

**INDEPENDENT AUDITOR'S REPORT**

**CITY OF HOPE, ARKANSAS**

**DECEMBER 31, 2023**

**CITY OF HOPE, ARKANSAS**  
December 31, 2023

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**INDEPENDENT AUDITOR'S REPORT**

City Manager and Board of Directors  
City of Hope, Arkansas

**Opinion**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Hope, Arkansas (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hope, Arkansas, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audits of the Financial Statements" section of our report. We are required to be independent of City of Hope, Arkansas, 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.

**Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 ability of City of Hope, Arkansas, 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 Audits 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement 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 internal control of City of Hope, Arkansas. 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 ability of City of Hope, Arkansas, 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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hope, Arkansas's basic financial statements. The budgetary comparison schedules-proprietary fund and the schedule of operating transfers as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary comparison schedules-proprietary funds and the schedule of operating transfers are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of City of Hope, Arkansas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hope, Arkansas's internal control over financial reporting and compliance.

November 21, 2024

*William C Miller, LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023

As management of the City of Hope, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2023. The information contained in this analysis should be considered in conjunction with the basic financial statements, notes, and supplementary information to enhance one's understanding of the City's overall performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2023 by \$24,253,427, which is an increase of \$3,655,343 over last year.
- As of the close of the current year, the City's governmental funds reported an ending fund balance of \$6,994,450, of which \$4,285,098 is available for spending at the City's discretion (unrestricted and unassigned) and \$2,709,352 is restricted for use inside specified funds.
- At the end of 2023, unassigned, unrestricted fund balance for the General Fund was \$4,285,098, which is 82.30% of total general fund expenditures.
- The City's long-term debt, including current maturities, increased by \$617,808 due to increased liability for net pension liabilities and decreased liability for landfill/port-closure care payable.
- The City's capital assets, net of depreciation, increased \$2,286,691 largely due to construction and purchase of large equipment.
- The City's component units, Hope Water & Light and Hope Tourist Promotion, have net position of \$45,693,997 and \$1,026,083, respectively, as of December 31, 2023.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These two statements report the City's net position and changes in them. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.



CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2023

**Government-wide Financial Statements (Continued)**

In the Statement of Net Position and the Statement of Activities, the City will be divided into two kinds of activities.

- \* Governmental Activities - Most of the City's basic services are reported here, including police, fire, streets, parks, and general administration. Sales tax, turnback, property tax, and fines finance most of these activities.
- \* Business-Type Activities - the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sewer and sanitation are reported here.

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law. However, the City's Board of Directors establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. The two kinds of funds, Governmental and Proprietary, use different accounting approaches.

- \* Governmental Funds - Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the difference between governmental activities and governmental funds in a reconciliation following the fund financial statement.
- \* Proprietary Funds - When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Proprietary Funds are the same as the business-type activities that will be reported in the government-wide statements but provides more detail and information, such as cash flows.
- \* Fiduciary Funds - The City is trustee for the Firemen's Relief and Pension Fund and custodial funds. The financial information from the Firemen's Relief and Pension Fund is excluded from the government-wide statements because the City cannot use these assets to finance operations. A separate statement of fiduciary net position and a statement of changes in fiduciary net position are provided.

CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2023

**Government-wide Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hope, assets and deferred outflows exceeded liabilities and deferred inflows by \$24,253,427 at the close of 2023.

By far, the City's largest portion of net position (90.11%) is its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. These capital assets are used to provide services to citizens and, therefore, are not available for future spending. Restricted net position includes those assets restricted for debt and other purposes. The unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors; however the City's unrestricted net position reflects a deficit.

**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current & Other Assets	\$ 8,416,908	\$ 7,402,876	\$ 2,244,296	\$ 2,179,961	\$ 10,661,204	\$ 9,582,837
Capital Assets	<u>21,806,871</u>	<u>19,442,680</u>	<u>12,342,635</u>	<u>12,420,135</u>	<u>34,149,506</u>	<u>31,862,815</u>
Total Assets	<u>30,223,779</u>	<u>26,845,556</u>	<u>14,586,931</u>	<u>14,600,096</u>	<u>44,810,710</u>	<u>41,445,652</u>
Deferred Outflows	<u>2,022,222</u>	<u>1,898,720</u>	<u>914,204</u>	<u>927,645</u>	<u>2,936,426</u>	<u>2,826,365</u>
Long-term Liabilities Outstanding	7,386,763	6,160,309	13,451,102	14,176,370	20,837,865	20,336,679
Other Liabilities	<u>1,598,111</u>	<u>1,881,650</u>	<u>753,917</u>	<u>654,487</u>	<u>2,352,028</u>	<u>2,536,137</u>
Total Liabilities	<u>8,984,874</u>	<u>8,041,959</u>	<u>14,205,019</u>	<u>14,830,857</u>	<u>23,189,893</u>	<u>22,872,816</u>
Deferred Inflows	<u>283,279</u>	<u>755,402</u>	<u>20,537</u>	<u>45,715</u>	<u>303,816</u>	<u>801,117</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	20,045,367	17,656,143	1,808,513	1,533,441	21,853,880	19,189,584
Restricted	2,709,352	1,840,812	729,070	701,225	3,438,422	2,542,037
Unrestricted	<u>223,129</u>	<u>449,960</u>	<u>(1,262,004)</u>	<u>(1,583,497)</u>	<u>(1,038,875)</u>	<u>(1,133,537)</u>
Total Net Position	<u>\$22,977,848</u>	<u>\$19,946,915</u>	<u>\$ 1,275,579</u>	<u>\$ 651,169</u>	<u>\$ 24,253,427</u>	<u>\$ 20,598,084</u>

CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2023

**Net Position (Continued)**

During the current fiscal year, the net position of the city increased by \$3,655,344. The City's revenues are largely comprised of sales tax revenues as well as charges for services through sanitation and wastewater. The increase in net position was largely due to increases in service revenues, grants, and tax revenue.

	2023			2022		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 343,958	\$ 3,417,675	\$ 3,761,633	\$ 328,990	\$ 3,219,225	\$ 3,548,215
Operating Grants & Contributions	160,747		160,747	619,777		619,777
Capital Grants & Contributions	930,454		930,454	527,379		527,379
General Revenues						
Sales Tax	4,563,338		4,563,338	4,470,007		4,470,007
Property Tax	549,111		549,111	479,407		479,407
State Turnback	954,787		954,787	967,260		967,260
Franchise Fees	160,873		160,873	179,846		179,846
Interest Income	121,141	59,103	180,244	3,487	8,616	12,103
Other Income	1,791,743	114,692	1,906,435	830,456	25,412	855,868
Transfers	1,124,015	103,283	1,227,298	451,919	94,361	546,280
Total Revenues	<u>10,700,167</u>	<u>3,694,753</u>	<u>14,394,920</u>	<u>8,858,528</u>	<u>3,347,614</u>	<u>12,206,142</u>
<b>Expenses</b>						
Law Enforcement	2,681,776		2,681,776	2,507,729		2,507,729
Public Safety	1,477,360		1,477,360	854,964		854,964
Recreation & Culture	1,150,841		1,150,841	798,700		798,700
General Government	2,283,719		2,283,719	2,791,829		2,791,829
Interest on Long-term Debt	75,537		75,537	73,184		73,184
Sanitation		1,595,023	1,595,023		2,138,447	2,138,447
Wastewater		1,475,320	1,475,320		1,325,680	1,325,680
Total Expenses	<u>7,669,233</u>	<u>3,070,343</u>	<u>10,739,576</u>	<u>7,026,406</u>	<u>3,464,127</u>	<u>10,490,533</u>
Change In Net Position	3,030,934	624,410	3,655,344	1,832,122	( 116,513)	1,715,609
Beginning Net Position	<u>19,946,914</u>	<u>651,169</u>	<u>20,598,083</u>	<u>18,114,792</u>	<u>767,682</u>	<u>18,882,475</u>
Ending Net Position	<u>\$ 22,977,848</u>	<u>\$ 1,275,579</u>	<u>\$24,253,427</u>	<u>\$ 19,946,914</u>	<u>\$ 651,169</u>	<u>\$20,598,084</u>

CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2023

### Governmental Activities

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of useable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net revenues available for spending for program purposes at the end of the fiscal year. As of the end of 2023, the City's governmental funds reported an ending fund balance of \$6,994,450.

### Business-type Activities

The Sanitation Fund reported income of \$383,763 before operating transfers, compared to a loss of \$342,080 before operating transfers in 2022. Wastewater reported income of \$137,364 before operating transfers, compared to income of \$131,206 before operating transfers in 2022. The increase in income in Sanitation was largely due to increased service fees and a decrease in landfill closure/post closure costs. The Wastewater Fund increase in income was largely due to an increase in revenues of \$100,635 from 2022 and a decrease in nonoperating expenses.

### General Fund Budgetary Highlights

The General Fund relies heavily on sales taxes, which continue to be somewhat unpredictable and slow-growing. In response, the City is conservative in the area of budgeting sales tax revenues. Overall, revenues in the General Fund were over budget and expenses were under budget for the year, with net excess over budget of \$478,939.

### Capital Assets

At the end of 2023, the City had \$34,149,506, net of accumulated depreciation, invested in capital assets including police and fire equipment, buildings, park facilities, roads, airport, and wastewater treatment plants. This represents a increase, net of accumulated depreciation, of \$2,286,691 from last year. The increase is largely due to construction and purchase of large equipment.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Building/Plant	\$ 8,464,255	\$ 8,435,859	\$ 18,936,629	\$ 18,875,715	\$ 27,400,884	\$ 27,311,574
Infrastructure	14,254,237	11,593,763			14,254,237	11,593,763
Land	2,012,225	2,012,225	1,168,808	1,168,808	3,181,033	3,181,033
Construction in Progress	2,176,736	2,401,989	26,958		2,203,694	2,401,989
Vehicles & Equipment	6,902,125	6,353,171	2,897,036	2,623,615	9,799,161	8,976,786
Accumulated Depreciation	(12,002,707)	(11,354,327)	(10,686,796)	(10,248,003)	( 22,689,503)	( 21,602,330)
Totals	<u>\$ 21,806,871</u>	<u>\$ 19,442,680</u>	<u>\$ 12,342,635</u>	<u>\$ 12,420,135</u>	<u>\$ 34,149,506</u>	<u>\$ 31,862,815</u>

This year's additions included the following:

Streetscape	\$ 1,058,057
Police radios	137,018
Police vehicles	161,316
Park improvements	663,389
Airport 16 - 34 rehab	219,091
Airport equipment	64,957
Sanitation equipment	412,590

CITY OF HOPE, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2023

### Debt

At year-end, the City had \$21,662,788 in outstanding bonds, and other long-term debt compared to \$21,044,982 last year. The increase of \$617,806 can largely be attributed to increases in net pension liability and a decrease in estimated closure/post closure costs. The net pension liability and closure/post closure costs are generally out of management control.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue Bonds	\$ 1,455,508	\$ 1,519,143	\$10,804,088	\$11,319,848	\$12,259,596	\$12,838,991
Other long-term debt	457,322	398,984	1,901,314	2,199,364	2,358,636	2,598,348
Net pension liability	5,674,956	4,392,236	1,369,600	1,215,407	7,044,556	5,607,643
Totals	<u>\$7,587,786</u>	<u>\$ 6,310,363</u>	<u>\$14,075,002</u>	<u>\$14,734,619</u>	<u>\$21,662,788</u>	<u>\$21,044,982</u>

### Economic Factors and Next Year's Budget and Rates

Sales tax and all other revenues and fees are expected to remain steady and staff continues to budget conservatively, limit capital projects and purchases, and closely monitor all spending. To counteract lack of growth and other factors, staff will present various alternatives to the Board of Directors for their input and direction.

### Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Clark, Finance Director, or J.R. Wilson, City Manager, at City Hall during normal business hours. You may obtain information about Hope Water and Light by contacting their management in the offices located at 105 North Elm.

## BASIC FINANCIAL STATEMENTS

CITY OF HOPE, ARKANSAS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hope Water and Light Commission	Hope Tourism Commission
<b>Assets and Deferred Outflows</b>					
Cash	\$ 4,013,757	\$ 908,761	\$ 4,922,518	\$ 11,513,897	\$ 907,155
Investments	2,930,000	320,000	3,250,000	2,650,000	60,417
Receivables, net of allowance for doubtful accounts	1,051,612	12,018	1,063,630	2,978,014	66,844
Other current assets				231,405	
Due from other funds	237,849		237,849		
Due from component units		274,447	274,447		
Materials/supplies inventory	54,858		54,858	578,171	
Restricted assets:					
Cash	128,832	592,595	721,427	1,597,659	
Investments		136,475	136,475	4,583,678	
Accrued interest receivable				9,774	
Property, plant and equipment, net	<u>21,806,871</u>	<u>12,342,635</u>	<u>34,149,506</u>	<u>45,980,350</u>	
Total Assets	<u>30,223,779</u>	<u>14,586,931</u>	<u>44,810,710</u>	<u>70,122,948</u>	<u>1,034,416</u>
<b>Deferred Outflows Of Resources</b>					
Deferred amounts on refunding		461,523	461,523	114,031	
Pension related deferred outflows	<u>2,022,222</u>	<u>452,681</u>	<u>2,474,903</u>	<u>1,236,672</u>	
Total Deferred Outflows Of Resources	<u>2,022,222</u>	<u>914,204</u>	<u>2,936,426</u>	<u>1,350,703</u>	
 Total Assets and Deferred Outflows Of Resources	<u>\$ 32,246,001</u>	<u>\$ 15,501,135</u>	<u>\$ 47,747,136</u>	<u>\$ 71,473,651</u>	<u>\$ 1,034,416</u>

