, AR 72901.

NOTE 14: Interlocal Agreements

District Court Judge

Sebastian County and the Cities of Greenwood, Barling, and Central City entered into an agreement to provide for the District Judge's annual salary of \$117,300 to be paid 50% by the State and the remaining 50% to be paid as follows: 61% by Sebastian County, 15% by Barling, 4% by Central City, and 20% by Greenwood. The Judge is an employee of the State of Arkansas and is elected for a four-year term. The City's share of the expenses for 2024 were \$11,618.

Hazmat Response Program

The City of Greenwood, Sebastian County, and the Cities of Barling, Bonanza, Central City, Fort Smith, Hackett, Hartford, Huntington, Lavaca, Mansfield, and Midland entered into an agreement concerning contributions to operation and maintenance of a County Hazmat Response Program. This agreement was entered into in 2002. The City of Greenwood contributed \$3,806 to Sebastian County in 2024.

Metropolitan Planning Organization

The City of Greenwood, Crawford County, Sebastian County, the Cities of Alma, Barling, Bonanza, Central City, Fort Smith, Kibler, Lavaca, Van Buren, the Western Arkansas Intermodal Authority, and the Fort Smith Regional Airport Commission within the State of Arkansas along with Leflore County, Sequoyah County, the Towns of Arkoma, Moffett, and Pocola within the State of Oklahoma entered into an agreement to form a Metropolitan Planning Organization and to create a Metropolitan Transportation Planning Area and Planning Organization. The Metropolitan Planning Organization is to be known as the "Frontier Metropolitan Planning Organization." During 2024, the City contributed \$1,618 in support of this organization.

NOTE 15: Risk Management

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

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

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

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.

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

NOTE 15: Risk Management (Continued)

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 16: 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 12, 2017, administration of the City of Greenwood 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 \$338,332 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$142,742 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 \$2,427,933.

NOTE 17: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers 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 a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurers Wilma J. Cabe and Linda Brant \$25,453 and \$14,820, respectively, for the year ended December 31, 2024.

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

NOTE 18: City Attorney Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-120 establishes retirement benefits for city attorneys in cities of the first class 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 city attorney at the time of retirement. Retirement benefits are to be paid monthly from the City's General Fund. A city attorney may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of service. The City paid former City Attorney, Michael Hamby \$20,471 for the year ended December 31, 2024.

NOTE 19: Nonuniformed Employee Pension Plan (Defined Contribution Plan)

All employees with the exception of Police Officers and Firemen are eligible to participate in a Money Purchase Pension Plan maintained by the City of Greenwood, known as the City of Greenwood Employee's Pension Trust. All employees are eligible to join the plan on January 1 or July 1 after attaining twenty and one-half years of age and being employed at least one year. Benefits depend solely on amounts contributed to the plan plus investment earnings. City contributions for and interest forfeited by employees who leave employment before becoming fully invested are first used to restore forfeited account balances for re-employed participants and any remaining amounts may be used to pay administrative expenses of the plan. If forfeitures still remain, they will reduce the employer contribution for the plan year in which the forfeiture occurred. Employees are fully vested after six years of service.

Contributions

The City contributes an amount equal to 7.5% of eligible employees' salaries for the Plan Year. The actual contributions to the plan for the year ended December 31, 2024, were \$88,063 for City employees and \$80,659 for Water and Sewer Department employees. City contributions for the current year are made in the following year. The plan's assets are in the custody of Regions/Institutional Trust Services, 400 West Capitol Avenue 7th Floor, Little Rock, AR 72201.

Investment of Assets

Assets will be invested at the direction of Thomas Marsh, Finance Director, and Sharla Derry, Recorder/Treasurer. Information regarding the plan may be obtained by contacting: Thomas Marsh or Sharla Derry, P.O. Drawer 1450, Greenwood, AR 72936.

NOTE 20: Sebastian County District Court – Greenwood District

The City of Greenwood is a member of the Sebastian County District Court – Greenwood District under Ark. Code Ann. §16-17-905. In order to defray the expenses of operating the Court, the City of Greenwood contributes 10% of net fines and pays 10% of the Court salaries, as required by Ark. Code Ann. §16-17-108. The City contributed \$51,216 in 2024.