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Hope Water and Light Commission	Hope Tourism Commission
<b>Liabilities and Deferred Inflows</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 338,456		\$ 338,456	\$ 2,406,566	\$ 8,333
Due to other funds	147,560	\$ 90,289	237,849	274,447	
Accrued liabilities	32,462	39,728	72,190	1,106,306	
Customer deposits				912,308	
Contracts payable - current				17,459	
Notes payable - current	109,177	75,126	184,303		
Bonds payable - current	66,476	540,000	606,476	910,000	
Compensated absences - current	25,370	8,774	34,144	161,510	
Accrued interest payable				75,818	
Unearned revenue	878,610		878,610		
<b>Noncurrent Liabilities</b>					
Notes payable	80,473	86,098	166,571		
Bonds payable	1,389,032	10,264,088	11,653,120	14,832,805	
Contracts payable				437,759	
Net pension liability	5,674,956	1,369,600	7,044,556	4,191,354	
Closure/post-closure payable		1,652,354	1,652,354		
Accrued compensated absences	242,302	78,962	321,264	294,373	
<b>Total Liabilities</b>	<u>8,984,874</u>	<u>14,205,019</u>	<u>23,189,893</u>	<u>25,620,705</u>	<u>8,333</u>
<b>Deferred Inflows Of Resources</b>					
Deferred lease inflow				3,136	
Pension related deferred inflows	283,279	20,537	303,816	155,813	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>9,268,153</u>	<u>14,225,556</u>	<u>23,493,709</u>	<u>158,949</u>	<u>8,333</u>
<b>Net Position</b>					
Net investment in capital assets	20,045,367	1,808,513	21,853,880	29,387,910	
Restricted for:					
Capital projects	2,445,630	41,330	2,486,960		
Debt service	128,832	687,740	816,572	5,205,670	
Other purposes					
Spendable	80,032		80,032		
Nonspendable	54,858		54,858		
Unrestricted	223,129	( 1,262,004)	( 1,038,875)	11,100,417	1,026,083
<b>Total Net Position</b>	<u>22,977,848</u>	<u>1,275,579</u>	<u>24,253,427</u>	<u>45,693,997</u>	<u>1,026,083</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 32,246,001</u>	<u>\$ 15,501,135</u>	<u>\$ 47,747,136</u>	<u>\$ 71,473,651</u>	<u>\$ 1,034,416</u>

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



CITY OF HOPE, ARKANSAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Law enforcement	\$ 2,681,776	\$ 343,958	\$ 43,681	
Public safety	1,477,360			
Recreation and culture	1,150,841			
General government	2,283,719		117,066	\$ 930,454
Interest on long-term debt	75,537			
Total governmental activities	7,669,233	343,958	160,747	930,454
Business-type activities:				
Sanitation	1,595,023	1,942,393		
Wastewater	1,475,320	1,475,282		
Total business-type activities	3,070,343	3,417,675		
Total primary government	\$ 10,739,576	\$ 3,761,633	\$ 160,747	\$ 930,454
Component units:				
Hope Tourism Commission	\$ 423,074	\$ 46,037		
Hope Water and Light Commission	27,316,667	29,269,339	\$	\$
Total component units	\$ 31,125,160	\$ 32,497,413	\$	\$

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Hope Water and Light Commission	Hope Tourism Commission
<b>Primary Government</b>					
<b>Governmental activities:</b>					
Law enforcement	\$( 2,294,137)		\$( 2,294,137)		
Public safety	( 1,477,360)		( 1,477,360)		
Recreation and culture	( 1,150,841)		( 1,150,841)		
General government	( 1,236,199)		( 1,236,199)		
Interest on long-term debt	( 75,537)		( 75,537)		
Total governmental activities	<u>( 6,234,074)</u>		<u>( 6,234,074)</u>		
<b>Business-type activities:</b>					
Sanitation		\$ 347,370	347,370		
Wastewater		( 38)	( 38)		
Total business-type activities		<u>347,332</u>	<u>347,332</u>		
Total primary government	<u>( 6,234,074)</u>	<u>347,332</u>	<u>( 5,886,742)</u>		
<b>Component units:</b>					
Hope Tourism Commission					\$( 377,037)
Hope Water and Light Commission				\$ 1,952,672	
Total component units				<u>1,952,672</u>	<u>( 377,037)</u>
<b>General revenues:</b>					
Sales tax	4,563,338		4,563,338		759,600
Property tax	549,111		549,111		
State turnback	954,787		954,787		
Franchise taxes	160,873		160,873		
Interest income	121,141	59,103	180,244	623,806	1,890
Other income	1,791,743	114,692	1,906,435	( 138,110)	
Transfers	<u>1,124,015</u>	<u>103,283</u>	<u>1,227,298</u>	<u>( 575,000)</u>	<u>( 652,298)</u>
Total general revenues, special items and transfers	<u>9,265,008</u>	<u>277,078</u>	<u>9,542,086</u>	<u>( 89,304)</u>	<u>109,192</u>
Changes in Net Position	3,030,934	624,410	3,655,344	1,863,368	( 267,845)
Net Position - Beginning	<u>19,946,914</u>	<u>651,169</u>	<u>20,598,083</u>	<u>43,830,629</u>	<u>1,293,928</u>
Net Position - Ending	<u>\$ 22,977,848</u>	<u>\$ 1,275,579</u>	<u>\$ 24,253,427</u>	<u>\$ 45,693,997</u>	<u>\$ 1,026,083</u>

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

CITY OF HOPE, ARKANSAS  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	Special Revenue Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	Airport Fund	Capital Outlay Fund		
<b>Assets</b>						
Cash	\$ 2,819,275	\$ 389,014	\$ 659,093	\$ 146,375		\$ 4,013,757
Investments	1,850,000	350,000	730,000			2,930,000
Receivables, net of allowance for doubtful accounts	652,797	88,317	310,498			1,051,612
Inventories		18,215	36,643			54,858
Due from other funds	234,414	1,435	2,000			237,849
Restricted assets:						
Cash and investments					\$ 128,832	128,832
Total Assets	<u>\$ 5,556,486</u>	<u>\$ 846,981</u>	<u>\$ 1,738,234</u>	<u>\$ 146,375</u>	<u>\$ 128,832</u>	<u>\$ 8,416,908</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 338,456					\$ 338,456
Accrued compensated absences	22,356	\$ 2,949	\$ 65			25,370
Accrued liabilities	29,966	2,223	273			32,462
Unearned grant revenue	878,610					878,610
Due to other funds	2,000	12,144	67,073	\$ 66,343		147,560
Total Liabilities	<u>1,271,388</u>	<u>17,316</u>	<u>67,411</u>	<u>66,343</u>		<u>1,422,458</u>
<b>Fund Balances</b>						
Nonspendable						
Inventories		18,215	36,643			54,858
Restricted - expendable		811,450	1,634,180	80,032	128,832	2,654,494
Unassigned	<u>4,285,098</u>					<u>4,285,098</u>
Total Fund Balances	<u>4,285,098</u>	<u>829,665</u>	<u>1,670,823</u>	<u>80,032</u>	<u>128,832</u>	<u>6,994,450</u>
Total Liabilities and Fund Balances	<u>\$ 5,556,486</u>	<u>\$ 846,981</u>	<u>\$ 1,738,234</u>	<u>\$ 146,375</u>	<u>\$ 128,832</u>	<u>\$ 8,416,908</u>

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

CITY OF HOPE, ARKANSAS  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Governmental Fund Balance	\$ 6,994,450
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

The following assets and deferred outflows are not  
financial resources and therefore are not reported in  
governmental funds.

Capital assets	21,806,871
Pension related deferred outflows	2,022,222

The following liabilities and deferred inflows, including  
long-term debt, are not due and payable in the current  
period and therefore are not reported in governmental  
funds.

Note payable	( 189,650)
Bonds payable	( 1,455,508)
Net pension liabilities	( 5,674,956)
Pension related deferred inflows	( 283,279)
Accrued compensated absences	<u>( 242,302)</u>

Net Position of Governmental Activities	<u>\$ 22,977,848</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HOPE, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Special Revenue Funds		Capital Projects Fund Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Street Fund	Airport Fund			
<b>Revenues</b>						
Sales tax	\$ 4,563,338					\$ 4,563,338
Property tax	491,962	\$ 57,149				549,111
State general turnback	202,262	752,525				954,787
Franchise taxes	160,873					160,873
Licenses and permits	15,339					15,339
Fines, forfeitures and fees	328,619					328,619
Grants/Contributions	160,747		\$ 321,200	\$ 609,254		1,091,201
Interest and dividend income	107,033	14,108				121,141
Other income	397,698	65,239	1,215,565	113,045	\$ 196	1,791,743
<b>Total Revenues</b>	<u>6,427,871</u>	<u>889,021</u>	<u>1,536,765</u>	<u>722,299</u>	<u>196</u>	<u>9,576,152</u>
<b>Expenditures</b>						
Current:						
Law enforcement	2,528,383					2,528,383
Public safety	1,054,236					1,054,236
Recreation and culture	629,900			8,466		638,366
General government	994,413	591,479	184,473	4,803		1,775,168
Debt service:						
Principal		90,734		63,634		154,368
Interest		10,440		65,097		75,537
Capital outlay		637,256	509,082	1,980,292		3,126,630
<b>Total Expenditures</b>	<u>5,206,932</u>	<u>1,329,909</u>	<u>693,555</u>	<u>2,122,292</u>		<u>9,352,688</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>1,220,939</u>	<u>( 440,888)</u>	<u>843,210</u>	<u>( 1,399,993)</u>	<u>196</u>	<u>223,464</u>
<b>Other Financing Sources</b>						
Transfers in	605,000	545,000		1,454,298		2,604,298
Transfers out	(1,347,000)	( 103,283)	( 30,000)			( 1,480,283)
<b>Total Other Financing Sources (Uses)</b>	<u>( 742,000)</u>	<u>441,717</u>	<u>( 30,000)</u>	<u>1,454,298</u>		<u>1,124,015</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>478,939</u>	<u>829</u>	<u>813,210</u>	<u>54,305</u>	<u>196</u>	<u>1,347,479</u>
<b>Fund Balance - Beginning</b>	<u>3,806,159</u>	<u>828,836</u>	<u>857,613</u>	<u>25,727</u>	<u>128,636</u>	<u>5,646,971</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,285,098</u>	<u>\$ 829,665</u>	<u>\$ 1,670,823</u>	<u>\$ 80,032</u>	<u>\$ 128,832</u>	<u>\$ 6,994,450</u>

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

CITY OF HOPE, ARKANSAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Governmental Funds \$ 1,347,479

Amount reported for governmental activities are  
 different because:

Governmental funds report capital outflows as expenditures.  
 For the statement of activities, the costs of those assets are  
 allocated over their useful lives and reported as  
 depreciation expense.

Capital addition	3,257,698
Depreciation	( 893,400)
Disposal of asset	( 107)

Incurred long-term debt provides current financial resources in government funds but increases long-term debt in the statement of net position.	( 139,733)
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Repayments of long-term liabilities are expenditures in governmental funds but reduces long-term liabilities in the statement of net position.	154,368
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Expenses that do not require current financial resources are  
 not reported as expenses in the governmental funds but are  
 reported as expenses in the statement of activities:

Change in accrued compensated absences	( 9,446)
Change in accrued interest payable	1,167

Current year pension expenditures are reported on  
 governmental statement of revenues, expenditures and  
 changes in fund balances and are actuarially determined  
 in the government wide statement of activities.  
 Differences are reflected in deferred outflows and inflows of  
 resources balances

( 687,092)

Changes in Net Position Governmental Activities	<u><u>\$ 3,030,934</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HOPE, ARKANSAS  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023

	Sanitation Fund	Wastewater Fund	Totals
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 461,168	\$ 447,593	\$ 908,761
Investments		320,000	320,000
Accounts receivable, net	8,108	3,910	12,018
Receivable from component unit	149,849	124,598	274,447
Total Current Assets	<u>619,125</u>	<u>896,101</u>	<u>1,515,226</u>
<b>Restricted Assets</b>			
Cash - debt service	138,702	329,619	468,321
Cash - bond funds		82,944	82,944
Cash - capital projects		41,330	41,330
Investments - debt services	136,475		136,475
Total Restricted Assets	<u>275,177</u>	<u>453,893</u>	<u>729,070</u>
<b>Property, Plant and Equipment, Net</b>	<u>4,399,652</u>	<u>7,942,983</u>	<u>12,342,635</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	302,708	149,973	452,681
Deferred amount on refunding		461,523	461,523
Total Deferred Outflows of Resources	<u>302,708</u>	<u>611,496</u>	<u>914,204</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 5,596,662</u>	<u>\$ 9,904,473</u>	<u>\$ 15,501,135</u>

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS (CONTINUED)  
DECEMBER 31, 2023

	Sanitation Fund	Wastewater Fund	Totals
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accrued liabilities	\$ 9,496	\$ 30,232	\$ 39,728
Other funds	82,949	7,340	90,289
Current maturities of long-term debt	<u>296,124</u>	<u>327,776</u>	<u>623,900</u>
Total Current Liabilities	<u>388,569</u>	<u>365,348</u>	<u>753,917</u>
<b>Long-term Debt</b>			
Compensated absences	53,979	24,983	78,962
Closure/post-closure care payable	1,652,354		1,652,354
Net pension liability	913,503	456,097	1,369,600
Bonds payable, net of discount	1,683,492	8,580,596	10,264,088
Note Payable	<u>86,098</u>		<u>86,098</u>
Total Long-term Debt	<u>4,389,426</u>	<u>9,061,676</u>	<u>13,451,102</u>
Total Liabilities	<u>4,777,995</u>	<u>9,427,024</u>	<u>14,205,019</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	<u>13,698</u>	<u>6,839</u>	<u>20,537</u>
<b>Net Position</b>			
Net investment in capital assets	2,337,147	( 528,634)	1,808,513
Restricted for debt service	275,177	412,563	687,740
Restricted for capital projects		41,330	41,330
Unrestricted (deficit)	<u>( 1,807,355)</u>	<u>545,351</u>	<u>( 1,262,004)</u>
Total Net Position	<u>804,969</u>	<u>470,610</u>	<u>1,275,579</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 5,596,662</u>	<u>\$ 9,904,473</u>	<u>\$ 15,501,135</u>

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



CITY OF HOPE, ARKANSAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund	Wastewater Fund	Totals
<b>Revenues</b>			
Service fees	\$ 1,942,393	\$ 1,475,282	\$ 3,417,675
Other	11,382	75,260	86,642
	<u>1,953,775</u>	<u>1,550,542</u>	<u>3,504,317</u>
<b>Operating Expenses</b>			
Landfill post closure cost	( 436,420)		( 436,420)
Operating and maintenance	1,592,435	841,063	2,433,498
Depreciation and amortization	371,919	290,043	661,962
Total Operating Expenses	<u>1,527,934</u>	<u>1,131,106</u>	<u>2,659,040</u>
<b>Operating Income (Loss)</b>	<u>425,841</u>	<u>419,436</u>	<u>845,277</u>
<b>Nonoperating Revenue (Expense)</b>			
Interest income	12,436	46,667	59,103
Interest expense	( 65,993)	( 339,214)	( 405,207)
Gain on sale of capital assets	12,575	15,475	28,050
Fiduciary fees	( 1,096)	( 5,000)	( 6,096)
Total Nonoperating Expense	<u>( 42,078)</u>	<u>( 282,072)</u>	<u>( 324,150)</u>
<b>Income (Loss) Before Operating Transfers</b>	383,763	137,364	521,127
<b>Operating Transfers in (out)</b>	<u>206,566</u>	<u>( 103,283)</u>	<u>103,283</u>
<b>Change in Net Position</b>	590,329	34,081	624,410
<b>Net Position - Beginning</b>	<u>214,640</u>	<u>436,529</u>	<u>651,169</u>
<b>Net Position - Ending</b>	<u><u>\$ 804,969</u></u>	<u><u>\$ 470,610</u></u>	<u><u>\$ 1,275,579</u></u>