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

Schedule 1

	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TRUST FUND</u>	<u>CUSTODIAL FUND</u>	
	Advertising and Promotion Commission	2020 Sales and Use Tax - Street Project Improvements	Sales and Use Tax Refunding and Street Project Improvements Bond - Series 2020	Nonuniformed Employee's Pension	Payroll Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 58,486	\$ 292,978	\$ 638,346	\$ 73,757	\$ 69,598	\$ 1,133,165
Investments				2,084,629		2,084,629
Accounts receivable	<u>23,732</u>		<u>41,532</u>			<u>65,264</u>
TOTAL ASSETS	<u>\$ 82,218</u>	<u>\$ 292,978</u>	<u>\$ 679,878</u>	<u>\$ 2,158,386</u>	<u>\$ 69,598</u>	<u>\$ 3,283,058</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Settlements pending					<u>\$ 69,598</u>	<u>\$ 69,598</u>
Fund Balances:						
Restricted	<u>\$ 82,218</u>	<u>\$ 292,978</u>	<u>\$ 679,878</u>	<u>\$ 2,158,386</u>		<u>3,213,460</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 82,218</u>	<u>\$ 292,978</u>	<u>\$ 679,878</u>	<u>\$ 2,158,386</u>	<u>\$ 69,598</u>	<u>\$ 3,283,058</u>

CITY OF GREENWOOD, 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		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUND	
	Advertising and Promotion Commission	Arkansas Economic Development Commission Senior Citizens Center Grant	2020 Sales and Use Tax - Street Project Improvements	Sales and Use Tax Refunding and Street Project Improvements Bond - Series 2020	Nonuniformed Employee's Pension	Totals
REVENUES						
Federal aid		\$ 16,218				\$ 16,218
Sales taxes				\$ 535,173		535,173
Interest	\$ 348		\$ 14,618	38,177	\$ 107,876	161,019
Advertising and promotion taxes	116,015					116,015
Employer contributions					143,538	143,538
Net increase/(decrease) in fair value of investments					128,039	128,039
TOTAL REVENUES	116,363	16,218	14,618	573,350	379,453	1,100,002
EXPENDITURES						
Current:						
General government					134,703	134,703
Social services		16,218				16,218
Advertising and promotion	151,396					151,396
Total Current	151,396	16,218			134,703	302,317
Debt Service:						
Bond principal				350,000		350,000
Bond interest and other charges				195,587		195,587
TOTAL EXPENDITURES	151,396	16,218		545,587	134,703	847,904
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,033)		14,618	27,763	244,750	252,098
FUND BALANCES - JANUARY 1	117,251		278,360	652,115	1,913,636	2,961,362
FUND BALANCES - DECEMBER 31	\$ 82,218	\$ 0	\$ 292,978	\$ 679,878	\$ 2,158,386	\$ 3,213,460

CITY OF GREENWOOD, 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>
Advertising and Promotion Commission	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Arkansas Economic Development Commission Senior Citizens Center Grant	Established to account for an Arkansas Department of Economic Development Commission grant to remodel city owned property into a local senior center.
2020 Sales and Use Tax - Street Project Improvements	Greenwood Ordinance no. 20-16 (October 14, 2020) authorized the issuance of sales and use tax refunding and improvement bonds, Series 2020 for the purpose of financing and refinancing the cost of capital improvements; pledging collections of .25% sales and used tax to pay the principal of and interest on the bonds; prescribing other matters relating thereto; and declaring an emergency.
Sales and Use Tax Refunding and Street Project Improvements Bond - Series 2020	Greenwood Ordinance no. 20-16 (October 14, 2020) authorized the issuance of sales and use tax refunding and improvement bonds, Series 2020 for the purpose of financing and refinancing the cost of capital improvements; pledging collections of .25% sales and used tax to pay the principal of and interest on the bonds; prescribing other matter relating thereto; and declaring an emergency.
Nonuniformed Employee's Pension	Greenwood Ordinance no. 02-37 (October 3, 2002) established fund to process the self-supported retirement plan for nonuniformed employees.
Payroll Fund	Established to facilitate payment of payroll expenditures and related tax liabilities.