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund	Wastewater Fund	Totals
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 1,966,451	\$ 1,538,232	\$ 3,504,683
Cash paid for supplies and operating costs	( 685,974)	( 234,808)	( 920,782)
Cash paid for employee and related costs	( 839,624)	( 579,877)	( 1,419,501)
Net Cash Provided by Operating Activities	<u>440,853</u>	<u>723,547</u>	<u>1,164,400</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Operating transfers from (to) other funds	<u>246,321</u>	( 108,412)	<u>137,909</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>246,321</u>	( 108,412)	<u>137,909</u>
<b>Cash Flows From Capital And Related Financing Activities</b>			
Proceeds from sale of capital assets	12,575	15,475	28,050
Purchase of fixed assets	( 247,014)	( 72,648)	( 319,662)
Fiduciary fees	( 1,096)	( 5,000)	( 6,096)
Principal paid, long-term debt	( 299,920)	( 315,000)	( 614,920)
Interest paid on long-term debt	( 66,313)	( 339,832)	( 406,145)
Net Cash Used in Capital and Related Financing Activities	<u>( 601,768)</u>	<u>( 717,005)</u>	<u>( 1,318,773)</u>
<b>Cash Flows From Investing Activities</b>			
Investment income received	<u>12,436</u>	<u>46,667</u>	<u>59,103</u>
Net Cash Provided by Investing Activities	<u>12,436</u>	<u>46,667</u>	<u>59,103</u>
<b>Net Increase (Decrease) in Cash</b>	97,842	( 55,203)	42,639
<b>Cash - Beginning of Year</b>	<u>502,028</u>	<u>956,689</u>	<u>1,458,717</u>
<b>Cash - End of Year</b>	<u>\$ 599,870</u>	<u>\$ 901,486</u>	<u>\$ 1,501,356</u>

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund	Wastewater Fund	Totals
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating net income (loss)	\$ 425,841	\$ 419,436	\$ 845,277
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>			
Depreciation and amortization	371,919	290,043	661,962
Pension expense other than contributions	82,848	30,536	113,384
Landfill closure/post closure care	( 436,420)		( 436,420)
(Increase) decrease in current assets:			
Receivables, net	( 12,675)	( 12,310)	( 24,985)
Prepaid expense	3,289		3,289
Increase (decrease) in current liabilities:			
Accrued liabilities	51	40	91
Accrued compensated absences	6,000	( 4,198)	1,802
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 440,853</u>	<u>\$ 723,547</u>	<u>\$ 1,164,400</u>

**Supplemental Disclosure of Noncash Transactions**

Capital asset financial by Note	<u>\$ 226,490</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HOPE, ARKANSAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2023

	<u>Fiduciary Fund</u>	<u>Custodial Funds</u>		
	Firemen's Pension and Relief Fund	District Court Accounts	Bonds and Fines Accounts	Total
<b>Assets</b>				
Cash	\$ 94,374	\$ 39,648	\$ 3,492	\$ 137,514
Total Assets	<u>94,374</u>	<u>39,648</u>	<u>3,492</u>	<u>137,514</u>
<b>Liabilities</b>				
Other accrued liabilities	329	39,648	3,492	43,469
Total Liabilities	<u>329</u>	<u>39,648</u>	<u>3,492</u>	<u>43,469</u>
<b>Net Position</b>				
Held in Trust for Pension Benefits	<u>\$ 94,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,045</u>

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

CITY OF HOPE, ARKANSAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Firemen's Pension and Relief Fund</u>
<b>Additions</b>	
Contributions	
General property taxes	\$ 94,374
Total Contributions	<u>94,374</u>
Investment Income	
Dividends and interest	40,886
Net decrease in fair value	<u>( 8,857)</u>
Net Investment Income	<u>32,029</u>
Total	<u>126,403</u>
<b>Deductions</b>	
Pension benefits	101,154
Actuarial fee	2,231
Special item - transfer assets to LOPFI	<u>1,718,810</u>
Total Deductions	<u>1,822,195</u>
<b>Net Decrease in Net Position</b>	<u>( 1,695,792)</u>
<b>Net Position Restricted for Pension Benefits</b>	
Beginning of Year	<u>1,789,837</u>
<b>Net Position Restricted for Pension Benefits</b>	
End of Year	<u>\$ 94,045</u>

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

## NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hope, Arkansas (the “City”) was incorporated in 1875 under the laws of the State of Arkansas. The City provides various services and consists of many different activities and smaller accounting entities. These services include the following: 1) police force, 2) fire-fighting and prevention force, 3) street maintenance force, 4) parks and recreation system, 5) sanitation department, 6) wastewater department, 7) water and light commission, 8) tourism commission, and 9) general administration. All are responsible to the citizens of Hope, and are therefore included within the reporting unit.

The City is a charter city and is governed by a seven-member Board of Directors which is elected by ward. The Board, in turn, elects the Mayor of the City. The Board also hires a professional city manager to carry out its decisions and to manage the City’s daily operations. This form of city government is authorized by Arkansas statute ACA 14-47-101-139.

The accounting and reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Recently adopted statements had limited effect on financial statements for the year ended December 31, 2023.

GASB Statement No. 83, *Certain Asset Retirement Obligations*: An asset obligation is a legally enforceable liability associated with the retirement of tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The recognition should occur when the liability is both incurred and can be reasonably estimated. Management determined the City has no liability related to the standard.

GASB Statement No. 87, *Leases*: This Statement increases the usefulness of government financial statements by requiring recognition of certain lease liabilities that currently are not reported. It enhances comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also enhances the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government’s leasing arrangement. Management determined the City has no leases meeting the criteria for recognition of Statement 87.

GASB Statement No. 91, *Conduit Debt Obligation*: This statement provides a single method for government issuers to report a conduit debt obligations and related commitments to enhance comparability and consistence of conduit debt obligation reporting and reporting of related transactions and other events by issuer. Management determined the City has no conduit debt obligations.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the City for the year ending December 31, 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs). Their statement had no effect on the financial statements.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the City for the year ending December 31, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Management evaluated and determined the City had no arrangements meeting that criteria for recognition of Statement 96.

GASB Statement No. 99, *Omnibus 99*, is effective for the City for the year ending December 31, 2023 and 2024. The objectives of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Their statement had limited effect on the financial statements.

The Governmental Accounting Standards Board issued the following statements not yet implemented by the City. Management has not yet determined the impact of these standards on the financial statements when adopted.

GASB Statement No. 100, *Accounting Changes and Error Connections*, will be effective for the City for the year ending December 31, 2024. This statement provides more straight forward guidance designed to lead to information that is easier to understand and more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability.

GASB Statement No. 101, *Compensated Absences*, is effective for the City for the year ending December 31, 2024. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the City for the year ending December 31, 2025. The objective of this statement is to provide a broader disclosure of risk concentration or constraint, the City's vulnerability to that risk, and the possible impact if that risk event were to occur.

**Reporting Entity** - The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The criteria for including accounting entities, agencies, and commissions as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Government Accounting and Financial Reporting Standards*, include whether:

- \* the organization is legally separate (can sue and be sued in its own name)
- \* the City holds the corporate powers of the organization
- \* the City appoints a voting majority of the organization's board
- \* the City is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the City
- \* there is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has two component units: Hope Water and Light Commission and Hope Tourism Commission.



CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Discretely Presented Component Units** - Component units are legally separate units for which the management of the primary government still has significant influence over or accountability for its financial operations.

As stated the following component units are included in the City's reporting entity:

1. Hope Water and Light Commission operates the City's water and electric systems. The City appoints the Commission's board for five-year terms. The Commission's board has complete legal, budgetary, and administrative control over the Commission's affairs. The Commission is discretely presented as a separate column in the City's government-wide financial statements and issues separately audited financial statements, copies of which can be obtained from the management of the Commission at 105 North Elm Street, Hope, Arkansas 71801.
2. Hope Tourism Commission is governed by seven members appointed by the City and was created to promote and develop tourism in the City. The Commission collects a special 2% tax levied by the City to subsidize the Commission's operations. The Commission is discretely presented as a separate column in the City's government-wide financial statements. Financial statements for Hope Tourism Commission can be obtained from the City's administrative offices at 206 West Avenue A, Hope, Arkansas 71801.

**Related Organization** - The Hope Housing Authority is a related organization excluded from the financial reporting entities. The City of Hope Board of Directors' authority over the Hope Housing Authority extends only to the confirmation of Hope Housing Authority Commission appointments as provided in ACA 14-169-208 2(B). The five citizens who serve on the Authority administer federal and other funds to improve housing conditions for low-income citizens of the City. Audited financial statements are available from the Hope Housing Authority.

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements* - The government-wide financial statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: 1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; 2) operating grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Fund Financial Statements* - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund type - governmental, proprietary and fiduciary - are presented. Major governmental and major enterprise funds are reported in separate columns in the fund financial statements. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

**Measurement Focus/Basis of Accounting** - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers sales and use taxes available if they are collected within thirty days after year-end. All other revenues are considered to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, compensated absences, and claims and judgments which are reported as expenditures in the year when payment is due.

The City reports the following major governmental funds:

*General Fund* - The General Fund is the City's primary operating fund and accounts for all financial resources of the general government except those accounted for in another fund.

*Street Fund* - The Street Fund is a special revenue fund that primarily accounts for special revenue sources which are legally restricted to expenditures for street and highway purposes.

*Airport Fund* - The Airport Fund is a special revenue fund that primarily accounts for special revenue sources which are legally restricted to expenditures for the City's airport.

*Capital Outlay Fund* - The Capital Outlay Fund is a capital projects fund that primarily accounts for special revenue sources, generally grant funds, which are restricted for large capital expenditures and related items, other than those financed by enterprise funds.

The *Debt Service Fund* is a nonmajor governmental fund. The Debt Service Fund accounts for financial resources which are restricted, committed or assigned to expenditure for principal and interest on the City's general debt obligations.

Enterprise funds account for activities for which the City charges a fee to external users for goods or services. The City reports the following major enterprise funds:

*Sanitation Fund* - The Sanitation Fund is an enterprise fund used to account for the City's sanitation operations including garbage and trash removal and the City's landfills.

*Wastewater Fund* - The Wastewater Fund is an enterprise fund used to account for the City's wastewater operations including maintenance and operation of the City's sewer facilities and wastewater collection infrastructure.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds account for resources held by the City on the behalf of others. The City reports the following fiduciary funds:

*Firemen's Pension and Relief Fund* - The Firemen's Pension and Relief Fund is a pension trust fund that accounts for resources that are required to be held in trust for its members and beneficiaries. This fund is managed by a board of trustees that must act in accordance with the specific purposes and terms of the retirement plan.

*Custodial Funds* - Custodial funds account for resources held in a purely custodial capacity for others. The City has two custodial funds, the *District Court Accounts Fund* and the *Bond and Fines Account Fund*.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes are included in general revenues. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services or delivering goods in connection with a fund's ongoing operations. The primary source of operating revenues in the City's major enterprise funds is charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include: taxes, fines and forfeitures, grants and entitlements, and donations. Recognition standards are based on the characteristics and classes of the non-exchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted net assets current in nature are reported with current assets and current liabilities in the financial statements. Restricted investments report assets restricted for acquisition or construction of non-current assets or restricted for liquidation of long-term debt.

**Allowance for Uncollectible Receivables** - Hope Water and Light Commission provides billing and collection services for the Sanitation and Wastewater Funds and remits 100% of the related billings to the funds. Any bad debt expense is absorbed by Hope Water and Light Commission which recorded an allowance of \$79,698. Accordingly, the allowance for doubtful accounts for the proprietary funds as of December 31, 2023 was \$-0-. The City recorded an allowance of \$5,467 for various receivables in the City's governmental funds.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investments** - Investments are reported at fair value. Short-term investments are reported at cost (which approximates fair value) and are held by the City in various forms as allowed by the laws of the State of Arkansas. The City records all interest revenue earned from investment activities in the respective funds. As of December 31, 2023, the City considers investments to include certificates of deposit, United States government bonds, and money market mutual funds consisting of United States Treasury obligations.

**Inventories** - Inventories in governmental funds consist of expendable supplies held for consumption, stated on a first-in, first-out basis. Inventories are reported at cost and recorded as expenditures at the time individual inventory items are used. Proprietary fund and similar component unit inventories are recorded using the weighted average method.

**Capital Assets** - The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary fund and component unit capital assets are also reported in their respective fund financial statements.

In 2005, the City adopted GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government*, which requires the City to capitalize and report infrastructure assets subsequent to the GASB 34 transition date. The city has not recorded infrastructure assets prior to January 1, 2005.

Fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Acquisitions of property and equipment in excess of \$5,000 are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

Buildings	5 - 40 years
Infrastructure and other improvements	20 - 40 years
Mobile equipment, furniture and machinery	2 - 10 years

**Deferred Outflows/Inflows of Resources** - The statement of net position and the balance sheet - governmental funds include a separate section for deferred outflows and deferred inflows of resources.

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an expense or expenditure until that time. Pension related deferred outflows included in the financial statements represent the differences between estimated and actual investment earnings, changes in actuarial assumptions, and city contributions to the plans subsequent to the measurement dates. Bond refunding outflow represents the difference in the carrying value of refunded debt and its reacquisition price.

Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time. Pension related deferred inflows included in the financial statements represent differences between projected and actual actuarial experience related to pensions.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Long-term Debt** - In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are amortized over the terms of the respective bonds. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as expenditures.

**Compensated Absences** - Vacation and sick leave vests and accumulates. Sick leave is normally paid for an illness-related absence only. However, for law enforcement officers and firefighters, Arkansas Codes Ann. 14-52-107 and 14-53-108 require that sick leave will accumulate at the rate of twenty (20) working days per year beginning one year after the date of employment. If unused, sick leave will accumulate to a maximum of ninety (90) days as authorized by the City. Accumulated sick leave is paid at the regular rate of pay at the time of retirement or death, as required by State law.

Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages and accrued liabilities.

**Pension** - In January, 2015, the City adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (GASB 68)* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68 (GASB 71)*. GASB No. 68 required governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability and provided measurement of the annual costs of pension benefits. GASB No. 71 relates to amounts associated with a government's contribution to a defined benefit pension plan after the measurement date of the net pension liability. Implementation of these standards resulted in recognition of deferred outflow and deferred inflow of resources as well as net pension liabilities related to the City's pension plans.

For purposes of measuring the net pension liability, the deferred outflows of resources and deferred inflows of resources related to pensions, the pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Property Taxes** - The City levies property taxes applicable to the following year during the month of October. Property taxes assessed during the previous year are due and payable after February 1. Taxes are delinquent after the second week in October. Delinquent property taxes as of December 31, 2023, are not significant. The assessed value of taxable property upon which property taxes are levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies a statutory rate of 20% to arrive at an assessed value. Hempstead County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Each unit of government receives its proportionate share of tax receipts from the County Treasurer, based on its individual mill levy, in the month following the collection. The City levied 5 mills of property taxes for general government operations and is subject to a statutory limitation of 5 mills established by the State of Arkansas. This operating tax levy limitation may not be increased except by amendment to the State Constitution. The City levied 1.0 mill for the Firemen's Pension and Relief Fund. The mill for the Pension fund is apart from the statutory limitation of 5 mills for operations.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that offset the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: BUDGET REQUIREMENTS AND REPORTING

The City is required by its Municipal Code to adopt annual budgets for the General Fund, Street Fund, Airport Fund, Capital Outlay Fund, Sanitation Fund and the Wastewater Fund. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1 of the preceding calendar year, the City Manager and various department heads prepare budget appropriations. These budget appropriations include proposed expenditures and means of financing and are submitted to the City's Board of Directors.
2. Prior to February 1 of the calendar year for which the budgets have been prepared, the budgets are approved and adopted by the Board of Directors and the original budget may be revised by the Board of Directors after adoption.
3. Budgetary control is exercised at the fund-type level. The level of the budgetary responsibility is the appropriations. Unused appropriations lapse at the end of the year.

The City Manager has the authority to transfer budgeted amounts within any fund. Budgetary amounts in the financial statements are the final authorized amounts as revised during the year.

NOTE 3: DEPOSITS AND INVESTMENTS

At December 31, 2023, the City's deposits consisted of demand accounts and the City's investments consisted of certificates of deposit and held by bond funds.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As means of limiting its exposure to fair value losses from rising interest rates, the City's policy is to attempt to match investment maturities with cash flow requirements. The City invests only in certificates of deposit or funds consisting of short term U.S. Treasury securities.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligation of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Arkansas. All securities pledged as collateral are held in the name of the City. At December 31, 2023, the City had no uninsured deposits. Hope Water and Light Commission and Hope Tourism Commission had no uninsured deposits.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

**Credit Risk** - Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the stewardship of the City's finance department. Investing is performed in accordance with investment policies complying with State statutes and the City Charter. Funds may be invested in: (1) direct obligations of the United States government (for which the full faith and credit of the United States government are pledged), (2) certificates of deposit at savings and loan associations or federally insured banks when secured by acceptable collateral, (3) savings accounts at savings and loan associations and banks, to the extent fully insured, and (4) any bond, note, or other indebtedness insured by United States government or those agencies insured and guaranteed by the federal government.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. As of December 31, 2023, the City had \$425 in cash on hand and cash and certificates of deposits totaling \$9,029,995 book value as reconciled to financial institution balances totaling \$9,070,670. *Hope Water and Light Commission* had financial institution balances of \$20,316,917 and *Hope Tourism Commission* had financial institution balances of \$993,252.

Based on the financial institution balances, the City has concentrations of credit risk by issuer as follows:

Issuer	Investment Type	Fair Value	Percentage of Total
<i>Primary Government</i>			
Cadence Bank	Cash	\$ 201,865	2%
Bank OZK	Cash and certificates of deposit	1,054,660	12%
Farmer's Bank & Trust	Cash and certificates of deposit	5,310,252	58%
Diamond Bank	Certificates of deposit	2,050,000	23%
Citizens Bank	Cash - money market	453,893	5%
		<u>\$ 9,070,670</u>	<u>100%</u>
<i>Component Unit - Hope Water and Light Commission</i>			
1 <sup>st</sup> National Tom Bean	Certificates of deposit	\$ 1,808,678	9%
Bank OZK	Certificates of deposit	500,000	2%
Bank OZK	Cash	1,597,659	8%
Farmer's Bank & Trust	Cash	11,485,580	57%
Farmer's Bank & Trust	Certificates of deposit	1,150,000	6%
Diamond Bank	Certificates of deposit	3,775,000	18%
		<u>\$ 20,316,917</u>	<u>100%</u>
<i>Component Unit - Hope Tourism Commission</i>			
Cadence Bank		\$ 932,170	94%
Farmer's Bank & Trust	Certificates of deposit	61,082	6%
		<u>\$ 993,252</u>	<u>100%</u>

**Foreign Currency Risk** - foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The City had no foreign investments at December 31, 2023.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 4: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables result from transactions between various funds within the City. Outstanding balances are generally a result of time lag between the clearing of liabilities between funds. The following schedule reports interfund balances at December 31, 2023:

Funds with Payables:		Funds with Receivables				
		General Fund	Airport Fund	Street Fund	Sanitation Fund	Wastewater Fund
Sanitation	\$ 82,949	\$ 82,949				
Wastewater	7,340	7,340				
Airport	67,073	65,638		\$ 1,435		
Street	12,144	12,144				
Capitol Outlay	66,343	66,343				
General	2,000		\$ 2,000			
Hope Water and Light Commission	274,447				\$ 149,849	\$ 124,598
	<u>\$ 512,296</u>	<u>\$ 234,414</u>	<u>\$ 2,000</u>	<u>\$ 1,435</u>	<u>\$ 149,849</u>	<u>\$ 124,598</u>

Transfers are used to move revenues from the fund with collection authorization to debt service to finance various programs that the government must account for in other funds. Transfers recorded in the city-wide and fund financial statements are as follows:

Transferred from Fund:	Recipient Funds				
	General Fund	Street Fund	Capital Outlay Fund	Sanitation	Total Transfers to Other Funds
General		\$ 545,000	\$ 802,000		\$ 1,347,000
Street				\$ 103,283	103,283
Airport	\$ 30,000				30,000
Wastewater				103,283	103,283
Component Unit:					
Hope Water & Light	575,000				575,000
Tourism			652,298		652,298
Total Received	<u>\$ 605,000</u>	<u>\$ 545,000</u>	<u>\$ 1,454,298</u>	<u>\$ 206,566</u>	<u>\$ 2,810,864</u>

NOTE 5: RESTRICTED ASSETS

Certain assets in the City's financial statements are restricted for debt service, capital improvement, and other purposes, and are reflected in the financial statements as restricted cash, and restricted investments. These restrictions are disclosed on the face of the city-wide and fund financial statements



CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: CAPITAL ASSETS

**Primary Government**

The following table provides a summary of changes in capital assets of the governmental activities for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,012,225			\$ 2,012,225
Construction in progress	2,401,989	\$ 153,616	\$ 378,869	2,176,736
<b>Total Capital Assets, Not Being Depreciated</b>	<u>4,414,214</u>	<u>153,616</u>	<u>378,869</u>	<u>4,188,961</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	659,871			659,871
Infrastructure	11,593,763	2,660,474		14,254,237
Buildings	7,775,988	28,396		7,804,384
Furniture and fixtures	308,985	9,917		318,902
Vehicles	1,650,662	199,294	64,540	1,785,416
Equipment	4,393,524	584,870	180,587	4,797,807
Total Capital Assets, Being Depreciated	26,382,793	3,482,951	245,127	29,620,617
Less: Accumulated Depreciation	11,354,327	893,400	245,020	12,002,707
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>15,028,466</u>	<u>2,589,551</u>	<u>107</u>	<u>17,617,910</u>
<i>Governmental Activities:</i>				
<b>Capital Assets, Net</b>	<u>\$ 19,442,680</u>	<u>\$ 2,743,167</u>	<u>\$ 378,976</u>	<u>\$ 21,806,871</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: CAPITAL ASSETS (CONTINUED)

**Business Activities**

The following table provides a summary of changes in capital assets of the business-type activities for the year ended December 31, 2023.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 1,168,808			\$ 1,168,808
Construction in progress		\$ 26,958		26,958
<b>Total Capital Assets, Not Being Depreciated</b>	<u>1,168,808</u>	<u>26,958</u>		<u>1,195,766</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	3,384,210	60,914		3,445,124
Plant and equipment	15,491,505			15,491,505
Vehicles	360,573	45,690	\$ 19,974	386,289
Machinery and equipment	<u>2,263,042</u>	<u>412,590</u>	<u>164,885</u>	<u>2,510,747</u>
Total Capital Assets, Being Depreciated	21,499,330	519,194	184,859	21,833,665
Less: Accumulated Depreciation	<u>10,248,048</u>	<u>623,607</u>	<u>184,859</u>	<u>10,686,796</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>11,251,282</u>	<u>( 104,413)</u>		<u>11,146,869</u>
<i>Business-type Activities</i>				
<b>Capital Assets, Net</b>	<u>\$ 12,420,090</u>	<u>\$( 77,455)</u>	<u>\$</u>	<u>\$ 12,342,635</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: CAPITAL ASSETS (CONTINUED)

**Component Units**

The following table provides a summary of changes in capital assets of the Component Units for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 813,126			\$ 813,126
Construction in progress	6,620,629	\$ 3,788,628	\$ 129,505	10,279,752
Water rights	<u>662,422</u>			<u>662,422</u>
<b>Total Capital Assets, Not Being Depreciated</b>	<u>8,096,177</u>	<u>3,788,628</u>	<u>129,505</u>	<u>11,755,300</u>
<b>Capital assets, being depreciated:</b>				
Right to use asset	18,183			18,183
Plant and equipment	73,426,595	2,114,157	204,374	75,336,378
Building and other improvements	3,245,099	162,184	14,615	3,392,668
Machinery and equipment	<u>7,286,944</u>	<u>96,238</u>	<u>8,665</u>	<u>7,374,517</u>
Total Capital Assets, Being Depreciated	83,976,821	2,372,579	227,654	86,121,746
Less: Accumulated Depreciation	<u>49,913,808</u>	<u>2,199,496</u>	<u>216,608</u>	<u>51,896,696</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>34,063,013</u>	<u>173,083</u>	<u>11,046</u>	<u>34,225,050</u>
<i>Component Units</i>				
<b>Capital Assets, Net</b>	<u>\$ 42,159,190</u>	<u>\$ 3,961,711</u>	<u>\$ 140,551</u>	<u>\$ 45,980,350</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

**Primary Government**

*Governmental Activities*

Administration	\$ 136,556
Street	238,309
Parks and recreation	175,584
Police	144,627
Fire protection	31,203
Airport	<u>167,121</u>
Total depreciation expense	<u>893,400</u>

*Business-type Activities*

Wastewater	252,059
Sanitation	<u>371,548</u>
Total depreciation expense	<u>623,607</u>

Total depreciation expense, primary government	<u><u>\$ 1,517,007</u></u>
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NOTE 7: CAPITAL ASSETS IN BUSINESS-TYPE ACTIVITIES

	<i>Business-Type Activities</i>		
	<u>Sanitation</u>	<u>Wastewater</u>	<u>Total</u>
Construction in progress		\$ 26,958	\$ 26,958
Land	\$ 1,073,516	95,292	1,168,808
Land improvements	3,445,124		3,445,124
Utility plant	946,192	14,545,313	15,491,505
Vehicles	267,710	118,579	386,289
Machinery and equipment	<u>2,184,170</u>	<u>326,577</u>	<u>2,510,747</u>
	7,916,712	15,112,719	23,029,431
Less: accumulated depreciation	<u>3,517,060</u>	<u>7,169,736</u>	<u>10,686,796</u>
<b>Property, Plant and Equipment, Net</b>	<u><u>\$ 4,399,652</u></u>	<u><u>\$ 7,942,983</u></u>	<u><u>\$ 12,342,635</u></u>

NOTE 8: COMMITMENTS

As of December 31, 2023, the City had the following construction contract commitments in place:

<u>Project</u>	<u>Amount Spent To Date</u>	<u>Amount Remaining</u>
Streetscape	\$ 1,943,691	\$ -
Airport Improvements	270,916	1,459,683
Wastewater UV system	<u>26,958</u>	<u>30,808</u>
	<u><u>\$ 2,241,565</u></u>	<u><u>\$ 1,490,401</u></u>

Expected grants will cover \$1,255,573 of remaining costs.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 9: LONG-TERM DEBT

**Note Payable - Governmental Activities**

In April, 2022, the City incurred a note payable of \$184,666 for the purchase of a Vac Pak leaf collector for the Street Fund. The note carries an interest rate of 4.260% and monthly payments of principal and interest in the amount of \$5,478 are due until maturity on March 28, 2025.

In March, 2023, the City incurred a note payable of \$88,931 for the purchase of a mini excavator for the Street Fund. The note carries an interest rate of 6.300% and monthly payments of principal and interest in the amount of \$2,718 are due until maturity on March 1, 2026.

In May, 2023, the City incurred a note payable of \$50,802 to complete the purchase of a dump truck for the Street Fund. The note carries an interest rate of 6.475% and monthly payments of principal and interest in the amount of \$1,557 are due until maturity on May 4, 2026.

The outstanding balance of the notes are due as follows:

2024	\$	109,177
2025		64,743
2026		15,730
	<u>\$</u>	<u>189,650</u>

**Revenue Bonds - Governmental Activities**

General obligation bonds, issued by the City for various municipal improvements, are governed by Arkansas statutes which require voter approval for issuance of general obligation bonds. General obligation bonds pledge the full faith and credit of the government.

**Capital Improvement Bond, Series 2006**

In 2007, the City issued \$220,000 Capital Improvement Bond, Series 2006, for the purpose of constructing a new animal control facility. The bond is secured by franchise fees and a real estate mortgage on the animal control facility which had a book value of \$89,979 at December 31, 2023. The revenues pledged for this bond represent approximately 10% of the City's annual franchise fee revenue over the life of the bond. The pledged revenues will not be available for other purposes until the bond is repaid; the bond matures in 2026. The City recognized franchise fees of \$160,873 and made principal and interest payments of \$16,435 on the bond in 2023. Outstanding principal on the bond as of December 31, 2023, totaled \$43,864.