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

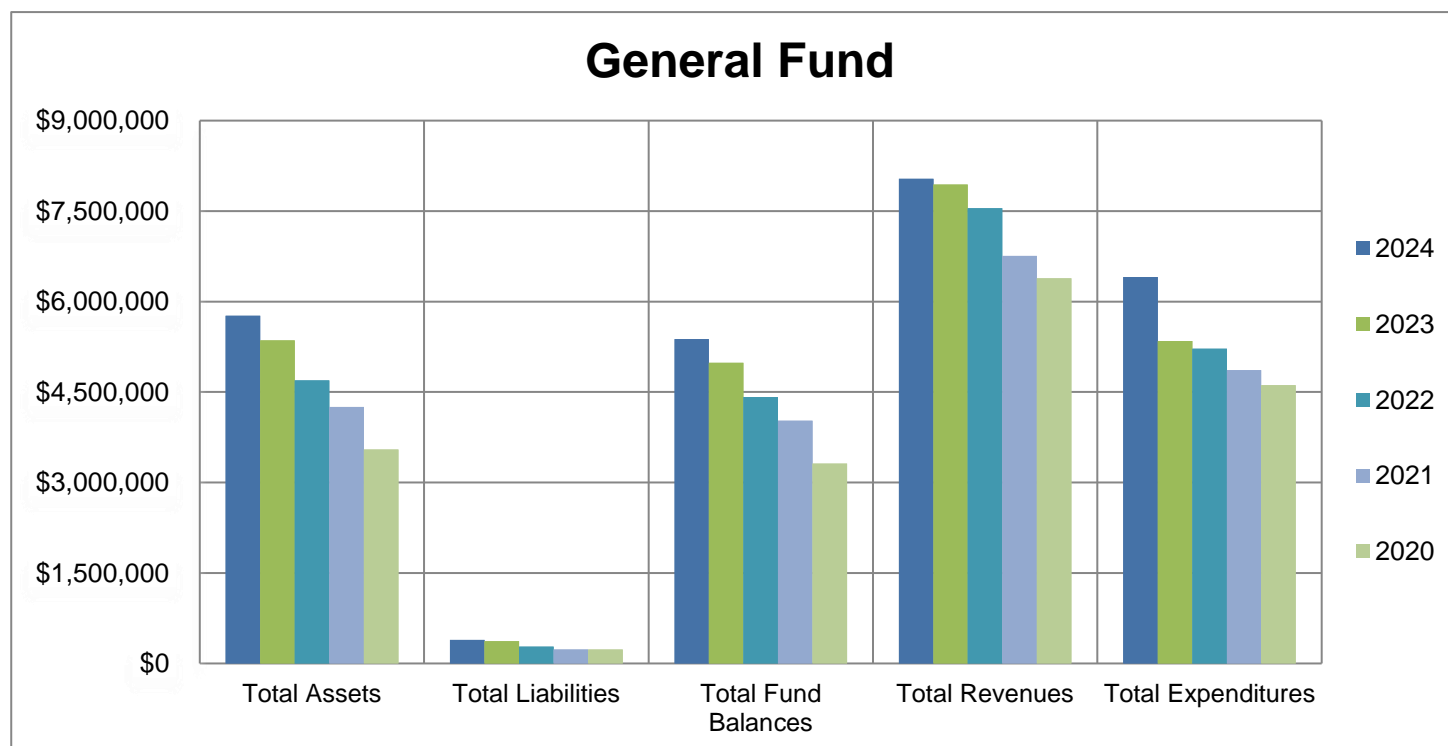
Schedule 3

	December 31, 2024
Land	\$ 2,117,716
Buildings	7,075,716
Equipment	<u>8,439,732</u>
Total	<u><u>\$ 17,633,164</u></u>