**Capital Improvement Bond, Series 2009**

In 2009, the City issued \$2,041,800 Capital Improvement Bond, Series 2009, for the purpose of constructing a building for lease to the Southwest Arkansas Educational Cooperative. The bond is secured by lease income from the building and a real estate mortgage on the building which has a book value of \$1,903,519 at December 31, 2023. The revenues pledged for this bond represent 100% of the City's annual lease income from the building over the life of the bond. The pledged revenues will not be available for other purposes until the bond is repaid when the bond matures in 2042. The City recognized lease income of \$112,296 from the building and made principal and interest payments of \$112,296 in 2023. Outstanding principal on the bond as of December 31, 2023, totaled \$1,411,644.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 9: LONG-TERM DEBT (CONTINUED)

**Note Payable - Business-type Activities**

In January, 2023 the City incurred a note payable of \$226,490 to purchase a Freightliner commercial truck for the Sanitation Fund. The note carries an interest rate of 5.900% and monthly payments of principal and interest in the amount of \$6,888 are due until maturity on January 20, 2026. The outstanding balance of \$161,225 is due as follows:

2024	\$	75,127
2025		79,706
2026		6,392
	\$	<u>161,225</u>

***Revenue Bonds - Business-type Activities***

***Sewer Revenue Refunding Bonds, Series 2016***

On December 28, 2016, the City issued Sewer Revenue Refunding Bonds, Series 2016, in the amount of \$6,770,000, with interest rate of 1.00% to 3.75%, for the purpose of advance refunding \$6,250,000 of the outstanding Series 2013 revenue bonds, with interest rates from 2.00% to 4.80%. The City used the net proceeds along with other resources to purchase U.S. Treasury Securities - State and Local, Government Series which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2013 bonds. As a result, that portion of the Series 2013 bonds is considered defeased, and the City has removed the liability from its accounts.

The reacquisition price exceeded the net carrying amount of the Series 2013 bonds by \$457,866. This amount is being amortized as an element of interest expense over the life of the new bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$212,316.

The Sewer Revenue Refunding Bonds, Series 2016, are special obligation bonds payable solely from the revenues of the Wastewater Fund. The bonds, maturing December 1, 2038, are subject to redemption by sinking fund redemption beginning December 1, 2028. The bonds may be redeemed at the option of the City from funds from any source on and after June 1, 2022, in whole at anytime and in part on any interest date at par plus accrued interest to the date of redemption.

***Waste Disposal Revenue Bonds, Series 2016***

On May 17, 2016, the City issued Waste Disposal Revenue Bonds, Series 2016, in the amount of \$3,205,000 for the purpose of acquiring, constructing, and equipping capital improvements to the City's solid waste system, for the purpose of establishing a debt service reserve, and for the purpose of paying costs of issuance of the bonds. The bonds, with an interest rate of 2.00% to 3.00%, are payable solely from sanitation revenues. The bonds, maturing June 1, 2031, are subject to redemption by sinking fund redemption beginning June 1, 2027.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 9: LONG-TERM DEBT (CONTINUED)

**Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017**

On January 10, 2017, the City issued Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017, in the amount of \$4,315,000, with interest rates from 1.750% to 4.625%, for the purpose to advance refund the remaining principal of \$2,885,000 of Series 2013 revenue bonds, with interest rates of 2.00% to 4.80%, and for improvements to the City's sewer system. The City used the net proceeds along with other resources to purchase U.S. Treasury Securities - State and Local, Government Series which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2013 bonds. As a result, the series 2013 bonds are considered defeased, and the City has removed the liability from its accounts.

The reacquisition price exceeded the net carrying amount of the Series 2013 bonds by \$205,864. This amount is being amortized as an element of interest expense over the life of the old bonds. The debt service on the Series 2017 bonds was wrapped around the debt service on the Series 2016 bonds using a (combined) annual debt service constraint equal to the original Series 2013 debt service and a final maturity of 2043; consequently, there was no economic gain.

The Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017, are special obligation bonds payable solely from the revenue of the Wastewater Fund and from funds and moneys pledged to the payment of the bonds under a Trust Indenture. The bonds, maturing December 31, 2043, are subject to redemption by sinking fund redemption December 1, 2018. The bonds may be redeemed at the option of the City from funds from any source, on and after June 1, 2022, in whole at any time or in part on any interest payment date, at par plus accrued interest to the date of redemption.

**Summary of Long-term Debt, Bonds**

Bonds payable at December 31, 2023, is comprised of the following individual issues:

Description	Interest Rate	Original Issue
<i>Governmental Activities</i>		
Capital Improvement Bond, Series 2006, secured by franchise fees - due in monthly payments of \$1,378 through October, 2026	4.38%	\$ 220,000
Capital Improvement Bond, Series 2009, secured by lease income - due in monthly payments of \$9,358 through March, 2042	4.38%	2,041,800
<i>Business-type Activities</i>		
Wastewater Fund		
Sewer Revenue Refunding Bonds		
Series 2016 - due in varying amounts through December 1, 2038	1.00 - 3.75%	6,770,000
Sewer Revenue Capital Improvement and Refunding Bonds, Series 2017 - due in varying amounts through December 31, 2043	1.75 - 4.625%	4,315,000
Sanitation Fund		
Waste Disposal Revenue Bonds		
Series 2016, due in varying amounts through June 1, 2031	2.00 - 3.00%	3,205,000

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 9: LONG-TERM DEBT (CONTINUED)

**Changes in Long-term Liabilities**

A summary of changes in long-term liabilities for the year is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Deductions</b>	<b>Ending Balance</b>	<b>Within One Year</b>
<b>Primary Government</b>					
<i>Governmental Activities</i>					
Capital Improvement					
Bond, Series 2006	\$ 58,139		\$ 14,275	\$ 43,864	\$ 14,914
Capital Improvement					
Bond, Series 2009	1,461,003		49,359	1,411,644	51,562
Note payable	140,627	\$ 139,757	90,734	189,650	109,177
Net pension liability	4,392,236	1,282,720		5,674,956	
Compensated absences	258,357	34,685	25,370	267,672	25,370
<i>Total Governmental Activities</i>	<u>\$ 6,310,362</u>	<u>\$ 1,457,162</u>	<u>\$ 179,738</u>	<u>\$ 7,587,786</u>	<u>\$ 201,023</u>
<i>Business-type Activities</i>					
Revenue bonds	\$ 11,435,000		\$ 525,000	\$ 10,910,000	\$ 540,000
Discount	( 115,152)		( 9,240)	( 105,912)	
Total bonds payable	11,319,848		515,760	10,804,088	540,000
Net pension liability	1,215,407	\$ 154,193		1,369,600	
Notes payable	24,655	226,490	89,921	161,224	75,126
Compensated absences	85,934	10,396	8,594	87,736	8,774
Closure/Post closure	2,088,774		436,420	1,652,354	
<i>Total Business-type Activities</i>	<u>\$ 14,734,618</u>	<u>\$ 391,079</u>	<u>\$ 1,050,695</u>	<u>\$ 14,075,002</u>	<u>\$ 623,900</u>
<i>Component Units</i>					
Revenue bonds	\$ 16,545,000		\$ 900,000	\$ 15,645,000	\$ 910,000
Premium	106,366		8,561	97,805	
Total bonds payable	16,651,366		908,561	15,742,805	910,000
Net pension liability	4,061,402	\$ 129,952		4,191,354	
Contracts payable	472,230		17,012	455,218	17,459
Compensated absences	427,373	179,520	151,010	455,883	161,510
<i>Total Component Units</i>	<u>\$ 21,612,371</u>	<u>\$ 309,472</u>	<u>\$ 1,076,583</u>	<u>\$ 20,845,260</u>	<u>\$ 1,088,969</u>



CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 9: LONG-TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

The annual principal and interest requirements to amortize debt of outstanding bond issues as of December 31, 2023, are presented in the following schedule.

Year End December 31,	Governmental Activities		Business-type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 66,476	\$ 62,356	\$ 540,000	\$ 383,119	\$ 606,476	\$ 445,475
2025	69,443	59,389	550,000	369,997	619,443	429,386
2026	69,638	56,295	565,000	355,688	634,638	411,983
2027	58,750	53,516	585,000	339,672	643,750	393,188
2028	61,404	50,892	600,000	321,828	661,404	372,720
2029	64,145	48,151	620,000	303,514	684,145	351,665
2030	67,038	45,288	640,000	282,931	707,038	328,219
2031 - 2035	382,669	178,811	2,410,000	1,143,144	2,792,669	1,321,955
2036 - 2040	476,050	85,430	2,585,000	695,994	3,061,050	781,424
2041 - 2043	<u>139,895</u>	<u>4,209</u>	<u>1,815,000</u>	<u>151,801</u>	<u>1,954,895</u>	<u>156,010</u>
	<u>\$ 1,455,508</u>	<u>\$ 644,337</u>	<u>\$ 10,910,000</u>	<u>\$ 4,347,688</u>	<u>\$12,365,508</u>	<u>\$4,992,025</u>

NOTE 10: CLOSURE AND POST-CLOSURE COST

The City operates both a Class I and a Class IV landfill through the Sanitation Fund. Class I wastes are non-hazardous household, commercial and industrial solid waste as well as conditionally exempt hazardous wastes. Class IV wastes are non-hazardous, bulky, inert, non-putrescible solid wastes that do not degrade or degrade very slowly.

Laws and regulations of both the federal and state governments require that the City provide for closure and post-closure care for landfills once they have reached capacity. Such care consists of (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of post-closure care, and (4) demonstration of financial assurance for the closure and post-closure care. Although closure and post-closure care costs are expended near or after the date that the landfill cell discontinues accepting waste, the City reports a portion of these costs as annual operating expense during the service life of the landfill cell. The cumulative recognition of this liability totaling \$1,652,354, as of December 31, 2023, is based on the following:

	Class I	Class IV
Cubic yards of capacity used	792,133	141,405
Estimated total capacity	1,850,000	1,875,517
Percentage of total capacity used	42.82%	7.54%
Estimated total current cost	\$ 3,831,641	\$ 155,477

The estimated total current cost of closure and post closure remaining to be recognized is \$2,191,009 for the Class I landfill and \$143,755 for Class IV landfill. The estimated remaining site life is 64 years for the Class I landfill and 77 years for the Class IV landfill.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 10: CLOSURE AND POST-CLOSURE COST (CONTINUED)

The preceding information is based on engineering landfill capacity used to date and engineering estimates of the cost to perform all closure and post-closure care as of December 31, 2023, for the Class I and Class IV landfills. Actual costs may be higher or lower as a result of inflation or deflation, changes in technology, or regulatory changes to the landfill's closure plan. The liability decreased from the prior year based on a change in estimates by the engineering firm.

As a means of demonstrating financial assurance for closure and post-closure care cost, the City of Hope uses the financial test method to demonstrate financial assurance on the Class I and Class IV landfills. This method requires the City to ensure that funds necessary to meet closure and post-closure care costs will be immediately available whenever closure and post-closure care is needed by demonstrating a certain level of financial viability. The results of the financial test are provided annually to the Arkansas Department of Environmental Quality. In the event that the City fails the financial test, the State Treasurer may withhold the City of Hope's general distributions for up to 8.25 years or until the financial obligation for closure and post-closure care is satisfied.

NOTE 11: GRANTS AND AWARDS

The City received State, Local, and Fiscal Recovery Funds ((SLFRF) under the American Rescue Plan Act (ARPA). The City may only use these funds to cover eligible costs incurred during the period beginning on March 3, 2021, obligated by December 31, 2024, and completed by December 31, 2026. The City has funds that have not been obligated as of December 31, 2023. These award funds are non-exchange transactions in which the City received value without directly giving equal value in exchange but subject to certain eligibility requirements. Amounts received before all eligibility requirements have been met are reported as unearned revenue which will be earned as the City meets eligibility requirements. As of December 31, 2023, the City has unearned revenue of \$878,610 related to the funds.

The City participates in numerous other state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibles of any related receivable at December 31, 2023, may be impaired. The City's compliance will be established at a future date; however, the City does not anticipate repayments of grants or awards.

NOTE 12: RISK MANAGEMENT

In the course of functioning as a local government, the City is exposed to risks of loss relative to public officials' and employees' errors and omissions, law enforcement liability, vehicle liability and damages, heavy equipment liability and damages, and building and personal property liability and damages. These risks of loss are handled through the purchase of commercial insurance. Specifically, the City holds a policy of legal defense, general liability, under an insurance plan obtained through the Arkansas Municipal League. The Municipal League Defense Program (MLDP) allows participating municipalities to pool their resources and provide limited protection for the personal assets of officials, board or commission members, and employees.

Protection to municipalities from civil rights lawsuits is also provided under the MLDP. City vehicles are insured through a similar program with the Arkansas Municipal League. Finally, workers' compensation benefits are provided through an insurance plan with the Arkansas Municipal League - Workers' Compensation Trust.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 13: DEFERRED COMPENSATION PLAN

The City and its component unit, the Hope Water and Light Commission, offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan was amended effective January 1, 1997, to provide that all assets and income of the plan be held in trust for the exclusive benefit of the participants and their beneficiaries. Thus, the plan is administered by an independent plan administrator in accordance with a service agreement. The City's and the Commission's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs the investing function.

Because the City and the Commission have delegated administrative and investment responsibilities to a third party administrator, the plan assets no longer meet the requirements for inclusion in the City's combined financial statements and have been excluded from the 2023 basic financial statements.

NOTE 14: FIREMEN PENSIONS

***Firemen's Pension and Relief Fund ("FPRF")***

*Plan Description* - The FPRF is a single-employer defined benefit pension plan established by Arkansas Code. Benefit provisions are established by State of Arkansas Act #14, as amended. The FPRF, whose assets are administered by a Board of Trustees, provides retirement, disability, and survivor benefits to its participants. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 634; accordingly, the FPRF is closed to new members. The FPRF does not prepare separate financial statements. The Arkansas Fire and Pension Review Board (AFPRB) oversees requests for benefit increases and review of the annual financial and actuarial reports. The AFPRB is composed of nine members as follows: two fire fighters, two police officers, three persons appointed by the governor from a list submitted by the Arkansas Municipal League, one person appointed by the Governor who is not a current or former retiree and who is not a current or former member of the governing body of any political subdivision, and the Director of the Department of Finance and Administration.

In addition to the AFPRB, the FPRF board of trustees consisted of seven members, comprised of the city manager, city finance director, city clerk, and four retired members of the pension fund who are elected by secret written ballot annually.

In 2023, the City entered into an agreement with the Arkansas Local Police and Fire Retirement System (LOPFI) in which LOPFI assumed responsibility for administration of this old FPRF Plan pursuant to the authority of A.C.A. 24-10-101, et. Seq., as amended. While the old FPRF benefit structure remains unchanged under LOPFI, the Plan is now a member of an agent multiple-employer defined benefit pension plan. Under the agreement, the City contributes an actuarially determined rate sufficient to support the Plan. The City transferred the majority of FPRF assets to LOPFI and maintains the remaining assets as a fiduciary fund of the City. LOPFI maintains the old FPRF assets in two separate accounts in the LOPFI system, one for the paid firemen retirees and one for the voluntary firemen retirees. Under the agreement the plans receive investment income based off LOPFI's investment return. Also, as part of the agreement, LOPFI sends actuarial reports and required Governmental Accounting Standards Board (GASB) Statement No. 68 reports to the City each year. The separate financial statements can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West Third Street, Little Rock, Arkansas, 72201.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

As a result of the transfer of administration to LOPFI, the Board of Trustees for the old FPRF Plan was dissolved.

While LOPFI maintains separate accounting for the paid retirees and the voluntary retirees, the following information required under GASB Statement No. 68, as provided by LOPFI, consolidates the two plans for consistency with prior years. The actuarial valuations report and the GASB 68 report for each plan were issued to LOPFI by Gabriel, Roeder, Smith & Company, the actuary engaged by LOPFI.

Those reports for the current year did not include required supplementary information related to the FPRF plan from prior years; therefore, required supplementary information related to the FPRF plan for the years 2014 through 2022 was provided by the prior actuary engaged by the City.

Information required under GASB standards was calculated by Gabriel, Roeder, Smith & Company and has a measurement date of December 31, 2023.

*Benefits Provided* - Minimum benefits are determined by Arkansas statute. Annual retirement benefits are currently 65% of the member's final salary, but not less than \$4,200. Members are eligible for these benefits after 20 years of service. Employees retiring after January 1, 1987, are entitled to additional compensation of \$240 annually for each year worked in excess of 20 years, up to a maximum additional annual compensation of \$1,200. Benefits for participants at age 60 are increased by 1.25% of final salary for each year worked in excess of 25 years up to a maximum of 100% of final salary.

*Contributions* - Contributions to the FPRF are set forth by Arkansas Code. The City's contribution to the FPRF consists of a one mill real and personal property tax collection and an insurance premium tax turn-back collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries for active participants. Contributions are paid from the General Fund. There were no active or deferred retirement option (DROP) plan members in 2023. Membership consists of 9 paid retired firemen and 1 voluntary retired fireman and beneficiaries receiving benefits at December 31, 2023. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the FPRF are established by Arkansas Code and may not be less than 6%.

*Method Used to Value Investments* - Investments are stated at fair value for GASB No. 68 reporting purposes. The fair value of marketable investments, including U.S. government securities and corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at the statement of fiduciary net position date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net increase or decrease in fair value of investments for GASB No. 68 reporting purposes represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. Net unrealized gains or losses on investments represent the change in the difference between the cost and market value of the investments at the beginning versus the end of the year. Decrease in fair value totaled \$8,857 for the year ending December 31, 2023.

The FPRF administrative costs are financed through the plan assets. Total 2023 contributions to the FPRF were \$95,370 which include property taxes collected by the City and contributions after consolidation. There were no active fire employees covered by the FPRF at December 31, 2023.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

*Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions*

*Funded Status and Funding Progress* - At December 31, 2023, the FPRF had a net pension liability (net pension asset) of \$37,261. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. FPRF has no covered payroll as there are no active employees.

For the year ended December 31, 2023, the City recognized pension expenses of \$28,501. At December 31, 2023, the City reported actuarially determined deferred inflows and outflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred outflow (inflow) of resources to be recognized in future pension expenses	\$ -	\$( 26,837)

Amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	Deferred Outflow/(Inflow) Amounts
2024	\$( 6,710)
2025	( 6,710)
2026	( 6,710)
2027	( 6,707)
	<u>\$( 26,837)</u>

*Actuarial assumptions:* The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions for the Plan transferred to LOPFI. Investment return/discount and mortality differ from prior years.

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization	Five years
Asset valuation	Market value of assets
Investment return/discount	7.25%
Mortality	2010 Amount-Weighted General Below Median Income, Healthy, Retiree, one year for males and two years for females.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

*Long-term Expected Return on Plan Assets* - The long-term expected return on FPRF investments was determined using a building block method with best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds, the target for an individual fund will vary within the guidelines of Arkansas law and regulation.

*Single Discount Rate* - A single discount rate of 7.25% was used to measure the Total Pension Liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. Since the Net Position as projected with future income is sufficient to meet all benefit payments, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$ <u>1,912,133</u>	\$ <u>1,760,570</u>	\$ <u>1,626,520</u>
Net Pension Liability (Asset)	\$ <u>188,824</u>	\$ <u>37,261</u>	\$( <u>96,789</u> )

Total pension liability as of December 31, 2023, is \$1,760,570 and plan fiduciary net position as of December 31, 2023, is \$1,723,309. Plan fiduciary net position as a percentage of total pension liability is 97.88%.

**The *Local Police and Fire Retirement System ("LOPFI")***

*Plan Description* - The City participates in a statewide cost-sharing multi-employer defined benefit pension plan that is administered by the Arkansas Police and Fire Retirement System (LOPFI). LOPFI was established under the authority of Act 364 of the 1981 Arkansas General Assembly. LOPFI policy is established by a seven member board of trustees.

*Benefits provided* - LOPFI benefit terms are established in accordance with the provisions of Arkansas Code. The authority to establish and amend benefit provisions is set forth in Arkansas statutes and is vested in the Arkansas General Assembly with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect July 1, 1981, are eligible to participate in the Plan.

LOPFI provides retirement, disability, and death benefits to plan members with the benefit amount determined by enrollment in Benefit Program 1, Benefit Program 2, or Deferred Retirement Option Plan.

*Contributions* - The contribution requirements of employers and employees and the amendments of those requirements are based on the actuary's determination of the rate required to fund the plan. The current employee contribution rate is 8.5% of covered payroll for paid firemen. The City made contributions of \$162,986 to the plan for the year ended December 31, 2023. As of December 31, 2023, the City's required contribution was 23.5% of annual covered payroll.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

*Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions*

At December 31, 2023, the City reported a liability of \$1,728,456 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2022, the City's proportion was 0.20049%.

For the year ended December 31, 2023, the City recognized actuarial pension expense of \$237,863. At December 31, 2022, the City reported actuarially determined deferred inflows and outflows of resources related to LOPFI from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,189	\$ 14
Net difference between projected and actual investment earnings on pension plan investments	420,180	-
Changes of assumptions	18,597	134,400
Changes in proportion and differences between employee contributions and share of contributions	11,084	63,410
City contributions subsequent to the measurement date	<u>162,986</u>	<u>-</u>
Total	<u>\$ 728,036</u>	<u>\$ 197,824</u>

The amount of \$162,986 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow/Inflow Amounts
2024	\$( 5,777)
2025	61,515
2026	112,834
2027	198,654
	<u>\$ 367,226</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

*Actuarial assumptions:* The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in measurement:

*Paid Service Assumptions*

Wage inflation	3.25%
Price inflation	2.50%
Investment rate of return	7.50%, as adopted by the Board
Actuarial cost method	Entry Age Normal
Salary increase	3.75% to 18.25%, including inflation
Amortization method	Level percentage of payroll, closed
Asset solution method	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality table for male and female. The tables applied credibility adjustments 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2016.

*Volunteer Service Assumptions*

Inflation rate	2.50%
Investment rate of return	7.50%, as adopted by the Board
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year smoothed market; 20% corridor
Amortization method	Increasing dollar, closed
Remaining amortization period	13 years beginning January 1, 2022

The mortality table used to measure retired life mortality was the RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generationally improvements using scale MP-2016.

*Long-term Expected Return on Plan Assets* - The long-term expected return on LOPFI investments was determined using a building block method in which expected future real rates of return are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in LOPFI's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	25%	(0.35%)%
Domestic Equity	42%	4.05% - 4.65%
Foreign Equity	18%	5.27% - 7.49%
Alternative investments	15%	3.76% - 9.10%

*Single Discount Rate* - A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. Since the net position as projected with future income is sufficient to meet all benefit payments, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total liability.



CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 14: FIREMEN PENSIONS (CONTINUED)

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 2,573,618	\$ 1,728,456	\$ 1,044,626

*Pension plan fiduciary net position:* LOPFI issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. The financial report along with the actuarial valuation report and required schedules are available from the LOPFI website, [www.lopfi-prb.com](http://www.lopfi-prb.com) in the LOPFI Reports section. This report may also be obtained by writing to Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas 72203 or by calling 501-682-1745.

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN

*Plan description:* City employees other than firemen participate in the Arkansas Public Employees' Retirement Plan (the Plan), a multi-employer, cost sharing, defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options. The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the Plan are paid out of investment earnings. The administration and control of the plan is vested in the Board of Trustees of Arkansas Public Employee's Retirement System (APERS). Membership includes three state and three non-state employees all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State, and the Director of the Department of Finance and Administration. The Plan issues a publicly available financial report that includes financial statements and supplementary information for the plan which is available on the APERS website, [www.apers.org](http://www.apers.org). The report may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201-1015.

*Benefits provided:* The Plan provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Retirement benefits are determined as a percentage of the members highest 3-year average compensation times the member's years of service.

Current retirement law provides for a 3% cost of living adjustment to all APERS retirees who have been retired or participated in the Deferred Retirement Option Plan (DROP) for at least twelve months on July 1 of each year. Benefit provisions are established by Arkansas law and may be amended only by Arkansas General Assembly.

*Contributions:* Requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. Members who began service prior to July 1, 2005, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to contribute 5% of their salary, increased to 5.50% July 1, 2023. Employers are required to contribute at a rate established by the Board of Trustees based on an actuarial determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2023, and 15.32% from June 30, 2023, to December 31, 2023. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

The City's contributions to APERS for the year ended December 31, 2023, totaled \$573,581.

*Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions*

At December 31, 2023, the City reported a liability of \$5,278,839 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the City's proportion was 0.18114278%.

For the year ended December 31, 2023, the City recognized pension expense (benefit) of \$982,242. On December 31, 2023, the City reported deferred inflows and outflows of resources related to APERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Changes of assumptions	\$ 248,171	\$ -
Changes in proportion and differences between employer contributions and share of contributions	259,030	50,155
Differences between expected and actual experience	297,979	29,000
Net difference between projected and actual investment earnings on pension plan investments	657,026	-
City contributions subsequent to the measurement date	<u>284,661</u>	<u>-</u>
Total	<u>\$ 1,746,867</u>	<u>\$ 79,155</u>

The amount of \$284,661, reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow/Inflow Amounts
<u>                    </u>	<u>                    </u>
2024	\$ 358,237
2025	247,057
2026	822,102
2027	( 44,345)
	<u>\$ 1,383,051</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

*Actuarial assumptions:* The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level of percent-of-payroll, closed
Remaining amortization	23 years, closed
Asset valuation method	4 year smoothed market with 25% corridor
Investment rate of return	7%
Inflation rate	3.25% wage inflation, 2.50% price inflation
Salary increases	3.25% to 9.85%, including inflation
Retirement age	Experienced-based table of rates specific to type of eligibility condition
Mortality table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average service life for all members	3.7241

*Investment Rate of Return:* The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Domestic Fixed	18%	1.79%
Absolute Return	5%	3.36%
Real Assets	<u>16%</u>	<u>3.34%</u>
	100%	
Total Real Rate of Return		4.94%
Plus: Price Inflation - Actuary Assumption		<u>2.50%</u>
Net Expected Return		7.44%

*Discount rate:* A single discount rate of 7.00% was used as of June 30, 2023, to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 8,413,994	\$ 5,278,839	\$ 2,695,768

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report. Additional financial and actuarial information is available in APERS' annual financial report for the year ended June 30, 2023. This report can be found on Arkansas Legislative Audit's website at [www.arklegaudit.gov](http://www.arklegaudit.gov). The actuarial valuation report is available from the APERS website, [www.apers.org](http://www.apers.org) in the GASB 68 Overview section. The report may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-501-682-7800.

NOTE 16: OTHER POST-EMPLOYMENT BENEFITS

Arkansas Code provides that any municipal City official or employee vested in one of the City's retirement plans with 20 years of service and who attains 55 years of age or at any age after 28 years of service may continue to participate in the City's healthcare plan after retirement. The state of Arkansas has the authority to establish and amend the requirements of the statute. Any employee remaining on the City's insurance is responsible for 100% of the premiums. The City had one former employee participating in the City's insurance during the year ended December 31, 2023.

NOTE 17: FUND BALANCES (GOVERNMENTAL FUNDS)

The fund balances of the City's governmental funds are displayed in five classifications to make the nature and extent of the constraints placed on each government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* - Nonspendable fund balances are not in spendable form or are required to be maintained intact.

*Restricted* - Restricted fund balances may be spent only for specific purposes stipulated by constitutional provisions, enabling legislation, or external resource providers such as creditors, grantors, or contributors. Restrictions may be changed or lifted only with the consent of the resource providers.

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 17: FUND BALANCES (GOVERNMENTAL FUNDS) (CONTINUED)

*Committed* - Committed fund balances may be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

*Assigned* - Assigned fund balances are intended to be used by the City for specific purposes as determined by the City Manager. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the City Manager when funds are identified for a specific purpose such as purchasing or constructing capital assets.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. For projects funded by tax exempt debt proceeds and other sources, the debt proceeds are used first.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes when both restricted and unrestricted fund balance is available. When an expenditure is incurred for purposes for which amounts in unrestricted fund balance classifications could be used, the City applies committed amounts, followed by assigned amounts, and finally unassigned amounts. As of December 31, 2023, the fund balances of the City's governmental funds were composed of the following:

	General Fund	Street Fund	Airport Fund	Capital Outlay Fund	Nonmajor Fund	Total Governmental Funds
Nonspendable:						
Inventories		\$ 18,215	\$ 36,643			\$ 54,858
Restricted- expendable						
Street		811,450				811,450
Airport			1,634,180			1,634,180
Capital Outlay						
SW Coop						
maintenance				\$ 80,032		80,032
Animal Control					\$ 16,536	16,536
SW Coop Debt						
Service					112,296	112,296
Unassigned	<u>\$4,285,098</u>					<u>4,285,098</u>
Total Fund						
Balances	<u>\$4,285,098</u>	<u>\$ 829,665</u>	<u>\$1,670,823</u>	<u>\$ 80,032</u>	<u>\$ 128,832</u>	<u>\$ 6,994,450</u>

CITY OF HOPE, ARKANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE 18: SUBSEQUENT EVENTS

In 2024, the operator of Wadley Regional Medical Center, Steward Health Care, filed for bankruptcy protection. In subsequent events, the owner of the real property gifted the real property to the City and County. In November 2024, the City entered into an agreement with Hempstead County and Southwest Arkansas Regional Medical Center, LLC for the City and County to each appropriate \$1,000,000 for the stabilization of hospital services for the public health and safety of our citizens.

The City has evaluated subsequent events through November 21, 2024, the date the financial statements were available to be issued. Management concluded that no other subsequent events have occurred that would require recognition or disclosure in the financial statements.