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

Schedule 4-1

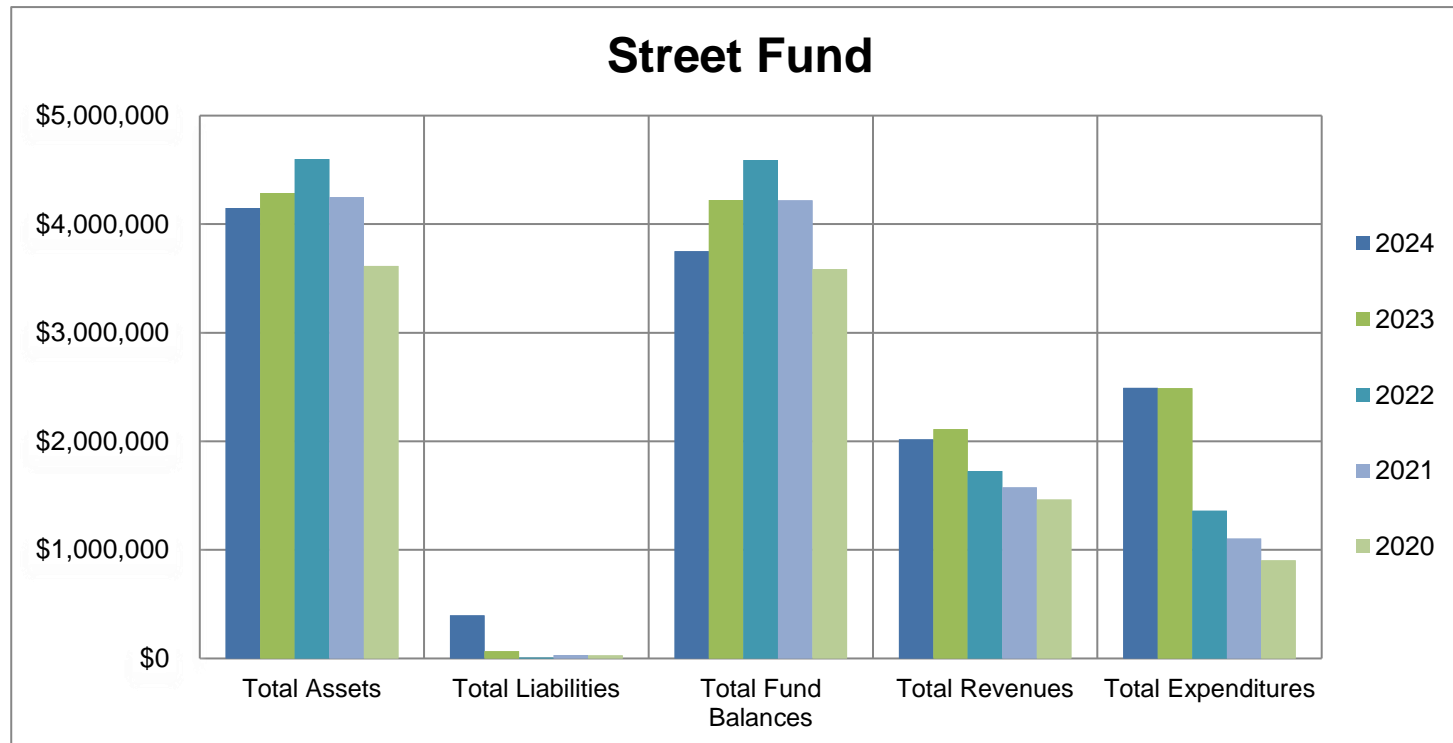
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 5,762,490	\$ 5,356,499	\$ 4,695,439	\$ 4,254,124	\$ 3,544,714
Total Liabilities	387,716	370,293	278,833	230,810	229,540
Total Fund Balances	5,374,774	4,986,206	4,416,606	4,023,314	3,315,174
Total Revenues	8,035,735	7,937,261	7,544,741	6,754,717	6,385,327
Total Expenditures	6,404,373	5,344,884	5,219,426	4,863,138	4,612,585
Total Other Financing Sources/Uses	(1,242,794)	(2,022,777)	(1,932,023)	(1,183,439)	(1,462,693)



CITY OF GREENWOOD, 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	\$ 4,148,647	\$ 4,288,394	\$ 4,598,277	\$ 4,249,421	\$ 3,614,970
Total Liabilities	396,558	67,410	8,747	31,251	29,057
Total Fund Balances	3,752,089	4,220,984	4,589,530	4,218,170	3,585,913
Total Revenues	2,017,123	2,112,918	1,725,298	1,576,777	1,463,657
Total Expenditures	2,493,518	2,488,964	1,358,938	1,103,520	904,570
Total Other Financing Sources/Uses	7,500	7,500	5,000	159,000	5,000



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

Schedule 4-3

Other Funds in the Aggregate	2024	2023	2022	2021	2020
Total Assets	\$ 3,283,058	\$ 3,027,575	\$ 8,365,617	\$ 6,273,452	\$ 5,826,326
Total Liabilities	69,598	66,213	73,118	76,251	286,767
Total Fund Balances	3,213,460	2,961,362	8,292,499	6,197,201	5,539,559
Total Revenues	1,100,002	1,197,529	1,582,276	1,524,459	502,691
Total Expenditures	847,904	6,528,666	1,321,739	851,801	660,619
Total Other Financing Sources/Uses				(15,016)	5,238,379