Subsequent events for the Component Unit, Hope Water and Light Commission, are included in the Utility's separately issued financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SINGLE-EMPLOYER PENSION SCHEDULES (FPRF)

MULTI-EMPLOYER PENSION SCHEDULES (APERS and LOPFI)

BUDGETARY COMPARISON SCHEDULES

General Fund  
Street Fund  
Airport Fund  
Capital Outlay Fund

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN  
(FIREMEN'S PENSION AND RELIEF FUND)  
DECEMBER 31, 2023

Schedule of Funding Progress and Related Ratios - Ten Year Data

Fiscal Year Ending	Discount Rate	Total Pension Liability (TPL)	Plan Net Position	Net Pension Liability (NPL)	Net Position as % of TPL	Covered Payroll	NPL as % of Payroll
12/31/2014	5.00%	2,148,310	2,211,986	( 63,676)	102.96%	-0-	N/A
12/31/2015	5.00%	1,974,306	2,013,813	( 39,508)	102.00%	-0-	N/A
12/31/2016	5.00%	2,077,373	2,079,471	( 2,098)	100.10%	-0-	N/A
12/31/2017	5.00%	2,022,242	2,036,802	( 14,560)	100.72%	-0-	N/A
12/31/2018	5.00%	1,968,068	1,985,323	( 17,256)	100.88%	-0-	N/A
12/31/2019	5.00%	1,969,672	2,042,598	( 72,926)	103.70%	-0-	N/A
12/31/2020	5.00%	1,827,786	2,139,503	( 311,717)	117.05%	-0-	N/A
12/31/2021	5.00%	1,809,644	2,028,567	( 218,922)	112.10%	-0-	N/A
12/31/2022	5.00%	1,812,195	1,789,837	22,359	98.77%	-0-	N/A
12/31/2023	7.25%	1,760,570	1,723,309	37,261	97.88%	-0-	N/A

Schedule of Contributions - Ten Year Data

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
12/31/2014	( 8,851)	80,504	( 89,355)	-0-	N/A
12/31/2015	( 14,357)	84,017	( 98,374)	-0-	N/A
12/31/2016	-0-	82,557	( 82,557)	-0-	N/A
12/31/2017	-0-	83,924	( 83,924)	-0-	N/A
12/31/2018	-0-	84,631	( 84,631)	-0-	N/A
12/31/2019	-0-	85,778	( 85,778)	-0-	N/A
12/31/2020	-0-	85,587	( 85,587)	-0-	N/A
12/31/2021	-0-	86,410	( 86,410)	-0-	N/A
12/31/2022	-0-	87,640	( 87,640)	-0-	N/A
12/31/2023	996	95,370	( 94,374)	-0-	N/A

**Key Assumptions:**

Cost Method	Entry Age Normal
Amortization Method	Level dollar, open
Remaining Amortization	Five years
Asset Valuation	Market value of assets
Investment Return/Discount	5.00% through 2022, 7.25% in 2023
Mortality	1983 GAM through 2022 2010 amount - weighted general below median income healthy retiree, one year for males and two years for females



CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN  
(FIREMEN'S PENSION AND RELIEF FUND)  
DECEMBER 31, 2023

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data	
Fiscal Year ending December 31,	2023
Total Pension Liability	
Service cost	\$ -
Interest	
Difference between actual & expected experience	129,159
Assumption change	( 74,226)
Benefit change	-
Benefit payments	( 151,728)
Net Change in Total Pension Liability	( 96,795)
Total Pension Liability - Beginning	1,857,365
Total Pension Liability - Ending	<u>\$ 1,760,570</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 21,210
Contributions - other	-
Net investment income	53,719
Plan administrative merger	1,718,810
Benefit payments	( 69,980)
Supplements	
Administrative expense	( 450)
Other	-
Net Change in Plan Net Position	1,723,309
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	<u>\$ 1,723,309</u>
Plan Fiduciary Net Position as % of Total Pension Liability	97.88%
Covered Employee Payroll	
Net Pension Liability as % of Covered Employee Payroll	N/A

Plan assets were transferred from the City to LOPFI effective September 1, 2023.

Fiscal year ending December 31, 2023, schedule of changes in net pension liability and ratios is calculated after transfer of assets to LOPFI, using an actuarial date and measurement date of December 31, 2023. The amounts actuarially determined for years 2014 through 2022 were calculated by the prior actuary. Beginning total pension liability for the year ending December 31, 2023, calculated by the current actuary reflects a variance of \$45,170 from the ending total pension liability for the year ending December 31, 2022, calculate by the prior year actuary.

The actuarial determined rate of return as of December 31, 2023, is 4.25%.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN  
(FIREMEN'S PENSION AND RELIEF FUND)  
DECEMBER 31, 2023

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data			
Fiscal Year ending December 31,	2022	2021	2020
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest	86,580	87,457	94,522
Difference between actual & expected experience	( 83,435)	16,506	( 77,922)
Assumption change	-	35,171	-
Benefit change	155,500	-	-
Benefit payments	( 156,094)	( 157,276)	( 158,486)
Net Change in Total Pension Liability	2,551	( 18,142)	( 141,886)
Total Pension Liability - Beginning	1,809,644	1,827,786	1,969,672
Total Pension Liability - Ending	<u>\$ 1,812,195</u>	<u>\$ 1,809,644</u>	<u>\$ 1,827,786</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 87,640	\$ 86,410	\$ 85,587
Contributions - other	-	-	-
Net investment income	( 176,439)	( 40,385)	168,055
Benefit payments	( 156,094)	( 157,276)	( 158,486)
Supplements	-	-	-
Administrative expense	( 1,400)	-	-
Other	7,563	315	1,749
Net Change in Plan Net Position	( 238,730)	( 110,936)	96,905
Plan Fiduciary Net Position - Beginning	2,028,567	2,139,503	2,042,598
Plan Fiduciary Net Position - Ending	<u>\$ 1,789,837</u>	<u>\$ 2,028,567</u>	<u>\$ 2,139,503</u>
Plan Fiduciary Net Position as % of Total Pension Liability	98.77%	112.10%	117.05%
Covered Employee Payroll			
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A	N/A

Schedule of Investment Returns	
Fiscal Year Ending December 31	Annual Money-weighted Rate of Return
2014	3.39%
2015	-4.93%
2016	8.14%
2017	3.01%
2018	2.60%
2019	8.23%
2020	8.37%
2021	-1.92%
2022	-8.57%

Rates of return are net of investment expenses. The actuary calculated these rates for year 2014 through 2022, using the provided information; therefore, these are annual money-weighted rates. Monthly money-weighted returns were not available.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN  
(FIREMEN'S PENSION AND RELIEF FUND)  
DECEMBER 31, 2023

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data (Continued)			
Fiscal Year ending December 31,	2019	2018	2017
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest	93,712	96,420	99,177
Difference between actual & expected experience	95,549	37,063	33,349
Assumption change	-	-	-
Benefit change	-	-	-
Benefit payments	( 187,657)	( 187,657)	( 187,657)
Net Change in Total Pension Liability	1,604	( 54,174)	( 55,131)
Total Pension Liability - Beginning	1,968,068	2,022,242	2,077,373
Total Pension Liability - Ending	<u>\$ 1,969,672</u>	<u>\$ 1,968,068</u>	<u>\$ 2,022,242</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 85,778	\$ 84,631	\$ 83,924
Contributions - other	-	-	-
Net investment income (loss)	159,154	51,644	61,099
Benefit payments	( 187,657)	( 187,657)	( 187,657)
Supplements	-	-	-
Administrative expense	-	( 97)	( 35)
Other	-	-	-
Net Change in Plan Net Position	57,275	( 51,479)	( 42,669)
Plan Fiduciary Net Position - Beginning	1,985,323	2,036,802	2,079,471
Plan Fiduciary Net Position - Ending	<u>\$ 2,042,598</u>	<u>\$ 1,985,323</u>	<u>\$ 2,036,802</u>
Plan Fiduciary Net Position as % of Total Pension Liability	103.70%	100.88%	100.72%
Covered Employee Payroll			
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A	N/A

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - AGENT MULTI-EMPLOYER PENSION PLAN  
(FIREMEN'S PENSION AND RELIEF FUND)  
DECEMBER 31, 2023

Schedule of Changes in Employer's Net Pension Liability and Related Ratios - 10 Year Data (Continued)			
Fiscal Year ending December 31,	2016	2015	2014
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest	94,305	103,030	105,304
Difference between actual & expected experience	28,334	( 101,606)	24,790
Assumption change	-	-	-
Benefit change	156,844	-	-
Benefit payments	( 176,416)	( 175,428)	( 175,728)
Net Change in Total Pension Liability	103,067	( 174,004)	( 45,634)
Total Pension Liability - Beginning	1,974,306	2,148,310	2,193,944
Total Pension Liability - Ending	<u>\$ 2,077,373</u>	<u>\$ 1,974,306</u>	<u>\$ 2,148,310</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 82,557	\$ 84,017	\$ 80,504
Contributions - other	-	-	16,055
Net investment income (loss)	160,119	( 106,702)	74,071
Benefit payments	( 176,416)	( 175,428)	( 175,728)
Supplements	-	-	( 16,055)
Administrative expense	( 926)	( 60)	( 60)
Other	324	-	-
Net Change in Plan Net Position	65,658	( 198,173)	( 21,213)
Plan Fiduciary Net Position - Beginning	2,013,813	2,211,986	2,233,199
Plan Fiduciary Net Position - Ending	<u>\$ 2,079,471</u>	<u>\$ 2,013,813</u>	<u>\$ 2,211,986</u>
Plan Fiduciary Net Position as % of Total Pension Liability	100.10%	102.00%	102.96%
Covered Employee Payroll			
Net Pension Liability as % of Covered Employee Payroll	N/A	N/A	N/A

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\***

APERS	<u>2023</u>
City's proportion of the net pension liability	.18114278%
City's proportionate share of the net pension liability	\$ 5,278,839
City's covered-employee payroll	\$ 3,923,856
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	154.32%
Plan fiduciary net position as a percentage of the total pension liability	77.94%
APERS	<u>2022</u>
City's proportion of the net pension liability	.17575401%
City's proportionate share of the net pension liability	\$ 4,739,002
City's covered-employee payroll	\$ 3,673,085
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.96%
Plan fiduciary net position as a percentage of the total pension liability	78.31%
APERS	<u>2021</u>
City's proportion of the net pension liability	.15846820%
City's proportionate share of the net pension liability	\$ 1,218,355
City's covered-employee payroll	\$ 3,153,126
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.64%
Plan fiduciary net position as a percentage of the total pension liability	93.57%

\* Information for years prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\* (Continued)**

APERS	<u>2020</u>
City's proportion of the net pension liability	.16640706%
City's proportionate share of the net pension liability	\$ 4,765,207
City's covered-employee payroll	\$ 3,247,791
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.72%
Plan fiduciary net position as a percentage of the total pension liability	75.38%
APERS	<u>2019</u>
City's proportion of the net pension liability	.17005624%
City's proportionate share of the net pension liability	\$ 4,102,656
City's covered-employee payroll	\$ 3,194,076
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.45%
Plan fiduciary net position as a percentage of the total pension liability	78.55%
APERS	<u>2018</u>
City's proportion of the net pension liability	.16794924%
City's proportionate share of the net pension liability	\$ 3,704,851
City's covered-employee payroll	\$ 3,148,992
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.65%
Plan fiduciary net position as a percentage of the total pension liability	79.59%

\* Information for years prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\* (Continued)**

APERS	<u>2017</u>
City's proportion of the net pension liability	0.17435540%
City's proportionate share of the net pension liability	\$ 4,505,588
City's covered-employee payroll	\$ 3,209,646
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	140.38%
Plan fiduciary net position as a percentage of the total pension liability	75.65%
APERS	<u>2016</u>
City's proportion of the net pension liability	0.17136554%
City's proportionate share of the net pension liability	\$ 4,097,947
City's covered-employee payroll	\$ 3,133,975
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130.76%
Plan fiduciary net position as a percentage of the total pension liability	75.50%
APERS	<u>2015</u>
City's proportion of the net pension liability	0.16959341%
City's proportionate share of the net pension liability	\$ 3,123,458
City's covered-employee payroll	\$ 2,979,203
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.84%
Plan fiduciary net position as a percentage of the total pension liability	80.39%

\* Information for years prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\* (Continued)**

LOPFI	<u>2023</u>
City's proportion of the net pension liability	0.20049%
City's proportionate share of the net pension liability	\$ 1,728,456
City's covered-employee payroll	\$ 663,258
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.61%
Plan fiduciary net position as a percentage of the total pension liability	69.07%
LOPFI	<u>2022</u>
City's proportion of the net pension liability	0.205050%
City's proportionate share of the net pension liability	\$ 846,282
City's covered-employee payroll	\$ 641,049
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.02%
Plan fiduciary net position as a percentage of the total pension liability	84.67%
LOPFI	<u>2021</u>
City's proportion of the net pension liability	0.200890%
City's proportionate share of the net pension liability	\$ 1,126,354
City's covered-employee payroll	\$ 609,009
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.95%
Plan fiduciary net position as a percentage of the total pension liability	77.68%

\* Information prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.



CITY OF HOPE, ARKANSAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
 DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\* (Continued)**

LOPFI	<u>2020</u>
City's proportion of the net pension liability	0.222760%
City's proportionate share of the net pension liability	\$ 1,429,905
City's covered-employee payroll	\$ 655,273
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218.22%
Plan fiduciary net position as a percentage of the total pension liability	73.03%
LOPFI	<u>2019</u>
City's proportion of the net pension liability	0.229850%
City's proportionate share of the net pension liability	\$ 1,169,767
City's covered-employee payroll	\$ 618,319
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.18%
Plan fiduciary net position as a percentage of the total pension liability	65.84%
LOPFI	<u>2018</u>
City's proportion of the net pension liability	0.222987%
City's proportionate share of the net pension liability	\$ 1,305,577
City's covered-employee payroll	\$ 608,914
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.41%
Plan fiduciary net position as a percentage of the total pension liability	71.17%

\* Information prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS and LOPFI)  
 DECEMBER 31, 2023

**Schedule of the City's Proportionate Share of the Net Pension Liability of Multi-Employer Cost Sharing Plans - Last Ten Years\* (Continued)**

LOPFI	<u>2017</u>
City's proportion of the net pension liability	0.241980%
City's proportionate share of the net pension liability	\$ 1,094,996
City's covered-employee payroll	\$ 613,638
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.44%
Plan fiduciary net position as a percentage of the total pension liability	72.46%
LOPFI	<u>2016</u>
City's proportion of the net pension liability	0.223852%
City's proportionate share of the net pension liability	\$ 909,828
City's covered-employee payroll	\$ 545,145
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.90%
Plan fiduciary net position as a percentage of the total pension liability	72.41%
LOPFI	<u>2015</u>
City's proportion of the net pension liability	0.224400%
City's proportionate share of the net pension liability	\$ 629,006
City's covered-employee payroll	\$ 551,859
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	113.98%
Plan fiduciary net position as a percentage of the total pension liability	78.42%

\* Information prior to 2015 is not available.

\* Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year end) of the City's net pension liability.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (APERS)  
DECEMBER 31, 2023

**Schedule of the City's Contributions to APERS - Last Ten Years \***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required	\$ 573,581	\$ 577,296	\$ 541,624	\$ 500,931	\$ 497,295
Contributions in relation to the statutorily required	<u>573,581</u>	<u>577,296</u>	<u>541,624</u>	<u>500,931</u>	<u>497,295</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,649,392	\$ 3,783,447	\$ 3,535,402	\$ 3,270,208	\$ 3,246,055
Contributions as a percentage of covered-employee payroll	15.72%	15.26%	15.32%	15.32%	15.32%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required	\$ 476,085	\$ 460,745	\$ 453,405	\$ 456,411	\$ 441,436
Contributions in relation to the statutorily required	<u>476,085</u>	<u>460,745</u>	<u>453,405</u>	<u>456,411</u>	<u>441,436</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,168,554	\$ 3,145,852	\$ 3,127,009	\$ 3,108,605	\$ 2,979,203
Contributions as a percentage of covered-employee payroll	15.03%	14.65%	14.50%	14.68%	14.82%

\* Information in this schedule has been determined as of the City's most recent fiscal year end.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION INFORMATION - MULTI-EMPLOYER COST-SHARING PLANS (LOPFI)  
DECEMBER 31, 2023

**Schedule of the City's Contributions to LOPFI - Last Ten Years \***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required	\$ 162,986	\$ 157,043	\$ 152,771	\$ 145,241	\$ 154,737
Contributions in relation to the statutorily required	<u>162,986</u>	<u>157,043</u>	<u>152,771</u>	<u>145,241</u>	<u>154,737</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 688,918	\$ 663,258	\$ 641,049	\$ 609,009	\$ 655,273
Contribution as a percentage of covered-employee payroll	23.66%	23.68%	23.83%	23.85%	23.61%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required	\$ 140,465	\$ 131,648	\$ 124,719	\$ 104,875	\$ 100,197
Contributions in relation to the statutorily required	<u>140,465</u>	<u>131,648</u>	<u>124,719</u>	<u>104,875</u>	<u>100,197</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 618,319	\$ 608,914	\$ 613,638	\$ 545,145	\$ 551,859
Contribution as a percentage of Covered-employee payroll	22.72%	21.62%	20.32%	19.24%	18.16%

\* Information in this schedule has been determined as of the City's most recent fiscal year end.

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Sales tax	\$ 4,424,433	\$ 4,424,433	\$ 4,563,338	\$ 138,905
Property tax	430,000	430,000	491,962	61,962
State general turnback	192,000	192,000	202,262	10,262
Franchise taxes	180,000	180,000	160,873	( 19,127)
Licenses and permits	9,750	9,750	15,339	5,589
Fines, forfeitures, and fees	325,190	325,190	328,619	3,429
Grants/Contributions	55,242	55,242	160,747	105,505
Interest and dividend income	-	-	107,033	107,033
Other income	359,000	359,000	397,698	38,698
<b>Total Revenues</b>	<u>5,975,615</u>	<u>5,975,615</u>	<u>6,427,871</u>	<u>452,256</u>
<b>Expenditures</b>				
Law enforcement	2,798,051	2,798,051	2,528,383	269,668
Public safety	1,054,138	1,054,138	1,054,236	( 98)
Recreation and culture	730,064	730,064	629,900	100,164
General government	861,873	861,873	994,413	( 132,540)
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>5,444,126</u>	<u>5,444,126</u>	<u>5,206,932</u>	<u>237,194</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>531,489</u>	<u>531,489</u>	<u>1,220,939</u>	<u>689,450</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	730,000	730,000	605,000	( 125,000)
Transfers (out)	( 1,261,489)	( 1,261,489)	( 1,347,000)	( 85,511)
<b>Total Other Financing Sources (Uses)</b>	<u>( 531,489)</u>	<u>( 531,489)</u>	<u>( 742,000)</u>	<u>( 210,511)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>478,939</u>	<u>478,939</u>
<b>Fund Balance - Beginning</b>	<u>3,806,159</u>	<u>3,806,159</u>	<u>3,806,159</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,806,159</u>	<u>\$ 3,806,159</u>	<u>\$ 4,285,098</u>	<u>\$ 478,939</u>

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
State street turnback	\$ 710,000	\$ 710,000	\$ 752,525	\$ 42,525
Property tax	50,000	50,000	57,149	7,149
Interest income	1,600	1,600	14,108	12,508
Grants/Contributions	-	-	-	-
Other income	51,253	51,253	65,239	13,986
<b>Total Revenues</b>	<u>812,853</u>	<u>812,853</u>	<u>889,021</u>	<u>76,168</u>
<b>Expenditures</b>				
Operations and maintenance	1,207,722	1,207,722	591,479	616,243
Capital expenditures	18,417	18,417	637,256	( 618,839)
Debt service:	-	-	-	-
Principal	131,714	131,714	90,734	40,980
Interest	-	-	10,440	( 10,440)
<b>Total Expenditures</b>	<u>1,357,853</u>	<u>1,357,853</u>	<u>1,329,909</u>	<u>27,944</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>( 545,000)</u>	<u>( 545,000)</u>	<u>( 440,888)</u>	<u>104,112</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	545,000	545,000	545,000	-
Transfers (out)	-	-	( 103,283)	( 103,283)
<b>Total Other Financing Sources (Uses)</b>	<u>545,000</u>	<u>545,000</u>	<u>441,717</u>	<u>( 103,283)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	829	829
<b>Fund Balance - Beginning</b>	<u>828,836</u>	<u>828,836</u>	<u>828,836</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 828,836</u>	<u>\$ 828,836</u>	<u>\$ 829,665</u>	<u>\$ 829</u>

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
AIRPORT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Lease revenue	\$ 60,000	\$ 60,000	\$ 67,677	\$ 7,677
Rail spur maintenance	90,000	90,000	79,120	( 10,880)
Grants/contributions	1,050,000	1,050,000	321,200	( 728,800)
Interest income	-	-	25,503	25,503
Other income	179,545	179,545	1,043,265	863,720
<b>Total Revenues</b>	<u>1,379,545</u>	<u>1,379,545</u>	<u>1,536,765</u>	<u>157,220</u>
<b>Expenditures</b>				
General government	1,379,545	1,379,545	184,473	1,195,072
Capital outlay	-	-	509,082	( 509,082)
Total Expenditures	<u>1,379,545</u>	<u>1,379,545</u>	<u>693,555</u>	<u>685,990</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>-</u>	<u>-</u>	<u>843,210</u>	<u>843,210</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	-	( 30,000)	( 30,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>( 30,000)</u>	<u>( 30,000)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>813,210</u>	<u>813,210</u>
<b>Fund Balance - Beginning of Year</b>	<u>857,613</u>	<u>857,613</u>	<u>857,613</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 857,613</u>	<u>\$ 857,613</u>	<u>\$ 1,670,823</u>	<u>\$ 813,210</u>

CITY OF HOPE, ARKANSAS  
REQUIRED SUPPLEMENTARY INFORMATION  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Grants/contributions	\$ 505,795	\$ 505,795	\$ 609,254	\$ 103,459
Other income	<u>112,296</u>	<u>112,296</u>	<u>113,045</u>	<u>749</u>
<b>Total Revenues</b>	<u>618,091</u>	<u>618,091</u>	<u>722,299</u>	<u>104,208</u>
<b>Expenditures</b>				
Current:				
Recreation and culture	-	-	8,466	( 8,466)
General government	-	-	4,803	( 4,803)
Debt service:				
Principal	112,296	112,296	63,634	48,662
Interest	-	-	65,097	( 65,097)
Capital outlay	<u>1,837,284</u>	<u>1,837,284</u>	<u>1,980,292</u>	<u>( 143,008)</u>
<b>Total Expenditures</b>	<u>1,949,580</u>	<u>1,949,580</u>	<u>2,122,292</u>	<u>( 172,712)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>( 1,331,489)</u>	<u>( 1,331,489)</u>	<u>( 1,399,993)</u>	<u>( 68,504)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	<u>1,331,489</u>	<u>1,331,489</u>	<u>1,454,298</u>	<u>122,809</u>
<b>Total Other Financing Sources and (Uses)</b>	<u>1,331,489</u>	<u>1,331,489</u>	<u>1,454,298</u>	<u>122,809</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	54,305	54,305
<b>Fund Balance - Beginning of Year</b>	<u>25,727</u>	<u>25,727</u>	<u>25,727</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 25,727</u>	<u>\$ 25,727</u>	<u>\$ 80,032</u>	<u>\$ 54,305</u>



SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES - PROPRIETARY FUNDS  
SCHEDULE OF OPERATING TRANSFERS

CITY OF HOPE, ARKANSAS  
SANITATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Sanitation fees	\$ 1,858,725	\$ 1,942,393	\$ 83,668
Grant revenue	500,000	-	( 500,000)
Other	6,000	11,382	5,382
<b>Total Revenues</b>	<u>2,364,725</u>	<u>1,953,775</u>	<u>( 410,950)</u>
<b>Operating Expense</b>			
Landfill post closure costs	500,000	( 436,420)	936,420
Operations and maintenance	1,539,271	1,592,435	( 53,164)
Depreciation and amortization	139,500	371,919	( 232,419)
<b>Total Operating Expense</b>	<u>2,178,771</u>	<u>1,527,934</u>	<u>650,837</u>
<b>Net Income (Loss) from Operations</b>	<u>185,954</u>	<u>425,841</u>	<u>239,887</u>
<b>Nonoperating Revenues (Expense)</b>			
Interest income	-	12,436	12,436
Gain (Loss) on Sale of Capital Assets	-	12,575	12,575
Debt service	( 392,520)	( 65,993)	326,527
Fiduciary fees	-	( 1,096)	( 1,096)
<b>Total Nonoperating Revenue (Expense)</b>	<u>( 392,520)</u>	<u>( 42,078)</u>	<u>350,442</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>( 206,566)</u>	<u>383,763</u>	<u>590,329</u>
<b>Operating Transfers</b>			
Transfers in	<u>206,566</u>	<u>206,566</u>	
<b>Changes in Net Position</b>	<u>-</u>	<u>590,329</u>	<u>590,329</u>
<b>Net Position - Beginning</b>	<u>214,640</u>	<u>214,640</u>	<u>-</u>
<b>Net Position - Ending</b>	<u><u>\$ 214,640</u></u>	<u><u>\$ 804,969</u></u>	<u><u>\$ 590,329</u></u>

CITY OF HOPE, ARKANSAS  
WASTEWATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Wastewater fees	\$ 1,440,500	\$ 1,475,282	\$( 34,782)
Grant revenue	3,985,000	-	( 3,985,000)
Other	17,062	75,260	58,198
Total Revenues	<u>5,442,562</u>	<u>1,550,542</u>	<u>( 3,892,020)</u>
<b>Operating Expense</b>			
Operations and maintenance	646,884	841,063	( 194,179)
Depreciation and amortization	<u>45,395</u>	<u>290,043</u>	<u>( 244,648)</u>
Total Operating Expense	<u>692,279</u>	<u>1,131,106</u>	<u>( 438,827)</u>
Net Income (Loss) from Operations	<u>4,750,283</u>	<u>419,436</u>	<u>( 4,330,847)</u>
<b>Nonoperating Revenues (Expense)</b>			
Interest income	-	46,667	46,667
Debt service	( 4,647,000)	( 339,214)	4,307,786
Gain (loss) on sale of capital asset	-	15,475	15,475
Fiduciary fees	<u>-</u>	<u>( 5,000)</u>	<u>( 5,000)</u>
Total Nonoperating Revenue (Expense)	<u>( 4,647,000)</u>	<u>( 282,072)</u>	<u>4,364,928</u>
Income (Loss) Before Operating Transfers	103,283	137,364	34,081
<b>Operating Transfers</b>			
Transfers out	<u>( 103,283)</u>	<u>( 103,283)</u>	<u>-</u>
Changes in Net Position	-	34,081	34,081
Net Position - Beginning of Year	<u>436,529</u>	<u>436,529</u>	<u>-</u>
Net Position - Ending	<u>\$ 436,529</u>	<u>\$ 470,610</u>	<u>\$ 34,081</u>

CITY OF HOPE, ARKANSAS  
SCHEDULE OF OPERATING TRANSFERS  
DECEMBER 31, 2023

Transferred from Fund:	Recip ient Funds				Total Transfers to Other Funds
	General Fund	Street Fund	Capital Outlay Fund	Sanitation	
General	-	\$ 545,000	\$ 802,000	-	\$ 1,347,000
Street	-	-	-	\$ 103,283	103,283
Airport	\$ 30,000	-	-	-	30,000
Wastewater	-	-	-	103,283	103,283
Component Unit:					
Hope Water and Light	575,000	-	-	-	575,000
Tourism	-	-	652,298	-	652,298
Total Received	<u>\$ 605,000</u>	<u>\$ 545,000</u>	<u>\$ 1,454,298</u>	<u>\$ 206,566</u>	<u>\$ 2,810,864</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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 ACCOUNTANT'S REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

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**INDEPENDENT AUDITOR'S 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***

City Manager and Board of Directors  
City of Hope, Arkansas

We have audited, in accordance with 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hope, Arkansas (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2024.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. 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. Material weaknesses, however, may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the City of Hope Arkansas are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

City Manager and Board of Directors  
City of Hope, Arkansas

**Purpose of the 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 21, 2024

*William C Miller, LLC*

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## Independent Accountant's Report on Compliance with Certain State Acts

City Manager and Board of Directors  
City of Hope, Arkansas

We have examined management's assertions that the City of Hope, Arkansas, complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2023.

- (1) Arkansas Municipal Account Law of 1973, § 14-59-101 et seq.
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.
- (3) Improvement contracts, §§ 22-9-202 - 22-9-204
- (4) Budgets, purchases and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.
- (5) Investment of public fund, § 19-1-501 et seq.
- (6) Deposit of public funds, §§ 19-8-101 - 19-8-107

Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and preform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements for the year ending December 31, 2023.

In our opinion, management's assertion that the City of Hope, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2023, is fairly stated, in all material respects.

This report is intended solely for the information and use of the governing body, management, and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

November 21, 2024

*William C Miller, LLC*